LOVE PHARMA INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – prepared by management)

Expressed in Canadian Dollars

FOR THE PERIOD ENDED MARCH 31, 2022

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

LOVE PHARMA INC.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars

		As at March 31, 2022		As at December 31, 2021
ASSETS				
Current assets				
Cash	$	217,253	$	334,781
Prepaids (Note 11)		65,212		72,507
GST receivable		20,863		5,319
Deposits		307,145		181,195
Note receivable (Note 3)		32,500		32,500
Total current assets		642,973		626,302
Non-current assets				
Investments (Note 4)		665,371		680,601
Intangible assets (Note 8)		510,108		510,108
Total assets	$	1,818,452	$	1,817,011
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Deferred revenue	$	123,000	$	123,000
Accounts payable and accrued liabilities (Notes 8 and 11)		302,189		259,436
Loans payable (Note 9)		226,246		223,677
Total liabilities		651,435		606,113
Shareholders' equity				
Capital stock (Note 10)		10,112,325		10,112,325
Subscriptions received in advance (Note 15)		210,000		-
Contributed surplus (Note 10)		778,220		778,220
Deficit		(9,933,528)		(9,679,647)
Total shareholders' equity		1,167,017		1,210,898
Total liabilities and shareholders' equity	$	1,818,452	$	1,817,011

Nature and continuance of operations (Note 1)
Subsequent events (Note 15)

On behalf of the Board:

"Zach Stadnyk" Director *"Doug Taylor"* Director

LOVE PHARMA INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Expressed in Canadian Dollars

		Three Months ended March 31, 2022		Three Months ended March 31, 2021
EXPENSES				
Advertising and promotion	$	78,735	$	-
Consulting and management fees (Note 11)		79,910		54,434
Foreign exchange		1,228		-
Interest expense (Note 9)		3,028		-
Investor relations		-		9,000
Office and miscellaneous		4,583		2,768
Professional fees		52,882		98,856
Transfer agent and filing fees		9,398		-
Travel and entertainment		8,887		-
Unrealized loss on investments (Note 4)		15,230		-
Loss and comprehensive loss for the period	$	(253,881)	$	(165,058)
Basic and diluted loss per common share	$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding		314,919,854		32,241,943

The accompanying notes are an integral part of these consolidated financial statements.

LOVE PHARMA INC.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in Canadian Dollars
For the period ended March 31, 2022

	Number of shares	Capital stock	Subscriptions received	Contributed surplus	Deficit	Total equity
December 31, 2020	156,600,001	$ 586,001	$ -	$ -	$ (158,492)	$ 427,509
Common shares - placement, net of share issuance costs	26,467,856	1,615,199	-	58,900	-	1,674,099
Loss and comprehensive loss for the period	-	-	-	-	(165,058)	(165,058)
March 31, 2021	183,067,857	2,201,200	-	58,900	(323,550)	1,936,550
Shares issued on acquisition of Kick (Note 5)	108,851,997	6,531,125	-	-	-	6,531,125
Warrants issued on acquisition of Kick (Note 5)	-	-	-	167,200	-	167,200
Shares issued for acquisition of 1288339 BC Ltd.	20,000,000	1,200,000	-	-	-	1,200,000
Shares issued for product license agreement	3,000,000	180,000	-	-	-	180,000
Share-based compensation	-	-	-	552,120	-	552,120
Loss and comprehensive loss for the period	-	-	-	-	(9,356,097)	(9,356,097)
December 31, 2021	314,919,854	10,112,325	-	778,220	(9,679,647)	1,210,898
Subscriptions received	-	-	210,000	-	-	210,000
Loss and comprehensive loss for the period	-	-	-	-	(253,881)	(253,881)
March 31, 2022	314,919,854	$ 10,112,325	$ 210,000	$ 778,220	$ (9,679,647)	$ 1,167,017

LOVE PHARMA INC.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
Expressed in Canadian Dollars
For the three month period ended March 31,

