CANADA HOUSE CANNABIS GROUP INC.

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NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS AND MANAGEMENT INFORMATION CIRCULAR

IN RESPECT OF AN ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF CANADA HOUSE CANNABIS GROUP INC.
TO BE HELD ON JULY 28, 2023

Dated as of June 28, 2023

These materials are important and require your immediate attention. The shareholders of Canada House Cannabis Group Inc. are required to make important decisions. If you have questions as to how to deal with these documents or the matters to which they refer, please contact your financial, legal or other professional advisor.

If you have any questions or require further information with regard to voting your shares or completing your transmitted documentation, please contact Computershare Investor Services Inc., our transfer agent, toll free within North America at 1-800-564-6253 or by e- mail at service@computershare.com.

CANADA HOUSE CANNABIS GROUP INC.

Notice of Annual General and Special Meeting of Shareholders

Notice is hereby given (the "**Notice**") that an annual general and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") of Canada House Cannabis Group Inc. ("**Canada House**" or the "**Corporation**") will be held on Friday, July 28, 2023 at 9:00 a.m. (Eastern time) at the offices of Fasken Martineau DuMoulin LLP, 800 Victoria Square, Suite 3500, Montreal, Quebec H4Z 1E9 in Boardrooms 11 and 12. Shareholders also will be able to hear the meeting live and ask questions, **but will not be able to vote**, virtually via the following connectivity particulars: https://fasken.zoom.us/j/97475921717

Shareholders who wish to vote on the matters to be brought before the Meeting are strongly encouraged to vote well in advance of the Meeting.

The Meeting is being held for the following purposes:

1. to receive the audited financial statements of the Corporation for the fifteen-month transition fiscal year ended July 31, 2022, and the report of the auditors thereon;

2. to elect directors of the Corporation;

3. to confirm the appointment of Ernst & Young LLP as auditors of the Corporation and to authorize the board of directors (the "**Board of Directors**") to fix their remuneration;

4. in connection with the Corporation's proposed transaction (the "**Transaction**") with Montréal Cannabis Médical Inc. ("**MTL Cannabis**"), to approve the Tranche Two Closing (as defined in the Circular) pursuant to a second restated share exchange agreement in respect of the Transaction:

   (a) by an ordinary resolution of Shareholders for purposes of Policy 8 of the Canadian Securities Exchange – *Fundamental Changes and Changes of Business*; and

   (b) by an ordinary resolution of the "Disinterested Shareholders" for purposes of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (the "**Transaction Minority Approval Resolution**");

   in each case, all as more fully described in the accompanying management proxy circular (the "**Circular**");

5. to consider and, if thought advisable, to pass, with or without variation, by way of vote of the Disinterested Shareholders, an ordinary resolution in the form set forth in the Circular approving certain amendments to investment instruments between the Corporation and Archerwill Investments Inc. for the purposes of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transaction* (the "**Archerwill Amendments Resolution**");

6. to consider and, if thought advisable, to pass, with or without variation, a special resolution authorizing an amendment to the Corporation's Articles to change the name of the Corporation to "MTL Cannabis Corp." or such other name as the directors may approve (the "**Name Change Resolution**");

7. to approve and ratify the Corporation's stock option plan; and

8. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The specific details of the foregoing matters to be put before the Meeting are set forth in the Circular accompanying this Notice of Meeting.

The Transaction Minority Approval Resolution and the Archerwill Amendments Resolution must be approved by a majority of the votes cast by "Disinterested Shareholders" (in each case as defined under the section of the accompanying management information circular in which such resolution is discussed) present in person (including Disinterested Shareholders who attend the meeting virtually) or represented by proxy at the Meeting. The Name Change Resolution must be approved by 66 2/3rds of the votes cast by Shareholders present in person or represented by proxy at the Meeting. The remaining items of business on which Shareholders are being asked to vote must be approved by a majority of the votes cast by Shareholders present in person (including Shareholders who attend the meeting virtually) or represented by proxy at the Meeting.

The record date for determining the Shareholders entitled to receive notice of and vote at the Meeting is the close of business on June 12, 2023 (the "**Record Date**"). Only Shareholders whose names have been entered in the applicable register of Shareholders as of 5:00 p.m. (Eastern time) on the Record Date are entitled to receive notice of and vote at the Meeting. Those Shareholders of record will be included in the list of Shareholders prepared as at the Record Date and will be entitled to vote the Common Shares recorded therein at the Meeting.

Shareholders are encouraged to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, such proxy must be received by the Corporation's transfer agent, Computershare Investor Services Inc., by 5:00 p.m. (Eastern time) on July 26, 2023 or two business days prior to the time of the reconvening of any adjournment or postponement of the Meeting.

If you are an unregistered holder of Common Shares and have received these materials through your broker, investment dealer, bank, trust corporation, trustee or other intermediary, please complete and return the form of proxy provided to you by your intermediary in accordance with the instructions provided therein.

If you require any assistance in completing your form of proxy, please contact Computershare Investor Services Inc. by calling toll free within North America at 1-800-564-6253 or by e-mail at service@computershare.com.

DATED at Toronto, Ontario this 28th day of June, 2023.

BY ORDER OF THE BOARD OF DIRECTORS OF CANADA HOUSE CANNABIS GROUP INC.

(signed) "*Dennis Moir*"

Dennis Moir
Chair of the Board

CAUTIONARY STATEMENTS REGARDING FORWARD LOOKING INFORMATION

Unless otherwise indicated, all information in this Notice of Annual General and Special Meeting of Shareholders and Management Information Circular (the "**Circular**") is given as of June 28, 2023. The information provided in this Circular, including information incorporated by reference, may contain "forward- looking statements" about the Corporation, MTL Cannabis or the Resulting Issuer (each as defined herein). All statements, other than statements of historical fact, made by the Corporation, MTL Cannabis or the Resulting Issuer that address activities, events or developments that the Corporation, MTL Cannabis or the Resulting Issuer expects or anticipates will or may occur in the future are forward- looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Shareholders are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Corporation and MTL Cannabis at the time they were made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Although the Corporation and MTL Cannabis have attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date given and the Corporation and MTL Cannabis do not undertake any obligation to revise or update any forward-looking information other than as required by applicable law.

Consequently, all forward-looking statements made in this Circular and other documents of the Corporation or the Resulting Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Resulting Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Resulting Issuer and/or persons acting on the Resulting Issuer's behalf may issue. The Resulting Issuer undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation. Shareholders are cautioned not to place undue reliance on forward-looking statements and forward-looking information in this Circular. The Corporation undertakes no obligation to update any of the forward-looking statements or forward-looking information in this Circular, except as otherwise required by law. All of the forward-looking statements made and forward-looking information contained in this Circular are qualified by this cautionary statement.

REPORTING CURRENCIES

All references to "$" in this Circular refer to Canadian dollars unless otherwise specified.

CANADA HOUSE CANNABIS GROUP INC.

GENERAL PROXY INFORMATION

1. Date, Time and Place of Meeting

The Meeting will be held on Friday, July 28, 2023, at 9:00 a.m. (Eastern time) at the offices of Fasken Martineau DuMoulin LLP, 800 Victoria Square, Suite 3500, Montreal, Quebec H4Z 1E9 in Boardrooms 11 and 12. Shareholders also will be able to hear the meeting live and ask questions, **but will not be able to vote**, virtually via the following connectivity particulars: https://fasken.zoom.us/j/97475921717

Shareholders who wish to vote on the matters to be brought before the Meeting are strongly encouraged to vote well in advance of the Meeting.

2. Record Date

Only Registered Shareholders (as defined herein) of the Corporation as of 5:00 p.m. (Eastern time) on the Record Date of June 12, 2023 are entitled to receive notice of and to vote at the Meeting or the reconvening of any adjournment or postponement thereof. The Record Date will remain the same even if the Meeting is adjourned or postponed.

3. Voting of Common Shares

As of the close of business on the Record Date, the Corporation had 46,152,564 Common Shares outstanding, each carrying the right to one vote per share. A simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of any matter submitted to a vote at the Meeting, except special resolutions requiring the approval by a majority of not less than two-thirds of the votes cast by Shareholders who vote in respect of the special resolution.

4. Solicitation of Proxies

The management of the Corporation is using this Circular to solicit proxies from Shareholders for use at the Meeting. All solicitation costs will be borne by the Corporation. Proxies will be solicited primarily by mail, but proxies may also be solicited personally, by telephone or through electronic means (including via the internet, e-mail or facsimile) by directors, officers and employees of the Corporation.

5. Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors or officers of the Corporation. A Shareholder has the right to appoint a person (who need not be a Shareholder) to represent such Shareholder at the Meeting other than the persons designated in the form of proxy provided by the Corporation. To exercise this right, the Shareholder should strike out the name of the management designees in the enclosed form of proxy and insert the name of the desired representative in the blank space provided in the form of proxy or submit another appropriate form of proxy. In order to be effective, a proxy must be received by the Corporation's registrar and transfer agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, no later than 5:00 p.m. (Eastern time) on July 26, 2023, or two business days prior to the time of the reconvening of any adjournment or postponement of the Meeting. The proxy must be in writing and executed by the Shareholder, or such Shareholder's attorney authorized in writing, or if such Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney.

A Shareholder who has given a proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the Corporation c/o Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, at any time up to and including 5:00 p.m. (Eastern time) on the last business day preceding the day of the Meeting or the reconvening of any adjournment or postponement of the Meeting or to the chair of the Meeting on the day of the Meeting or the reconvening of any adjournment or postponement of the Meeting. **Only Shareholders who hold Common Shares in certificate form in their name (each such Shareholder shall be hereinafter referred to as a "Registered Shareholder") have the right to revoke a proxy. Beneficial Shareholders (as defined below) who wish to change their vote**

must arrange for their respective intermediaries to revoke the proxy on their behalf in accordance with any requirements of the intermediaries.

6. Proxy Voting

All Common Shares represented at the Meeting by properly completed and executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the proxy, Common Shares represented by the proxy will be voted in accordance with such instructions. Registered Shareholders will also be able to vote by calling a toll-free number or by using the internet, as provided for in the form of proxy. **In the absence of any such instructions, the persons whose names appear on the printed form of proxy will vote in favour of all the matters set out thereon. If any other business or amendments or variations to matters identified in the Notice of Annual General and Special Meeting of Shareholders properly come before the Meeting, then discretionary authority is conferred upon the persons appointed in the proxy to vote in the manner they see fit.**

7. Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a number of Shareholders do not hold Common Shares in their own names (each such Shareholder shall be hereinafter referred to as a "**Beneficial Shareholder**"). Beneficial Shareholders should note that only proxies deposited by Registered Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of the Intermediary. In Canada, the majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms and other such Intermediaries). Common Shares held by Intermediaries or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries and their agents and nominees are prohibited from voting Common Shares for their clients. The directors and officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co., or of other Intermediaries, are held. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its Intermediary (or the agent of its Intermediary) is similar to the form of proxy provided to Registered Shareholders. However, its purpose is limited to instructing the Registered Shareholder (the Intermediary or the agent of the Intermediary) how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form instead of the form of proxy. The Beneficial Shareholder is asked to complete the voting instruction form and return it to Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or visit www.proxyvote.com to vote the Common Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the applicable meeting. **A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting. The voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of its Intermediary (or the agent of its Intermediary), a Beneficial Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholders for Registered Shareholders should enter their own names in the blank spaces on the instruments of proxy provided to them and return the same to their Intermediary (or the agent of their Intermediary) in accordance with the instructions provided by such Intermediary (or agent), well in advance of the Meeting.

8. Voting Securities and Principal Holders of Voting Securities

The Corporation is authorized to issue an unlimited number of Common Shares. As at the Record Date, there are 46,152,564, Common Shares issued and outstanding, each carrying the right to one vote on all matters to come before the Meeting.

To the knowledge of the directors and executive officers of the Corporation, the following are the only persons who beneficially own or exercise control or direction over, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to any class of outstanding securities of the Corporation entitled to vote at the Meeting:

Name of Shareholder	Number of Common Shares held(1)	Percentage of outstanding Common Shares
Richard Clement Family Trust(2)	10,535,445	22.83%
Michel Clement Family Trust(3)	10,535,445	22.83%

Note:

(1) Per insider reporting filed at www.sedi.ca.

(2) The Richard Clement Family Trust is controlled by Richard Clement, who has the exclusive power to vote, or direct the voting, and the exclusive power to sell, or direct the sale, of such Common Shares.

(3) The Michel Clement Family Trust is controlled by Michel Clement, who has the exclusive power to vote, or direct the voting, and the exclusive power to sell, or direct the sale, of such Common Shares.

As of the date hereof, directors and officers of the Corporation, and certain Shareholders, who, as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 13,125,057 (28.44%) Common Shares.

MATTERS TO BE ACTED UPON AT THE MEETING

1. Financial Statements

The audited financial statements of the Corporation for the year ended July 31, 2022 and the report of the auditors thereon will be received at the Meeting. The audited financial statements of the Corporation and the report of the auditors were previously provided to each Shareholder entitled to receive a copy of the Notice and this Circular and who requested a copy of the audited financial statements and the report of the auditors thereon. The financial statements are also available on SEDAR at www.sedar.com.

2. Number of Directors

Currently, the Board of Directors of the Corporation (the "**Board of Directors**" or the "**Board**") has six (6) directors.

It is proposed, and management recommends, that the number of directors to be elected at the Meeting to hold office until the earlier of (i) the Tranche Two Closing (as defined below), and (ii) the next annual meeting of Shareholders be fixed at six (6). Upon the Tranche Two Closing, it is proposed that until the next annual meeting of Shareholders, the number of directors of the Corporation be fixed at five (5). To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

Common Shares represented by proxies in favour of the management nominees will be voted FOR fixing the number of directors to be elected at the Meeting at six (6) provided that upon the Tranche Two Closing it will be fixed at five (5), unless a Shareholder has specified in their proxy that their Common Shares are to be voted against such resolution.

3. Election of Directors

Election of Directors Prior to Tranche Two Closing

It is proposed, and management recommends, that each of the persons named below be nominated at the Meeting for re-election as directors of the Corporation to serve, until the earlier of (i) the close of the next annual meeting of Shareholders; (b) the Tranche Two Closing; or (c) his or her successor is elected or appointed, unless his or her office is vacated earlier. Unless re-elected, the terms of office of the current directors of the Corporation will expire at the close of the Meeting. Voting for the election of each of the persons named below will be conducted on a slate basis. Shareholders can vote for or against the proposed directors set forth herein.

Management does not contemplate that any of the nominees will be unable to serve as a director. However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The approval of the election of each director will require the affirmative vote of a majority of the votes cast at the Meeting.

Common Shares represented by proxies in favour of management nominees will be voted FOR the election of all of the nominees whose names are set forth below, unless a Shareholder has specified in their proxy that their Common Shares are to be voting against the election of certain directors.

The following table and notes thereto set forth the names of all the directors to be nominated for election as directors at the Meeting, their positions with the Corporation, their principal occupations or employments, the periods during which they have served as directors of the Corporation and the approximate number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them. The information as to Common Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective individual individually.

Name and municipality of residence	Position with the Corporation	Director Since	Principal occupation for Previous Five Years	Number of Common Shares owned, controlled or directed(1)
Norman Betts(2) (3) (4) Fredericton, New Brunswick	Director	2018	Professor, Faculty of Business Administration, University of New Brunswick	Nil
Richard Clement(2) Montreal, Quebec	Director	2022	Chief Cultivation Officer of MTL Cannabis; previously CEO of MTL Cannabis	10,535,445(5)
Shawn Graham Fredericton(2) (4) New Brunswick	Director	2019	President & CEO, G&R Holdings Inc., a company that assists in the development and implementation of international projects and business alliance strategies.	Nil
Gaetan Lussier(3) (4) Ottawa, Ontario	Director	2019	Corporate Director	3,333
Dennis Moir(2) (3) (4) Toronto, Ontario	Director (Chair of the Board)	2018	Corporate Director; previously CFO/COO of CNW Group Ltd.	304
Erik Bertacchini Louiseville, Quebec	Director	2020	President, IsoCanMed Inc., a subsidiary of the Corporation	2,582,692

Notes:

(1) Information as to shareholdings, not being within the knowledge of the Corporation, has been retrieved from insider reporting filed at www.sedi.ca.

(2) Member of the Corporate Governance, Nominations and Compensation Committee. Mr. Shawn Graham is the chair of the Corporate Governance, Nominations and Compensation Committee.

(3) Member of the Audit and Risk Management Committee. Mr. Norman Betts is the chair of the Audit and Risk Management Committee.

(4) Member of the Special Committee of the Board if Directors constituted to consider the Transaction.

(5) Common Shares held by the Richard Clement Family Trust, a trust controlled by Richard Clement, who has the exclusive power to vote, or direct the voting, and the exclusive power to sell, or direct the sale, of such Common Shares.

During the last five years, the directors nominated above have been engaged in their present principal occupations or in other executive capacities with the companies indicated opposite their names or with related or affiliated companies.

To the knowledge of the Corporation, except as described below, no director of the Corporation or any of the individuals nominated for election, are, or have been within the past 10 years, a director or officer of any corporation that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied such corporation access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days, or, while such person was acting in that capacity or within one year thereafter, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of the Corporation, no director of the Corporation or any of the individuals nominated for election, are, or have been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, or has entered into a settlement agreement with a Canadian securities regulatory authority, nor has any director of the Corporation or any of the individuals nominated for election been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a nominee.

To the knowledge of the Corporation, except as described below, no director of the Corporation or any of the individuals nominated for election, nor any personal holding corporation of any such person, has, within the past 10 years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Mr. Norman Betts was a director of Starfield Resources Inc. when it underwent bankruptcy proceedings under the *Bankruptcy and Insolvency Act* (Canada) in 2013.

Election of Directors Post-Tranche Two Closing

It is proposed, and management recommends, in connection with the Transaction, that each of the persons named below be nominated at the Meeting for election or re-election, as the case may be, but subject to the Tranche Two Closing, as directors of the Corporation to serve, from the Tranche Two Closing until the earlier of (i) the close of the next annual meeting of Shareholders; or (ii) his or her successor is elected or appointed, unless his or her office is vacated earlier. Voting for the election of each of the persons named below will be conducted on a slate basis. Shareholders can vote for or against the proposed directors set forth herein.

Management does not contemplate that any of the nominees will be unable to serve as a director. However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The approval of the election of each director will require the affirmative vote of a majority of the votes cast at the Meeting.

Common Shares represented by proxies in favour of management nominees will be voted FOR the election of all of the nominees whose names are set forth below, unless a Shareholder has specified in their proxy that their Common Shares are to be voted against the election of certain directors.

Name and municipality of residence	Position with the Corporation	Director Since	Principal occupation for Previous Five Years	Number of Common Shares owned, controlled or directed(1)
Erik Bertacchini Louiseville, Quebec	Director	2020	President, IsoCanMed Inc., a subsidiary of the Corporation	2,582,692
Richard Clement Montreal, Quebec	Director	2022	Chief Cultivation Officer of MTL Cannabis; previously CEO of MTL Cannabis	10,535,445(5)
Dennis Moir Toronto, Ontario	Director	2018	Corporate Director; previously CFO/COO of CNW Group Ltd.	304
Yves Metten Hudson, Quebec	Director	N/A	Executive Vice-president and Chief Operating Officer for MBC Group; Executive Vice-President, Canadian CIO and Board Member for RHEA Inc.	Nil
Tarek Ahmed Calgary, Alberta	Director	N/A	Founder & Principal (August 2022 - Present) - Cronos Advisory; Chief Financial Officer (December 2018 - October 2022) - BRNT Group - Cannabis Brand House	Nil

Notes:

(1) Information as to shareholdings, not being within the knowledge of the Corporation has been furnished by the Directors.

(2) It is anticipated that following the Tranche Two Closing, the members of the Corporate Governance, Nominations and Compensation Committee will be Messrs. Richard Clement (Chair), Erik Bertacchini and Dennis Moir.

(3) It is anticipated that following the Tranche Two Closing, the members of the Audit and Risk Management Committee will be Messrs. Metten (Chair), Tarek Ahmed and Richard Clement.

