

**JOLT HEALTH INC.  
(formerly Love Pharma Inc.)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Jolt Health Inc. (formerly Love Pharma Inc.):

### **Opinion**

We have audited the consolidated financial statements of Jolt Health Inc. (formerly Love Pharma Inc.) and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined that there are no other key audit matters to communicate in our report.

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Aycha Aziz.

*Baker Tilly WM LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
April 29, 2024

**JOLT HEALTH INC. (formerly Love Pharma Inc.)**  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
Expressed in Canadian Dollars

<b>AS AT</b>	<b>Note</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		2,059	41,608
Receivables		566	6,236
Prepaid expenses and deposits	3	12,700	63,964
Note receivable	4	-	100,000
<b>Total</b>		15,325	211,808
<b>Non-Current</b>			
Investments	5	357,101	609,479
<b>Total assets</b>		372,426	821,287
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	7	499,344	342,212
Loans payable	8	-	89,370
<b>Total</b>		499,344	431,582
<b>Non-Current</b>			
Convertible debenture	9	-	55,900
Derivative liability	9	-	146,000
<b>Total liabilities</b>		499,344	633,482
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	12,622,272	12,235,260
Reserves	10	1,274,928	1,210,928
Deficit		(14,024,118)	(13,258,383)
<b>Total shareholders' equity</b>		(126,918)	187,805
<b>Total liabilities and shareholders' equity</b>		372,426	821,287

Nature and continuance of operations (Note 1)

Subsequent event (Note 18)

Approved on behalf of the Board of Directors on April 29, 2024:

"Gerald Tritt"

Director

"Doug Taylor"

Director

**JOLT HEALTH INC. (formerly Love Pharma Inc.)**  
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
Expressed in Canadian Dollars  
For the years ended

	Note	December 31 2023	December 31 2022
		\$	\$
<b>Expenses</b>			
Accretion and interest - convertible debenture	9	14,833	8,900
Advertising and promotion		51,788	266,432
Consulting and management fees	12	141,400	560,902
Interest expense		2,384	10,236
Office and general		18,103	6,189
Professional fees		99,517	334,494
Share-based payments	10	63,000	294,400
Transfer agent and filing fees		39,626	51,737
Travel and entertainment		2,307	117,466
<b>Total expenses</b>		<b>432,958</b>	<b>1,650,756</b>
Loss on disposition of MicroDoz	4	-	32,500
Impairment - intangible asset	4	100,000	-
Impairment - deposits	3	-	312,088
Impairment - Starton	5	259,398	-
Impairment - Eleos Robotics Inc.	5	-	655,000
Impairment - Love Hemp Group Plc	5	-	25,601
Impairment - 1288339 BC Ltd. licence	6	-	191,093
Impairment - 212774 AB Ltd. licence	6	-	319,015
Impairment - Doc Hygiene - intangible assets	11	-	425,906
Fair value adjustment - derivative liability	9	(3,000)	(2,000)
Other income		(16,490)	-
Foreign exchange		(7,131)	(31,223)
<b>Loss and comprehensive loss</b>		<b>(765,735)</b>	<b>(3,578,736)</b>
Loss per share			
Basic and diluted		(0.01)	(0.09)
Weighted average number of common shares			
Basic and diluted		65,166,629	41,328,163

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

**JOLT HEALTH INC. (formerly Love Pharma Inc.)**

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Expressed in Canadian Dollars

For the years ended December 31, 2023 and 2022

	Number of Common Shares	Capital Stock \$	Reserves \$	Deficit \$	Total Shareholders' Equity \$
<b>Balance, December 31, 2021</b>	31,491,985	10,112,325	778,220	(9,679,647)	1,210,898
Common shares issued for cash	17,930,777	2,129,027	123,708	-	2,252,735
Share issue costs - cash	-	(91,492)	-	-	(91,492)
Shares issue costs - broker warrants	-	(14,600)	14,600	-	-
Share-based payments	-	-	294,400	-	294,400
Shares issued for acquisition of Microdoz	1,000,000	100,000	-	-	100,000
Loss and comprehensive loss for the year	-	-	-	(3,578,736)	(3,578,736)
<b>Balance, December 31, 2022</b>	50,422,762	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	-	(17,349)	-	-	(17,349)
Shares issue costs - broker warrants	-	(1,000)	1,000	-	-
Conversion of convertible debenture	13,765,763	213,733	-	-	213,733
Common shares issued for debt	6,116,883	91,753	-	-	91,753
Share-based payments	-	-	63,000	-	63,000
Loss and comprehensive loss for the year	-	-	-	(765,735)	(765,735)
<b>Balance, December 31, 2023</b>	77,289,673	12,622,272	1,274,928	(14,024,118)	(126,918)