	Three months ended March 31, 2022	Three months ended March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (253,881)	$ (165,058)
Items not involving cash:		
Accrued interest	2,569	2,534
Unrealized loss on investments	15,230	-
Changes in non-cash working capital items:		
Deposits	(125,950)	-
Prepaids	7,295	(334,198)
GST payable	(15,544)	-
Accounts payable and accrued liabilities	42,753	55,922
Net cash used in operating activities	(327,528)	(440,800)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-	(32,212)
Net cash used in investing activities	-	(32,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	-	977,078
Subscriptions received in advance	210,000	-
Loans advanced	-	(36,800)
Net cash provided by financing activities	210,000	940,278
Change in cash for the period	(117,528)	467,266
Cash, beginning of period	334,781	530,660
Cash, end of period	$ 217,253	$ 997,926

There was no cash paid for interest or taxes, for the period ended March 31, 2022 or the year ended December 31, 2021.

Non-cash transactions during the period ended March 31, 2022 included:

i) Finders' warrants granted with a fair value of $Nil (Year ended December 31, 2022 - $58,900).
ii) Shares issued for intangible assets of $Nil (2020 - $1,380,000).

1. NATURE AND CONTINUANCE OF OPERATIONS

Love Pharma Inc. ("Love Pharma" or the "Company") was incorporated under the Alberta Business Corporations Act on July 15, 1994 and is a publicly traded company listed on the Canadian Securities Exchange ("CSE") (trading symbol; LUV). The Company is a licensee of certain technologies relating to cannabinoids and psylocibin. The Company's registered address is 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8.

On September 22, 2021, the Company acquired 100% of the issued and outstanding common shares of Kick Pharmaceutical Inc. ("Kick") in exchange for 183,067,857 of the Company's common shares (Note 5). The acquisition was accounted for as a reverse takeover whereby Kick obtained a listing of its shares on the CSE.

Effective September 30, 2021, the Company consolidated its common shares on a 2:1 basis. All share and per share amounts in the consolidated financial statements have been retroactively restated to reflect the share consolidation.

These condensed interim consolidated financial statements have been prepared on a going concern basis, in accordance with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive financial support from related parties, complete sufficient equity financings or generate profitable operations in the future.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activities, including that of the Company. At this time, it is not possible to predict the duration or magnitude of the adverse results of the pandemic, however, management believes that the impact to the Company will be limited mainly to the curtailment of travel and social distancing restrictions as well as its ability to raise financing. There has been no material disruption to the Company's current operations to date.

The material uncertainty from these events and conditions may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and statement of compliance

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), specifically International Accounting Standard ("IAS") 34 – Interim Financial Reporting. In addition, these condensed interim consolidated financial statement have been prepared using interpretations issued by the IFRS Interpretations Committee ("IFRIC") in effect at March 31, 2022 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. They have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

The condensed interim consolidated financial statements of the Company were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 26, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars unless otherwise noted. The functional currency of the Company and its subsidiaries is the Canadian dollar.

Basis of consolidation

These consolidated financial statements include the Company and the Company's wholly owned subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

The consolidated financial statements include the financial information of the Company and its wholly owned subsidiaries Kick Pharmaceutical Inc. ("Kick"), 1288339 BC Ltd. ("1288339 BC"), 2127774 Alberta Ltd. ("2127774 Alberta"), Nabilone Pharma Inc., Life Pharmaceuticals Company Inc. and LSB Life Sciences Biotech Inc.

Estimates, judgments and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes. Although these judgments, estimates and assumptions are based on management's best knowledge of the amount, event or actions, actual results may differ and these differences could be material.

i) Impairment of intangible assets
Intangible assets are reviewed for impairment at each reporting period. In the determination of impairment, management looks at the higher of value in use or fair value less costs of disposal. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

ii) Income taxes and recoverability of potential deferred tax assets
In assessing the probability of realizing potential income tax assets, management makes judgments related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

iii) Share-based payments
Management determines measurement for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

iv) Asset acquisition versus business combination
Management had to apply judgment with respect to whether the transactions with Kick and 1288339 BC were considered an asset acquisition or business combination. Management was required to assess the inputs, processes and outputs of the company acquired at the time of acquisition. Pursuant to the assessment, the transaction was considered to be an asset acquisition (Notes 5 and 7)

