The Hash Corporation
Condensed interim financial statements

For the three and nine months ended September 30, 2022 and 2021
[unaudited] [expressed in Canadian dollars, except share amounts]

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of The Hash Corporation [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 condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The Hash Corporation

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
[unaudited] [expressed in Canadian dollars]
[see going concern uncertainty – note 2]

As at	Notes	September 30, 2022	December 31, 2021
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		**41,694**	354,173
Trade receivables		**190,933**	490,711
Prepaid expenses and other assets		**155,823**	334,942
		388,450	1,179,826
Non-current assets			
Property and equipment, net	3	**116,356**	188,158
Right-of-use asset, net		**13,653**	38,230
		130,009	226,388
		518,459	1,406,214
LIABILITIES			
Current liabilities			
Trade and other payables		**127,954**	192,787
Borrowings	4	**163,253**	—
Sales tax payable		**22,306**	7,742
Lease obligations		**15,415**	35,235
		328,928	235,764
Non-current liabilities			
Lease obligations		**—**	6,249
		328,928	242,013
SHAREHOLDERS' EQUITY			
Share capital	5	**11,938,008**	11,938,008
Warrants	5	**98,948**	106,103
Contributed surplus	6	**1,993,152**	1,741,534
Accumulated deficit		**(13,840,577)**	(12,621,444)
		189,531	1,164,201
		518,459	1,406,214
Commitments and contingencies	8		

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

On behalf of the Board:

"Chris Savoie"

"Binyomin Posen"

The Hash Corporation

CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

[unaudited] [expressed in Canadian dollars, except number of shares]

		Three months ended September 30,		Nine months ended September 30,	
		2022	**2021**	**2022**	**2021**
	Notes	$	$	$	$
Revenue, net of excise tax		**38,393**	250,686	**612,268**	342,246
Expenses					
General and administrative		**71,223**	331,301	**389,449**	1,225,148
Share-based compensation	6	**3,177**	134,777	**242,716**	1,362,886
Salaries and wages		**176,274**	217,483	**624,270**	565,792
Professional fees		**936**	64,676	**145,572**	786,145
Production expenditures		**45,830**	218,820	**376,339**	379,834
Depreciation		**34,675**	30,144	**103,062**	72,167
Interest expense		**576**	1,484	**2,431**	3,181
Total operating expenses		**332,691**	998,685	**1,883,839**	4,395,153
Other income		**(18,765)**	—	**(52,438)**	—
Net loss and comprehensive loss		**(275,533)**	(747,999)	**(1,219,133)**	(4,052,907)
Net loss per share					
Basic and diluted	7	**(0.001)**	(0.003)	**(0.004)**	(0.016)
Weighted average number of shares outstanding – basic and diluted	7	**280,120,290**	280,120,290	**280,120,290**	254,044,649

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine months ended September 30, 2022 and 2021
[unaudited] [expressed in Canadian dollars, except number of shares]

	Share capital		Warrants		Contributed Surplus	Accumulated deficit	Total
	#	$	#	$	$	$	$
Balance – December 31, 2020	**224,220,290**	**8,020,096**	**73,804,573**	**1,999,595**	—	**(7,983,974)**	**2,035,717**
Shares issued [note 5]	18,050,000	1,412,572	1,805,000	98,948	—	—	1,511,520
Warrants exercised [note 5]	37,850,000	1,925,289	(37,850,000)	(1,168,289)	—	—	757,000
Warrants expired	—	—	(33,582,573)	(194,922)	194,922	—	—
Share-based compensation [note 6]	—	—	—	—	1,362,886	—	1,362,886
Net loss and comprehensive loss	—	—	—	—	—	(4,052,907)	(4,052,907)
Balance – September 30, 2021	**280,120,290**	**11,357,957**	**4,177,000**	**735,332**	**1,557,808**	**(12,036,881)**	**1,614,216**
Balance – December 31, 2021	**280,120,290**	**11,938,008**	**2,105,000**	**106,103**	**1,741,534**	**(12,621,444)**	**1,164,201**
Share-based compensation [note 6]	—	—	—	—	242,716	—	242,716
Issurance of convertible debt [note 4]	—	—	—	—	1,747	—	1,747
Warrants expired	—	—	(300,000)	(7,155)	7,155	—	—
Net loss and comprehensive loss	—	—	—	—	—	(1,219,133)	(1,219,133)
Balance – September 30, 2022	**280,120,290**	**11,938,008**	**1,805,000**	**98,948**	**1,993,152**	**(13,840,577)**	**189,531**

