JOLT HEALTH INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Expressed in Canadian Dollars)

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED 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.

JOLT HEALTH INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars (UNAUDITED)

AS AT	Note	(Unaudited) **September 30, 2023**	(Audited) **December 31, 2022**
		$	**$**
ASSETS			
Current			
Cash		1,615	41,608
Receivables		6,110	6,236
Prepaid expenses and deposits	3	12,700	63,964
Note receivable	4	100,000	100,000
Total		120,425	211,808
Non-Current			
Investments	5	616,499	609,479
Total assets		736,924	821,287
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	421,914	342,212
Loans payable	8	-	89,370
Total		421,914	431,582
Non-Current			
Convertible debenture	9	-	55,900
Derivative liability	9	-	146,000
Total liabilities		421,914	633,482
SHAREHOLDERS' EQUITY			
Share capital	10	12,631,126	12,235,260
Share subscriptions receivable	10	-	-
Reserves	10	1,410,175	1,210,928
Deficit		(13,726,291)	(13,258,383)
Total shareholders' equity		315,010	187,805
Total liabilities and shareholders' equity		736,924	821,287

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors on November 2, 2023:

"Gerald Tritt" Director *"Doug Taylor"* Director

JOLT HEALTH INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Expressed in Canadian Dollars (UNAUDITED)

For the periods ended

		Three Months Ended		Nine Months Ended	
	Note	**September 30 2023**	**September 30 2022**	**September 30 2023**	**September 30 2022**
		$	**$**	**$**	**$**
Expenses					
Accretion and interest - convertible debenture	9	-	-	14,833	-
Advertising and promotion		-	58,966	51,788	174,440
Consulting and management fees	13	20,672	221,251	94,257	468,450
Interest expense		-	5,293	2,384	11,750
Office and general		1,647	17,562	8,666	25,267
Professional fees		21,590	65,127	90,618	230,485
Share-based payments	10	-	390,200	191,000	390,200
Transfer agent and filing fees		6,919	15,314	30,755	40,245
Travel and entertainment		-	38,054	2,307	56,211
Total expenses		50,828	811,767	486,608	1,397,048
Fair value adjustment - derivative liability	9	-	-	(3,000)	-
Other income		-	-	(8,834)	-
Unrealized loss on investment		-	3,580	-	21,538
Foreign exhange		(22,460)	(311)	(6,866)	(353)
Loss and comprehensive loss		(28,368)	(815,036)	(467,908)	(1,418,233)
Loss per share					
Basic and diluted		(0.00)	(0.02)	(0.01)	(0.04)
Weighted average number of common shares					
Basic and diluted		61,081,191	35,470,295	61,081,191	32,604,208

JOLT HEALTH INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Expressed in Canadian Dollars (UNAUDITED)

For the period ended September 30, 2023

	Number of Common Shares	Capital Stock	Subscriptions received	Reserves	Deficit	Total Shareholders' Equity
		$	$	$	$	$
Balance, December 31, 2021	31,491,985	10,112,325	-	778,220	(9,679,647)	1,210,898
Common shares issued for cash	17,930,777	2,252,735	-	-	-	2,252,735
Share issue costs - cash	-	(72,992)	-	-	-	(72,992)
Shares issue costs - agent warrants	-	(31,400)	31,400	-	-	-
Share-based payments	-	-	-	390,200	-	390,200
Shares issued for acquisition of Microdoz	1,000,000	100,000	-	-		100,000
Loss and comprehensive loss for the period	-	-	-	-	(1,418,233)	(1,418,233)
Balance, September 30, 2022	50,422,762	12,360,668	31,400	1,168,420	(11,097,880)	2,462,608
Balance, December 31, 2022	50,422,812	12,235,260	-	1,210,928	(13,258,383)	187,805
Common shares issued for cash	6,984,265	99,875	-	-	-	99,875
Share issue costs - cash	-	(1,248)	-	-	-	(1,248)
Shares issue costs - agent warrants	-	(1,000)	-	1,000	-	-
Conversion of convertible debenture	13,765,763	206,486	-	7,247	-	213,733
Share-based payments	6,116,883	91,753	-	191,000	-	282,753
Subscriptions received	-	-	-	-		-
Loss and comprehensive loss for the period	-	-	-	-	(467,908)	(467,908)
Balance, September 30, 2023	77,289,723	12,631,126	-	1,410,175	(13,726,291)	315,010