(4) It is anticipated that following the Tranche Two Closing, Mr. Richard Clément will own, control or direct 42,158,639 Common Shares (37.0%).

To the knowledge of the Corporation, none of the individuals nominated for election above, are, or have been within the past 10 years, a director or officer of any corporation that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied such corporation access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days, or, while such person was acting in that capacity or within one year thereafter, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of the Corporation, none of the individuals nominated for election above, are, or have been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, or has entered into a settlement agreement with a Canadian securities regulatory authority, nor have none of the individuals nominated for election above been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for any nominee.

To the knowledge of the Corporation, except as described below, none of the individuals nominated for election above, nor any personal holding corporation of any such person, has, within the past 10 years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

4. Appointment of Auditors

Management proposes that Ernst & Young LLP ("**E&Y**") of EY Tower, 100 Adelaide Street West, PO Box 1, Toronto, Ontario M5H 0B3 be reappointed as auditor of the Corporation to hold office until the next annual meeting of Shareholders. E&Y were appointed as the auditors of the Corporation on February 7, 2019. **Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Corporation will be voted "FOR" the appointment of E&Y as auditor of the Corporation to hold office until the close of the next annual meeting of Shareholders, at a remuneration to be fixed by the Board of Directors.**

Additional information on the Corporation's Audit and Risk Management Committee, and on the Corporation's relationship with its independent auditor, is set out in the section "Audit and Risk Management Committee", below.

The fees paid to E&Y for the audit of the financial years ended April 30, 2021 and July 31, 2022 were as follows:

	2021	**2022**(1)
Audit fees(1)	$310,000	$405,000
Audit-related fees(2)	$20,000	Nil
Tax fees(3)	Nil	Nil
All other fees(4)	Nil	Nil
Total	$330,000	$405,000

Notes:

(1) Represents fees paid for the fifteen-month transition financial year ended July 31, 2022

(2) "**Audit fees**" include fees necessary to perform the annual audit of the Corporation's consolidated financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statuary audits.

(3) "**Audit-related fees**" include services that are traditionally performed by the auditor. These audit- related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(4) "**Tax fees**" include fees for all tax services other than those included in Audit fees. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice include assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and request for rulings or technical advice from tax authorities.

(5) "**All other fees**" include all other non-audit services.

5. Transaction with Montréal Cannabis Médical Inc.

Background to the Transaction with Montréal Cannabis Médical Inc.

The Corporation first engaged in substantive discussions with Montréal Cannabis Médical Inc. ("**MTL Cannabis**"), a Montréal-based licensed producer of cannabis, around a corporate transaction involving the two entities in the first quarter of 2021. As the parties progressed discussions regarding a potential business combination transaction, the Corporation and MTL Cannabis also explored potential commercial arrangements to benefit each of the parties based on the various strengths of each party's business, being cultivation, in the case of MTL Cannabis, and expertise in medical cannabis, in the case of the Corporation.

On May 14, 2021, MTL Cannabis proposed a term sheet to the Corporation providing for the acquisition by Canada House of all of the issued and outstanding shares of MTL Cannabis (the "**Transaction**") in exchange for Common Shares, constituting a "reverse takeover" of the Corporation by the shareholders of MTL Cannabis.

The Corporation pursued the Transaction generally due to potential synergies between the two companies including with respect to increased sales of the two businesses on a combined basis, enhanced cultivation and distribution capabilities, the leveraging of proven medical cannabis expertise and distribution and the development of a strong brand portfolio, particularly in craft cannabis.

On May 26, 2021, the Board of Directors met to review and consider the term sheet proposed by MTL Cannabis. As part of the deliberations by the Board at the meeting, the Board formed a special committee ("**Special Committee**") consisting of the Board's independent directors (Messrs. Dennis Moir (Chair), Norman Betts, Shawn Graham and Gaetan Lussier) to consider the Transaction. The Special Committee met and deliberated regularly as required since its formation to consider (i) in the first instance, the entering into of the Share Exchange Agreement and the amendments to the Archerwill Instruments (as defined below under "*Amendments to Investment Instruments with Archerwill Investments Inc.*") entered into on July 22, 2022, following which (ii) the Restated Share Exchange Agreement, and following which (iii) the Second Restated Share Exchange Agreement and the Archerwill Amendments (as defined below under "*Amendments to Investment Instruments with Archerwill Investments Inc.*"). Neither of Messrs. Richard Clement or Michel Clement, who are each Vendors and who were appointed to the Board upon completion of the Tranche One Closing (with Mr. Michel Clement having since resigned from the Board), was a member of the Special Committee nor participated in Special Committee proceedings during the negotiations of the Second Restated Share Exchange Agreement.

On June 8, 2021 the Special Committee engaged Dentons Canada LLP as independent legal counsel to the Special Committee in connection with the Transaction and to consider proposed amendments to the investment instruments between the Corporation and Archerwill.

On June 14, 2021, as part of ongoing discussions between the parties as to mutually beneficial commercial arrangements, the Corporation and MTL Cannabis entered into an exclusive agreement for the distribution by the Corporation, through its subsidiary, Abba Medix Corp. ("**Abba**"), of MTL Cannabis' high grade dried flower to Abba's medical patient base.

On June 16, 2021 the Special Committee engaged Haywood Securities Inc., as financial adviser to the Special Committee in connection with the Transaction. Also on June 16, 2021, the Special Committee engaged Services de Conseil G.D.N.P. Inc., acting through and represented by Tony Meti to provide the Special Committee with analysis and advice on structuring and implementing the Transaction.

At a meeting of the Special Committee held on July 8, 2021, the Special Committee discussed in detail the Transaction and the draft share exchange agreement to be entered into by the Corporation, MTL Cannabis and the MTL Cannabis shareholders. At the same meeting held on July 8, 2021, the Special Committee received from Haywood Securities Inc. their financial analysis of the Transaction ("**Haywood Analysis**") to help the Special Committee and the Board to assess the Transaction as being in the best interests of the Corporation.

On July 20, 2021 the Special Committee engaged Cormark Securities Inc. ("**Cormark**") to provide a fairness opinion (the "**Original Fairness Opinion**") to the Special Committee with respect to the Transaction.

On August 8, 2021, the Special Committee received a preliminary fairness opinion from Cormark with respect to the Transaction, as it was then constituted, subject to certain assumptions, qualifications and limitations, however, Cormark did not render a final written fairness opinion as it was not able to do so without receipt of the audited financial statements of MTL Cannabis that formed part of the review undertaken by Cormark. Cormark was not retained separately to opine on the Transaction as reconstituted as a two-tranche transaction pursuant to the Restated Share Exchange Agreement. At the same meeting on August 8, 2021, the Special

Committee reviewed and considered the principal terms for amendments proposed to investment instruments between the Corporation and Archerwill. At this meeting the Special Committee recommended to the Board the negotiation and settlement of various terms and conditions in respect of such Archerwill instruments, in line with the Special Committee discussions and guidance.

Further, at this same meeting held on August 8, 2021, having received Cormark's presentation, the Haywood Analysis, and having undertaken a thorough review, diligent and careful deliberation of the Transaction, including, without limitation, the rationale for the Transaction, the fairness of the Transaction, reasonably available alternatives to the Transaction (including status quo), and such other matters as the Special Committee deemed necessary and appropriate, the Special Committee made the determinations that the Transaction is in the best interests of the Corporation and the Special Committee recommended to the Board that the Corporation enters into the Share Exchange Agreement. On August 9, 2021, the Board of Directors approved the entering into of the Share Exchange Agreement.

The Corporation, MTL Cannabis and the shareholders of MTL Cannabis (the "**Vendors**") entered into a definitive share exchange agreement dated August 9, 2021 (the "**Share Exchange Agreement**") respecting the Transaction. In connection with the Transaction, it is intended that the Corporation will be re-named "MTL Cannabis Corp.", or such other name as may be agreed (the "**Resulting Issuer**").

Originally contemplated as a transaction to be effected in a single-step, the parties entered into a restated Share Exchange Agreement (the "**Restated Share Exchange Agreement**") dated as of July 22, 2022 to effect the transaction over two stages. The first stage of the Transaction (the "**Tranche One Closing**") closed on August 30, 2022 and resulted in the acquisition by the Corporation of approximately 24.99% of the issued and outstanding shares of MTL Cannabis in consideration for the issuance to the Vendors of 22,779,340 Common Shares (the "**Tranche One Consideration Shares**"), representing approximately 49.99% of the issued and outstanding shares of the Corporation after the issuance. The substantive commercial terms of the Transaction were not otherwise impacted by the entering into of the Restated Share Exchange Agreement.

Prior to the Tranche One Closing, MTL Cannabis and the Vendors were all at arms-length to the Corporation. With the issuance of the Tranche One Consideration Shares to the Vendors, Messrs. Richard Clement or Michel Clement, acquired more than 10% of the Common Shares and, as a result, each has been considered a "related party" to the Corporation since the Tranche One Closing pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transaction* ("**MI 61-101**").

Since the Tranche One Closing, the parties have worked to satisfy the conditions to the Tranche Two Closing (as defined below), mainly finalizing the audited annual financial statements, reviewed interim financial statements and pro forma financial statements necessary to satisfy applicable securities law requirements and the policies of the Canadian Securities Exchange (the "**CSE**").

Beginning in December 2022, pending satisfaction of the conditions to the Tranche Two Closing, the parties proceeded to negotiate a restatement of the Restated Share Exchange Agreement. The intention of the parties in entering into further restating the definitive Transaction agreement was not to modify the material economic terms of the Transaction. The Corporation's objective in such negotiations was to create incentives for MTL Cannabis to conclude the financial statement process in as timely a fashion as reasonably practicable while providing for financial incentives to the Corporation if the financial statement process did not so conclude. The terms of the Transaction that are particular to the Second Restated Share Exchange Agreement are described below under "Terms of the Second Restated Share Exchange Agreement".

On May 9, 2023, owing to the passage of time since the Corporation's engagement of Cormark in 2022 and given the timeline for the negotiation of the Second Restated Share Exchange Agreement (as defined below), the Special Committee retained Evans & Evans, Inc. ("**Evans**") as financial advisor to the Special Committee and to provide an independent opinion as to the fairness of the Transaction from a financial standpoint to the Shareholders (the "**Fairness Opinion**").

The Corporation, MTL Cannabis and the Vendors entered into a second restated Share Exchange Agreement (the "**Second Restated Share Exchange Agreement**") dated as of June 28, 2023 to further amend certain terms of the Transaction. The Shares Exchange Agreement, Restated Share Exchange Agreement and Second Restated Share Exchange Agreement have all been made available under the Corporation's profile on SEDAR at www.sedar.com.

The Second Restated Share Exchange Agreement continues to provide for the acquisition by the Corporation of the remaining 75.01% of the issued and outstanding shares of MTL Cannabis in a second tranche (the "**Tranche Two Closing**") on, except as described herein, substantially equivalent economic terms for the second tranche as set forth in the Restated Share Exchange Agreement. In consideration for the shares of MTL Cannabis to be acquired at the Tranche Two Closing, the Corporation is to issue such number of Common Shares (the "**Tranche Two Consideration Shares**" and, together with the Tranche One Consideration

Shares, the "**Base Consideration Shares**") as when added to the Tranche One Consideration shares equals 80.0% of the issued and outstanding shares of the Corporation on a post-issuance basis.

As was agreed in the Restated Share Exchange Agreement, the Second Restated Share Exchange Agreement continues to provide anti-dilution protection (the "**Anti-Dilution Protection**") in favour of the Vendors in respect of issuances of Common Shares upon the conversion of the principal and/or interest of the secured convertible debenture (the "**Archerwill Debenture**") in the principal amount of $6,500,000 issued by the Corporation to Archerwill Investments Inc. ("**Archerwill**") on August 5, 2020 (as amended effective August 30, 2022). If the conversion right under the Archerwill Debenture is exercised, the Second Restated Share Exchange Agreement provides for an issuance of such number of Common Shares that when added to the Base Consideration Shares equals 80.0% of the issued and outstanding Common Shares on a *pro forma basis*, based on the issued and outstanding Common Shares as at the Tranche One Closing plus all shares issued to the Vendors pursuant to the Transaction and issued to Archerwill upon the conversion of principal and/or interest under the Archerwill Debenture. In addition, the Second Restated Share Exchange Agreement provides that in the event of the issuance of Common Shares upon the exercise of the Archerwill Prepayment Warrants (as defined below under "*Amendments to Investment Instruments with Archerwill Investments Inc.*"), such anti-dilution protection will apply with respect to 50% of the Archerwill Prepayment Warrants with the dilution from the remaining 50% of the Archerwill Prepayment Warrants being borne by current Shareholders and by the Vendors on a *pro rata* basis.

In addition, as was set out in the Restated Share Exchange Agreement, the consideration payable to the Vendors continues to include a performance-based cash earnout payment of $5,000,000, conditional upon MTL Cannabis, operating as a subsidiary of the Resulting Issuer, achieving each of the agreed operational metrics below in each of the first twelve month period and the second twelve month period following the Tranche Two Closing:

- MTL Cannabis achieving at least $20,000,000 in revenue, net of excise tax; and
- the existing Facilities of MTL Cannabis and Canada House, including those of their wholly owned subsidiaries, producing in aggregate at least 15,000 kilograms of dried flower cannabis (as defined in the Share Exchange Agreement) of merchantable quality;

Upon Closing, the Corporation will change its legal name to and operate as MTL Cannabis Corp., the Resulting Issuer, with its Common Shares to trade on the CSE under the ticker symbol "MTLC" or such other name and ticker symbol as the Corporation and MTL Cannabis may approve and be deemed acceptable to the regulatory authorities.

In connection with the Transaction, the Corporation agreed to pay a finder's fee of $100,000 and to issue 525,762 Common Shares (394,321 Common Shares of which were issued in connection with the Tranche One Closing) to certain arms'-length third parties who assisted in introducing the Transaction opportunity to the Corporation. The Finder's Fee Shares will be subject to a four-month-and-one-day statutory hold period from the date of issuance in accordance with applicable securities laws.

About Montréal Cannabis Médical Inc.

MTL Cannabis is a privately owned licensed producer of Cannabis headquartered in Montreal, Québec and operating from a 57,000 sq ft licensed indoor grow facility in Pointe Claire, Québec.

As a flower-first company built for the modern street, MTL Cannabis uses proprietary hydroponic growing methodologies supported by handcrafted techniques to produce products that are truly craft for the masses. MTL Cannabis focuses on craft quality cannabis products, including lines of dried flower, pre-rolls and hash marketed under the "MTL Cannabis", "Low Key by MTL" and "R'belle" brands for the Canadian market through nine distribution arrangements with various provincial cannabis distributors. MTL Cannabis has also developed export channels for bulk and unbranded GACP quality cannabis, including for Portugal and Israel.

Additional details concerning MTL Cannabis, the Resulting Issuer and the Transaction will be included in the final listing statement required to be completed in connection with the Transaction under the polices of the CSE, which will be filed under the Resulting Issuer's profile on the CSE website and www.sedar.com and may differ from that draft Listing Statement attached as Schedule "A" hereto. For review by shareholders, a preliminary draft of the Listing Statement is attached to this Circular as Schedule "A". The information contained in the draft listing statement may not be complete and remains subject to amendment and change to reflect comments from the CSE required for the Resulting Issuer to satisfy listing requirements of the CSE and other changes to the Resulting Issuer that may occur prior to filing the final listing statement. The draft listing statement and the documents incorporated therein contain information regarding certain contemplated transactions and events which are subject to change and modification. As a result, actual results, events and transactions may differ materially. The entire draft Listing Statement should be considered as "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as "forward-looking statements"). By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation those risks outlined in the draft or final Listing Statement.

Terms of the Second Restated Share Exchange Agreement

Certain provisions of the Second Restated Share Exchange Agreement are described below, in addition to the principal terms of the Second Restated Share Exchange Agreement which are described above. The Second Restated Share Exchange Agreement is available under the Corporation's profile on SEDAR at www.sedar.com.

The material amendments to the Transaction resulting from the entering into of the Second Restated Share Exchange Agreement as compared to the Restated Share Exchange Agreement are as follows:

- To provide for a seven-year royalty in favour of the Corporation (the "**Canada House Royalty**"), triggered if MTL Cannabis does not deliver its 2022 audited annual financial statements and third quarter reviewed interim financial statements. Such royalty is to be equal to $0.25 per gram of dried flower and $1.00 per gram of hash sold by MTL Cannabis or its subsidiaries or other entities controlled by MTL Cannabis or the Vendors (not including (i) cannabis grown at IsoCanMed Inc. ("**IsoCanMed**") to be sold wholesale to MTL Cannabis unless the amount per gram received by MTL Cannabis from selling such cannabis exceeds by $0.50 or more per gram the amount per gram paid by MTL Cannabis for such cannabis, or (ii) cannabis purchased from a third party Licensed Producer), each calculated and paid monthly within thirty days of each month end.
- To provide for cash flow support from MTL Cannabis to the Corporation in the period leading to the Tranche Two Closing.
- To freeze all inter-company loan arrangements due from the Corporation to MTL Cannabis (other than the cap-ex loan provided by MTL Cannabis to IsoCanMed which shall remain outstanding in accordance with its terms) as at the date of the Second Restated Share Exchange Agreement until the Tranche Two Closing or, if the Second Restated Share Exchange Agreement is terminated prior to the Tranche Two Closing, such amounts will be converted into a seven-year term or payable, depending on the cause of termination, secured loan (the "**Long-Term Loan**") bearing interest at the rate of MTL Cannabis' costs of borrowing plus 200 basis points, if MTL Cannabis then has third party debt to fund its loans to the Corporation or, if not, then interest shall be MTL Cannabis' prime rate with its primary bankers plus 7%, due at maturity. The Long-Term Loan will set off against amounts owed by the Corporation to MTL Cannabis on account of royalties payable from MTL Cannabis to the Corporation that exceed $300,000, subject to a maximum set off of $300,000 per month.
- To require that MTL Cannabis provide a working capital loan to IsoCanMed equal to the reasonable working capital requirements of IsoCanMed, assuming no material change in the nature or scale of IsoCanMed's operations or working capital requirements, after taking into account all sales of IsoCanMed product to MTL Cannabis pursuant to the supply agreement between the two parties and other working capital sources reasonably available to IsoCanMed, with such amounts advanced to be treated as a debt from IsoCanMed to MTL Cannabis on the same terms as the Long-Term Loan and subject to availability of working capital from MTL Cannabis.
- To require that MTL Cannabis fund the payment of amounts due from the Corporation under current liabilities comprising the ICM Promissory Notes (as defined under "*Amendments to Investment Instruments with Archerwill Investments Inc.*") when they become due and payable by the Corporation, such amounts to be added to the obligations under the Long-Term Loan, or, if third-party financing is sourced to fund such payments, the third-party financier shall obtain a first ranking, priority secured position on IsoCanMed and its assets, assuming the payout in full of all secured creditors of IsoCanMed other than Archerwill Investments Inc. ("**Archerwill**").
- To add as a condition to the Transaction that the consents and waivers of Archerwill necessary to effect the Transaction are obtained and to ensure the Archerwill Instruments are put in good standing and the Archerwill Amendments (as defined under "*Amendments to Investment Instruments with Archerwill Investments Inc.*") are effected as further detailed below under "*Amendments to Investment Instruments with Archerwill Investments Inc.*".
- To provide for the waiver of all representations, warranties, conditions and covenants as provided for under the Restated Share Exchange Agreement except for those described below.
- To provide for the anti-dilution protection on the exercise of the Archerwill Prepayment Warrants, as described above.

Representations and Warranties

Although the Share Exchange Agreement included customary representations and warranties for a transaction of the nature of the Transaction, with the Tranche One Closing and the progression of the Transaction towards the Tranche Two Closing, the Second Restated Share Exchange Agreement provided for a waiver of all representations and warranties other than the following:

- As it relates to the Corporation: (a) incorporation, corporate power and registration, (b) due authorization and enforceability of obligations; (c) capitalization; (d) reporting issuer status; and (e) the issuance of Common Shares in consideration for the Transaction.