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

**JOLT HEALTH INC. (formerly Love Pharma Inc.)**  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Expressed in Canadian Dollars  
For the years ended

	December 31, 2023	December 31, 2022
	\$	\$
<b>Operating activities</b>		
Loss for the year	(765,735)	(3,578,736)
Adjusted for:		
Accrued interest	2,383	6,193
Accretion and interest - convertible debenture	14,833	8,900
Share-based payments	63,000	294,400
Unrealized foreign exchange	(7,020)	(24,480)
Loss on disposition of MicroDoz	-	32,500
Impairment - intangible asset	100,000	-
Impairment - Deposits	-	312,088
Impairment - Investment in Starton	259,398	-
Impairment - Investment in Elios Robotics	-	655,000
Impairment - Love Hemp Group Plc	-	25,601
Impairment - 1288339 BC Ltd. licence	-	319,015
Impairment - 212774 AB Ltd. licence	-	191,093
Impairment - Doc Hygiene - intangibles	-	425,906
Fair value adjustment - derivative liability	(3,000)	(2,000)
Changes in non-cash working capital:		
Prepaid expenses and deposits	51,264	(245,350)
Receivables	5,670	(917)
Accounts payable and accrued liabilities	157,132	76,472
Cash flows - operating activities	(122,075)	(1,504,315)
<b>Investing activities</b>		
Cash acquired - Acquisition of Doc Hygiene	-	273
Doc Hygiene acquisition	-	(224,875)
Investment in Starton Therapeutics Inc.	-	(584,999)
Cash flows - investment activities	-	(809,601)
<b>Financing activities</b>		
Common shares issued for cash	99,875	2,112,235
Share issue costs	(17,349)	(91,492)
Cash flows - financing activities	82,526	2,020,743
Change in cash	(39,549)	(293,173)
Cash, beginning	41,608	334,781
Cash, end	2,059	41,608

Supplemental cash flow disclosure (Note 16)

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



**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 changed 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 20<sup>th</sup> 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 year ended December 31, 2023, the Company has incurred a net loss of \$765,735 and has an accumulated deficit of \$14,024,118.

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. MATERIAL ACCOUNTING POLICIES**

**Basis of presentation and statement of compliance**

These consolidated financial statements have been prepared using accounting policies consistent with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations of IFRS Interpretations Committee (“IFRIC”). They have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

## **2. MATERIAL 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) Impairment of intangible assets**

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 impairment 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) 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 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, 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. MATERIAL 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, cost is determined to be an appropriate carrying value.

v) 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 December 31, 2023 and December 31, 2022.

## **2. MATERIAL 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.

### **Share-based compensation**

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based compensation. Otherwise, share-based payments are measured at the fair value of goods or services received.

## **2. MATERIAL ACCOUNTING POLICIES (Continued)**

### **Provisions and contingencies**

A provision is recognized on the consolidated statements 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 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.

**2. MATERIAL ACCOUNTING POLICIES (Continued)**

**Financial instruments (Continued)**

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. 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.

## **2. MATERIAL ACCOUNTING POLICIES (Continued)**

### **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.

### **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). Refer also 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.

## 2. MATERIAL ACCOUNTING POLICIES (Continued)

### New accounting standards and interpretations

Effective January 1, 2023, amendments to IAS 1 Presentation of Financial Statements were adopted with respect to disclosure of the Company's accounting policies. The adoption of the amendments did not result in any changes to the Company's accounting policies, the only impact was to the accounting policy information disclosed in the financial statements. Where management determined necessary, clarifying language was applied in order to enhance focus on the materiality of a policy, and immaterial policy language was deleted.