JOLT HEALTH INC.
CONDESNED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
Expressed in Canadian Dollars (UNAUDITED)
For the periods ended

	September 30, 2023	September 30, 2022
	$	$
Operating activities		
Loss for the period	(467,908)	(1,418,233)
Adjusted for:		
Accrued interest	2,383	7,706
Accretion and interest - convertible debenture	14,833	-
Share-based payments	191,000	390,200
Unrealized foreign exchange	(7,020)	-
Unrealized loss on investments	-	21,538
Fair value adjustment - derivative liability	(3,000)	-
Changes in non-cash working capital:		
Prepaid expenses and deposits	51,264	(905,984)
Receivables	126	(32,342)
Accounts payable and accrued liabilities	79,702	(16,898)
Cash flows - operating activities	(138,620)	(1,954,013)
Financing activities		
Common shares issued for cash	99,875	1,902,735
Share issue costs	(1,248)	(72,992)
Subscriptions received in advance	-	-
Cash flows - financing activities	98,627	1,829,743
Change in cash	(39,993)	(124,270)
Cash, beginning	41,608	334,781
Cash, end	1,615	210,511

Supplemental cash flow disclosure:	**$**	**$**
Warrants issued as finder fee	-	31,400
Shares issued for debt settlement	91,753	-
Shares issued for acquisition of Microdoz	-	100,000
Share subscriptions receivable	-	210,000
Shars issued for debt settlement	-	140,000

There was no cash paid for interest or taxes, for the periods ended September 30, 2023, and 2022.

1. NATURE AND CONTINUANCE OF OPERATIONS

Jolt Health Inc. ("Jolt" 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; JOLT). On May 4, 2023, the Company changes its name from Love Pharma Inc. to Jolt Health Inc. The Company is a licensee of certain technologies relating to certain controlled substances and pharmaceutical grade therapeutics. The Company's registered address is 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8. The Company's head office address and principal place of business is 1780 -355 Burrard Street, Vancouver BC, V6C 2G8. The Company is investigating business opportunities in other industries however has not reached a definitive decision to pursue alternative lines of business.

On February 27, 2023, the Company consolidated its common shares on a 10:1 basis. All share and per share amounts in the consolidated financial statements have been retroactively restated to reflect the share consolidation.

These 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. During the period ended September 30, 2023, the Company has incurred a net loss of $467,908 and has an accumulated deficit of $13,726,291.

The material uncertainty from these 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 as a going concern.

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 consolidated interim financial statement have been prepared using interpretations issued by the IFRS Interpretations Committee ("IFRIC") in effect at January 1, 2023 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 cashflow information. These condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All significant intercompany transactions and balances have been eliminated.

The consolidated financial statements include the financial information of the Company and its wholly owned Canadian subsidiaries Doc Hygiene Pharmaceuticals Inc. ("Doc Hygiene"), 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) <u>Impairment of intangible assets</u>

Intangible assets with indefinite useful lives are reviewed for impairment at each reporting period and intangible assets with finite useful lives are assessed for indicators of indicators on an annual basis. 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) <u>Share-based payments</u>

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 the Black Scholes option pricing model. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates, judgments and assumptions (Continued)

iii) Business combinations versus asset acquisition

Management applied judgment with respect to whether the transactions with Microdoz Therapy Inc. and Doc Hygiene were considered to be asset acquisitions or business combinations. Management was required to assess the inputs, processes and outputs of the company acquired at the time of acquisition. Pursuant to those assessments, both of these acquisitions were determined to be asset acquisitions (Notes 4 and 11).