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

The Hash Corporation

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

[unaudited] [expressed in Canadian dollars]

For the nine months ended September 30,	2022	2021
	$	$
Operating activities		
Net loss	**(1,219,133)**	(4,052,907)
Add items not affecting cash		
Depreciation	**103,062**	72,167
Share-based compensation	**242,716**	1,362,886
Interest expense	**2,431**	3,181
Changes in non-cash working capital balances		
Trade receivables	**299,778**	(156,406)
Sales tax recoverable	**—**	35,114
Prepaid expenses and other assets	**179,119**	(389,549)
Trade and other payables	**(64,833)**	(66,737)
Sales tax payable	**14,564**	—
Cash used in operating activities	**(442,296)**	(3,192,251)
Investing activities		
Deposits	**—**	40,344
Purchase of equipment	**(6,683)**	(163,620)
Cash used in investing activities	**(6,683)**	(123,276)
Financing activities		
Proceeds from borrowings	**165,000**	—
Repayment of lease obligation	**(28,500)**	(19,000)
Proceeds from issuance of shares, net	**—**	1,511,520
Proceeds from exercise of warrants	**—**	757,000
Cash provided by financing activities	**136,500**	2,249,520
Net change	**(312,479)**	(1,066,007)
Cash and cash equivalents, beginning of the period	**354,173**	2,051,028
Cash and cash equivalents, end of the period	**41,694**	985,021

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

1. Nature of business

The Hash Corporation (the "Company") was incorporated under the Business Corporations Act (Ontario) on March 28, 1967 as Northville Explorations Ltd. On January 22, 2014, the Company changed its name to Senternet Phi Gamma Inc. and on July 8, 2019 the Company changed its name to its present name.

The Company is focused on the production and sale of cannabis-based hashish and other cannabis products. The Company applies its separation and curing techniques to produce a suite of high-quality cannabis resin products, which are all-natural and free of additive and carcinogenic solvents. At present, the Company does not possess the licences required to carry on its business in producing and selling cannabis-based hashish and other cannabis concentrates. In particular, the Company does not have a Standard Processing Licence and a Cannabis Licence under the Cannabis Act. The Company does not intend to apply for both these licences and instead relies on the Collaboration Agreement with Medz Cannabis Inc. ("Medz") an Ontario-based, privately-owned company, licensed for the cultivation, processing and sale of medical cannabis under the Cannabis Act (see Note 8).

The head office of the Company is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9.

Impact of COVID-19

The outbreak of the novel coronavirus ("COVID-19") resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused disruption to certain business globally; as a result, there could be a possibility of recession in the near future. While the impact of COVID-19 on the Company has been minimal to date, there is uncertainty around its duration and future business conditions. If the outbreak were to cause disruption to the Company's supply chain or its service capabilities in the future, it would have a negative impact on operations, which could be material. In addition, any material negative impact on operations would impact profitability, as well as liquidity and capital resources.

The impact of COVID-19 did not have a material impact on the continuing operations or financial results of the Company for the period ended September 30, 2022.

2. Basis of presentation

[a] Statement of compliance

These unaudited condensed interim financial statements ("financial statements") were prepared using the same accounting policies and methods as those used in the Company's audited financial statements for the year ended December 31, 2021. These financial statements have been prepared in compliance with *IAS 34 – Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. These financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 29, 2022.