Effective January 1, 2023, amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors were adopted with respect to the new definition of "accounting estimates". The amendments clarify how measurement techniques and inputs are used to develop accounting estimates, and also clarify changes in accounting estimates (now defined), changes in accounting policies, and correction of prior period errors. The adoption of the amendments did not result in any impact to the Company's financial statements.

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. PREPAID EXPENSES AND DEPOSITS

	December 31, 2023	December 31, 2022
	\$	\$
Prepaid expenses	12,700	63,964

During the year ended December 31, 2023, the Company recorded an impairment expense of \$Nil (2022 - \$312,088) in relation to deposits for inventory items which were determined to not be 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).



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**4. ACQUISITION AND DISPOSITION OF MICRODOZ THERAPY INC.**

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:

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

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 into 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 divestiture the Company recorded a loss on disposition of \$32,500.

During the year ended December 31, 2023, the promissory note was not repaid and was in default status. In accordance with the December 13, 2022 agreement, the Company obtained 100% ownership of Microdoz due to the default of the promissory note. Refer also to note 6.

**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
Impairment	-	-	(259,398)	(259,398)
Balance, December 31, 2023	-	-	357,101	357,101

**Eleos Robotics**

The Company holds 744,691 common non-voting shares of Eleos Robotics Inc. ("Eleos"), an arm's length private company based in British Columbia with a cost of \$655,000. 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.

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**5. INVESTMENTS (Continued)**

**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 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. During the year ended December 31, 2023, the Company recognized an impairment expense of \$259,398 in relation to the investment in Starton.

**6. INTANGIBLE ASSETS**

	1288339 BC licence (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 December 31, 2023	-	-	-	-	-
Acquisition - Microdoz	-	-	100,000	-	100,000
Impairment	-	-	(100,000)	-	(100,000)
Balance, December 31, 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 psilocybin technologies for cash consideration of US\$250,000 and granting Callitas a 5% royalty on gross sales. The agreement had an option to renew for an additional 5 years and covered the specific distribution territories of Canada, the Netherlands and Jamaica. As at December 31, 2021, the Company 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”) completed during the year ended December 31, 2021 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. 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.

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**6. INTANGIBLE ASSETS (Continued)**

- 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 covered 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 completed during the year ended December 31, 2021, 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. 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.
- iii) During the year ended December 31, 2022, in accordance with the acquisition of MicroDoz the Company disposed of a research study (Note 4). During the year ended December 31, 2023, the promissory note issued in connection with the sale of Microdoz was in default and therefore the Company reclaimed Microdoz and the research study. During the year ended December 31, 2023, the Company assessed the research study for impairment and determined the fair value as at year end was \$Nil, and an impairment of \$100,000 was recognized.
- iv) 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.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	December 31, 2023	December 31, 2022
	\$	\$
Accounts payable	461,844	282,212
Accrued liabilities	37,500	60,000
<b>Total</b>	<b>499,344</b>	<b>342,212</b>

**8. LOANS PAYABLE**

The Company has the following loans outstanding:

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

During the year ended December 31, 2021, the Company received unsecured loans totalling \$205,500 from arm's-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 year ended December 31, 2023, the Company settled the remaining loan balance including accrued interest in exchange for 6,116,883 common shares of the Company (Note 10).

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**9. CONVERTIBLE DEBENTURE**

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

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 lesser 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. During the year ended December 31, 2023, the convertible debenture was converted into 13,765,763 common shares (Note 10).

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)
<b>Balance, December 31, 2022</b>	146,000
Fair value adjustment	(3,000)
Extinguished on conversion to common shares	(143,000)
<b>Balance, December 31, 20223</b>	-

The derivative liability was valued using the Black-Scholes Option Pricing Model at the date of initial recognition (October 12, 2022), at December 31, 2022, and the date of conversion (June 2, 2023) using the following assumptions:

	June 2, 2023	December 31, 2022	October 12, 2021
Exercise price	\$0.015	\$0.050	\$0.150
Market price	\$0.015	\$0.050	\$0.150
Risk-free interest rate	3.34%	3.34%	3.34%
Expected life of options	4.25	4.78	5.00
Expected forfeitures	0%	0%	0%
Annualized volatility	100%	100%	100%
Dividend rate	0%	0%	0%