iv) 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. Management uses judgment in interpreting IFRS as to what model and assumptions will be used to determine the valuation technique used to arrive at the fair valuation of these investments in accordance with IFRS. In the absence of reliable information costs is determined to be an appropriate carrying value.

v) 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 consolidated 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.

i) Convertible instruments

Convertible instruments are compound financial instruments which are accounted for separately by their components: a financial liability and a derivative liability. The identification of convertible note components is based on interpretations of the substance of the contractual arrangement and therefore requires judgement from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on several assumptions, including contractual future cash flows, discount rates, and the presence of any derivative financial instruments.

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 September 30, 2023 and December 30, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net income (loss) per 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 reserves.

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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 payments 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 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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. Investments are classified in this category.

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.

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, loans payable, and convertible debentures as held at amortized cost. The Company classifies derivative liability as FVTPL.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Convertible debentures

The convertible debentures were determined to be compound instruments, comprising a financial liability (debt obligation) and a derivative liability (conversion option). The derivative liability (conversion option), which represents the fair value of the conversion feature, is initially measured at fair value and subsequently re-measured at each period end. The residual amount is accounted for as a debt instrument at issuance.

The convertible debentures, net of the derivative liability (conversion option), is accreted to the principal balance using the effective interest method over the term of the convertible debentures, such that the carrying amount of the debt obligation will equal the principal balance at maturity. Upon exercise of the convertible debentures, the derivative liability (conversion option) and the carrying value of debt obligation is reclassified to share capital. Transaction costs are allocated on a pro-rata basis between the financial liability (debt obligation) and the derivative liability (conversion option). To determine the principal amount due, refer to note 9.

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.

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.

Expressed in Canadian Dollars (UNAUDITED)

3. PREPAID EXPENSES AND DEPOSITS

	September 30, 2023	**December 31, 2022**
	$	**$**
Prepaid expenses	12,700	63,964
Deposits	-	-
Total	12,700	63,964

During the year ended December 31, 2022, the Company recorded an impairment expense of $312,088 (2021 - $Nil) in relation to deposits for inventory items which were determined to be not recoverable.

4. ACQUISITION AND DISPOSITION OF MICRODOZ THERAPY INC.

On May 13, 2022, the Company acquired 100% of the share capital in MicroDoz Therapy Inc. ("MicroDoz") by issuing 1,000,000 shares. MicroDoz is in the business of researching psilocybin-based therapies and the acquisition aligned with the Company's mandate to develop therapies in emerging fields.

For accounting purposes, the acquisition of MicroDoz was considered an asset acquisition and accounted for using the acquisition method. The results of operations from MicroDoz are included in the consolidated financial statements from the acquisition date to the date of disposition (see below).

The following table summarizes the consideration paid and the fair value of the identifiable assets acquired, and liabilities assumed as of the date of acquisition:

Consideration	**$**
1,000,000 common shares with a fair value of $0.10 per share	100,000
Cash	32,500
	132,500
Net assets of Microdoz Therapy Inc.	
Intangible asset - research study	132,500
Total	132,500

During the year ended December 31, 2021, the Company loaned $32,500 (US$25,000) to Microdoz by way of a promissory note that bore 10% interest per annum and was due on demand. Upon the completion of the acquisition of MicroDoz the loan became an intercompany balance and is eliminated upon consolidation.

On December 13, 2022, the Company entered an agreement to divest 100% of MicroDoz in consideration for a one-year non-interest bearing unsecured promissory note in the amount of $100,000. Pursuant to the divesture the Company recorded a loss on disposition of $32,500.