v) Valuation of investments
Judgment is required in determining the fair value of investments where quoted prices are not available and where cost is an approximate estimate of fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Estimates, judgments and assumptions (cont'd…)

vi) Common control transactions
IFRS 3, Business Combinations does not include specific measurement guidance for transfers of businesses or subsidiaries between entities under common control. Accordingly, the Company has developed a policy to account for such transactions taking into consideration other guidance in the IFRS framework and pronouncements of other standard-setting bodies. The Company's policy is to record assets and liabilities recognized as a result of transactions between entities under common control at the carrying value on the transferor's financial statements, and to have the consolidated statements of financial position, consolidated statements of loss and comprehensive loss and statements of cash flows reflect the results of combining entities for all periods presented for which the entities were under the transferor's common control, irrespective of when the combination takes place.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on deposit with banks and short-term deposits with initial maturities of three months or less. The Company did not have any cash equivalents as at March 31, 2022 or December 31, 2021.

Net income (loss) per common share

The Company follows the treasury stock method to determine the dilutive effect of stock options or other potentially dilutive instruments. Under this method, basic net income (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted income per share is calculated on the basis of the weighted average number of common shares outstanding during the period plus the additional incremental common shares that would have been outstanding for any potentially dilutive stock options or other dilutive instruments using the treasury stock method. Diluted loss per share is equal to basic loss per share, as the effect of potentially dilutive stock options or other instruments would be anti-dilutive to the calculation.

Share capital

When units are issued, which include shares and warrants, the warrants are valued using the residual value method where proceeds are allocated to the common shares up to their fair value as determined by the current quoted trading price on the date of grant, and the balance, if any, is allocated to the warrants and included in contributed surplus.

(i) Share issue costs

Share issue costs that are directly attributable to issuing new shares are deducted from equity.

Costs that are not incremental and directly attributable to issuing new shares, are recorded as an expense in profit or loss.

(ii) Equity instruments issued as consideration

The fair value of shares issued as purchase consideration is based upon the quoted trading price of those shares on the date of grant. Other equity instruments issued in non-cash transactions as purchase consideration are recorded at fair value determined by management using the Black-Scholes option pricing model.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provisions and contingencies

A provision is recognized on the consolidated statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the rate of exchange in effect at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are recorded at rates of exchange in effect at the consolidated statement of financial position date and any resulting gains or losses are recorded in profit or loss for the period.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when, and only when, the Company's obligations are discharged, cancelled or they expire. Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis.

Financial assets

The Company classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value (either through other comprehensive income ("FVTOCI") or through profit or loss ("FVTPL"); and those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income ("OCI").

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial assets:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period. Cash and note receivable are classified in this category.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

FVTOCI: Debt instruments that are held for collection of contractual cash flows and for selling the debt instruments, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the debt instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these debt instruments is included as finance income using the effective interest method. The Company has no assets classified in this category.

FVTPL: Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss in the period in which it arises. Investments are classified in this category. Certain investments in equity instruments are accounted for at cost, whereby cost is an appropriate estimate of fair value. In these cases, there is insufficient more recent information available to measure fair value, or there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Financial liabilities

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred.

The fair value changes to financial liabilities at FVTPL are presented as follows: where the Company optionally designates financial liabilities at FVTPL the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company has not designated any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method.

At present, the Company classifies accounts payable and accrued liabilities and loans payable as held at amortized cost. These financial liabilities are classified as current liabilities as the payment is due within 12 months.

Intangible assets

Intangible assets are recorded at cost less accumulated amortization and any impairment losses. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of finite useful life intangibles is calculated on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

Royalty and Product License Agreements – term of the agreement

The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite useful life or not yet available for use are not subject to amortization.

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized as research and development expenses in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of long-lived assets

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized in profit or loss.

Deferred Revenue

Upfront cash deposits received for products are accounted for as contract liabilities (deferred revenue) in accordance with IFRS 15, Revenue from contracts with customers. Deferred revenue consists of payments received by the Company in consideration for future commitments to deliver products.

Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are expected to have a material impact on the Company's consolidated financial statements.

3. NOTE RECEIVABLE

During the year ended December 31, 2021, the Company loaned $32,500 (US$25,000) to an arm's length private company based in British Columbia by way of a promissory note that bears 10% interest per annum and is due on demand. As at March 31, 2021 there were no expected credit losses associated with the note receivable.

Expressed in Canadian Dollars

4. INVESTMENTS

On September 22, 2021, pursuant to the acquisition of Kick (Note 5), the Company acquired:

i) 18% of Eleos Robotics Inc. ("Eleos"), an arm's length, a private company based in British Columbia, represented by 744,691 common non-voting shares of Eleos with a cost of $655,000, As at March 31, 2022 and December 31, 2021, in accordance with the guidance in IFRS 9 regarding when cost may be the best estimate of fair value, the investment in Eleos was recorded at cost.

ii) 1,483,967 shares of Love Hemp Group PLC ("LHG") with a fair value of $62,142. At March 31, 2022, the fair value of the shares was $10,371 (December 31, 2021 - $25,601).

5. ACQUISITION OF KICK

On September 22, 2021, the Company issued 183,067,857 common shares to the shareholders of Kick. As a result, the shareholders of Kick acquired control of Love Pharma, thereby constituting a reverse takeover ("RTO") of Love Pharma. The transaction is considered a purchase of Love Pharma's net assets by the Kick shareholders. The transaction is accounted for in accordance with guidance provided in IFRS 2, Share-Based Payment, as Love Pharma did not qualify as a business according to the definition in IFRS 3, Business Combinations.

The transaction is recognized as if Kick had issued common shares to the existing Company shareholders outstanding before the transaction in exchange for the net assets acquired. The fair value of the 108,851,997 common shares of Love Pharma was determined to be $0.06 per common share, as determined by reference to the concurrent financing (Note 10). The fair value of the 35,779,333 warrants were valued at $167,200 using the Black-Scholes option pricing model using a weighted average exercise price of $0.145, a 100% volatility rate, a 0.44% risk free return, and a 0.60 year term.

The resulting consolidated statement of financial position is presented as a continuance of Kick and comparative figures presented in the consolidated financial statements prior to the reverse takeover are those of Kick.

IFRS 2 applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Because Kick issued shares with a fair value in excess of the assets received, the difference is recognized in profit or loss as a share listing expense. The amount assigned to the share listing expense of $6,048,225 is the difference between the fair value of the consideration and the net identifiable assets of Love Pharma acquired by Kick.

The fair value of the net assets (liabilities) acquired from Love Pharma as at September 22, 2021 were:

Consideration paid:		
Fair value of 108,851,997 Love Pharma common shares	$	6,531,125
Fair value of 35,779,333 Love Pharma warrants		167,200
Total consideration paid	$	6,698,325
Identifiable assets acquired:		
Cash	$	24,255
Prepaids		250,000
Investments		717,142
Trade and other payables		(44,220)
Loan payable		(290,273)
GST liability		(6,804)
Net assets acquired		650,100
Unidentifiable assets acquired:		
Share listing expense		6,048,225
Total net identifiable assets and share listing expense	$	6,698,325

Expressed in Canadian Dollars

6. ACQUISITION OF 2127774 ALBERTA LTD.

On October 30, 2020, the Company acquired 100% of the share capital in 2127774 Alberta by issuing 137,500,000 common shares. The Company valued the shares at cost as 2127774 Alberta was a related party under common control prior to the acquisition. As a result, the Company has included the operations of 2127774 Alberta from incorporation.

On the acquisition date, 2127774 Alberta had the following net assets:

Cash	$	128
Intangible assets		205,918
Accounts payable		(7,444)
Loan payable		(205,810)
Net assets	$	(7,208)

7. ACQUISITION OF 1288339 BC LTD.

On September 22, 2021, concurrent with closing of the RTO (Note 5), the Company issued 20,000,000 common shares at a fair value of $1,200,000 to purchase 1288339 BC, an arm's-length private company with a license agreement covering certain patent filings and intellectual property. The transaction is accounted for in accordance with guidance provided in IFRS 2, Share-Based Payment, as 1288339 BC did not qualify as a business according to the definition in IFRS 3, Business Combinations. At the acquisition date, 1288339 BC had net assets of $1,200,000 consisting entirely of intangible assets relating to patent filings and intellectual property.