- As it relates to MTL Cannabis: (a) incorporation, corporate power and registration, (b) due authorization and enforceability of obligations; and (c) capitalization.

- As it relates to the Vendors: (a) authorization, and (b) title to shares of MTL Cannabis.

Covenants

The Corporation, MTL Cannabis and the Vendors agreed to customary, mutual covenants that during the interim period between the signing of the Second Restated Share Exchange Agreement and the earlier of the closing of the Transaction and the termination of the Second Restated Share Exchange Agreement, that:

- The Corporation and MTL shall each take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions to the Tranche Two Closing and related transactions.

- Each party shall promptly prepare and file all material, statements, reports and documents as are required under applicable laws or the rules, policies and guidelines of the CSE with respect to the Transaction as the same may be required for the Tranche Two Closing.

- Each party shall notify the other parties in in the event of a breach of any of the representations and warranties set forth in the Second Restated Share Exchange Agreement or of any breach of any covenant set forth therein or of the occurrence of any event of which it has knowledge that would reasonably be expected to make the satisfaction of the conditions to the Tranche Two Closing impossible.

- The Corporation, on one hand, and MTL Cannabis and the Vendors, on the other hand agreed that, neither party shall solicit, initiate or encourage the submission of any proposal or offer from any Person (other than the other party) relating to the acquisition of any of the assets, business or securities of that party, other than as expressly permitted or contemplated by the Second Restated Share Exchange Agreement, (b) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner, any effort or attempt by any person to do or seek any of the foregoing or (c) enter into any agreement, arrangement or understanding with respect to the foregoing.

- Each party shall not take any action that would result in a default or pending default under the Archerwill Instruments (as defined below) as at the Tranche Two Closing except for defaults or pending defaults that are cured or waived as at the Tranche Two Closing.

- The Corporation shall not issue or amend, or agree to issue or amend, any securities without the consent of MTL Cannabis.

Conditions to Closing

The Transaction is conditional upon, among other things, the following conditions precedent in favour of the Corporation:

- the representations and warranties of MTL Cannabis and the Vendors in the Second Restated Share Exchange Agreement shall be true and correct;

- the covenants of MTL Cannabis and the Vendors in the Second Restated Share Exchange Agreement shall have been performed in all material respects;

- any necessary third party, governmental, regulatory or other consents or approvals are obtained, including the CSE;

- approval of the Corporation's shareholders;

- there is no law in effect nor any order issued and in effect by any governmental authority to enjoin or prohibit the Transaction;
- the Vendors shall have delivered the shares of MTL Cannabis required for the Tranche Two Closing; and
- the Archerwill Instruments as amended by the Archerwill Amendments (each as defined below) shall be in good standing.

The Transaction is conditional upon, among other things, the following conditions precedent in favour of MTL Cannabis and the Vendors:

- the representations and warranties of the Corporation in the Second Restated Share Exchange Agreement shall be true and correct;
- the covenants of the Corporation in the Second Restated Share Exchange Agreement shall have been performed in all material respects;
- any necessary third party, governmental, regulatory or other consents or approvals are obtained, including the CSE;
- approval of the Corporation's shareholders;
- there is no law in effect nor any order issued and in effect by any governmental authority to enjoin or prohibit the Transaction;
- on the Tranche Two Closing, the board of the Resulting Issuer shall be comprised of five members, with three nominees from MTL Cannabis (being Richard Clement and two independent directors) and two nominees from the Corporation (being Eric Bertacchini and one independent director); and
- the Tranche Two Considerations Shares shall have been issued and delivered.

Termination

The Second Restated Share Exchange Agreement provides that it may be terminated:

- by mutual written agreement of the parties thereto;
- by either party if the Tranche Two Closing has not occurred by November 28, 2023, subject to the extension of same by 90 days if the Tranche Two Closing has not occurred due to a breach of a party's obligations and such breach is reasonably capable of being cured within such 90 day period;
- by either party if there has been a violation or breach by the other party of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition in favour of that party would be incapable of being satisfied by November 28, 2023; or
- by either party if an order preventing the consummation of the Transaction has become final and non-appealable.

In connection with the termination of the Second Restated Share Exchange Agreement prior to the Tranche Two Closing, if such termination is due to the failure of the Corporation to obtain all requisite shareholder approvals for closing of the transactions (other than where such occurs as a result of a vote against the transaction by the Vendors) or a material breach by the Corporation of its obligations under the Second Restated Share Exchange Agreement that is not cured within 90 days, there will be an immediate, full and final discharge and release of the Canada House Royalty and all obligations under the Long-Term Loan shall be immediately due and payable.

Board Approval of the Second Restated Share Exchange Agreement Transaction

Recommendation of the Special Committee

The Special Committee unanimously determined that the entering into of the Second Restated Share Exchange Agreement was, and continues to be, in the best interests of the Corporation and recommended to the Board to approve the entering into of the Second Restated Share Exchange Agreement and to recommend to Shareholders to vote FOR the Transaction Approval Resolution.

Recommendation of the Board

Upon the recommendation of Special Committee, the Board determined that the entering into of the Second Restated Share Exchange Agreement was, and continues to be, in the best interests of the Corporation and has approved the entering into of the Second Restated Share Exchange Agreement. Accordingly, the Board recommends that the Shareholders vote FOR the Transaction Approval Resolution. Mr. Richard Clement declared his interest in the entering into of the Second Restated Share Exchange Agreement and abstained from the vote of the Board.

Reasons for the Recommendation

Information and Factors Considered by the Special Committee

In (i) determining that the entering into of the Second Restated Share Exchange Agreement in is the best interests of Shareholders, (ii) recommending that the Board approve the entering into of the Second Restated Share Exchange Agreement, and (iii) recommending to the Shareholders that they vote for the Transaction Approval Resolution, the Special Committee undertook a thorough review of, and carefully considered, the terms of the Second Restated Share Exchange Agreement (namely, how those differed from the terms of the Restated Share Exchange Agreement, as an agreement negotiated with arms-length parties), received the advice of legal counsel and considered a number of factors, including those listed below:

- *Special Committee Oversight.* The terms of the Second Restated Share Exchange Agreement are the result of an extensive negotiation process under the purview of the Special Committee, comprised solely of independent directors, with input from and consultation with its independent financial and legal advisors, on the one hand, and MTL Cannabis and its advisors on the other hand.

- *Fairness Opinion.* Evans, an independent financial advisor to the Special Committee, provided the Fairness Opinion that, subject to the assumptions, limitations and qualifications set forth therein, as of June 28, 2023, the Transaction is fair, from a financial point of view, to the Shareholders.

- *Support of Significant Shareholders*. The Corporation received Voting Support Agreements (as defined below) from several Shareholders holding, in aggregate, approximately 22.22% of the Common Shares held by "Disinterested Shareholders" pursuant to which each has agreed to vote their Common Shares in favour of the Transaction Approval Resolution.

- *Proven Leadership Team*. The combined business of the Resulting Issuer will be led by Mike Perron, as Chief Executive Officers, supported by a strong group of senior executives with significant industry experience.

- *Increased Scale*. If the Tranche Two Closing is completed, it is expected that the Shareholders will benefit from an enhanced capital markets profile, financial capacity and access to capital.

- *Stronger Financial Position*. The Resulting Issuer is expected to have significantly increased revenue, cash-flow from operations and, over time, a stronger balance sheet with lower leverage ratios and additional cash versus the Corporation's stand-alone financial position.

- *Strength of the Resulting Issuer*. It is expected that the Resulting Issuer will benefit from the strength of the MTL Cannabis brand in the recreational cannabis market, the high-quality production standards that MTL Cannabis brings to the Canadian recreational and medical markets (and which have been adopted with initial success by IsoCanMed), and the strength of the two entities' distribution channels to ensure that all production can be distributed into market.

- *Leverage the Strengths of MTL Cannabis*. MTL Cannabis has already demonstrated operational proficiency with respect to cultivation, processing, and distribution, in addition to the ability to commercialize products in recreational channels domestically as well as internationally. This proven strength in channel development is expected to allow the Resulting Issuer to maximize the potential of IsoCanMed's assets and is forecast to lead to profitability in an entity that has historically struggled operationally and financially. The combined entity is expected be able to capitalize on growth opportunities through continued development of Canadian recreational, Canadian medical, and international cannabis sales channels. The Corporation also will benefit through MTL Cannabis' provision of high-quality cannabis for the Corporation's medical channels, which currently represent some of the top selling flower, pre roll, and hash SKUs on the Corporation's medical portal.

- *Risks Associated with Not Completing the Transaction*. Since the commencement of the business relationship between the parties and further accelerated with the Tranche One Closing, the two entities' have integrated operations to a reasonably significant degree with benefits having been realized by each entity. If the Tranche Two Closing does not occur, the further strengthening of the business relationship between the parties will be unlikely and there is risk that existing business agreements may be unwound to the detriment of the Corporation. Further, while the Corporation's financial performance has improved in recent periods, the Corporation has a significant amount of debt maturing in the near term, the obligations of which may be difficult to be discharged or renegotiated without the stronger financial position that is expected to be realized in the Resulting Issuer.

- *Participation by Shareholders in Future Growth of the Combined Business*. Through an approximate 20% ownership of the Resulting Issuer (subject to further dilution from the Archerwill Instruments), current Shareholders will maintain exposure to the future performance of the combined entity including any financial and operational synergies that may be realized through the combined business of the Resulting Issuer.

- *Disinterested Shareholder Approval*. The entering into of the Second Restated Share Exchange Agreement is subject to minority shareholder approval, excluding the votes required to be excluded under MI 61-101, including the votes in respect of Common Shares owned by, or over which control or direction is exercised, directly or indirectly, by Messrs. Richard Clement or Michel Clement.

The Special Committee also considered a number of potential risks and potential negative factors in its deliberations relating to the entering into of the Second Restated Share Exchange Agreement, including the following:

- *Completion Risk.* The completion of the Tranche Two Closing is subject to several conditions precedent, certain of which are outside the control of the Corporation and MTL Cannabis. There can be no assurances that the Tranche Two Closing will be completed on the terms set out in the Second Restated Share Exchange Agreement, as negotiated, or at all. In the event that any of the conditions precedent are not satisfied or waived, the Tranche Two Closing may not be completed. There are risks to the Corporation if the Tranche Two Closing is not completed, including that: (i) the market price of the Common Shares may decline upon the resumption of trading, to the extent that market participants favourably viewed the Tranche Two Closing; (ii) the Corporation will have incurred significant costs in pursuing the Transaction; (iii) management of the Corporation has devoted significant time and attention to the Tranche Two Closing rather than business in the ordinary course; (iv) depending on the circumstances of the Tranche Two Closing not completing, certain arrangements entered into between the Corporation and MTL Cannabis in anticipation of the Tranche Two Closing may have to be unwound; and (v) under certain circumstances, there could be negative and irreparable impacts on the Corporation's business relationships, (including with current and prospective employees, customers, suppliers, capital providers, partners and regulators, among others).

- *Regulatory Approvals.* The potential risk of not obtaining or there being significant delay in obtaining certain consents, approvals or authorizations from required to complete the Transaction, including, without limitation, the approval of the CSE.

- *Anticipated Benefits May Not Occur*. The Resulting Issuer may fail to realize growth opportunities and synergies currently anticipated due to, among other things, challenges associated with integrating the operations and personnel of the Corporation and MTL Cannabis and the ability of the Resulting Issuer to attract capital.

- *Acquisition Risk.* There are certain risks inherent in any acquisition including unknown or undisclosed risks or liabilities of MTL Cannabis for which the Corporation is not sufficiently indemnified pursuant to the provisions of the Second Restated Share Exchange Agreement, which could materially and adversely affect the Resulting Issuer's financial performance and results of operations.

- *Consideration Shares*. The number of Consideration Shares was fixed at the time of entering into the Share Exchange Agreement in August 2021 and, therefore, given the significant passage of time, there is a possibility that the Consideration Shares to be issued on the Tranche Two Closing will have a market value different than that at the time of the entering into of the Share Exchange Agreement.

- *Limited Termination Rights*. As part of the negotiation of the Second Restated Share Exchange Agreement, while the Corporation benefited from the potential for the Canada House Royalty and the financial security of the Long-Term Loan and potential debt funding from MTL Cannabis, MTL Cannabis required, in consideration therefor, "transaction certainty".

Accordingly, there are limited circumstances at this stage under which the Corporation can terminate the Second Restated Share Exchange Agreement.

- *Concentration of Ownership*. If the Tranche Two Closing is completed, the Vendors will exercise control or direction over approximately 80% of the outstanding Common Shares (on both an undiluted basis and assuming the conversion of the Archerwill Debenture) approximately 74% of which will be held by Messrs. Richard Clement and Michel Clement, who are brothers, and will therefore have significant influence over the Corporation's management and affairs and over all matters requiring shareholder approval, including election of directors and significant corporate transactions. Additionally, this significant influence may discourage transactions involving a change of control, including transactions in which an investor, as a holder of Common Shares, might otherwise receive a premium for Common Shares over the then-current market price, or discourage competing proposals if a going private transaction is proposed by such controlling Shareholders.

The above summary of the information and factors considered by the Special Committee is not intended to be exhaustive, but includes a summary of the material information and factors considered by the Special Committee in its consideration of the Second Restated Share Exchange Agreement. In view of the variety of factors and the amount of information considered in connection with the Special Committee's evaluation of the Second Restated Share Exchange Agreement, the Special Committee did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its determination and recommendation. The Special Committee's determination and recommendation is based upon the totality of the information presented and considered by it. The determination and recommendation of the Special Committee was made after consideration of the factors noted above, other factors and in light of the Special Committee's knowledge of the business, financial condition and prospects of the Corporation, and taking into account the advice of the Special Committee's financial, legal and other advisors. Individual members of the Special Committee may have assigned different weights to different factors.

Information and Factors Considered by the Board

In determining that the entering into of the Second Restated Share Exchange Agreement is in the best interests of the Corporation, approving the entering into by the Corporation of the Second Restated Share Exchange Agreement, and recommending that Shareholders vote for the Transaction Approval Resolution, the Board carefully considered the terms and conditions of the Second Restated Share Exchange Agreement, received the advice of legal counsel, and considered a number of factors, including the factors listed above by the Special Committee, and the unanimous recommendation of the Special Committee. In view of the variety of factors, the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its determination, approval and recommendation. The Board's determination, approval and recommendation are based upon the totality of the information presented and considered by it. The determination, approval and recommendation of the Board was made after consideration of the factors noted above, other factors and in light of the Board's knowledge of the business, financial condition and prospects of the Corporation and taking into account the advice of the Corporation's financial, legal and other advisors. Individual members of the Board may have assigned different weights to different factors.

Fairness Opinion

On May 9, 2023, the Special Committee retained Evans to provide the Fairness Opinion. The Fairness Opinion was rendered by Evans on June 28, 2023. The full text of the Fairness Opinion, which describes the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, is attached as hereto as Schedule "B" and is incorporated into this Circular by reference. The description of the Fairness Opinion set forth below is qualified in its entirety by reference to the full text of the Fairness Opinion.

The fee paid to Evans in connection with the engagement to provide the Fairness Opinion consisted of fixed professional fee paid upon completion of the final Fairness Opinion and the reimbursement of Evans' reasonable out-of-pocket expenses. The fee established for the Fairness Opinion is not contingent upon any particular opinion being presented. The Special Committee considered various firms in connection with the engagement of Evans and formed the view that the fee required by Evans was fair and reasonable within market conditions for a similar engagement.

Evans advised that it has no present or prospective interest in the Corporation or MTL Cannabis, or any entity that is the subject of the Fairness Opinion, and has no personal interest with respect to the parties involved. The Corporation was not otherwise aware of any relationship or arrangement between Evans and the Corporation or any interested party to the Transaction that was considered to be relevant to a perception of lack of independence in respect of the Fairness Opinion.

Material Reviewed for Fairness Opinion

In connection with the preparation of the Fairness Opinion, Evans reviewed:

- Publicly available information with respect to the businesses of the Corporation and of MTL Cannabis,
- Financial information of the Corporation and its subsidiaries, including: data on monthly patient visits for Canada House Clinics for the period from July 2019 to March 2023; revenues by month for the period from April 2022 to March 2023 for Abba Medix; management-prepared consolidated statements of the Corporation for the months of February and March 2023; unaudited condensed interim consolidated financial statements of the Corporation for the six months ended January 31, 2023; the audited consolidated financial statements of the Corporation for the 15 months ended July 31, 2022 and the year ended April 30, 2021; and the audited consolidated financial statements of the Corporation for the years ended April 30, 2019 to 2021.
- Management's Discussion and Analysis of the Corporation for the three- and six-months ending January 31, 2023, the fifteen-month period ending July 31, 2022 and the year ending April 30, 2021.
- Financial information for MTL Cannabis, including: the summary financial forecast for MTL Cannabis by quarter for its 2024 fiscal year; management prepared unaudited financial statements of MTL Cannabis for the nine months ended December; and audited annual financial statements for the years ended March 31, 2021 and 2022.
- The certificates of incorporation and articles of incorporation for the Corporation, its subsidiaries and MTL Cannabis.
- Agreements related to the issuance of debt instruments of the Corporation, including the ICM Promissory Notes and the Archerwill Instruments and all amendments, waivers and extensions related thereto.
- Various supply and distribution agreements entered into by the Corporation including the Brand License and Product Purchase Agreement between the Corporation and MTL Cannabis dated October 14, 2021.
- The various agreements among the parties in respect of the Transaction including the Share Exchange Agreement, the Restated Share Exchange Agreement and a term sheet that formed the basis for the provisions of the Second Restated Share Exchange Agreement.
- Stock market trading data and financial information on a number of companies operating in the cannabis industry.
- Merger and acquisitions data related to cannabis companies.

Methodology of Fairness Opinion

In assessing the fairness of the Transaction, Evans considered the following analyses and factors with respect to the market value of the Corporation, among others: (1) guideline company analysis; (2) mergers and acquisition analysis; and (3) other considerations. Evans noted that the Corporation is in a negative working capital position, its debt-free working capital as a percentage of revenues is below industry averages and has approximately $23 million in debt, which begins to mature in December of 2023. To date the Corporation has been able to negotiate extensions with debtholders, but there is no assurance the Corporation will be able to continue to meet its obligations. Evans considered that since the Tranche One Closing, the Corporation's revenues and EBITDA have improved and MTL Cannabis has worked with IsoCanMed to improve production at its facility. Given that the Companies have been working together, Evans concluded it was not possible to separate what impact the relationship with MTL Cannabis has had on the improving financial results of Canada House.

Evans assessed the reasonableness of the ratios implied by the Transaction by considering an appropriate multiple of enterprise value ("**EV**") to trailing 12-month ("**TTM**") and current fiscal year ("**CFY**") revenues and EBITDA for the Corporation. Evans identified 21 guideline companies and observed that the identified guideline companies had EV to TTM revenue ranging from 0.79x to 131.82x with a median of 1.95x. Evans focused its analysis on the 20 of those guideline companies, which had EVs to TTM revenues ranging from 0.79x to 35x, with an average of 5.38x and a median of 1.95x. EV to EBITDA multiples ranged from 5.33x to 10.59x as few public Licensed Producers have positive EBITDA. Evans formed the view that a revenue multiple slightly below the median is appropriate for the Corporation.

In assessing the reasonableness of the above, Evans considered that: (i) there are a limited number of directly comparable public companies, when one considers differentiating factors such as size and market niche, (ii) no company considered in the analysis is identical to the Corporation, and (iii) an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning the differences in the financial and operating characteristics of the Corporation, the Transaction and other factors that could affect the trading value and aggregate transaction values of the companies to which they are being compared. Given the above-noted factors and its analysis of the observed multiples of selected public companies, Evans considered this approach with the mergers and acquisition analysis in making the final determination of the fairness of the Transaction.