Expressed in Canadian Dollars (UNAUDITED)

5. INVESTMENTS

The Company's investments are as follows:

	Eleos Robotics	Love Hemp Group Plc	Starton Thearapeutics	Total
	$	$	$	$
Balance, December 31, 2021	655,000	25,601	-	680,601
Purchase of investments	-	-	584,999	584,999
Foreign exchange	-	-	24,480	24,480
Impairment	(655,000)	(25,601)	-	(680,601)
Balance, December 31, 2022	-	-	609,479	609,479
Foreign exchange	-	-	7,020	7,020
Balance, September 30, 2023	-	-	616,499	616,499

Eleos Robotics

The Company holds an 18% interest 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 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 carried at cost. During the year ended December 31, 2022, the Company assessed the investment in Eleos for impairment and determined the fair value as at year end was $Nil, and an impairment of $655,000 was recognized.

Love Hemp Group Plc.

The Company holds 1,483,967 shares of Love Hemp Group PLC ("LHG"). At December 31, 2022, the fair value of the shares was $Nil (2021 - $25,601) resulting in an impairment of $25,601.

Starton Therapeutics Inc.

During the year ended December 31, 2022, the Company acquired 145,161 shares of Starton Therapeutics Inc. ("Starton"), an arm's length private company for $584,999. As at September 30, 2023 and December 31, 2022, in accordance with the guidance in IFRS 9 regarding when cost may be the best estimate of fair value, the investment in Starton was carried at cost.

Expressed in Canadian Dollars (UNAUDITED)

6. INTANGIBLE ASSETS

	1288339 BC license (i)	212774 AB licence (ii)	Microdoz (iii)	Doc Hygiene (iv)	Total
	$	$	$	$	$
Balance, December 31, 2021	191,093	319,015	-	-	510,108
Acquisition - Microdoz	-	-	132,500	-	132,500
Acquisition - Doc Hygiene	-	-	-	425,906	425,906
Disposition	-	-	(132,500)	-	(132,500)
Impairment	(191,093)	(319,015)	-	(425,906)	(936,014)
Balance, December 31, 2022 and September 30, 2023	-	-	-	-	-

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. 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, 50,000 common shares were to be issued to Callitas. The reverse takeover ("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). During the year ended December 31, 2022, the Company assessed the 1288339 BC license for impairment and determined the fair value as at year end was $Nil, and an impairment of $191,093 was recognized.

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). During the year ended December 31, 2022, the Company assessed the 212774 AB license for impairment and determined the fair value as at year end was $Nil, and an impairment of $319,015 was recognized.

iv) During the year ended December 31, 2022, in accordance with the acquisition of MicroDoz (Note 4) the Company disposed of a research study (Note 4).

v) During the year ended December 31, 2022, in connection with the acquisition of Doc Hygiene (Note 11) the Company acquired various intangible assets with a fair value of $425,906. The intangible assets were considered impaired as at December 31, 2022. Subsequent to the acquisition of Doc Hygiene, the Company decided to no longer pursue the line of business which resulted in the impairment as at December 31, 2022.

Expressed in Canadian Dollars (UNAUDITED)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	December 31, 2022
	$	$
Accounts payable	409,414	282,212
Accrued liabilities	12,500	60,000
Total	421,914	342,212

8. LOANS PAYABLE

The Company has the following loans outstanding:

	September 30, 2023	December 31, 2022
	$	$
Opening balance	89,370	223,677
Loan settled for shares	(91,753)	(140,500)
Accrued interest	2,383	6,193
Closing balance	-	89,370

During the year ended December 31, 2021, the Company received unsecured loans totalling $205,500 from arms-length third parties bearing interest at 5% repayable on December 31, 2022. During the year ended December 31, 2022, $140,500 was settled in shares and the remaining loan of $65,000 plus accrued interest of $24,370 (2021 - $18,177) remains payable. During the period ended September 30, 2023, the Company settled the loan balance in exchange for the issuance of 6,116,883 common shares.