**10. CAPITAL STOCK**

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

**Escrow shares:** As at December 31, 2023, 116,469 (2022 – 232,933) common shares are held in escrow.

**Issued share capital**

During the year ended December 31, 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 (Note 9).
- ii) Issued 6,116,883 common shares at a price of \$0.015 per share to settle outstanding loans of \$91,753 (Note 8).
- iii) Completed a non-brokered private placement of 6,984,265 units at a price of \$0.0143 per unit raising gross proceeds of \$99,875. Each unit consists of one common share and one common share purchase warrant exercisable at a price of \$0.05 per share for a period of 2 years from the date of closing. The warrants were valued at \$Nil using the residual value method. In connection with the financing the Company paid \$1,248 in finders fees and issued 87,500 broker warrants on the same terms as the unit warrants with a fair value of \$1,000 using the Black-Scholes option pricing model. The Company incurred an additional \$16,101 in share issue costs.

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

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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.

**10. CAPITAL STOCK (Continued)**

**Issued share capital (Continued)**

viii) Issued 1,000,000 shares with a fair value of \$100,000 in consideration for the acquisition of MicroDoz (Note 4). The Company incurred share issue costs totalling \$18,500 in accordance with the above transactions.

**Reserves**

	Stock options	Warrants	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	-	-	-
Residual value of unit warrants	-	1,000	1,000
Share-based payments	63,000	-	63,000
Balance, December 31, 2023	909,520	365,408	1,274,928

**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 stock option activity:

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

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**10. CAPITAL STOCK (Continued)**

**Stock Options (Continued)**

The following table summarizes stock options outstanding at December 31, 2023:

<b>Expiry date</b>	<b>Number of Options</b>	<b>Number of Exercisable Options</b>	<b>Weighted Average Exercise</b>	<b>Weighted Average Remaining Years</b>
March 31, 2028	5,035,000	5,035,000	0.05	4.25

During the year ended December 31, 2023, the Company recorded share-based payments of \$63,000 (2022 - \$294,400) 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:

	<b>December, 31 2023</b>	<b>December, 31 2022</b>
Exercise price	\$0.050	\$0.500
Market price	\$0.020	\$0.025
Risk-free interest rate	3.34%	3.34%
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	\$0.17

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

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**10. CAPITAL STOCK (Continued)**

**Warrants**

Summary of warrant activity:

	Number of Warrants	Weighted Average Exercise Price \$
<b>Balance at December 31, 2021</b>	7,362,613	0.40
Issued	18,528,494	0.50
Expired	(4,234,600)	1.26
<b>Balance at December 31, 2022</b>	21,656,507	0.40
Issued	7,071,766	0.05
Expired	(3,128,013)	0.93
<b>Balance at December 31, 2023</b>	25,600,260	0.56

The following table summarizes warrants outstanding at December 31, 2023:

Expiry date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Years
April 5, 2024*	1,655,000	0.50	0.26
May 6, 2024	59,000	0.50	0.35
May 6, 2024	237,500	0.50	0.35
June 29, 2024	5,073,577	0.50	0.50
June 29, 2024	296,868	0.50	0.50
June 8, 2024	7,297,200	0.50	0.44
June 8, 2024	231,049	0.50	0.44
August 24, 2024	2,117,500	0.50	0.65
September 30, 2024	1,550,000	0.50	0.75
September 30, 2024	10,800	0.50	0.75
July 17, 2025	6,984,266	0.05	1.55
July 17, 2025	87,500	0.05	1.55
	25,600,260	0.56	0.78

\*Expired unexercised on April 5, 2024.