[b] Going concern uncertainty

The financial statements of the Company for the three and nine months ended September 30, 2022 and 2021, have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at September 30, 2022, the Company has an accumulated deficit of $13,840,577 (December 31, 2021 – $12,621,444) and a working capital surplus of $59,522 (December 31, 2021 – $944,062). For the three and nine months ended September 30, 2022, the Company had a net loss of $275,533 and $1,219,133 (September 30, 2021 – $747,999 and $4,052,907). Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so. While the Company has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in the future. The Company will need to raise capital in order to fund its operations. This need may be adversely impacted by uncertain market conditions, COVID-19, approval by regulatory bodies, and adverse results from operations. The above events and conditions indicate there is a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

[d] Functional currency and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

[e] Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, consistent with those disclosed in the audited financial statements for the year ended December 31, 2021 and described in these financial statements. Actual results could differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

New standards, amendments and interpretations adopted by the Company

IAS 16, Property, Plant and Equipment ("IAS 16")

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16). The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The adoption of the amendment did not have any material impact on the Company's financial statements.

IFRS 9, Financial Instruments ("IFRS 9")

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The adoption of the amendment did not have any material impact on the Company's financial statements.

IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37). The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract and can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The adoption of the amendment did not have any material impact on the Company's financial statements.

New standards, amendment and interpretation not yet adopted by the Company

IAS 1, Presentation of financial statements ("IAS 1")

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Company is still assessing the impact of adopting these amendments on its financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

In February 2021, the IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendment will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates.

The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its financial statements.

IAS 12, Income Taxes ("IAS 12")

In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12). The amendment narrows the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal taxable and deductible temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its financial statements.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the financial statements.

[unaudited] [expressed in Canadian dollars]

3. Property and equipment

Property and equipment as at September 30, 2022, is as follows:

	Leasehold improvements	Computer equipment	Production equipment	Total
	$	$	$	$
Cost				
Balance, December 31, 2020	4,000	9,670	108,657	122,327
Additions	39,954	—	123,666	163,620
Balance – December 31, 2021	43,954	9,670	232,323	285,947
Additions	—	—	6,683	6,683
Balance – September 30, 2022	**43,954**	**9,670**	**239,006**	**292,630**
Accumulated depreciation				
Balance, December 31, 2020	—	302	18,380	18,682
Depreciation	18,114	3,172	57,821	79,107
Balance – December 31, 2021	18,114	3,474	76,201	97,789
Depreciation	16,160	2,444	59,881	78,485
Balance – September 30, 2022	**34,274**	**5,918**	**136,082**	**176,274**
Carrying value				
Balance – December 31, 2021	25,840	6,196	156,122	188,158
Balance – September 30, 2022	**9,680**	**3,752**	**102,924**	**116,356**

For the three and nine months ended September 30, 2022, depreciation expense was $26,482 and $78,485 (2021 – $21,952 and $53,052).

4. Borrowings

Borrowings as at September 30, 2022 is comprised of:

	$
Borrowings	69,203
Royality obligation	94,050
Balance, September 30, 2022	**163,253**

During the nine months ended September 30, 2022, the Company issued 165 convertible debentures to related parties for gross proceeds of $165,000. Each convertible debenture is made up of principal amount of $1,000, bearing an interest rate of 3% per annum payable at maturity. The convertible debentures mature in one year from the date of issuance. Each debenture can be converted into common shares of the Company at a conversion price of $0.05 per share and each debenture entitles the holder to receive a payment of $0.20 per gram sold by the Company, for retails sales, paid as royalty until $570 per debenture is paid. The convertible debentures were issued to the CEO and COO of the Company and to an entity related to the CFO of the Company.

As at September 30, 2022, the Company has an obligation of $94,050 related to future royalty payments to be made to convertible debenture holders.