Expressed in Canadian Dollars (UNAUDITED)

9. CONVERTIBLE DEBENTURE

	$
Balance, December 31, 2021	-
Convertible debenture issued	195,000
Derivative liability component	(148,000)
Interest and accretion expense	8,900
Balance, December 31, 2022	55,900
Interest and accretion expense	14,833
Converted to common shares	(70,733)
Balance, September 30, 2023	-

As consideration for the acquisition of Doc Hygiene (Note 11) the Company issued a $195,000 convertible debenture bearing annual interest of 10% maturing five years from the issue date (October 12, 2022). The debenture is convertible into common shares of the Company at a conversion price equal to the lessor of: (a) $0.50 per Common Share; and (b) the last closing price of the common shares on the Canadian Securities Exchange prior to the conversion of the promissory note subject to CSE approval.

As stated in the convertible debenture agreement the conversion price will be adjusted if the market price of the Company's common shares is less than $0.50. The variability of the conversion price creates a derivative instrument which has been recognized as a financial liability.

A continuity of the derivative liability related to the debenture conversion feature is as follows:

	$
Balance, December 31, 2021	-
Derivative liability component	148,000
Fair value adjustment	(2,000)
Balance, December 31, 2022	146,000
Fair value adjustment	(3,000)
Extinguished on conversion to common shares	(143,000)
Balance, September 30, 20223	-

The derivative liability was valued using the Black-Scholes Option Pricing Model at the date of initial recognition (October 12, 2022) and at period end using the following assumptions:

	September 30, 2023	**October 12, 2021**
Exercise price	n/a	$0.150
Market price	n/a	$0.150
Risk-free interest rate	n/a	3.34%
Expected life of options	n/a	5.00
Expected forfeitures	n/a	0%
Annualized volatility	n/a	100%
Dividend rate	n/a	0%

10. CAPITAL STOCK

Authorized share capital - Unlimited number of common shares without par value.
Escrow shares: As at September 30,2023 a total of 232,933 common shares are held in escrow.

Issued share capital

During the period ended September 30, 2023, the Company issued the following shares:

i) Issued 13,765,763 common shares at a price of $0.015 per share upon the conversion of convertible debentures.

ii) Issued 6,116,883 common shares at a price of $0.015 per share to settle outstanding loans of 91,753.

iii) Completed a non-brokered private placement of 6,984,265 units at a price of $0.0143 per unit raising gross proceed of $99,875. Each unit consists of one common share and one common share purchase warrant which is at a price of $0.05 for a period of two years. In connection with the financing the Company paid $1,125 in finders fees and issued 87,500 broker warrants on the same terms as the unit warrants.

During the year ended December 31, 2022, the Company issued the following shares:

iv) Completed a non-brokered private placement for 1,892,500 units at a price of $0.20 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 $0.50 for a period of 2 years from the date of closing. The warrants were valued at $Nil using the residual value method. The Company paid $12,850 in finders' fees and issued 59,000 broker warrants on the same terms of the unit warrants with a fair value of $4,000 using the Black-Scholes option pricing model.

v) Completed a non-brokered private placement for 7,297,200 units at a price of $0.11 per unit for gross proceeds of $802,692. 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 $0.50 for a period of 2 years from the date of closing. The warrants were valued at $72,972 using the residual value method. The Company paid $32,655 in finders' fees and issued 231,049 broker warrants on the same terms of the unit warrants with a fair value of $4,200 using the Black-Scholes option pricing model.

vi) Completed a non-brokered private placement for 5,073,577 units at a price of $0.11 per unit for gross proceeds of $558,094. 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 $0.50 for a period of 2 years from the date of closing. The warrants were valued at $50,735 using the residual value method. The Company paid $23,415 in finders' fees and issued 296,886 broker warrants on the same terms of the unit warrants with a fair value of $5,400 using the Black-Scholes option pricing model.

vii) Completed a non-brokered private placement for 3,667,500 units at a price of $0.14 per unit for gross proceeds of $513,450. 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 $0.50 for a period of 2 years from the date of closing. The warrants were valued at $Nil using the residual value method. The Company paid $4,072 in finders' fees and issued 10,800 broker warrants on the same terms of the unit warrants with a fair value of $1,000 using the Black-Scholes option pricing model.

viii) Issued 1,000,000 shares with a fair value of $100,000 in consideration for the acquisition of MicroDoz (Note 3).
The Company incurred share issue costs totalling $18,500 in accordance with the above transactions.