Evans & Evans also conducted a review of various transactions involving cannabis companies. Overall, Evans & Evans found transaction multiples for the identified transactions ranged from 5.0x to 7.0x next fiscal year ("**NFY**") EBITDA multiples. Evans observed that cannabis industry have declined, particularly for companies with market capitalizations of less than $300 million. Small capitalization companies have seen their EV to next 12-month ("**NTM**") EBITDA multiples drop to within 2.0x to 4.0x. Given the Corporation's improving operating results, Evans considered multiples in the range of 4.0x to 5.0x CFY EBITDA as appropriate for the Corporation.

In reviewing the value of the Corporation based on a review of guideline public companies and the mergers and acquisition analysis, Evans found the ratios implied by the Transaction were supportive as of the date of the Fairness Opinion. Further, as of the date of the Fairness Opinion, the Corporation had approximately $23 million in debt which reduces the value of its equity. Further, in considering the Transaction, given the Corporation's debt, Evans noted a significant portion of the current equity value of the Corporation was driven by the 24.99% interest the Corporation has in MTL Cannabis.

Evans employed similar analyses and factors in considering the market value of MTL Cannabis. Evans noted that MTL Cannabis was in a stronger working capital position relative to the Corporation and had less debt. MTL Cannabis has historically had positive EBITDA and is projecting both EBITDA and revenues to grow materially in its 2024 fiscal year. Evans reviewed the monthly results for MTL Cannabis and found that it is on track for an approximately 17% increase in gross revenues for its fiscal year ended March 31, 2023. Evans assessed the market value of MTL Cannabis based on a review of the same guideline as employed for the Corporation. Evans & Evans focused its analysis on 18 of those guideline companies. In selecting the guideline companies for MTL Cannabis, Evans removed any companies with material investments in clinic networks. Overall, Evans considered EV/TTM revenue and EV to CFY revenue multiples for MTL Cannabis near the median. Evans is of the view that EV to TTM and NFY EBITDA multiples of 5.0x to 6.0x, respectively were appropriate for MTL.

In assessing the reasonableness of the above, Evans considered the following: (i) there are a limited number of directly comparable public companies, when one considers differentiating factors such as size and market niche, (ii) no company considered in the analysis is identical to MTL Cannabis, and (iii) an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning the differences in the financial and operating characteristics of MTL Cannabis, the Transaction and other factors that could affect the trading value and aggregate transaction values of the companies to which they are being compared. Evans also considered M&A multiples. Evans considered multiples in the range of 5.0x to 6.0x CFY EBITDA as appropriate for MTL Cannabis.

<u>Fairness Conclusions</u>

In considering fairness, from a financial point of view, Evans considered the Transaction from the perspective of the Shareholders as a group and did not consider the specific circumstances of any particular Shareholder, including with regard to income tax considerations.

Based upon and subject to the matters described above and as otherwise contained in the Fairness Opinion and such other matters as Evans considered relevant, it was the opinion of Evans, as of the date of the Fairness Opinion, that the Transaction is fair, from a financial point of view, to the Shareholders. In arriving at this conclusion, Evans considered the following qualitative and quantitative factors:

1. The relative ownership positions of the Corporation and MTL Cannabis are supported by merger & acquisition multiples and the guideline public company analysis.

2. The Corporation has significant debt on its balance sheet, with maturities beginning in December of 2023. This debt is significantly reducing the value of the Corporation's equity. In addition, the Corporation's debt-free net working capital is below industry averages which also impacts the value of the equity. As a combined entity with MTL Cannabis, revenues and EBITDA would be better able to support the combined debt level.

3. As noted by Evans, MTL Cannabis has worked with ICM to retrofit its facility and improve its production yields. There is no assurance the Corporation would have been able to make these improvements without the operational and financial support of MTL Cannabis.

4. MTL Cannabis brings to the Shareholders diversification with respect to its sources of revenues. The Corporation is reliant on the medicinal market, while MTL focuses on the much larger, but more competitive, recreational market. Diversification of the revenue sources may bring about share appreciation.

5. Consolidation is expected in the Canadian market as access to debt and equity continues to be a challenge to source for Licensed Producers. Combined with MTL Cannabis, the Issuer may be a more attractive acquisition target and be better able to compete with larger players in the market.

6. MTL Cannabis is projecting significant EBITDA growth and has additional capacity available. There is no assurance the Corporation, without MTL, will be able to service its existing debt and / or refinance such debt.

Assumptions, Qualifications and Limitations of the Fairness Opinion

The opinions expressed by Evans is subject to various assumptions, qualifications and limitations. Reference is made to the full text of the Fairness Opinion attached as hereto as Schedule "B" for a full description of such assumptions, qualifications and limitations.

Voting Support Agreements

Shareholders holding an aggregate of 22.22% of the Common Shares as of the Record Date (the "**Supporting Shareholders**") entered into voting support agreements ("**Voting Support Agreements**") with the Corporation pursuant to which, among other things, and subject to certain terms, conditions and exceptions, the Supporting Shareholders agreed to vote the Common Shares legally or beneficially owned by them, or over which they exercise control or direction, as applicable (the "**Subject Shares**") (to the extent such securities carry the right to vote) FOR the Transaction Approval Resolution and FOR the Archerwill Amendments Resolution.

The Voting Support Agreements generally set forth, among other things, and subject to certain terms, conditions and exceptions, the agreement of each Supporting Shareholder to vote their Common Shares in favour of the Transaction Approval Resolution at the Meeting and any matters related thereto.

Shareholder Approval Required in Respect of the Second Restated Share Exchange Agreement

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve and authorize the following resolutions in respect of the Transaction (the "**Transaction Approval Resolution**"):

"BE IT RESOLVED THAT:

1. the second restated Share Exchange Agreement (the "**Second Restated Share Exchange Agreement**") dated as of June 28, 2023 among the Corporation, Montréal Cannabis Médical Inc. ("**MTL Cannabis**") and the shareholders of MTL Cannabis and the Tranche Two Closing (as defined in the Second Restated Share Exchange Agreement) as described in the management information circular of the Corporation dated as of June 28, 2023 be and the same are hereby ratified and approved;

2. notwithstanding that this resolution has been passed (and the Second Restated Share Exchange Agreement adopted) by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered, without further notice to, or approval of, the shareholders of the Corporation:

    (a) to amend the Second Restated Share Exchange Agreement; or

    (b) subject to the terms of the Second Restated Share Exchange Agreement, not to proceed with the Tranche Two Closing;

3. any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute, whether under corporate seal of the Corporation or otherwise, and to deliver such documents as are necessary or desirable to give effect to the Tranche Two Closing; and

4. any one director or officer of the Corporation is hereby authorized, for and on behalf and in the name of the Corporation, to execute and deliver, whether under corporate seal of the Corporation or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the Tranche Two Closing, including:

    (a) all actions required to be taken by or on behalf of the Corporation, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

    (b) the signing of the certificates, consents and other documents or declarations required under the Second Restated Share Exchange Agreement or otherwise to be entered into by the Corporation."

Upon the unanimous recommendation of the Special Committee, the Board, with Mr. Richard Clement abstaining, has unanimously approved the Transaction and recommends that Shareholders vote FOR the Transaction Approval Resolution. To be effective, the Transaction Approval Resolution must receive the approval of the Shareholders as follows and as more particularly described below:

(a) **approval by a majority of the votes cast by Shareholders eligible to vote on the Transaction Resolution at the Meeting; and**

(b) **by a majority of the votes cast by the Disinterested Shareholders who vote in respect of the ordinary resolution in person or represented by proxy at the Meeting in accordance with the provisions of the *Canada Business Corporations Act*.**

Unless the Shareholder has specified in the enclosed form of proxy that the Common Shares represented by such proxy are to be voted against the Transaction Approval Resolution, the persons named in the enclosed form of proxy will vote FOR the Transaction Approval Resolution.

Notwithstanding the approval by the Disinterested Shareholders, the Board may, without further shareholder action, revoke the ordinary resolution authorizing the entering into the Second Restated Share Exchange Agreement and not proceed with the Tranche Two Closing, subject to the terms of the Second Restated Share Exchange Agreement.

Canadian Securities Exchange Matters

If effected, the Tranche Two Closing would constitute a "Fundamental Change" under Policy 8 of the CSE and is therefore subject to approval by a majority of the votes cast by Shareholders eligible to vote on the resolution at the Meeting and CSE approval. The Corporation has submitted a draft listing statement (Form 2A) (the "**Listing Statement**"), attached hereto as Schedule "A", in respect of the proposed Transaction to the CSE for review and completion of the Fundamental Change and the Tranche Two Closing remains subject to receipt of CSE approval. The CSE has not approved of this Listing Statement or the transactions contemplated herein and the final listing statement, if an when approved by the CSE, may be amended in order for MTL Cannabis Corp. to meeting the listing requirements of the CSE and to reflect other developments affecting MTL Cannabis Corp. prior to the filing of the final listing statement.

Related Party Transaction Approval Matters

The entering into of the Share Exchange Agreement and the Restated Share Exchange Agreement were not considered to be "related party transactions" under MI 61-101 as MTL Cannabis and the Vendors were not related parties to the Corporation at the time of entering into those agreements. With the Tranche One Closing and the issuance to the Vendors of the Tranche One Consideration Shares, Mr. Richard Clement and Mr. Michel Clement, who are Vendors, are now considered to be "Related Parties" under MI 61-101 by virtue of having beneficial ownership of over 10% of all the outstanding voting securities of the Corporation. As such, the entering into of the Second Restated Share Exchange Agreement may be considered to be a "related party transaction" requiring "minority approval" (each as defined in MI 61-101).

Formal Valuation Exemption

As no securities of the Corporation are listed on any of the stock exchanges and trading platforms listed in 5.5(b) of MI 61-101, the transactions contemplated by the Second Restated Share Exchange Agreement are exempt from the requirement in MI 61-101 to obtain a formal valuation of the Second Restated Share Exchange Agreement, although, as noted above, the Fairness Opinion attached as Schedule "B" was furnished by Evans. The Fairness Opinion cannot be considered a valuation report under MI 61-101. There are no prior valuation reports in respect of the Transaction.

Effects of the Second Restated Share Exchange Agreement

Effects on the Corporation

As noted above, the entering into of the Share Exchange Agreement and the Restated Share Exchange Agreement were not considered to be "related party transactions" under MI 61-101 as MTL Cannabis and the Vendors were not related parties to the Corporation at the time of entering into those agreements. As the principal commercial terms of the Transaction, namely the acquisition of all of the shares of MTL Cannabis for the consideration described above, were negotiated during the Share Exchange Agreement and the Restated Share Exchange Agreement, such commercial terms were negotiated free from influence that nature of which MI 61-101 is intended to address.

More detailed information regarding the Corporation, MTL Cannabis and the Resulting Issuer is included in the Listing Statement, attached hereto as Schedule "A", including an analysis on the effect the Transaction on the operating results and financial position of the Resulting Issuer (refer to item 5 – *Selected Consolidated Financial Information* and Schedule A – *Pro Forma Financial Statements* of the Listing Statement).

The Transaction terms that were specifically negotiated as part of the entering into of the Second Restated Share Exchange Agreement are discussed above under "*Background to the Transaction with Montréal Cannabis Médical Inc.*" and "*Terms of the Second Restated Share Exchange Agreement*". The principal objective of the Corporation in negotiating the Terms of the Second Restated Share Exchange Agreement in light of the long period of time that had elapsed since the signing of the Share Exchange Agreement in August 2021 was to provide assurances to the Corporation that the required financial statements and other disclosure of MTL Cannabis required for the Tranche Two Closing will be delivered in due course and to provide financial and other support to the Corporation in the form of the Canada House Royalty and the conversion of obligations due from the Corporation to MTL Cannabis (including, potentially, the ICM Promissory Notes if MTL Cannabis is required to fund payments of same) into the Long-Term Loan.

With the delivery of the audited annual financial statements of MTL Cannabis for its fiscal year ended March 31, 2022 and reviewed interim financial statements of MTL Cannabis for the nine months ended December 31, 2022, it is expected that the bulk of the terms negotiated specifically as part of the entering into of the Second Restated Share Exchange Agreement will not be triggered.

Effects on Interested Parties

The effects of the Second Restated Share Exchange Agreement on the Corporation described above will have corresponding effects on the Vendors. In consideration for agreeing to the Canada House Royalty and for providing financial and other support to Canada House during the period prior to the Tranche Two Closing, the Vendors required that the Corporation agree to waive certain representations, warrants, covenants and conditions (as described above) in order to ensure that the Canada House Royalty and conversion of obligation to the Long-Term Loan are not triggered due to fault on behalf of the Corporation.

Certain Risks Associated with the Second Restated Share Exchange Agreement

The Board of Directors has determined that it is in the best interests of the Corporation to proceed with the Transaction; however, there are certain risks associated with the Transaction, including, but not limited to the risks identified in the Listing Statement attached hereto as Schedule "A" under Item 17 – *Risk Factors*.

Disinterested Shareholders

As a related party transaction, approval of Shareholders who are not interested parties as defined in MI 61-101 (for the purposes of this section headed "*Transaction with Montréal Cannabis Médical Inc.*", the "**Disinterested Shareholders**") is required to approve the entering into of the Second Restated Share Exchange Agreement by way of an ordinary resolution (the "**Transaction Minority Approval Resolution**"). As a related party to the Corporation and a party to the Second Restated Share Exchange Agreement, Mr. Richard Clement and Mr. Michel Clement are interested parties with respect to the Second Restated Share Exchange Agreement and thus excluded from voting on the Transaction Minority Approval Resolution, as are any related parties to Mr. Richard Clement and Mr. Michel Clement and any joint actors with it in advancing the Second Restated Share Exchange Agreement, including the other Vendors, none of which would be included among the Disinterested Shareholders.

The number of votes attached to the securities that, to the knowledge of the Corporation after reasonable inquiry, will be excluded in determining whether minority approval for the Transaction Minority Approval Resolution is obtained is equal to 21,070,890 votes. The identity of the holders of such votes and their holdings are as follows:

- Richard Clement Family Trust 10,535,445 votes 10,535,445 Common Shares

- Michel Clement Family Trust 10,535,445 votes 10,535,445 Common Shares

If the requisite approval of the Disinterested Shareholders is obtained, the Tranche Two Closing will occur, subject to the receipt of all necessary regulatory approvals, including any required approvals of the CSE and the other conditions to closing specified in the Second Restated Share Exchange Agreement.

6. Amendments to Investment Instruments with Archerwill Investments Inc.

Background

Archerwill is the holder of a secured convertible debenture (the "**Original Debenture**") in the principal amount of $6,500,000 issued by the Corporation on August 5, 2020. The Original Debenture was issued pursuant to a subscription agreement dated August 5, 2020 between the Corporation and Archerwill (the "**Archerwill Subscription Agreement**") pursuant to which the Corporation also issued to Archerwill Common Share purchase warrants to acquire 130,000,000 Common Shares (the "**Archerwill Warrants**") at an exercise price of $0.06 per Common Share (subject to adjustment) for a term of four years following issuance.

Effective August 16, 2022, the Corporation consolidated its Common Shares on the basis of one (1) post-consolidation Common Share for every thirty (30) pre-consolidation Common Shares (the **"Share Consolidation**"). Accordingly, after giving effect to the Share Consolidation, the Archerwill Warrants are now exercisable for 4,333,333 Common Shares at an exercise price indicated below.

The principal amount and interest of the Original Debenture was originally convertible into Common Shares at a price of $0.05 per Common Share (equivalent to $1.50 per Common Share post-Share Consolidation). Unless converted earlier, the Original Debenture matures on August 5, 2025. The Original Debenture bears interest at a rate of 8.0% per annum compounded annually and at the election of Archerwill, is either payable in cash at maturity or convertible into Common Shares on the same terms as the principal amount. The proceeds to the Corporation from the Original Debenture were used to retire certain obligations and for general working capital and expansion purposes.

The obligations of the Corporation to Archerwill under the Original Debenture are secured by a first-priority lien over all present and future property of the Corporation pursuant to a general security agreement entered into between the Corporation and Archerwill concurrent with the issuance of the Original Debenture. The obligations of the Original Debenture are also subject to a guarantee in favour of Archerwill granted by each material subsidiary of the Corporation (namely, Abba, Canada House Clinics Inc. and IsoCanMed) and are secured by a first-priority lien over all present and future property of each such subsidiary, except in the case of IsoCanMed, where Archerwill's security interest is subordinated to the obligations of IsoCanMed as guarantor of promissory notes in the aggregate principal amount of $12,500,000 (the "**ICM Promissory Notes**") issued by Canada House to the vending shareholders in connection with the Corporation's acquisition of IsoCanMed in 2020 (collectively, with the general security agreement, the "**Archerwill Security Agreements**" and, together with the A&R Archerwill Debenture and the Archerwill Warrants, the "**Archerwill Instruments**") and debt incurred by IsoCanMed subsequent to the issuance of the Original Debenture.

On July 22, 2022, certain terms of the Original Debenture, the Archerwill Warrants and related instruments were amended pursuant to agreements between the Corporation and Archerwill, including:

- an amended and restated secured convertible debenture (the "**A&R Archerwill Debenture**") to, among other things:
    - amend the conversion price of the A&R Archerwill Debenture from $1.50 (after giving effect to the Share Consolidation), to the lesser of $0.90 and the volume weighted average trading price of the Common Shares of the Resulting Issuer over the first 20 trading days following the resumption of trading of the Common Shares on the CSE, subject to a minimum price of $0.50 (the "**Amended Conversion Price**");
    - subject to Archerwill maintaining a specified share ownership level, provide for pre-emptive rights, subject to various terms and exceptions, to acquire, on the issuance of Common Shares or convertible securities (a "Triggering Event" as defined in the A&R Archerwill Debenture), to subscribe for that number of such Common Shares or convertible securities and at the same price so as to maintain its ownership percentage as it had been

immediately prior to the Triggering Event, assuming in each case the conversion of the A&R Archerwill Debenture and exercise of the Archerwill Warrants;

- provide the Corporation with the right to prepay the A&R Archerwill Debenture in full, including all accrued interest to the maturity date of August 5, 2025, subject to the issuance to Archerwill of additional warrants (the "**Archerwill Prepayment Warrants**") to purchase that number of Common Shares as is equal to the outstanding principal amount plus all accrued and unpaid interest on such principal amount to the date of prepayment plus all interest to accrue on such principal amount to the maturity date of the A&R Archerwill Debenture divided by the Amended Conversion Price at an exercise price equal to the Amended Conversion Price until August 5, 2025;
- provide for the right of Archerwill to appoint Irvine Weitzman and Kevin Weitzman as observers to the Board of Directors, and to entitle such observers to receive all notices and communications that are distributed by the Corporation to the Board of Directors, to attend and speak at meetings of the Board of Directors, to be reimbursed for reasonable expenses but do not entitle such observers to vote on any matters put before the Board of Directors; and
- amend certain of the covenants of the Corporation under the A&R Archerwill Debenture.

· a warrant amending agreement to amend the exercise price of the Archerwill Warrants from $1.80 after giving effect to the Share Consolidation to the lesser of $1.20 per Warrant Share, and (ii) 130% of the volume weighted average trading price of the Common Shares on the CSE for the 20 trading days following the resumption of trading of the Common Shares on the CSE.

· a termination agreement pursuant to which the Corporation and Archerwill terminated and issued reciprocal releases with respect to a certain investor rights agreement (which included, among other things, Archerwill's right to nominate two directors for appointment to the Board of Directors, to match certain acquisition proposals received by the Corporation, to participate in future financings to maintain its pro rata ownership percentage and certain other governance rights under the agreement).

The Archerwill Subscription Agreement and the Original Debenture have been filed on SEDAR on August 17, 2020 and the A&R Archerwill Debenture was filed on SEDAR on July 22, 2022. Each such document is available under the Corporation's profile on SEDAR at www.sedar.com.