8. INTANGIBLE ASSETS

		1288339 BC license (i)		212774 Alberta license (ii)		Nabilone (iii)		Total
Balance, January 29, 2020	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Cash consideration		-		205,918		33,504		239,422
Balance, December 31, 2020		**-**		**205,918**		**33,504**		**239,422**
Cash consideration		161,093		-		-		161,093
Share consideration		1,230,000		150,000		-		1,380,000
Amortization		-		(36,903)		-		(36,903)
Impairment		(1,200,000)		-		(33,504)		(1,233,504)
Balance, March 31, 2022 and December 31, 2021	**$**	**191,093**	**$**	**319,015**	**$**	**-**	**$**	**510,108**

i) 1288339 BC entered into an exclusive 5-year Royalty and Product License Agreement with Callitas Therapeutics Inc. ("Callitas") whereby 1288339 BC would acquire the distribution rights to certain psylocibin technologies for cash consideration of US$250,000 and granting Callitas a 5% royalty on gross sales. The agreement has an option to renew for an additional 5 years and covers the specific distribution territories of Canada, the Netherlands and Jamaica. As at December 31, 2021, the Company has paid US$125,000 ($161,093) On September 22, 2021, the Company purchased 1288339 BC and the acquisition price of $1,200,000 was allocated to the intangible asset (Note 7). At December 31, 2021, management assessed the carrying value of the intangible asset for impairment and wrote off $1,200,000 to profit or loss, which was the amount incurred in excess of the consideration required pursuant to the terms of the agreement with Callitas. Pursuant to the terms of the agreement, in the event that 1288339 BC transferred the license or merged with a public company, 500,000 common shares were to be issued to Callitas. The RTO triggered the requirement to issue these shares and they were issued by the Company on September 22, 2021 with a fair value of $30,000 (Note 10). As at March 31, 2022, the Company has not paid the full consideration pursuant to the terms of the agreement, therefore the asset is not deemed to be available for use and amortization of the asset has not yet commenced.

8. INTANGIBLE ASSETS (cont'd…)

ii) 2127774 Alberta entered into an exclusive 10-year Royalty and Product License Agreement with Callitas whereby 2127774 Alberta acquired the distribution rights to certain cannabinoid technologies for cash consideration of $205,918 (US$150,000) and granting Callitas a 3% royalty on gross sales if sublicensed. The agreement covers the specific distribution territories of the United Kingdom and Europe (except Poland). Pursuant to the terms of the agreement, in the event that 2127774 Alberta transferred the license or merged with a public company, 2,500,000 common shares were to be issued to Callitas. The RTO triggered the requirement to issue these shares and they were issued by the Company on September 22, 2021 with a fair value of $150,000 (Note 10).

iii) 2127774 Alberta purchased certain patents and patent applications, for an alternate delivery system for the FDA-approved drug Nabilone used for treating nausea in chemotherapy patients, for cash consideration of $33,504 (US$25,000). At March 31, 2022, the purchase price remains payable and is included in accounts payable and accrued liabilities. The patents and patent applications have an indefinite life and will not be amortized. As at December 31, 2021, the patent had expired and the intangible asset was written down to $Nil.

9. LOANS PAYABLE

At March 31, 2022 and December 31, 2021, the Company had the following loans outstanding:

i) Loan from a former director of the Company at December 31, 2021 in the amount of $500 (December 31, 2020 - $500) with no interest and no fixed terms of repayment.

ii) Loans from various third parties totaling $205,500. The loans are unsecured, bear interest at 5% per annum and are repayable on December 31, 2022 (Note 16). Total interest accrued for the year ended December 31, 2021 was $10,275 (December 31, 2020 - $7,402). Total principal and interest owing as at December 31, 2021 was $223,177 (December 31, 2020 - $212,902).