Expressed in Canadian Dollars (UNAUDITED)

10. CAPITAL STOCK (Continued)

Reserves:

	Stock options	Warrants	Debentures	Total
	$	$	$	$
Balance, December 31, 2021	552,120	226,100	-	778,220
Finders' warrants	-	14,600	-	14,600
Residual value of unit warrants	-	123,708	-	123,708
Share-based payments	294,400	-	-	294,400
Balance, December 31, 2022	846,520	364,408	-	1,210,928
Debenture conversion	-		7,247	7,247
Share-based payments	191,000	1,000	-	192,000
Balance, September 30, 2023	1,037,520	365,408	7,247	1,410,175

Expressed in Canadian Dollars (UNAUDITED)

10. CAPITAL STOCK (Continued)

Stock 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.

Summary of option activity:

	Number of Options	Weighted Average Exercise Price $
Balance at December 31, 2021	1,925,000	-
Granted	1,775,000	0.50
Balance December 31, 2022	3,700,000	0.50
Cancelled	(3,700,000)	0.50
Granted	5,035,000	0.05
Balance September 30, 2023	5,035,000	0.05

The following table summarizes stock options outstanding at September 30, 2023:

	ımber of Options	Number of Exercisable Options	Weighted Average Exercise	Weighted Average Remaining Years
March 31, 2028	035,000	5,035,000	0.05	4.50
	035,000	5,032,000	0.05	4.50

During the period ended September 30, 2023, the Company recorded share-based payments of $191,000 (2022 - $390,200) with respect to options granted. The weighted average fair value of these options was estimated using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair value are as follows:

	September 30, 2023	September 30, 2022
Exercise price	$0.050	$0.500
Market price	$0.050	$0.400
Risk-free interest rate	3.34%	1.58%
Expected life of options	5	5
Expected forfeitures	0%	0%
Annualized volatility	100%	100%
Dividend rate	0%	0%
Weighted average fair value per option	$0.04	$0.29

Expressed in Canadian Dollars (UNAUDITED)

10. CAPITAL STOCK (Continued)

Warrants

As at September 30, 2023 a total of 132,933 warrants are held in escrow.

Summary of warrant activity:

	Number of Warrants	Weighted Average Exercise Price $
Balance at December 31, 2021	7,362,613	0.40
Issued	18,528,494	0.50
Expired	(4,234,600)	1.26
Balance at December 31, 2022	21,656,507	0.40
Issued	7,071,766	0.05
Expired	(3,128,013)	0.93
Balance at September 30, 2023	25,600,260	0.38

The following table summarizes warrants outstanding at September 30, 2023:

Expiry date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Years
April 5, 2024	1,655,000	1.00	0.52
May 6, 2024	59,000	1.00	0.60
May 6, 2024	237,500	0.50	0.60
June 29, 2024	5,073,577	0.50	0.75
June 29, 2024	296,868	0.50	0.75
June 8, 2024	7,297,200	0.50	0.69
June 8, 2024	231,049	0.50	0.69
August 24, 2024	2,117,500	0.50	0.90
September 30, 2024	1,550,000	0.50	1.00
September 30, 2024	10,800	0.50	1.00
July 17, 2025	6,984,266	0.50	1.80
July 17, 2025	87,500	0.50	1.80
	25,600,260	0.38	1.03

Expressed in Canadian Dollars (UNAUDITED)

10. CAPITAL STOCK (Continued)

Warrants (Continued)

During the period ended September 30, 2023, the Company granted Nil (2022 – 597,735) broker warrants with a total fair value of $Nil; (2022 - $14,600) using the Black-Scholes option pricing model using the following weighted average inputs:

	September 30, 2023	September 30, 2022
Exercise price	n/a	$0.10
Market price	n/a	$0.10
Risk-free interest rate	n/a	3.05%
Expected life	n/a	2
Annualized volatility	n/a	150%
Dividend rate	n/a	0%
Weighted average fair value per warrant ($CAD)	n/a	$0.01

Annualized volatility was derived from a sample of similar publicly traded companies.