Additional Amendments to the Archerwill Instruments

In addition to the approvals sought in connection with the Transaction, the Corporation is seeking "minority approval" (as defined in MI 61-101) for certain further amendments proposed to the Archerwill Instruments. The amendment to the terms of the Transaction pursuant to the Second Restated Share Exchange Agreement may have the effect that waivers of rights under the Archerwill Instruments that were waived in respect of the Tranche One Closing and consents provided in connection therewith may no longer be valid and apply such that the Corporation may not proceed to the Tranche Two Closing without further arrangements with Archerwill. In addition, Archerwill has certain covenants in its favour pursuant to the Archerwill Instruments in respect of which the parties to the Transaction have determined to amend to facilitate the operating of the business of the Resulting Issuer. Finally, although the Corporation does not consider it to be the case, the Corporation may be considered to be in technical default in respect of certain of its obligations under the Archerwill Instruments. Similarly, the Transaction is structured such that pursuant to the A&R Archerwill Debenture, MTL Cannabis will become a subsidiary" thereunder and, without dispensation from Archerwill, pre-existing transactions of MTL Cannabis could trigger a default under the A&R Archerwill Debenture. The Corporation has addressed the matter by:

(a) conditional on the Second Tranche Closing, agreeing to an amendment to the A&R Archerwill Debenture (the "**A&R Archerwill Debenture Amendment**");

(b) conditional on the Second Tranche Closing, agreeing to cancel the issued and outstanding Archerwill Warrants (the "**Archerwill Warrant Cancellation**");

(c) obtaining a waiver and consent (the "**Archerwill Waiver and Consent**") to be effective concurrent with the Tranche Two Closing pursuant to which the waivers and consents required by Archerwill in connection with the Tranche Two Closing and the transactions contemplated in the Second Restated Share Exchange Agreement were provided such that: (a) as at the signing of the Second Restated Share Exchange Agreement, the A&R Archerwill Debenture and the Archerwill Security Agreements are in good standing and there is no default or pending default thereunder (including with respect to MTL Cannabis as if it were considered a "subsidiary" under the A&R Archerwill Debenture as at that time); and (b) Archerwill shall waive its pre-emptive rights and conversion rights, if any, that occur in relation to the Tranche Two Closing; and

(d) in consideration for entering into the A&R Archerwill Debenture Amendment, providing the Archerwill Waiver and Consent, and effecting the Archerwill Warrant Cancellation, and conditional on the Second Tranche Closing, issuing to Archerwill warrants to purchase up to 4,333,333 Common Shares (the "**Archerwill Consideration Warrants**") at an exercise price equal to the lower of $1.20 and 130% of the volume weighted average trading price of the Common Shares for the 20 day trading days following the resumption of trading of the Common Shares on the CSE (the "**Exercise Price**") expiring on August 5, 2027. The Archerwill Consideration Warrants provide that 2,600,000 of such warrants shall vest only if the volume weighted average trading price of the Common Shares for the 20-day trading days following the resumption of trading of the Common Shares on the CSE is greater than $0.65;

(collectively, the "**Archerwill Amendments**")

<u>*Related Party Transaction*</u>

Archerwill is considered to be a Related Party under MI 61-101 by virtue of having deemed beneficial ownership of over 10% of all the outstanding voting securities of the Corporation. As the Common Shares issuable on conversion of the A&R Archerwill Debenture and exercise of the Archerwill Warrants could have been so issued to Archerwill within 60 days of the date the Archerwill Amendments were entered into, they are deemed to be beneficially owned under National Instrument 62-104 – *Take-Over Bids and Issuer Bids* ("**62-104**") for the purpose of the definition of "related party" under MI 61-101. As such, the contemplated Archerwill Amendments may be considered to be a "related party transaction" requiring "minority approval" (each as defined in MI 61-101).

<u>*Terms of the Archerwill Amendments*</u>

As set out in the Archerwill Amendments, the following are the material terms of the Archerwill Amendments, all of which is conditional upon, among other things, the Tranche Two Closing:

- **Debt Repayment:** The A&R Archerwill Debenture was amended to create a proportional payout schedule among any debt repayments to be made on the account of the ICM Promissory Notes or shareholder loans advanced to MTL Cannabis (the "**MTL Shareholder Loans**") such that the Corporation shall not be entitled to repay any principal under the ICM Promissory Notes or the MTL Shareholder Loans unless, contemporaneously with such repayment, the Corporation repays the obligations under the A&R Archerwill Debenture such that, on a proportionate basis as between payments made on the ICM Promissory Notes, the MTL Shareholders Loans and the A&R Archerwill Debenture, for each $1.00 paid toward principal: (i) 0.50 shall paid towards principal obligations due under the ICM Promissory Notes; (ii) $0.25 shall be paid towards the A&R Archerwill Debenture; and (iii) $0.25 shall be paid towards principal obligations due under the MTL Shareholder Loans.

- **Mandatory Debt Prepayment:** The A&R Archerwill Debenture was amended to require that the Corporation repay the obligations thereunder at any time prior to maturity thereof, the impact of which is that the issuance of the Archerwill Prepayment Warrants will be triggered.

- **Extension of the Term of the Archerwill Prepayment Warrants:** The A&R Archerwill Debenture was amended to extend the term of any Archerwill Prepayment Warrants by two years so that the expiry date shall be August 5, 2027 rather than August 5, 2025.

- **Covenants over Changes to Employment or Material Changes to Compensation and over Related Party Transactions:** The covenant in favour of Archerwill in section 7.2(h) of the A&R Archerwill Debenture was amended to apply only to employees, officers and directors of the Company and its subsidiaries who beneficially own or control, directly or indirectly, or are a related person (within the meaning of the *Income Tax Act* (Canada)) to a person that beneficially owns or controls, directly or indirectly, at least 5% of the shares of the Company, except in the ordinary course of business in accordance with the Company's current compensation strategies, as disclosed to Archerwill. The covenant in favour of Archerwill in section 7.2(h) of the A&R Archerwill Debenture was similarly amended to not apply to the matters set forth in the foregoing sentence as such matters are already dealt with therein.

- **Covenants over Encumbrances.** The covenants in favour of Archerwill in the A&R Archerwill Debenture against the Corporation granting a first ranking, priority secured position to a third-party lender that provides financing to payout all existing secured creditors of IsoCanMed that currently rank in priority to Archerwill.

- **Cancellation of the Archerwill Warrants and the Issuance of the Archerwill Consideration Warrants.** The Archerwill Warrants are to be cancelled and the Archerwill Consideration Warrants will be issued. The two warrant instruments provide for the same number of Common Shares underlying the exercise thereof and the same Exercise Price. However, 60% of the

Archerwill Consideration Warrants (2,600,000 Archerwill Consideration Warrants) will not vest if the Amended Conversion price is equal to or less than $0.65 per Common Share and the term of the Archerwill Consideration Warrants will expire on August 5, 2027 whereas the Archerwill Warrants were to expire on August 5, 2025.

- **Archerwill Waiver and Consent.** Archerwill delivered the Archerwill Waiver and Consent.

The Archerwill Amendments will become effective on the Tranche Two Closing and are subject to various conditions and covenants including the passing of the Archerwill Amendment Resolution (*defined below*) and any necessary regulatory approval of the Archerwill Amendments.

The above terms were agreed among the Corporation, under the oversight of the Special Committee, and Archerwill following a series of negotiations that took place leading up to the execution of the Archerwill Amendments. Numerous proposals were exchanged among the parties during this time. Overall, the above terms reflect the most attractive terms to the Corporation that were contemplated over the course of the negotiations, which were also agreeable to Archerwill.

Effects of the Archerwill Amendments

Effects on the Corporation

The Archerwill Amendments are anticipated to have the following effects on the Corporation as a whole, which is not intended to be an exhaustive list.

- **Enable the Transaction**: The Archerwill Amendments address various rights Archerwill has under the Archerwill Instruments which could impact the ability of the Corporation to complete the Tranche Two Closing. The Corporation has realized benefits from the Tranche One Closing and the further integration of the Corporation's business with that of MTL Cannabis. The Tranche Two Closing is anticipated to bring various benefits to the Corporation as outlined elsewhere in this Circular including substantially increasing the Corporation's revenue, further enhancing cultivation and distribution capabilities, leveraging low-cost production, strengthening the management team, and advancing the Corporation's brand portfolio.
- **Greater Flexibility**: The removal of certain covenants, including around executives, will give the Corporation greater flexibility in managing its affairs.
- **Potential Lessening of the Dilutive Effect of the Archerwill Instruments**: The Amended Conversion Price will be adjusted to the extent that the volume weighted average trading price of the Common Shares of the Resulting Issuer over the first 20 trading days following the resumption of trading of the Common Shares on the CSE is less than $0.90. If such an adjustment occurs, the dilution from the conversion of the A&R Archerwill Debenture will increase proportionately to the lowering of the Amended Conversion Price. However, the Archerwill Consideration Warrants provide that 2,600,000 of such warrants will not vest if the if the Amended Conversion Price is $0.65 or lower and, as such, may mitigate the dilutive effect from the Archerwill Instruments. Refer to the ownership table below for more information on what Archerwill's ownership position in securities of the Corporation will be depending on the final determination of the Amended Conversion Price and Exercise Price. Conversely, the Archerwill Consideration Warrants have a longer term to expiration than the Archerwill Warrants and the extension of the term of the Archerwill Prepayment Warrants will result in a potential dilutive overhang from such warrants for a longer duration. The requirement that the Corporation prepay the obligations under the A&R Archerwill Debenture will result in the issuance of the Archerwill Prepayment Warrants. Though that will have no direct additional dilutive effect (as the same number of Common Shares underlies the exercise of the Archerwill Prepayment Warrants and the A&R Archerwill Debenture), the Archerwill Prepayment Warrants have a longer term than the A&R Archerwill Debenture and so the potential overhang of such dilution will last for a longer duration and the exercise of such Archerwill Prepayment Warrants would also trigger, in part, the Anti-Dilution Protection.
- **Reduced Warrant Exercise Proceeds**: Assuming an Exercise Price of $1.20 per Common Share, the total proceeds to the Corporation on the exercise of all of the Archerwill Warrants would have been $5,200,000. With the cancellation of the Archerwill Warrants and the issuance of the Archerwill Consideration Warrants, such amount may be lower as the Exercise Price may be reduced based on the volume weighted average trading price of the Common Shares for the twenty days following the resumption of trading of the Common Shares on the CSE. Regardless, if 60% of the Archerwill Consideration Warrants do not vest as a result of the Amended Conversion Price being equal to or less than $0.65, the total proceeds to the Corporation from the exercise of the Archerwill Consideration Warrants will be less than the maximum aggregate exercise price of the Archerwill Warrants. For example, if the Amended Conversion Price is $0.65, 2,600,000 out of the 4,333,333 Archerwill Consideration Warrants will be null and void having not vested, thus leaving 1,733,333 Archerwill Consideration Warrants. An Amended Conversion Price of $0.65 would result in a reduction of the Exercise Price to $0.845, resulting in the total exercise proceeds from the Archerwill Consideration Warrants amounting to $1,464,666.38.

Effects on Interested Parties

The effects of the Archerwill Amendments on the Corporation described above will have corresponding effects on Archerwill.

The Archerwill Amendments that are the subject of the Archerwill Amendment Resolution cannot result in additional Common Shares or other securities of the Corporation being issued to Archerwill above and beyond what is currently provided for in the A&R Archerwill Debenture (assuming the issuance in full of the Archerwill Prepayment Warrants) and the Archerwill Warrants. Conversely, the dilutive effect of the Archerwill Consideration Warrants will be lessened if the Amended Conversion Price is $0.65 or less as that would result in 2,600,000 Archerwill Consideration Warrants (60% of the Archerwill Consideration Warrants) being null and void having not vested.

Giving effect to the amendments to the Archerwill Instruments of July 22, 2022 and to the Share Consolidation, the following table shows the effects on Archerwill's ownership position in the securities of the Corporation on a partially diluted basis (i.e. assuming the conversion in full of the principal and interest on the A&R Archerwill Debenture and the full exercise of the Archerwill Consideration Warrants but no other securities of the Corporation convertible into or exercisable for Common Shares) after the Tranche Two Closing under the following scenarios: (A) as provided for in the Original Debenture and the Archerwill Warrants as issued on August 5, 2020, before the A&R Archerwill Debenture and warrant amending agreement dated July 22, 2022 (see column (A) in the table below), (B) before and after giving effect to the Archerwill Amendments contemplated herein, in each case assuming both the maximum Amended Conversion Price of $0.90 and the maximum Exercise Price of $1.20 (see column (B) in the table below); (iii) Before giving effect to the Archerwill Amendments contemplated herein assuming the minimum Amended Conversion Price of $0.50 and an Exercise Price of $0.65 (for greater certainty, the Exercise Price may be lower) (see column (C) in the table below); (iv) After giving effect to the Archerwill Amendments contemplated herein, in assuming the minimum Amended Conversion Price of $0.50 and an Exercise Price of $0.65 (and, for greater certainty, the Exercise Price may be lower) (see column (D) in the table below).

	(A) **As provided in the Original Debenture and Archerwill Warrants issued on August 5, 2020 based on a Conversion Price of $1.50 and an Exercise Price of $1.80**	**(B)** **Before giving effect to the Archerwill Amendments and assuming an Amended Conversion Price of $0.90 and an Exercise Price of $1.20** (1)	**(C)** **Before giving effect to the Archerwill Amendments and assuming an Amended Conversion Price of $0.66 and an Exercise Price of $0.86**	**(D)** **After giving effect to the Archerwill Amendments and assuming an Amended Conversion Price of $0.50 and an Exercise Price of $0.65**
Archerwill interest in Common Shares(2)	10,804,488 7.05%	15,049,214 (8.63%)	18,908,055 (11.48%)	20,834,598 (11.89%)
Number and percentage of Common Shares held by Disinterested Shareholders (as defined below)	142,361,846 (92.95%)	159,340,750 (91.37%)	145,834,804 (88.52%)	155,096,024 (88.11%)

Note:

(1) If the Amended Conversion Price is $0.90 and the Exercise Price is $1.20, there will be no change to Archerwill's interest in Common Shares before giving effect to the Archerwill Amendments compared to after giving effect to the Archerwill Amendments as all Archerwill Consideration Warrants will vest.

(2) Includes Common Shares currently owned, controlled or directed by Archerwill and Common Shares issuable to Archerwill under the Archerwill Debenture and the Archerwill Consideration Warrants, and, where the Amended Conversion Price is assumed to be $0.50, reflects that 2,600,000 Archerwill Consideration Warrants will be null and void having not vested.

Certain Risks Associated with the Archerwill Amendments

Upon the recommendation of the Special Committee, the Board has determined that it is in the best interests of the Corporation to proceed with the Archerwill Amendments; however, there are certain risks associated with the Archerwill Amendments, including, but not limited to:

i. Warrant Exercise Proceeds – As noted above under "Effects of the Archerwill Amendments", the failure of 60% of the Archerwill Consideration Warrants to vest if the Amended Conversion Price is $0.65 or less would result in lower proceeds to the Corporation on the exercise of the Archerwill Consideration Warrants.

ii. Impact on Common Share Price − Numerous other factors in addition to those noted above could affect the price of the Common Shares following the Archerwill Amendments, including those described in the Corporation's public filings.

Formal Valuation Exemption

As no securities of the Corporation are listed on any of the stock exchanges and trading platforms listed in 5.5(b) of MI 61-101, the Archerwill Amendments are exempt from the requirement in MI 61-101 to obtain a formal valuation of the Archerwill Amendments. There was no prior valuation of the Archerwill Amendments or the amendments to the Archerwill Instruments of July 22, 2022.

Board Approval of Archerwill Amendments

The Board's deliberation of the Archerwill Amendments occurred in conjunction with its review of the Transaction as further detailed under "*Transaction with Montréal Cannabis Médical Inc. - Board Approval of the Transaction*". The Special Committee was charged with reviewing the proposals comprising the Archerwill Amendments and making recommendations to the Board of Directors.

On June 28, 2023, after careful consideration and deliberations on the financial and other aspects of the Archerwill Amendments, and in the context of the negotiations for the Transaction, the Special Committee determined that the Archerwill Amendments are fair and reasonable in the circumstances, reflect commercial terms that are no less advantageous to the Corporation than if obtained from a person dealing at arm's length with the Corporation in the circumstances, and are in the best interests of the Corporation and unanimously recommended that the Board approve and authorize the Corporation to enter into the Archerwill Amendments.

As part of the Board deliberations, at any Board meeting at which the Archerwill Amendments were considered, the individuals Archerwill has appointed as observers under the A&R Archerwill Debenture, Irvine Weitzman and Kevin Weitzman, declared their conflicts of interest in the Archerwill Amendments and recused themselves for any portion of the meetings at which the Archerwill Amendments were discussed. After careful consideration and deliberations on the financial and other aspects of the Archerwill Amendments, and in the context of the negotiations for the Transaction, and after receipt of the recommendation from the Special Committee, the Board of Directors determined that the Archerwill Amendments are fair and reasonable in the circumstances, reflect commercial terms that are no less advantageous to the Corporation than if obtained from a person dealing at arm's length with the Corporation in the circumstances, and are in the best interests of the Corporation.

In unanimously recommending and/or approving, as the case may be, the entering into of the Archerwill Amendments, the Special Committee and the Board of Directors considered and relied upon a number of factors, including the factors discussed under "Transaction with Montréal Cannabis Médical Inc. - Board Approval of the Transaction" and others including:

- Management's assessment of the potential benefits of the Archerwill Amendments, including with facilitating the completion of Transaction;
- The benefits of the Transaction to the Corporation;
- The risks of maintaining the status quo and not completing the Transaction;
- The relative absence of other alternatives reasonably available to the Corporation to address Archerwill's rights which are not compatible with the completion of the Transaction;

- The added flexibility afforded to the Corporation as a result of the Archerwill Amendments;
- That Disinterested Shareholders will be given a right to vote on and approve the Archerwill Amendments under the requirements of MI 61-101;
- Potential risks to the Corporation and negative factors associated with the Archerwill Amendments and the effects of such risks on the interests of Disinterested Shareholders, including among others, the risks described above under "Certain Risks Associated with the Archerwill Amendments"; and
- The advice of their counsel and such other matters as it considered relevant.

The foregoing discussion of the information and factors considered and given weight by the Board of Directors is not intended to be exhaustive. In reaching the determination to approve and recommend the Archerwill Amendments, the Board of Directors did not assign any relative or specific weights to the foregoing factors, and individual directors may have given different weights to different factors.

Archerwill Amendments Resolution

As a related party transaction, approval of Shareholders who are not interested parties as defined in MI 61-101 for the purposes of this section headed "*Amendments to Investment Instruments with Archerwill Investments Inc.*", (in this section, the "**Disinterested Shareholders**") is required to approve the Archerwill Amendments by way of an ordinary resolution (the "**Archerwill Amendments Resolution**"). As a related party to the Corporation and a party to the Archerwill Amendments, Archerwill is an interested party with respect to the Archerwill Amendments and thus excluded from voting on the Archerwill Amendments Resolution, as are any related parties to Archerwill and any joint actors with it in advancing the Archerwill Amendments, none of which would be included among the Disinterested Shareholders.

The number of votes attached to the securities that, to the knowledge of the Corporation after reasonable inquiry, will be excluded in determining whether minority approval for the Archerwill Amendments is obtained is equal to 104,067 votes. The identity of the holders of such votes and their holdings are as follows:

- Archerwill Investments Inc. 104,067 votes 104,067 Common Shares

If the requisite approval of the Disinterested Shareholders is obtained, the Archerwill Amendments will, subject to the receipt of all necessary regulatory approvals, including any required approvals of the CSE, take effect upon completion of the Tranche Two Closing.

Having determined that the Archerwill Amendments are in the best interests of the Corporation, the Board of Directors unanimously recommends that Disinterested Shareholders vote in favour of the Archerwill Amendments Resolution to approve the Archerwill Amendments. Notwithstanding the approval by the Disinterested Shareholders, the board may, without further shareholder action, revoke the ordinary resolution authorizing the Archerwill Amendments and not implement them. The full text of the Archerwill Amendments Resolution is as follows:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF THE DISINTERESTED SHAREHOLDERS OF THE CORPORATION THAT:

1. The Corporation is hereby authorized to implement the Archerwill Amendments, as described in the Circular;
2. Any officer or director of the Corporation is hereby authorized and directed for on behalf of the Corporation to execute and deliver all such documents and to do all such other acts and things as he or she may determine to be necessary or advisable to give effect to this ordinary resolution, the execution of any such documents or the doing of any such other act or thing being conclusive evidence of such determination;
3. Notwithstanding that this resolution has been passed by the Disinterested Shareholders of the Corporation (as defined in the Circular), the directors of the Corporation are hereby authorized and empowered without further notice to, or approval of the Disinterested Shareholders, to determine not to proceed with the Archerwill Amendments at any time prior to their implementation. The directors of the Corporation may, at their sole discretion, revoke this resolution before it is acted upon

without further approval or authorization of the Disinterested Shareholders of the Corporation if in the sole discretion of the Board, it is deemed desirable to do so."