10. CAPITAL STOCK

Authorized share capital - Unlimited number of common shares without par value.

Issued share capital

During the year ended December 31, 2021, the Company issued:

i) 108,851,997 common shares upon acquisition of Kick (Note 5).

ii) 20,000,000 common shares with a fair value of $1,200,000 to purchase 1288339 BC Ltd., an arm's-length private company with a license agreement covering certain patent filings and intellectual property (Note 7).

iii) 3,000,000 common shares with a fair value of $180,000 to an arms-length vendor relating to certain product license agreements (Note 8).

iv) 4,300,000 units for total proceeds of $215,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable for one common share of the Company at $0.05 per share for a period of 2 years, expiring on February 4, 2023. Warrants were valued at $Nil using the residual value method. The Company paid $3,125 in share issuance costs.

v) 11,599,606 units for total proceeds of $811,972. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable for one common share of the Company at $0.10 per share for a period of 2 years, expiring on March 22, 2023. Warrants were valued at $Nil using the residual value method. The Company paid $34,520 in share issuance costs and issued 493,140 broker warrants which have the same terms of the unit warrants, valued at $22,700.

10. CAPITAL STOCK (cont'd…)

vi) 10,568,250 units for total proceeds of $739,778. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable for one common share of the Company at $0.10 per share for a period of 2 years, expiring on March 24, 2023. Warrants were valued at $Nil using the residual value method. The Company also paid $55,006 in share issuance costs and issued 785,800 broker warrants which have the same terms of the unit warrants, valued at $36,200.

As at March 31, 2022, 911,667 common shares are held in escrow (December 31, 2021 – 911,667).

Options

The Company has an incentive stock option plan (the "Plan") pursuant to which the Board may, from time to time, grant options to directors, officers, employees and consultants of the Company. The number of common shares granted under each option and the vesting terms thereof are at the discretion of the Board after discussion with management. Options granted under the Plan must have a term of no more than ten years from the date of grant. The exercise price of each option granted under the Plan is in the discretion of the Board, provided that the exercise price cannot be below the closing price of the common shares on the last trading day before the date of grant. The number of common shares that may be optioned under the Plan is limited to 10% of the outstanding common shares from time to time; provided, that any one participant under the Plan shall not be entitled to receive options to acquire an aggregate of greater than 5% (2% in the case of consultants) of the outstanding common shares in any 12-month period.

During the year ended December 31, 2021, the Company granted 19,250,000 to various consultants, directors and officers of the Company. Each option is exercisable for one common share of the Company at $0.05 per share for a period of 5 years, expiring on November 23, 2026. The options have a total fair value of $552,120 using the Black-Scholes option pricing model using the following inputs: $0.05 exercise price, $0.04 market price, 1.58% risk free interest rate, 0% expected dividend yield, 100% expected stock price volatility which was derived from a sample of similar publicly traded companies, and 5 years expected life.

Expressed in Canadian Dollars

10. CAPITAL STOCK (cont'd…)

Warrants

Warrant activity during the periods is summarized as follows:

	Three months ended March 31, 2022			Year ended December 31, 2021		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Balance – Beginning of period	73,626,129	$	0.10	10,100,000	$	0.05
Issued	-		-	27,746,796		0.05
Acquired in RTO (Note 5)	-		-	35,779,333		0.15
Balance – End of period	73,626,129	$	0.10	73,626,129	$	0.10

The following table summarizes information about warrants outstanding and exercisable at March 31, 2022:

Exercise Price	Number Outstanding	Expiry Date
$0.15	32,246,000	March 20, 2022
$0.05	10,100,000	December 21, 2022
$0.05	4,300,000	February 4, 2023
$0.10	11,599,606	March 22, 2023
$0.10	493,140	March 22, 2023
$0.10	10,568,250	March 24, 2023
$0.10	785,800	March 24, 2023
$0.10	3,533,333	May 7, 2023
	73,626,129	

At March 31, 2022, the warrants had a weighted average remaining life of 0.5 years (December 31, 2021 – 0.75).