[unaudited] [expressed in Canadian dollars]

The Company determined that the conversion feature should be classified as equity. The conversion feature was measured at fair value of $1,747. The fair value of the conversion feature was determined using the Black-Scholes option pricing model with the following assumptions:

Grant date share price	**$0.01**
Exercise price	**$0.05**
Expected dividend yield	**—**
Risk free interest rate	**2.98% - 3.49%**
Expected life	**1 years**
Expected volatility	**109% - 121%**

5. Share capital

[a] Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

[b] Issued and outstanding

The Company's share capital is as follows:

	Common Shares		Warrants	
	#	$	#	$
Balance – December 31, 2020	224,220,290	8,020,096	73,804,573	1,999,595
Shares issued [i] [ii]	18,050,000	1,412,572	1,805,000	98,948
Warrants exercised [iii]	37,850,000	1,925,289	(37,850,000)	(1,168,289)
Warrants expired	—	—	(33,582,573)	(194,922)
Balance – September 30, 2021	280,120,290	11,357,957	4,177,000	735,332
Balance – December 31, 2021	**280,120,290**	**11,938,008**	**2,105,000**	**106,103**
Warrants expired	**—**	**—**	**(300,000)**	**(7,155)**
Balance – September 30, 2022	**280,120,290**	**11,938,008**	**1,805,000**	**98,948**

i. On March 15, 2021, the Company completed a private placement through the issuance of 15,050,000 common shares at a price of $0.10 per share for total gross proceeds of $1,505,000. Total transaction costs related to the private placement were $263,480. The Company also issued 1,505,000 compensation warrants. The fair value of the warrants was determined to be $82,422. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes option pricing model: Risk free interest rate 0.31%, Expected life – 2 years, Expected annual volatility – 106%, Expected dividend yield – Nil, Share price $0.10, Exercise price – $0.10.

ii. On May 27, 2021, the Company completed a private placement through the issuance of 3,000,000 common shares at a price of $0.10 per share for total gross proceeds of $300,000. Total transaction costs related to the private placement were $30,000. The Company also issued 300,000 compensation warrants. The fair value of the warrants was determined to be $16,526. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 0.32%, Expected life – 2 years, Expected annual volatility – 107%, Expected dividend yield – Nil, Share price $0.10, Exercise price – $0.10.

iii. On May 27, 2021, 37,850,000 warrants were exercised for total proceeds of $757,000 resulting in the issuance of 37,850,000 common shares

Notes to the condensed interim financial statements

For the three and nine months ended September 30, 2022 and 2021
[unaudited] [expressed in Canadian dollars]

The change in the number of warrants outstanding during the nine months ended September 30, 2022 and 2021, were as follows:

	Number of warrants #	Weighted average exercise price $
Outstanding as at December 31, 2020	73,804,573	0.03
Granted	1,805,000	0.10
Exercised	(37,850,000)	0.02
Expired	(33,582,573)	0.03
Outstanding as at September 30, 2021	4,177,000	0.07
Outstanding as at December 31, 2021	**2,105,000**	**0.09**
Expired	**(300,000)**	**0.05**
Outstanding as at September 30, 2022	**1,805,000**	**0.10**

Measurement of fair values

There were no warrants granted during the nine months ended September 30, 2022. The fair value of warrants granted during the nine months ended September 30, 2021, were estimated at the date of grant using the Black-Scholes model with the following inputs:

	2021
Grant date share price	**$0.10**
Exercise price	**$0.10**
Expected dividend yield	**—**
Risk free interest rate	**0.31% - 0.32%**
Expected life	**2 years**
Expected volatility	**106% - 107%**

The following table is a summary of the Company's warrants outstanding as at September 30, 2022:

Expiry Date	Exercise price $	Number outstanding #
March 15, 2023	0.10	1,505,000
May 27, 2023	0.10	300,000
	0.10	**1,805,000**

The following table is a summary of the Company's warrants outstanding as at September 30, 2021:

Expiry Date	Exercise price $	Number outstanding #
November 5, 2021	0.05	1,858,000
December 23, 2021	0.05	214,000
July 8, 2022	0.05	300,000
March 15, 2023	0.10	1,505,000
May 27, 2023	0.10	300,000
	0.07	**4,177,000**

[unaudited] [expressed in Canadian dollars]

6. Share-based compensation

[i] Share-based payment arrangements

The Company has established a share option plan (the “Option Plan”) for directors, officers, employees and consultants of the Company. The Company’s Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan, the term and vesting periods, and the exercise price of options granted to individuals under the Option Plan.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The share options carry neither rights to dividends nor voting rights. Share options may be exercised at any time from the date of vesting to the date of their expiry.

The Company’s Option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the aggregate number of common shares that are outstanding unless the Board has increased such limit by a Board resolution. If any options terminate, expire, or are cancelled as contemplated by the Option Plan, the number of options so terminated, expired or cancelled shall again be available under the Option Plan.

The changes in the number of share options during the nine months ended September 30, 2022 and 2021, were as follows:

	Number of options #	Weighted average exercise price $
Outstanding as at December 31, 2020	15,500,000	0.05
Forfeited	(3,500,000)	0.05
Cancelled	(3,000,000)	0.05
Granted	17,700,000	0.10
Outstanding as at September 30, 2021	26,700,000	0.08
Exercisable as at September 30, 2021	26,700,000	0.08
Outstanding as at December 31, 2021	**20,700,000**	**0.09**
Expired	**(6,000,000)**	**0.05**
Outstanding as at September 30, 2022	**14,700,000**	**0.10**
Exercisable as at September 30, 2022	**14,700,000**	**0.10**

There were no share options granted during the nine months ended September 30, 2022. The fair value of share options granted during the nine months ended September 30, 2021, were estimated at the date of grant using the Black-Scholes model with the following inputs:

	2021
Grant date share price	$0.10
Exercise price	$0.10 - $0.11
Expected dividend yield	—
Risk free interest rate	0.26% - 0.51%
Expected life	3 years
Expected volatility	105% - 106%

Expected volatility was estimated by using the historical volatility of comparable companies in similar industries as the Company. The expected option life represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on government bonds with a remaining term equal to the expected life of the options.

[unaudited] [expressed in Canadian dollars]

The following table is a summary of the Company's share options outstanding as at September 30, 2022:

	Options outstanding			Options exercisable	
Expiry Date	Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life [years]	Exercise Price	Number Exercisable
	$	#	#	$	#
February 17, 2024	0.11	1,000,000	1.38	0.11	1,000,000
June 2, 2024	0.10	13,700,000	1.67	0.10	13,700,000
	0.10	**14,700,000**	**1.65**	**0.10**	**14,700,000**

The following table is a summary of the Company's share options outstanding as at September 30, 2021:

	Options outstanding			Options exercisable	
Expiry Date	Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life [years]	Exercise Price	Number Exercisable
	$	#	#	$	#
August 28, 2022	0.05	9,000,000	0.91	0.05	9,000,000
February 17, 2024	0.11	4,000,000	2.38	0.11	4,000,000
June 2, 2024	0.10	13,700,000	2.67	0.10	13,700,000
	0.08	**26,700,000**	**2.04**	**0.08**	**26,700,000**

During the three and nine months ended September 30, 2022, the Company recognized $nil and $nil (2021 – $nil and $1,188,383) of share-based compensation expense related to options issued under the Option Plan.

[ii] Restricted Share Units

In May 2021, the Company established a restricted share unit plan ("RSU Plan") for directors, officers, employees and consultants of the Company. The Company's Board of Directors determines the eligibility of individuals to participate in the RSU Plan in order to align their interests with those of the Company's shareholders.

No amounts are paid or payable by the individual on receipt of the restricted share unit ("RSU"). Each RSU converts into one common share of the Company on the date of vesting at $nil exercise price.