To be effective, the Archerwill Amendments Resolution must be approved by a majority of the votes cast by the Disinterested Shareholders who vote in respect of the ordinary resolution in person or represented by proxy at the Meeting in accordance with the provisions of the *Canada Business Corporations Act*.

The Board recommends that Disinterested Shareholders vote "FOR" the Archerwill Amendments Resolution. Unless a Disinterested Shareholder directs that his or her Common Shares are to be voted against this resolution, the persons named in the enclosed form of proxy will vote FOR the Archerwill Amendments Resolution.

7. Change of Name

In connection with the Transaction, Shareholders will be asked to consider and, if thought advisable, to approve a special resolution authorizing the filing of articles of amendment to change the Corporation's name from "Canada House Cannabis Group Inc." to "MTL Cannabis Corp." (the "**Name Change**") or such other name as the Board may approve subject to the Second Restated Share Exchange Agreement.

The Board may, in its sole discretion, notwithstanding the approval of the special resolution approving the Name Change at the Meeting, decide not to proceed with the Name Change. Subject to the exercise of such discretion by the Board, the Corporation will file articles of amendment in the prescribed form with the Director under the *Canada Business Corporations Act* ("CBCA"), which is expected to be completed as soon as practicable following the Meeting but may occur at any time at the discretion of the Board. The Name Change will become effective on the date shown on the certificate issued by the Director under the CBCA. The Name Change is subject to all necessary regulatory and stock exchange approvals.

The full text of the special resolution approving the Name Change is as follows:

"**BE IT RESOLVED, AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS OF THE CORPORATION THAT:**

1. The Corporation be and is hereby authorized, subject to any necessary regulatory approvals, to amend the Corporation's articles to change the name of the Corporation from "Canada House Cannabis Group Inc." to "MTL Cannabis Corp.", or such other name that the directors of the Corporation in their sole direction determine;

2. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation be, and they hereby are, authorized and empowered to revoke this resolution at any time prior to the amendment of the Corporation's articles and to determine not to proceed with changing the name of the Corporation; and

3. any director or officer of the Corporation be, and such director or officer of the Corporation hereby is authorized and empowered, acting for, in the name of and on behalf of the Corporation to execute or to cause to be executed, under seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments, including, without limitation, articles of amendment, and to do or to cause to be done all such other acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable in order to fulfill the intent of the foregoing paragraphs of this resolution."

To be effective, the resolution to change the Corporation's name must be approved by a majority of not less than two-thirds of the votes cast by the Shareholders who vote in respect of the special resolution in person or represented by proxy at the Meeting in accordance with the provisions of the CBCA.

The Board recommends that Shareholders vote "**FOR**" the special resolution relating to the Corporation's name change. **Unless a Shareholder directs that its Common Shares are to be voted against this resolution, the persons named in the enclosed form of proxy will vote FOR the special resolution to change the Corporation's name.**

8. Stock Option Plan

The Corporation maintains a stock option plan amended and restated on April 2, 2015 (the "**Stock Option Plan**") for the benefit of directors, officers, employees and consultants to provide an increased incentive for the recipients of grants thereunder to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the Shareholders and increasing the ability of the Corporation and its subsidiaries to attract and retain individuals of exceptional skill.

The Board of Directors administers the Stock Option Plan. Stock Options granted under the Stock Option Plan ("**Options**") shall be granted in accordance with determinations made by the Board pursuant to the provisions of the Stock Option Plan as to: the participants to whom and the time or times at which the Options will be granted; the number of Common Shares which shall be the subject of each Option; any vesting provisions attaching to the Option; and, the terms and provisions of the respective stock option agreements, provided however, that each director, officer, employee or consultant shall have the right not to participate in the Stock Option Plan and any decision not to participate therein shall not affect the employment by or engagement with the Corporation. The Board shall ensure that participants under the Stock Option Plan are eligible to participate under the Stock Option Plan.

The maximum number of Common Shares reserved for issuance and available for purchase pursuant to options granted under the Stock Option Plan cannot exceed 10% of the total number of Common Shares of the Corporation issued and outstanding at the date of any grant made. In addition, the aggregate number of Common Shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding Common Shares. Options pursuant to the Stock Option Plan are granted at the discretion of the Board of Directors, vest at schedules determined by the Board of Directors which shall not exceed five years from the date of grant and have an exercise price of not less than that permitted by the stock exchange on which the shares are listed, which under policies of the CSE shall not be less than less than the greater of the closing price per Common Share on the exchange on: (a) the last trading day preceding the date of grant; and (b) the date of grant.

The term of Options shall be a period of time fixed by the Board, not to exceed five years from the date of grant, and unless the Board determines otherwise, Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are contained in the Stock Option Plan or as the Board may from time to time impose or, as may be required by the CSE, or under applicable securities law.
Subject to the terms of the applicable stock option agreements, in the event of the participant ceasing to be a director, officer, employee, consultant or management company employee of the Corporation or a subsidiary for any reason other than death, including the resignation or retirement of the participant or the termination by the Corporation or a subsidiary of the employment of the participant, prior to the expiry of the Options, any such vested Options may be exercised as to such of the Common Shares in respect of which the vested Options has not previously been exercised (and as the participant would have been entitled to exercise) at any time up to and including (but not after) the earlier of the expiry time of the Options and a date that is ninety (90) days following the effective date of such resignation or retirement or a date that is ninety (90) days following the date notice of termination of employment is given by the Corporation or a subsidiary, whether such termination is with or without reasonable notice, and subject to such shorter period as may be otherwise specified in the stock option agreement, after which date the Options shall forthwith expire and terminate and be of no further force or effect whatsoever. Notwithstanding the foregoing, in the event of termination for cause, such Options shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause is given to the participant by the Corporation or a subsidiary and shall be of no further force or effect whatsoever as to the Common Shares in respect of which Options have not previously been exercised.

In the event of the death of a participant on or prior to the expiry time of Options, such Options may be exercised as to such of the Common Shares in respect of which such Options had not previously been exercised (and as the participant would have been entitled to purchase), by the legal personal representatives of the Participant at any time up to and including (but not after) a date one (1) year from the date of death of the participant, unless otherwise specified in the stock option agreement or up to the expiry time of the Options, whichever occurs first, after which date the Options shall forthwith expire and terminate and be of no further force or effect whatsoever.

Subject to the policies of the CSE, the Board may amend or discontinue the Stock Option Plan at any time without the consent of the participants, provided that such amendment shall not alter or impair any Options previously granted under the Stock Option Plan except as permitted by the Stock Option Plan, and that such amendment or discontinuance has been approved by the CSE, and where necessary, by the Shareholders.

Effective April 3, 2023, the CSE adopted updated policies which now require that a listed issuer obtain security holder approval for an evergreen plan (also known as a rolling plan) in order to continue to grant awards under such a plan within three years after institution and within every three years thereafter. Since the Stock Option Plan is an evergreen plan, at the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve and authorize the following resolution (the "**Option Plan Approval Resolution**"):

"**BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS OF THE CORPORATION THAT:**

1. the Corporation's stock option plan, as amended, (the "**Option Plan**") substantially in the form attached as Schedule "C" to and as described in the Corporation's management information circular dated June 28, 2022 (the "**Circular**") is hereby ratified, confirmed and approved;

2. all unallocated stock options under the Stock Option Plan be and are hereby approved;

3. the Company shall have the ability to continue granting stock options under the Stock Option Plan until July 28, 2026, which is the date that is three (3) years from the date of the shareholder meeting at which shareholder approval is being sought; and

4. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions.."

To be effective, the Option Plan Approval Resolution must be approved by a majority the votes cast by the Shareholders who vote in respect of the special resolution in person or represented by proxy at the Meeting in accordance with the provisions of the CBCA.

The Board recommends that Shareholders vote "**FOR**" the Option Plan Approval Resolution. **Unless a Shareholder directs that its Common Shares are to be voted against this resolution, the persons named in the enclosed form of proxy will vote FOR the Option Plan Approval Resolution.**

STATEMENT OF EXECUTIVE COMPENSATION

The following section provides disclosure of compensation earned by the Named Executive Officers and directors of the Corporation in connection with their office or employment with the Corporation for each of the two most recently completed financial years. The following information is presented in accordance with the requirements of Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**") and provides details of all compensation for each of the directors and Named Executive Officers of the Corporation for the fiscal year ended April 30, 2021 and the fifteen month transition fiscal year ended July 31, 2022.

For the purposes of this Circular, a Named Executive Officer of the Corporation means each of the following individuals:

a) the chief executive officer ("**CEO**");

b) the chief financial officer ("**CFO**");

c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer or the most highly compensated individual acting in a similar capacity, other than the CEO and CFO, whose total compensation was more than $150,000 for the financial year; and

d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of the financial year.

The following individuals are considered to be Named Executive Officers of the Corporation for the fiscal year ended July 31, 2022: Chris Churchill-Smith, CEO, Peili Miao, Interim CFO and Alex Kroon, Executive Vice-President.

Summary Compensation Table

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation to each Named Executive Officer and director, in any capacity, for the fiscal year ended April 30, 2021 and the fifteen month transition fiscal year ended July 31, 2022.

Table of compensation excluding compensation securities							
Name and position	**Year(1)**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Chris Churchill-Smith, CEO(2)	15-Month Transition Year Ended 2022	281,563	45,050	--	--	--	326,613
	12-Month Fiscal Year Ended 2021	253,863	--	--	--	--	253,863
Peili Miao, Interim Chief Financial Officer(3)	15-Month Transition Year Ended 2022	225,577	39,000	--	--	--	264,577
	12-Month Fiscal Year Ended 2021	128,590	31,000	--	--	--	159,590
Alex Kroon, Executive Vice-President	15-Month Transition Year Ended 2022	250,000	64,800	--	12,938	--	327,738
	12-Month Fiscal Year Ended 2021	193,246	--	--	10,350	--	203,596
Norman Betts, Director	15-Month Transition Year Ended 2022	--	--	67,500	--	--	67,500
	12-Month Fiscal Year Ended 2021	--	--	32,500	--	--	32,500
Shawn Graham, Director	15-Month Transition Year Ended 2022	--	--	67,500	--	--	67,500
	12-Month Fiscal Year Ended 2021	--	--	36,500	--	--	36,500
Gaetan Lussier, Director	15-Month Transition Year Ended 2022	--	--	59,500	--	--	59,500
	12-Month Fiscal Year Ended 2021	--	--	24,000	--	--	24,000
Dennis Moir, Director	15-Month Transition Year Ended 2022	--	--	176,500	--	--	67,500
	12-Month Fiscal Year Ended 2021	--	--	49,500	--	--	49,500
Erik Bertacchini, Director(4)	15-Month Transition Year Ended 2022	225,004	--	--	--	--	225,004
	12-Month Fiscal Year Ended 2021	169,019	--	--	--	--	169,657

Notes:

1. Figures for 2021 represent compensation paid for a standard twelve month fiscal year ended April 30, 2021. The Corporation subsequent changed its fiscal year end to July 31 and, consequently, figures for 2022 represent compensation for the fifteen month transition fiscal year ended July 31, 2022.

2. Mr. Chris Churchill-Smith ceased acting as the CEO of the Corporation in May 2023 and Mr. Alex Kroon became Interim CEO.

3. Ms. Miao was appointed to the position of Interim Chief Financial Officer effective March 25, 2021 and Chief Financial Officer effective September 28, 2022.

4. Compensation disclosed for Mr. Bertacchini represents compensation paid in his capacity as President of IsoCanMed, a subsidiary of the Corporation.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any director or Named Executive Officer by the Corporation or one of its subsidiaries during the fifteen-month transition financial year ended July 31, 2022 for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries.

No compensation securities were exercised by a director or named executive officer during the during the fifteen-month transition financial year ended July 31, 2022.

Stock Option Plan

The Corporation maintains a Stock Option Plan for the benefit of directors, officers, employees and consultants. The maximum number of Common Shares reserved for issuance and available for purchase pursuant to options granted under the Stock Option Plan cannot exceed 10% of the total number of Common Shares of the Corporation issued and outstanding at the date of any grant made. In addition, the aggregate number of Common Shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding Common Shares. Options pursuant to the Stock Option Plan are granted at the discretion of the Board of Directors, vest at schedules determined by the Board of Directors which shall not exceed five years from the date of grant and have an exercise price of not less than that permitted by the stock exchange on which the shares are listed.

Termination and Change of Control Benefits

The Corporation has entered into an Employment Agreement ("**CFO Employment Agreement**") with Peili Miao pursuant to which Ms. Miao was appointed Chief Financial Officer of the Corporation. Under the CFO Employment Agreement, if the Corporation terminates Ms. Miao without cause, Ms. Miao is entitled to continue to receive her then-current base salary and for the Corporation to continue to make regular employer contributions towards Ms. Miao's then-current group benefits coverage for a period of 12 months.

The Corporation has entered into Employment Agreements ("**Executive Employment Agreements**") with Alex Kroon and Steven Pearce, pursuant to which Mr. Kroon was appointed Executive Vice-President and Mr. Pearce was appointed Vice-President, Legal of the Corporation. Under the Executive Employment Agreements, if the Corporation terminates Mr. Kroon or Mr. Pearce without cause, or in the event the Corporation is acquired, merged or there is a material change in control of the Corporation and Mr. Kroon or Mr. Pearce elect to consider their employment terminated without cause, they are entitled to continue to receive the greater of their then-current base salary or a deemed base salary of $250,000 and for the Corporation to continue to make regular employer contributions towards Mr. Kroon and Mr. Pearce's then-current group benefits coverage for a period of 24 months.

Oversight and Description of Director and Named Executive Officer Compensation of the Corporation

The Board of Directors is responsible for developing and implementing the directors' compensation plan. The main objectives of the directors' compensation plan are (a) to attract and retain the services of the most qualified individuals, (b) to compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in board and board committee membership, and is competitive with other comparable public issuers, and (c) to align the interests of the directors with those of the long-term Shareholders.

The Corporate Governance, Nominations and Compensation Committee is responsible for reviewing the Corporation's policy regarding remuneration of Directors and making recommendations to the Board. Currently, the Corporation's practice is to compensate the Chair of the Board with a monthly retainer of $5,000, chairs of the committees of the Board with a monthly retainer of $2,500 and other independent directors with a monthly retainer of $2,000, provided that a Director is only entitled to one of the foregoing fees, being the highest fee to which such Director is entitled. In addition, independent directors may be granted stock options pursuant to the Corporation's stock option plan. Non-independent directors do not receive additional compensation in their capacity as a director.

In setting compensation for the Named Executive Officers, the Board of Directors reviews salaries paid to the executive officers of the Corporation, salaries and bonuses paid to other officers of equivalent role in the industry and the Named Executive Officers' impact on the achievement of the Corporation's objectives for the previous and current financial year.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at July 31, 2022, with respect to the Stock Option Plan, being the sole compensation plan pursuant to which equity securities of the Corporation are authorized for issuance. A description of the Stock Option Plan may be found earlier in this Circular under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis*".

Plan	Number of securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options ($)	Number of Common Shares remaining available for future issuance under the Stock Option Plan
Stock Option Plan	1,013,843 (1)	1.50	3,350,256

Note:

(1) During the fifteen-month transition financial year ended July 31, 2022, 80,000 stock options expired and 163,333 stock options were cancelled. Nil stock options have been issued since August 1, 2022.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, none of the executive officers, directors, employees or former executive officers, directors or employees of the Corporation or any of its subsidiaries was indebted to the Corporation or any of its subsidiaries and, as at the date hereof, the indebtedness, if any, of such persons to other entities was not the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

MANAGEMENT CONTRACTS

Management services for the Corporation are not, to any substantial degree, performed by persons other than the executive officers of the Corporation. The Corporation was not subject to any management agreement for the fifteen-month transitional financial year ended July 31, 2022.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purpose of this Circular, an "**Informed Person**" of the Corporation means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or corporation that is itself an Informed Person or subsidiary of the Corporation; (c) any person or corporation who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than voting securities held by the person or corporation as underwriter in the course of a distribution; and (d) the Corporation, if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

To the knowledge of the Corporation, no Informed Person of the Corporation, and no associate or affiliate of any such person, at any time, has or had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction that has materially affected the Corporation, in any proposed transaction that could materially affect the Corporation, or in any matter to be acted upon at the Meeting, except as disclosed elsewhere in this Circular.

REPORT ON CORPORATE GOVERNANCE

The Corporation and the Board recognize the importance of corporate governance to the effective management of the Corporation and to the protection of its stakeholders, particularly Shareholders. The Corporation has set out below its approach to corporate governance which is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. The directors are kept informed regarding the Corporation's operations at regular meetings, or as otherwise required and through reports and discussions with management on matters within their particular areas of expertise. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Corporation's affairs and in light of opportunities or risks that the Corporation faces.

The Board of Directors anticipates conducting a fulsome review of its corporate governance policies and practices, including the nature and composition of the committees of the Board of Directors in connection with the Transaction in order to ensure that its corporate governance practices are commensurate with an organization of the size and scope of the Corporation following closing of the Transaction.

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices which disclosure is set out below, in accordance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.

Board of Directors

Pursuant to National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), a director is considered independent if he or she has no direct or indirect material relationship with the Corporation that the Board believes could reasonably be perceived to materially interfere with his or her ability to exercise independent judgment. NI 52-110 sets out certain situations where a director is deemed to have a material relationship with the Corporation.

The Board considers Norman Betts, Shawn Graham, Gaetan Lussier, and Dennis Moir to be independent. The Board considers that Mr. Richard Clement is not independent by virtue of being considered an affiliated entity of the Corporation pursuant to NI 52-110. The Board also considers that Erik Bertacchini is not independent by virtue of being the president of a material operating subsidiary of the Corporation and being the holder, indirectly of a promissory note issued by the Corporation secured by the assets of such subsidiary.

As considered necessary or desirable, the independent members of the Board are able to meet without the non-independent directors being present.

Directorships

Other than as follows, none of the current directors of the Corporation currently serve as a director of any other reporting issuer:

Name	Reporting Issuer	Market
Norman Betts	Biotricity Inc. TRX Gold Corporation 49 North Resources Inc. Adex Mining Inc. Mimi's Rock Corp. IntelliPharmaCeutics International Inc.	NASDAQ TSX TSX Venture Exchange TSX Venture Exchange TSX Venture Exchange TSX
Shawn Graham	IntelliPharmaCeutics International Inc.	TSX

Orientation and Continuing Education

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. The Corporation has not yet developed a formal orientation or training program for new directors or a formal continuing education program for existing directors. Nevertheless, through discussions and meetings with other directors, officers and employees, new directors will be provided with a thorough description of the Corporation's business, properties, assets, operations and strategic plans and objectives. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board.

Ethical Business Conduct

As part of its responsibility for the stewardship of the Corporation, the Board seeks to foster a culture of ethical conduct by requiring the Corporation to carry out its business in line with high business and moral standards and applicable legal and financial requirements.

In exercising their powers and discharging their duties, the Board is required to act honestly and in good faith with a view to the best interests of the Corporation, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to officers, directors, employees and consultants, to help them recognize and deal with ethical issues; promoting a culture of honesty, integrity and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

The Board takes steps to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or an employee or consultant of the Corporation has a material interest, which include ensuring that such individuals are familiar with rules concerning reporting conflicts of interest and obtaining direction from the Board or a member of senior management of the Corporation regarding any potential conflicts of interest.