**10. CAPITAL STOCK (Continued)**

**Warrants (Continued)**

During the year ended December 31, 2023, the Company granted 87,500 (2022 – 597,735) broker warrants with a total fair value of \$1,000 (2022 - \$14,600) using the Black-Scholes option pricing model using the following weighted average inputs:

	<b>December, 31</b>	<b>December, 31</b>
	<b>2023</b>	<b>2022</b>
Exercise price	\$0.05	\$0.50
Market price	\$0.02	\$0.01
Risk-free interest rate	5.75%	3.00%
Expected life	2	2
Annualized volatility	100%	142%
Dividend rate	\$0.00	0%
Weighted average fair value per warrant	\$0.01	\$0.02

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

**11. ACQUISITION OF DOC HYGIENE PHARMACEUTICALS 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:

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

**12. 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 key management personnel are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	\$	\$
Consulting fees - CEO & Director	39,900	-
Consulting fees - Former CEO and director	39,375	204,250
Consulting fees, directors	28,800	30,350
Consulting fees, former COO	-	55,080
<b>Total</b>	<b>108,075</b>	<b>289,680</b>
Share-based payments - Officers and directors	23,147	107,835
<b>Total</b>	<b>131,222</b>	<b>397,515</b>

The amounts owing to key management personnel are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	\$	\$
Accrued liabilities - Director and officer consulting	33,387	4,853

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

**13. 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 in the amount of \$126,918 (2022 - \$187,805). 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 year ended December 31, 2023.

**14. 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 was classified as Level 1. The Company's derivative liability was accounted for as 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 December 31, 2023, the Company believes it has no significant credit risk associated with cash. 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.

**14. 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 December 31, 2023, the Company had a cash balance of \$2,059 (December 31, 2022 - \$41,608) to settle accounts payable and accrued liabilities of \$454,188 (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) Currency risk

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 December 31, 2023, the Company was not exposed to any significant currency risk.

c) Other 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 other price risk at December 31, 2023.

**15. SEGMENTED INFORMATION**

The Company has one operating segment, being the licensee of technologies relating to certain controlled substances and therapeutic delivery methods in Canada, the Netherlands, Europe (excluding Poland), and Jamaica.

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**16. SUPPLEMENTAL CASH FLOW INFORMATION**

<b>Non-cash financing and investing activities</b>	<b>\$</b>	<b>\$</b>
Warrants issued as finder fee	1,000	14,600
Conversion of convertible debenture into common shares	213,733	-
Common shares issued for debt	91,753	-
Shares issued for acquisition of Microdoz	-	100,000
Note receivable received on disposition of Microdoz	-	100,000
Convertible debenture issued to acquire Doc Hygiene	-	195,000
Loan settled in private placement	-	140,500
Impairment - Deposits	-	123,000

There was no cash paid or received for interest or taxes, for the years ended December 31, 2023, and 2022.

**17. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Net loss for the year (before tax)	(765,735)	(3,578,736)
Expected income tax (recovery)	(207,000)	(966,000)
Permanent difference and other	20,000	87,000
Share issue cost	(5,000)	(25,000)
Change in unrecognized deductible temporary differences	192,000	904,000
Total income tax expense (recovery)	-	-

The significant components of the Company's deferred tax assets and liabilities that have not been included in the consolidated balance sheet are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Deferred tax assets (liabilities)		
Share issue costs	36,000	46,000
Investments	255,000	187,000
Intangible assets	521,000	494,000
Non-capital losses available for future years	1,157,000	1,050,000
	1,969,000	1,777,000
Unrecognized deferred tax assets	(1,969,000)	(1,777,000)
<b>Net deferred tax assets</b>	<b>-</b>	<b>-</b>

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**17. INCOME TAXES (Continued)**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated balance sheet are as follows:

	December 31, 2023		December 31, 2022	
	Expiry Date Range	Expiry Date Range	Expiry Date Range	Expiry Date Range
	\$	\$	\$	\$
<b>Temporary Differences</b>				
Share issue costs	132,000	2024-2027	168,000	2023-2026
Investments	945,000	No expiry date	693,000	No expiry date
Intangible assets	1,931,000	No expiry date	1,831,000	No expiry date
Non-capital losses available for future years	4,285,000	2040-2043	3,887,000	2040-2042

**18. SUBSEQUENT EVENT**

Subsequent to December 31, 2023, the Company:

- a) Closed a private placement of 50,000,000 units at a price of \$0.01 per unit for gross proceeds of \$500,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.05 for a period of two years.