During the year ended December 31, 2021, the Company granted 1,278,940 (Period from incorporation on January 29, 2020 to December 31, 2020 – Nil) broker warrants with a total fair value of $58,900 (Period from incorporation on January 29, 2020 to December 31, 2020 - $Nil) using the Black-Scholes option pricing model using the following weighted average inputs:

	Three months ended March 31, 2022	Year ended December 31, 2021
Exercise price	-	$0.10
Market price	-	$0.07
Risk free interest rate	-	0.28%
Expected dividend yield	-	0.00%
Expected stock price volatility	-	150%
Expected life in years	-	2

Expected stock price volatility was derived from a sample of similar publicly traded companies.

Expressed in Canadian Dollars

11. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties include key management personnel and others considered to have significant influence or control over the Company's operations. The Company has identified the directors and senior officers as key management personnel.

Transactions with related parties and key management personnel are as follows:

	Nature of transactions		Period ended March 31, 2022		Year ended December 31, 2021
Paid or accrued to the CEO and director	Consulting fees	$	30,000	$	91,700
Paid or accrued to a director	Consulting fees	$	2,100	$	8,100
Paid or accrued to the COO	Consulting fees	$	32,810	$	110,587
Fair value of options granted to officers and directors	Share-based compensation	$	-	$	236,623
		$	64,910	$	447,010

The amounts for key management personnel are as follows:

		March 31, 2022		December 31, 2021
Due to directors, included in accounts payable and accrued liabilities	$	700	$	700-
Prepayment of fees to a director, included in prepaids	$	-	$	10,710

The amounts due to related parties are unsecured, non-interest bearing and are due on demand.

12. CAPITAL MANAGEMENT

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. In the management of capital, the Company includes the components of shareholders' equity. Total managed capital as at March 31, 2022 is $1,167,017 (December 31, 2021 - $427,509). The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. The Company's strategy for capital management did not change during the period ended March 31, 2022.

13. FINANCIAL INSTRUMENTS AND RISK

Fair value of financial instruments

The Company's financial instruments are comprised of cash, note receivable, investments, accounts payable and accrued liabilities and loans payable. The carrying values of the Company's cash, note receivable, accounts payable and accrued liabilities and loans payable approximate their respective fair values due to their short term to maturity.

13. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 reflects valuation based on quoted prices observed in active markets for identical assets or liabilities.

- Level 2 reflects valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 reflects valuation techniques with significant unobservable market inputs.

The Company's investment in Eleos is accounted for at cost as an appropriate estimate of fair value (Note 4) and its investment in LHG is classified as Level 1.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss associated with the counterparty's inability to fulfill its payment obligations. The Company is satisfied with the credit ratings of its bank. As at March 31, 2022 the Company believes it has no significant credit risk associated with cash or note receivable. The Company's exposure to credit risk is the carrying value of the respective financial assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2022, the Company had a cash balance of $217,253 (December 31, 2021 - $334,781) to settle accounts payable and accrued liabilities of $302,189 (December 31, 2021 - $259,436) and loans payable of $226,246 (December 31, 2021 - $223,677). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short-term business requirements. The Company's trade payables have contractual maturities of 30 days and are subject to normal trade terms, the loans payable are due on December 31, 2022.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company believes it has no significant interest rate risk as cash balances are held in accounts which earn nominal interest and notes receivable and loans payable have fixed rates of interest.

13. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at March 31, 2022, the Company was not exposed to any significant foreign currency risk.

c) Price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is not exposed to material price risk at March 31, 2022.

14. SEGMENTED INFORMATION

The Company has one operating segment, being the licensee of certain technologies relating to cannabinoids and psylocibin in Canada.

15. SUBSEQUENT EVENT

Subsequent to March 31, 2022, the Company completed a non-brokered private placement for 18,925,000 units at a price of $0.02 per unit for gross proceeds of $378,500. Each unit consists of one common share and one common share purchase warrants. Each warrant entitles the holder to purchase one additional common share at $0.05 for a period of 2 years from the date of closing. The Company paid $12,850 in finders' fees and issued 590,000 broker warrants on the same terms of the unit warrants. At March 31, 2022, the Company had received $210,000 which was recorded as subscriptions received in advance.