The Board has adopted an "Insider Trading and Blackout Period Policy" to ensure, among other things: (i) strict compliance by all insiders with all requirements relating to the reporting of insider trading and with respect to trading when in possession of "undisclosed material information" (as defined in the policy); and (ii) that individuals subject to scheduled and unscheduled blackout periods adhere to the restrictions on trading as set out in the policy.

Nomination of Directors

The Corporate Governance, Nominations and Compensation Committee, on behalf of the Board, is responsible for the nomination of directors and identifying new candidates for appointment to the Board. In that regard, the Board is also responsible for identifying the competencies and skills required for nominees to the Board, with a view to ensuring that the Board is comprised of directors with the necessary skills and experience to facilitate effective decision-making. The Board may retain external consultants or advisors to conduct searches for appropriate potential director candidates if necessary.

The Board will consider its size each year when it determines the number of directors to be nominated for election. The Board will identify and recommend new nominees as directors of the Corporation based upon the following considerations:

(i) the competencies and skills necessary for the Board as a whole to possess;

(ii) the competencies and skills necessary for each individual director to possess;

(iii) the competencies and skills which each new nominee of the Board is expected to bring; and

(iv) whether the proposed nominees to the Board will be able to devote sufficient time and resources to the Corporation.

Mr. Shawn Graham is the Chair of the Corporate Governance, Nominations and Compensation Committee and Mr. Dennis Moir and Mr. Norman Betts are members of such committee.

Compensation

The Corporate Governance, Nominations and Compensation Committee is responsible for making recommendations regarding remuneration of Directors. The details of the current director remuneration policy and details of the remuneration paid to Directors for the last fiscal year are set out earlier in this Circular under the heading *"Statement of Executive Compensation – Director Compensation"*.

The Corporation's Executive Compensation Program is administered by the Board of Directors upon the recommendations of the Corporate Governance, Nominations and Compensation Committee, including the appointment and remuneration of executive officers of the Corporation. The details of such remuneration are set out earlier in this Circular under the heading *"Statement of Executive Compensation"*.

Diversity of the Board and Senior Management

To date, the Corporation has not adopted a formal written diversity policy and has not established targets with respect to the appointment of individuals to the Board or senior management who are women, Indigenous peoples (First Nations, Inuit and Metis), persons with disabilities, members of visible minorities or who otherwise self-represent as being within designated groups (as that term is defined in the *Employment Equity Act* (Canada). While the Corporation believes that nominations to the Board and appointments to senior management should be based on merit, the Corporation recognizes that diversity supports balanced debate and discussion which, in turn, enhances decision-making and the level of representation of women, Indigenous peoples, persons with disabilities and members of visible minorities is one factor taken into consideration during the search process for directors and members of the executive and senior management.

In assessing potential directors and members of the executive or senior management, the Corporation focuses on the skills, expertise, experience and independence which the Corporation requires to be effective. Given the stage of development of the Corporation's business, the Board believes that the qualifications and experience of proposed new directors and members of senior management should remain the primary consideration in the selection process. The Corporation will include diversity (including the level of representation of members of designated groups) as a factor in its future decision-making when identifying and nominating candidates for election or re-election to the Board and for senior management positions.

Board Committees

The Corporation does not have any standing committees other than the Audit and Risk Management Committee and the Corporate Governance, Nominations and Compensation Committee.

The Audit and Risk Management Committee is responsible for monitoring the Corporation's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents, including the Corporation's annual audited financial statements and unaudited quarterly financial statements, and monitoring the performance and independence of the Corporation's external auditors. The Audit and Risk Management Committee is also responsible for reviewing with management the Corporation's risk management policies, the timeliness and accuracy of the Corporation's regulatory filings and all related party transactions as well as the development of policies and procedures related to such transactions.

The Corporate Governance, Nominations and Compensation Committee is responsible for, among other things: (i) annually reviewing, approving and recommending to the Board for approval the remuneration of the senior executives of the Corporation; (ii) reviewing and recommending to the Board for its approval the remuneration of directors; (iii) developing and submitting to the Board recommendations with regard to bonus entitlements, other employee benefits and bonus plans; (iv) reviewing on an annual basis the remuneration policies of the Corporation, including the total remuneration (including benefits) and the main components thereof for the directors and senior executives of the Corporation, and comparing such remuneration policies with the remuneration practices of peers in the same industry; (v) reviewing periodically bonus plans and any share-based compensation plans and considering these in light of new trends and practices of peers in the cannabis sector; (vi) identifying, evaluating and recommending Board candidates; (vii) evaluating Board structure and organization; and (viii) monitoring the effectiveness of and compliance with corporate governance policies and procedures.

In addition to the Audit and Risk Management Committee and the Corporate Governance, Nominations and Compensation Committee, independent committees will be appointed from time to time, when appropriate.

Assessments

The Board of Directors does not currently have a formal process for conducting annual assessments regarding the effectiveness of the Board of Directors itself and individual directors in fulfilling their responsibilities, as well as the adequacy of information provided to directors, communication between the Board of Directors and management and the strategic direction and processes of the Board of Directors.

Audit and Risk Management Committee Information

Composition of the Audit and Risk Management Committee

The Audit and Risk Management Committee of the Corporation is currently composed of the following three members: Norman Betts (Chair), Gaetan Lussier and Dennis Moir, each of whom has been determined by the Board of Directors to be independent.

Based on the education and breadth and depth of experience of each member of the Audit and Risk Management Committee, the Board of Directors has determined each such member to be financially literate.

Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit and Risk Management Committee that is relevant to the performance of his responsibilities as a member of the Audit and Risk Management Committee.

Norman Betts

Dr. Norman Betts is a Professor, Faculty of Business Administration at the University of New Brunswick (UNB), a Chartered Professional Accountant Fellow (FCA, FCPA) and a member of the Institute of Corporate Directors (ICD.D). A recognized leader in corporate governance and strategy, Dr. Betts has served on the boards of the Bank of Canada, Export Development Canada, New Brunswick Power, and Tembec Inc., as well as a number of emerging companies including Biotricity Inc. and Adex Mining Inc. He is also a co-chair of the board of trustees of the UNB Pension Plan for Academic Employees. He was Minister of Finance and Minister of Business New Brunswick with the Province of New Brunswick (1999-2003). He was awarded a PhD in Management from the School of Business at Queen's University in 1992.

Gaetan Lussier

Mr. Lussier was a deputy-minister for 18 years of which 12 years were in Ottawa with Agriculture-Canada and Employment and Immigration. He was also President of Weston Bakery (Quebec) and CEO of Culinar, both food companies. Mr. Lussier has extensive Board experience having sat as a Director on various boards including Shoppers Drug Mart. Presently, Mr. Lussier sits on the Board of Directors of Aux Fines Herbes and MS3Food Inc. Mr. Lussier received the Order of Canada in 1981 and brings various expertise to the Board of Canada House. Mr. Lussier holds a B.S.A, M Sc, PhD and O.C.

Dennis Moir

Mr. Moir is an accomplished financial and operational executive with significant experience in strategy formulation and mergers and acquisitions. Throughout his career, spanning over 3 decades, Mr. Moir has held various senior financial and operational management positions with some of Canada's more progressive technology and digital communication companies including Chief Financial Officer of PC DOCS Group International, BlueCat Networks and most recently Chief Financial Officer and Chief Operating Officer of CNW Group (a.k.a. Canada Newswire).

Mr. Moir has over 18 years of solid board experience both as an executive and non-executive director. His most recent board positions include Chair of Habitat for Humanity Greater Toronto Area. He also currently sits as director for De'Longi Canada Inc.

Mr. Moir holds a Bachelor of Commerce degree from the University of Toronto, and is a CPA, CA. He is also a member of the Institute of Corporate Directors and holds an ICD.D.

Audit and Risk Management Committee Charter

The responsibilities and duties of the Audit and Risk Management Committee are set out in the Audit and Risk Management Committee 's Charter, the text of which is attached as Schedule "D" to this Circular. The Charter was initially adopted on April 2, 2015 and amended and ratified by the Board of Directors on November 15, 2019.

Pre-Approval Policies and Procedures

The Audit and Risk Management Committee has not adopted any specific policies or procedures for the engagement of non-audit services.

AVAILABLE INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information about the Corporation is provided in the Corporation's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year.

Shareholders may request copies of the Corporation's financial statements and management's discussion and analysis by contacting the Corporation at 1-844-696-3349 or in person at 1773 Bayly Street, Pickering, Ontario, L1W2Y7.

OTHER MATTERS

Management of the Corporation is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Annual General and Special Meeting of Shareholders. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the Board of Directors of the Corporation.

DATED: June 28, 2023

BY ORDER OF THE BOARD OF DIRECTORS OF CANADA HOUSE CANNABIS GROUP INC.

(signed)

Dennis Moir
Chair of the Board

SCHEDULE "A"

DRAFT LISTING STATEMENT

LISTING STATEMENT

FORM 2A

[●], 2023 Draft

MTL CANNABIS CORP.

(formerly Canada House Cannabis Group Inc.)

This Listing Statement is intended to provide full, true and plain disclosure about the Issuer. It is not, and is not to be construed as, a prospectus. It has not been reviewed by a securities regulatory authority and no securities are being sold or qualified for distribution by the filing of this Listing Statement.

The Canadian Securities Exchange (the "**CSE**") has not approved of this Listing Statement or the transactions contemplated herein. Canada House Cannabis Group Inc. has applied to the CSE to list the issuer resulting from the transactions contemplated herein (MTL Cannabis Corp.) but the review of the application and this Listing Statement by the CSE is ongoing and the final Listing Statement may be amended in order for MTL Cannabis Corp. to meet the listing requirements of the CSE and to reflect other developments affecting MTL Cannabis Corp. prior to the filing of the final Listing Statement.

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Cautionary Note Regarding Forward-Looking Statements

Unless otherwise indicated, all information in this Listing Statement is given as of the Specified Date (as defined below). The information provided in this Listing Statement, including information incorporated by reference, may contain “forward- looking statements” about Canada House or MTL Cannabis or the Resulting Issuer (each as defined herein). In addition, the Resulting Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Resulting Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by Canada House, MTL Cannabis or the Resulting Issuer that address activities, events or developments that Canada House, MTL Cannabis or the Resulting Issuer expects or anticipates will or may occur in the future are forward- looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Investors are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of Canada House and MTL Cannabis at the time they were made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, risks identified under the heading “Risk Factors”. Although Canada House and MTL Cannabis have attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date given and Canada House and MTL Cannabis do not undertake any obligation to revise or update any forward-looking information other than as required by applicable law.

Consequently, all forward-looking statements made in this Listing Statement and other documents of Canada House or the Resulting Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Resulting Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Resulting Issuer and/or persons acting on the Resulting Issuer's “behalf may issue. The Resulting Issuer undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. Canada House believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, Canada House has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

Glossary of Terms

The following is a glossary of certain general terms used in this Listing Statement including the summary hereof. Note that the definitions included in the glossary many include other capitalized terms as also defined therein. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Terms and abbreviations used in the financial statements included in or appended to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

"**Abba**" means Abba Medix Corp.

"**Affiliate**" means a company that is affiliated with another company as described below.

A corporation is an "Affiliate" of another corporation if:

(a) one of them is the subsidiary of the other; or

(b) each of them is controlled by the same Person.

A corporation is "controlled" by a Person if:

(a) voting securities of the corporation are held, other than by way of security only, by or for the benefit of that Person; and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the corporation.

A Person beneficially owns securities that are beneficially owned by:

(a) a corporation controlled by that Person; or

(b) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

"**Archerwill**" means Archerwill Investments Inc., and investment fund based in Toronto, Canada who is a party to or owner of the Archerwill Instruments.

"**Archerwill 2022 Amendments**" means the amendments to the Archerwill Instruments agreed among Archerwill and Canada House on July 22, 2022.

"**Archerwill 2023 Amendments**" means the amendments to the Archerwill Instruments agreed, conditional on the Tranche Two Closing, among Archerwill and Canada House on June 28, 2023.

"**Archerwill Consideration Warrants**" means the warrant issuable pursuant to the Archerwill 2023 Amendments upon the Tranche Two Closing.

"**Archerwill Debenture**" means the five year $6,500,000, 8% convertible debenture issued to Archerwill on August 5, 2020, the principal and accrued interest of which are convertible at maturity into Common Shares at the option of Archerwill, as amended and restated on July 22, 2022, and further amended pursuant to the Archerwill 2023 Amendments.

"**Archerwill Instruments**" means the Archerwill Debenture, the Archerwill Loan Warrant, the Archerwill Consideration Warrant, and the Voting Rights Agreements.

"**Archerwill Loan Warrant**" means the warrant issued to Archerwill on August 5, 2020 and amended on July 22, 2022 and to be cancelled pursuant to the Archerwill 2023 Amendments.

"**Archerwill Prepayment Warrants**" means the warrants issuable pursuant to the Archerwill Debenture upon the agreed prepayment of the Archerwill Debenture.

"**Associate**" when used to indicate a relationship with a Person, means:

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;

(b) any partner of the Person;

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or

(d) in the case of a Person who is an individual:

(i) that Person's spouse or child; or

(ii) any relative of the Person or of his spouse who has the same residence as that Person.

"**Board**" or "**Board of Directors**" means the board of directors of Canada House or the Resulting Issuer as the context so implies.

"**Canada House**" means Canada House Cannabis Group Inc.

"**CBCA**" means the *Canada Business Corporations Act*, as amended.

"**CHC**" means Canada House Clinics Inc.

"**Circular**" means the information circular distributed by Canada House to its Shareholders in advance of its annual general and special meeting of the Shareholders to be held on July 16, 2023.

"**Common Shares**" means the common shares of Canada House before the Tranche Two Closing or the common shares of the Resulting Issuer following the Tranche Two Closing, as the case may be.

"**Company**" means Canada House or the Resulting Issuer, as the case may be.

"**Consideration Shares**" means the shares issued to the Vendors pursuant to the Tranche One Closing and to be issued to the Vendors on the Tranche Two Closing in partial satisfaction of the Purchase Price as further described in section 3.2.

"**CSE**" means the Canadian Securities Exchange.

"**Deemed Issued and Outstanding Basis**" means, as at the applicable measuring time, the number of Common Shares equal to the sum of:

(a) 22,788,427 (being the number of issued and outstanding Common Shares as at the Tranche One Closing); plus

(b) 22,779,340 (being the number of Consideration Shares that were issued on the Tranche One Closing); plus

(c) any Consideration Shares issued on the Tranche Two Closing (or with respect to calculating the number of Consideration Shares that will be issued on the Tranche Two Closing, the number of Consideration Shares that will be issued); plus

(d) any Anti-Dilution Event Consideration Shares that have been issued, and with respect to calculating the number of Anti-Dilution Event Consideration Shares that will be issued, such

Anti-Dilution Event Consideration Shares that will be issued, except that only 50% of any Common Shares (rounded up to the nearest whole Common Share) issued on account of the exercise of the Archerwill Prepayment Warrants shall be so included.

“**Disinterested Shareholders**” means the Shareholders who are not Interested Parties with respect to the Tranche Two Closing.

“**Earn-Out**” means the potential $5 million future cash payment to the Vendors in partial satisfaction of the Purchase Price as further described in item 3.1.

“**Facilities**” means the licensed facilities owned by Company’s wholly-owned subsidiaries, including a 22,000 sq. ft. indoor production facility in Pickering, Ontario owned by Abba and leased to Artisinal Cannabis Company, a 64,000 sq. ft. indoor production facility in Louiseville, Québec, and, following the Transaction, a 57,000 sq. ft. licensed facility of MTL Cannabis based in Montreal.

“**Finder’s Fee Shares**” means the 394,321 Common Shares issued in connection with the Tranche One Closing and 131,441 Common Shares to be issued in connection with the Tranche Two Closing, as further described in section 3.1.

“**Governmental Authority**” means any Canadian or foreign, federal, provincial, state, county, regional, local or municipal government, any agency, administration, board, bureau, commission, department, service, or other instrumentality or political subdivision of the foregoing, and any Person with jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or monetary policy (including any court or arbitration authority).

“**ICM**” means IsoCanMed Inc.

“**ICM Promissory Notes**” means the promissory notes in the aggregate principal amount of $12,500,000 issued on June 12, 2020 by Canada House to the vendors of the shares of ICM, bearing interest at 5% payable annually.

“**Interested Parties**” are the parties who would be considered as such under MI 61-101*,* in relation to the Tranche Two Closing.

"**Investor Rights Agreement**" means the investor rights agreement between Canada House and Archerwill dated August 5, 2020 and terminated effective August 30, 2022.

"**Licences**" means all licences, permits, approvals, orders, authorizations, registrations, findings of suitability, franchises, exemptions, waivers and entitlements issued or proposed to be issued by a Governmental Authority required for, or relating to, the conduct of the business of the Company.

“**Licensed Producer**” means a holder of a Licence to cultivate issued in accordance with the Cannabis Act and Cannabis Regulations.

“**Listing Statement**” means this listing statement of the Company filed with the CSE pursuant to its requirements and to advance approval of the listing of the Common Shares of the Resulting Issuer following the Transaction.

“**Meeting**” means the annual general and special meeting of the Shareholders to be held July 14, 2023 to conduct the matters outlined in the Circular.

"**MI 61-101**" means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*.

"**MTL Cannabis**" means Montréal Cannabis Médical Inc.

"**Name Change**" means the proposed amendment to the articles of incorporation of Canada House as outlined in the Circular, to be considered by the Shareholders at the Meeting, to effect the change of the name of Canada House to "MTL Cannabis Corp.".

"**Person**" means an individual, partnership, corporation, limited liability corporation, trust or any other entity.

"**Purchase Price**" means the total consideration paid by Canada House to acquire MTL Cannabis pursuant to the Agreement including *inter alia*, the Consideration Shares and the Earn-Out.

"**Pro Forma**" means on a basis which gives effect to the Tranche Two Closing.

"**Resulting Issuer**" means the Company following the completion of the Transaction, at which time it shall also execute the Name Change.

"**Share Consolidation**" means the consolidation, effective August 16, 2022, of the Common Shares on the basis of thirty (30) pre-consolidation shares for each one (1) post-consolidation share.

"**Share Exchange Agreement**" means the share exchange agreement signed as of August 9, 2021 among Canada House and MTL Cannabis, as restated on July 22, 2022 and on June 28, 2023.

"**Specified Date**" means May 31, 2023.

"**Tranche One Closing**" means the closing of the first tranche of the Transaction pursuant to which Canada House acquired 24.99% of the issued and outstanding shares of MTL Cannabis in exchange for 22,779,340 Consideration Shares.

"**Tranche Two Closing**" means the closing of the second tranche of the Transaction pursuant to which Canada House will acquire the remaining 75.01% of the issued and outstanding shares of MTL Cannabis in exchange for such number of Consideration Shares of Canada House as will result in the Vendors owning an additional estimated 70,713,556 Common Shares, or 80.0% of the issued and outstanding shares of the Resulting Issuer on a Deemed Issued and Outstanding Basis.

"**Transaction**" means collectively, the Tranche One Closing and the Tranche Two Closing, which together complete the proposed acquisition of MTL Cannabis by Canada House pursuant to the Share Exchange Agreement, as further described in the Circular and in section 3.2 of this Listing Statement.

"**Vendors**" means the securityholders MTL Cannabis who are to divest of their direct interests in it as part of the Transaction.

"**Voting Support Agreements**" means the agreements among Archerwill and certain Shareholders entered into on or around August 5, 2020 whereby such Shareholders agreed to vote against any "change of control" or sale transaction requiring Shareholder approval which would impair Archerwill's rights which Archerwill has agreed shall not include the Transaction.

"**VWAP**" means volume weighted average price.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

The head office of Canada House is located at 1773 Bayly Street Pickering, Ontario L1W 2Y7. The registered office of Canada House is 551 Rue Saint-Marc, Louiseville, Québec, J5V 2L4.

The registered and head office of MTL Cannabis is located at 4225 Autoroute Transcanadienne, Pointe-Claire, Québec, H9R 1B4.

The head office and registered offices of the Resulting Issuer will be 4225 Autoroute Transcanadienne, Pointe-Claire, Québec, H9R 1B4.