11. ACQUISITION OF DOC HYGIENE PHARMACEUTCALS INC.

On October 12, 2022, the Company acquired Doc Hygiene in exchange for the issuance of a $195,000 convertible debenture (Note 9) and cash of $224,875. Doc Hygiene is in the business of consumer sanitation products and the acquisition aligned with the Company's strategy to offer innovative consumer products direct to consumer.

For accounting purposes, the acquisition of Doc Hygiene was considered an asset acquisition. The results of operations from Doc Hygiene are included in the consolidated financial statements from the acquisition date.

The following table summarizes the consideration paid and the fair value of the identifiable assets acquired, and liabilities assumed as of the date of acquisition:

Consideration	**$**
Issuance of convertible note	195,000
Cash	224,875
	419,875
Net assets of Doc Hygiene Pharmaceuticals Inc.	
Cash	273
Accounts payable	(6,304)
Intangible assets - brand, trademark, website	425,906
Total	419,875

Expressed in Canadian Dollars (UNAUDITED)

12. ACQUISITION OF 1288339 BC LTD.

On September 22, 2021, concurrent with closing of the RTO the Company issued 2,000,000 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.

13. 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:

	September 30, 2023	**September 30, 2022**
	$	$
Consulting fees - CEO & Director	21,000	-
Consulting fees - Former CEO and director	39,375	164,875
Consulting fees, directors	18,450	24,200
Consulting fees, former COO	-	49,600
Total	57,825	238,675
Stock based compensation - Officers and directors	70,179	142,890
Total	128,004	381,565

The amounts for key management personnel are as follows:

	September 30, 2023	**December 31, 2022**
Accrued liabilities - Director and officer consulting	21,000	4,853

14. 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. 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 September 30, 2023.

15. 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, loans payable, convertible debenture, and derivative liability. 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.

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 Starton is classified as Level 3 and accounted for at cost as an appropriate estimate of fair value (Note 6). The Company's investment in Eleos was classified as Level 3 and accounted for at cost as an appropriate estimate of fair value (Note 6) and its investment in LHG is classified as Level 1. The Company's derivative liability is FVTPL and classified as Level 2.

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

Credit risk

Credit risk is risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at September 30, 2023 the Company believes it has no significant credit risk associated with cash. The note receivable is unsecured and held by a United Kingdom based third party entity. The Company has considered credit risk associated with the note receivable and determined the risk of loss to be low. The Company is satisfied with the credit ratings of its bank. The Company's exposure to credit risk is the carrying value of the respective financial assets. The Company's management of credit risk has not changed materially from that of the year ended December 31, 2022.

15. FINANCIAL INSTRUMENTS AND RISK (Continued)

Liquidity risk

Liquidity 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 September 30, 2023, the Company had a cash balance of $1,615 (December 31, 2022 - $41,608) to settle accounts payable and accrued liabilities of $421,914 (December 31, 2022 - $342,212) and loans payable of $Nil (December 31, 2022 - $89,370). 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 management of liquidity risk has not changed materially from that of the year ended December 31, 2022. The Company's accounts payables have contractual maturities of 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.. The Company's management of market risks has not changed materially from that of the year ended December 31, 2022.

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 note receivable, loans payable, and convertible debenture have fixed rates of interest.

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 September 30, 2023, 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 (other than interest rates and foreign currency rates), 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 September 30, 2023.

16. SEGMENTED INFORMATION

The Company has one operating segment, being the licensee of technologies relating to certain controlled substances and therapeutic delivery methods in Canada.