The Company's RSU Plan provides that the number of common shares reserved for issuance may not exceed 10% of the aggregate number of common shares that are outstanding unless the Board has increased such limit by a Board resolution.

The changes in the number of RSUs during the nine months ended September 30, 2022 and 2021, is as follow:

	Number of RSUs
	#
Outstanding as at December 31, 2020	—
Granted	6,000,000
Outstanding as at September 30, 2021	6,000,000
Outstanding as at December 31, 2021 and September 30, 2022	**6,900,000**

During the three and nine months ended September 30, 2022, the Company recognized $3,177 and $242,716 (2021 – $134,777 and $174,503) of share-based compensation related to RSUs.

[unaudited] [expressed in Canadian dollars]

7. Loss per share

Net loss per common share represents net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period.

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of warrants, share options, RSUs and convertible debentures. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but would have decreased the loss per share (anti-dilutive) for the period ended September 30, 2022 and 2021, presented are as follows:

	September 30, 2022	September 30, 2021
	#	#
Warrants	**1,805,000**	4,177,000
Share Options	**14,700,000**	26,700,000
RSUs	**6,900,000**	6,000,000
Convertible debentures	**3,300,000**	—
	26,705,000	36,877,000

8. Commitments and contingencies

Commitments

Medz Cannabis Collaboration Agreement

On April 20, 2020, the Company entered into a five-year collaboration agreement with Medz, to produce and sell cannabis-based hashish and other cannabis concentrates. Per the agreement, Medz is to provide the Company with licensed processing space at the Medz licensed facility for the purposes of manufacturing, packaging, and selling products. The Company is responsible for all costs incurred related to the production and is to grant Medz certain profit-sharing rights in connection with the sale of products produced within the Medz facility. The Company is to pay Medz a 3.5% royalty on all revenues generated from the sale of the products produced in the Medz facility, and a 5% royalty on any tolling or service revenue earned by the Company on certain service contracts. The Company has entered into a lease with Medz for approximately 1,900 square feet of production and office space as well as access to common space for a term of two years commencing on February 28, 2021. The Company has the option to renew the lease for additional terms.

Contingencies

Legal matters

From time to time, the Company may be named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at the reporting date, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to profit or loss in that period.

[unaudited] [expressed in Canadian dollars]

9. Related party transactions and balances

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly.

Key management personnel compensation during the three and nine months ended September 30, 2022 and 2021 is comprised of:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Salaries, benefits, bonuses and other fees	**88,856**	88,856	**266,569**	522,194
Share-based payments	**—**	100,822	**167,671**	814,408
Total	**88,856**	189,678	**434,240**	1,336,602

The Company owes related parties $nil (December 31, 2021 – $36,040), included in trade and other payables, as at September 30, 2022.

During the nine months ended September 30, 2022, convertible debentures were issued to the CEO, COO of the Company and to an entity related to the CFO of the Company (Note 4).

During the three months ended March 31, 2021, the Company granted the Board of Directors a total of 4,000,000 share options, vesting immediately, with an exercise price of $0.11 and expiry date of 3 years from the date of grant. The fair value of the share options was determined to be $250,123 using the Black-Scholes option pricing model (Note 6).

During the three months ended June 30, 2021, the Company modified 2,000,000, share options held by related parties to vest immediately. The Company recognized the fair value of the original awards in the amount of $11,874 (Note 6).

During the three months ended June 30, 2021, the Company granted certain directors and officers 6,500,000 share options, vesting immediately, with an exercise price of $0.10 and expiry date of 3 years from the date of grant. The fair value of the share options was determined to be $419,809 using the Black-Scholes option pricing model (Note 6).

During the three months ended June 30, 2021, the Company granted certain directors and officers of the Company 4,000,000 RSUs. The RSUs vest on June 1, 2022 and expire on June 1, 2024 (Note 6).

During the three months ended June 30, 2021, the Company paid $220,000 to a Company related to the CFO for professional services provided in relation to the CSE listing.