2.2 Jurisdiction of Incorporation

Canada House

Canada House was incorporated under the *Business Corporations Act* (British Columbia) on September 29, 1982 and continued under the CBCA on March 31, 1995. Canada House has been a reporting issuer in a jurisdiction of Canada for over 20 years and currently is, and following the Transaction will be, a reporting issuer under the laws of the provinces of British Columbia, Alberta, Ontario and Québec.

Canada House changed its name from “Saratoga Electronic Solutions Inc.” / “Solutions Électroniques Saratoga Inc.” to “Abba Medix Group Inc.” on May 4, 2015 and to “Canada House Wellness Group Inc.” on November 7, 2016, and to “Canada House Cannabis Group Inc.” on March 14, 2019. On August 16, 2022, Canada House completed the Share Consolidation on the basis of thirty (30) pre-consolidation shares for each one (1) post-consolidation share.

Further details regarding Canada House can be found under its SEDAR profile at www.sedar.com.

MTL Cannabis

MTL Cannabis was incorporated under the CBCA on April 27, 2017 under the name “Montréal Cannabis Médical Inc.” / “Montréal Medical Cannabis Inc.”.

MTL Cannabis is a private company and is not a reporting issuer in any jurisdiction of Canada.

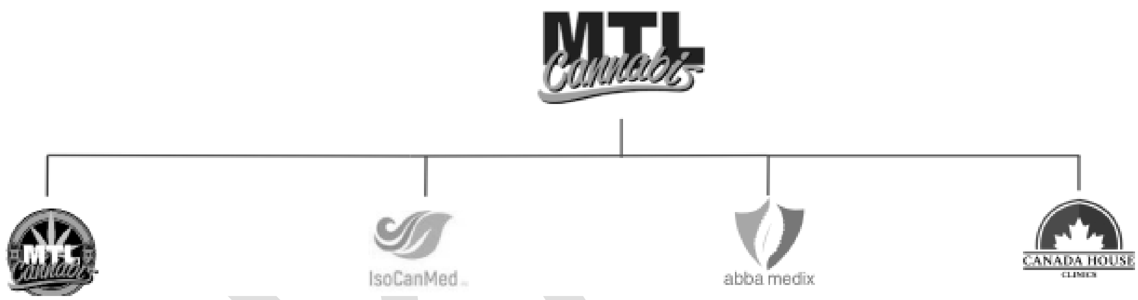
2.3 Inter-corporate Relationships

Canada House beneficially owns voting securities representing 100% of the votes attaching to all voting securities of each of its corporate subsidiaries, including Canada House Clinics Inc., Abba Medix Corp., and IsoCanMed Inc.

MTL Cannabis has no subsidiaries.

2.4 Corporate Structure following the Transaction

Pursuant to the Transaction, Canada House will acquire 100% of the voting securities of MTL Cannabis and effect the Name Change, changing its name from Canada House Cannabis Group Inc. to MTL Cannabis Corp. and become the Resulting Issuer. It is anticipated that the Resulting Issuer will be approved for trading on the CSE under the ticker symbol "MTLC". For further details on the Transaction see item 3.2 – *Significant Acquisitions and Dispositions*.



2.5 Non-corporate Issuers and Issuers incorporated outside of Canada

This section is not applicable to Canada House, MTL Cannabis or the Resulting Issuer.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

MTL Cannabis

MTL Cannabis is a privately owned Licensed Producer headquartered in Montreal, Québec and operating from a 57,000 sq. ft. licensed indoor grow facility in Pointe Claire, Québec.

As a flower-first company built for the modern street, MTL Cannabis uses proprietary hydroponic growing methodologies supported by handcrafted techniques to produce products that are truly craft for the masses. MTL Cannabis focuses on craft quality cannabis products, including lines of dried flower, pre-rolls and hash marketed under the "MTL Cannabis", "Low Key by MTL" and "R'belle" brands for the Canadian market through nine distribution arrangements with various provincial cannabis distributors. MTL Cannabis has also developed export channels for bulk and unbranded GACP quality cannabis, including for Portugal and Israel.

Significant events which have occurred over the past three year period ending March 31, 2022 and those which have occurred or are expected to occur during the current fiscal year are referenced below.

Licensing

- On February 2, 2022, MTL Cannabis' Licence was amended to permit it to sell cannabis products directly to provincially authorized distributors, allowing it to distribute cannabis products directly to wholesalers.

Supply Agreements

Domestic Supply Arrangements

- On October 14, 2021, MTL Cannabis entered into a licensing agreement with Abba pursuant to which MTL Cannabis would provide Abba wholesale product for distribution throughout Ontario.
- On October 14, 2021, MTL Cannabis entered into a licensing agreement with ICM pursuant to which MTL Cannabis would provide ICM wholesale product for distribution throughout Québec.
- On March 1, 2022, MTL Cannabis entered into a supply agreement with the Manitoba Liquor and Lotteries Corporation.
- On March 7, 2022, MTL Cannabis entered into a supply agreement with the Newfoundland and Labrador Liquor Corp.
- On March 7, 2022, MTL Cannabis secured its registration with the Saskatchewan Liquor and Gaming Authority allowing it to sell to provincially authorized purchasers.
- On March 30, 2022, MTL Cannabis entered into a supply agreement with the Liquor and Cannabis Regulation Branch (British Columbia).
- On September 23, 2022, MTL Cannabis entered into a supply agreement with the Cannabis Management Corporation, a subsidiary of the New Brunswick Liquor Corporation.
- On August 31, 2022, MTL Cannabis entered into a supply agreement with the Alberta Gaming & Liquor Commission.
- On January 10, 2023, MTL Cannabis entered into a supply agreement with the Nova Scotia Liquor Corporation.

International Export Arrangements

- On December 16, 2022, MTL Cannabis entered into an export agreement with a medical cannabis importer in Portugal, with the first shipment pursuant to such agreement being sent in April 2023.
- On March 23, 2023, MTL Cannabis entered into an export agreement with a medical cannabis importer in Israel.

Transaction between MTL Cannabis and Canada House

- On August 9, 2021, MTL Cannabis and its shareholders entered into the Share Exchange Agreement with Canada House in relation to the Transaction.
- In October 2021, MTL Cannabis provided a $1 million working capital loan to Canada House.
- On December 15, 2021, ICM entered into a loan agreement with MTL Cannabis pursuant to which ICM could borrow up to approximately $4.1 million from MTL Cannabis for the retrofit of ICM's Facility.

- On July 26, 2022, MTL Cannabis and its shareholder entered into a restatement of the Share Exchange Agreement with Canada House to, among other things, provide for the Closing to occur as a Tranche One Closing and a Tranche Two Closing.
- On August 30, 2022, MTL Cannabis and the Vendors completed the Tranche One Closing of the Transaction.
- On November 24, 2022, ICM commercialized its first crop using MTL Cannabis grow methodologies after the MTL Cannabis funded retrofit of the ICM Facility, and sold the bulk product to MTL Cannabis. MTL Cannabis has continued to purchase bulk product from ICM since such date.
- On June 28, 2023, MTL Cannabis and its shareholders entered into a second restatement of the Share Exchange Agreement with Canada House to, among other things, remove various conditions to the Tranche Two Closing.

Canada House

Canada House operates through its subsidiaries as outlined below.

- **IsoCanMed Inc**. is a Licensed Producer located in Louiseville, Québec. ICM has invested approximately $15M in a state-of-the-art 64,000-square-foot production facility, including its recently completed retrofit under the oversight of MTL Cannabis to deploy MTL Cannabis' proven cultivation methodologies. ICM's facility currently offers the potential for an annual production capacity of over 6,000 kg of low-cost dried flower focuses.
- **Abba Medix Corp.** is a Licensed Producer with a 22,000 sq. ft. state-of-the-art indoor production facility in Pickering, Ontario that primarily operates a medical cannabis marketplace while leveraging its cultivation and license assets for third parties. On March 6, 2023, the Company announced that it had decided to cease Abba's cultivation activities to allow Abba to focus on its medical marketplace while leasing its cultivation space to Artisanal Cannabis Company Inc. Abba has curated a product portfolio for medical patients including Veterans that also includes top products from other Licenced Producers.
- **Canada House Clinics Inc.** is a leading medical cannabis clinic in the Canadian medical cannabis market, operating 12 clinics (including both standalone and embedded locations inside third-party clinics) across the country that work directly with health care practitioners to provide specialized cannabinoid therapy services to patients suffering from simple and complex medical conditions.

Significant events which have occurred over the past three year period ending July 31, 2022 and those which have occurred or are expected to occur during the current fiscal year are referenced below.

Strategic Transactions and Developments

- On June 4, 2020, Canada House announced an exclusive genetic licensing agreement with InPlanta Biotechnology Inc. to bring VetStar Day™ and VetStar Night™ strains to Abba's licensed facility in Pickering, Ontario. Under the agreement, InPlanta, a leading Cannabis R&D company based in Lethbridge, Alberta, would partner with Canada House and Abba on the production of a veteran focused line of Cannabis products to be offered exclusively to registered Abba patients.
- On June 12, 2020, Canada House acquired 100% of the outstanding shares of ICM, a fully operational cannabis producer located in Louisville, Québec, for total consideration of $19,842,566. The consideration consisted of 273,461,452 Common Shares valued as $9,444,168 plus the assumption of debt via the issuance of the ICM Promissory Notes. The ICM Promissory Notes are secured by a general security agreement registered against the assets of ICM. Canada House has the right at any time to prepay all or any portion of the principal amount of the ICM Promissory Notes without penalty or interest.
- On October 26, 2020, Canada House announced that Abba entered into a Cannabis 2.0 distribution agreement with Rubicon Organics Inc. under which Abba would distribute Rubicon's line of concentrate products through its existing provincial distribution channels.

- On May 27, 2021, Canada House announced that CHC acquired 100% of the issued and outstanding shares of Margaree Health Group Inc., a medical cannabis clinic dedicated to Veterans in Nova Scotia, for cash consideration of $500K and a three year earn out measured against Margaree's revenue during the earn out period. Margaree services over 350 Veterans in Nova Scotia to provide education, required cannabis medical documents and associated treatment plans. Margaree patients will be served by CHC's Halifax clinic.
- On June 14, 2021, announced that Abba and MTL Cannabis entered into an exclusive agreement for Abba's distribution of MTL Cannabis' high grade dried flower to Abba's medical patient base.
- On August 9, 2021, Canada House announced the Share Exchange Agreement respecting the Transaction and that upon applicable approvals, Canada House would effect the Name Change and its shares would resume trading on the CSE under a related ticker symbol following Closing.

Operational Developments

- On September 3, 2019, Canada House announced that Abba had secured an amended sales license from Health Canada allowing for the sale of its own cannabis directly to patients and consumers.
- On October 1, 2019, Canada House announced that Abba had commenced sale of its Abba branded cannabis flower.
- On February 10, 2020, Canada House announced Abba had entered into a supply agreement with Alberta Gaming, Liquor and Cannabis for the supply of branded cannabis products to the adult-use market in the Province of Alberta. Under the supply agreement, Abba would initially offer recreational use products in 3.5-gram dried flower and 0.5-gram pre-rolled formats.
- On February 11, 2020, Canada House announced a supply agreement among Abba and the BC Liquor Distribution Branch, the sole wholesale distributor of non-medical cannabis for the province of British Columbia. Under the supply agreement, Abba would initially offer recreational use products in 3.5-gram dried flower and 0.5-gram pre-rolled formats.
- On March 25, 2020, in addition to reporting financial results for the third quarter of fiscal year 2020 it provided a business update relating to COVID-19. As cannabis is considered an essential service pursuant to related federal and provincial government directives, its CHC clinics and Abba would remain open for business while following government directives and best practices to reduce the risk of COVID-19 exposure and spread.
- On June 11, 2020, Canada House announced that entered into an agreement with Société Québécoise du Cannabis ("SQDC") and ICM to distribute ICM's cannabis products in Québec under the terms of ICM's existing Letter of Intent with the SQDC for the potential supply of 3,000 kg of cannabis product.
- On August 24, 2020, Canada House announced that Abba had received its amended sales license from Health Canada, allowing it to further expand its product offerings to the medical and recreational consumer markets with internally produced oil, concentrate, extract, topical and edible products.
- On September 2, 2020, Canada House announced that Abba had received authorization from the Autorité Marchés Publics to contract or subcontract with public bodies in the Province of Québec. The authorization is valid for three years in accordance with the Loi sur les contrats des organismes publics (LCOP), RLRQ, c. C-65.1.
- On October 5, 2020, Canada House announced the launch of ICM Air™ and ICM Terre™. The dried cannabis products are cultivated by ICM before being packaged and distributed by Abba.
- On December 16, 2020, Canada House announced that Abba had registered more than 500 medical patients in its first year of medical sales and that CHC had surpassed 3,000 active veteran medical registrations.
- On January 27, 2021, Canada House announced Abba's launch of Veterans Kush, a cultivar developed specifically for Veterans with PTSD. It was the first cultivar released under Abba's partnership with InPlanta Biotechnology and is available exclusively to registered Abba patients.

- On February 16, 2021, Canada House announced that Abba had surpassed 650 active medical patient registrations, 400 of which are military Veterans. The achievement of these milestones followed Abba's release of Veterans Kush, a cultivar developed specifically for Veterans with PTSD which has received strong praise from Abba's patient base, exclusively to registered Abba patients.
- On June 7, 2021, Canada House announced the change of its registered office to 551 Rue Saint-Marc, Louiseville, Québec, J5V 2L4, Canada.
- On July 6, 2021, Canada House announced that Abba had surpassed 1,000 active medical patient registrations, which had then grown from less than 600 in January 2021, representing patient growth of more than 67%.
- On November 26, 2021, Canada House announced that:
  - Its wholly owned subsidiaries, ICM and Abba have facilitated the successful launch of MTL Cannabis dried flower SKUs through four (4) of the nine (9) Canadian provinces in which they currently have distribution relationships. The initial launch includes MTL Cannabis's signature strain Sage n' Sour as well as an exclusive offering of Cookies n' Crème. Initial sales of MTL Cannabis SKUs through Abba and ICM's sales licenses have been strong and reflect MTL Cannabis' history as a top five selling dried flower SKU in almost all of the markets it has entered.
  - In addition to the above, MTL Cannabis had participated and has been successful in obtaining listings in various product calls from three of Canada's largest recreational markets. These accepted SKUs have launch dates on Canada House's licenses (ICM and Abba) between December 2021 and June 2022.
  - CHC has grown from under 3,100 Veterans in January 2021 to over 3,800 Veterans.
- On March 22, 2022, Canada House provided an update on the status of the Transaction and announced that:
  - Abba and MTL have secured new genetics testing in excess of 26% THC potency which are currently being cultivated at scale within MTL Cannabis' low-cost facility. These new genetics will complement previously accepted SKUs being launched in three of Canada's largest recreational markets on using Canada House's licenses (ICM and Abba).
  - MTL Cannabis agreed to fund capital expenditures related to the retrofit (the "**Phase 1 Retrofit**") of ICM's licensed production facility located in Louiseville, Québec, with the Phase 1 Retrofit being completed under the guidance of MTL Cannabis and converting the grow methodologies at the ICM facility to align with existing methodologies of MTL Cannabis.
  - Abba and CHC continue to grow their medical presence diligently and deliberately, driven by Abba's leading portfolio of medical cannabis products (which now includes topicals, suppositories and an even larger list of partners, brands and choices) and CHC's provision of leading cannabinoid therapy services. Abba's monthly medical cannabis sales have increased over 60% from summer of 2021 levels and have exceeded $500K monthly since Nov 2021. The recent launch of Abba's new bilingual shopping portal has led to increased functionality, higher reported satisfaction, and increased sales in Québec. As at such announcement, CHC had exceeded 4,000 veterans and Abba had reached 1,000 veterans showing continued success in serving this important segment. Abba daily medical sales exceeded $40K per day for the first time in March 2022.
- On May 30, 2022, Canada House announced the filing of a Notice of Change in Financial Year End on SEDAR to change its financial year end from April 30 to July 31 and that the annual audited financial statements for this transition year are for a 15-month period which includes the 3-month period starting May 1, 2022, to July 31, 2022.
- On August 25, 2022, Canada House announced that it officially adopted "Canada House Cannabis Group Inc." as its corporate legal name.
- On November 28, 2022, Canada House announced that:
  - It completed the Phase 1 Retrofit of ICM's facility such that ICM is now able to grow using the technologies and methodologies of MTL Cannabis.
  - Abba leased out its cultivation space to Artisinal Cannabis Company Inc. ("**Artisanal**"). With Abba now focusing on its medical marketplace, Canada House and MTL Cannabis decided to cease cultivation activities in Abba's cultivation facility in Pickering, Ontario and instead lease

the space to Artisanal, a craft cannabis producer exclusively focused on the cultivation of premium products.

- On March 6, 2023, Canada House and Artisanal announced a strategic alliance between the companies, and the launch of Artisanal's first products in the Ontario Cannabis Store, and on the Abba medical cannabis platform.
- On May 9, 2023, Canada House announced the departure of its Chief Executive Officer, Mr. Chris Churchill-Smith and the appointment of Mr. Alex Kroon, currently President of Medical of Canada House, as Interim Chief Executive Officer.

Financing & Equity Issuances

- On September 17, 2019, Canada House announced the closing of its previously announced convertible security financing for gross proceeds of $2,587,500. The $3,105,000 face value includes $517,500 of pre-paid interest with principal payable in 18 equal monthly payments beginning the in the seventh-month following closing, reduced by any amount converted into Common Shares at a price of $0.08 and at the discretion of the investor. Interest accrues monthly and may be satisfied either in Common Shares at the market price or in cash depending on certain elections of both the investor and Canada House. The funding agreement contemplates potential future advances of up to $14,587,500 in total under the agreement. In August 2020 the entire amount owing under this convertible security financing was repaid in full from the proceeds of the issuance of the Debenture.
- On January 21, 2020, Canada House announced the issuance of 30,000,000 Common Shares at a deemed price per share of $0.05 to each of Fabian Henry and Michael Southwell pursuant to separate debt settlement agreements respecting in aggregate $3,000,000 in earn-out obligations remaining from its 2016 acquisition of Marijuana for Trauma. The Common Shares were priced at 67% premium to the 10-day volume weighted average trading price of the Common Shares on the Canadian Securities Exchange for the period ended January 17, 2020.
- On March 4, 2020, and March 11, 2020, Canada House closed tranches of a non-brokered unit financing for aggregate gross proceeds of $2,725,600. Each unit consisted of one Common Share and one detachable Common Share purchase warrant of Canada House, exercisable into one Common Share at a (pre-Share Consolidation) price of $0.05 for a period of 36 months following the closing date of the offering (subsequently extended to December 31, 2026). The net proceeds from the offering were expected to be used for general operating and working capital purposes.
- On August 5, 2020, Canada House announced a strategic investment from Archerwill and the issuance of the Archerwill Debenture and the Archerwill Loan Warrant as well as the entering into of the Investor Rights Agreement.
- On December 24, 2020, Canada House closed a $2,000,000 non-dilutive term loan financing at an annual interest rate initially of 10%. The loan is secured by the property and assets of ICM, with the principal amount repayable at the end of one year. The term of this loan was extended to January 1, 2024 and interest rate increased to 12% per annum starting from January 1, 2023.
- On November 26, 2021, Canada House announced the issuance of a $700,000 principal amount 18% secured debenture to DMMB (Pty) Holdings Ltd. with a two-year term.
- On December 23, 2021, Canada House announced that, prior to the maturity of its outstanding convertible debentures with an aggregate principal value of $1,170,000 dated December 5, 2017 (the "2017 Debentures"), it proposed entering into convertible debenture amending agreements to: i) extend the maturity date of the 2017 Debentures to December 5, 2022; ii) increase the interest rate on the outstanding Principal from 8.5% per annum to 18.0% per annum from and after December 5, 2021; iii) remove right to convert obligations due under the 2017 Debentures into Common Shares; and, iv) otherwise reaffirm Canada House's obligations under the 2017 Debentures. Since the December 5, 2017 maturity date, Canada House has repaid an aggregate principal amount of $563,000 resulting in $607,000 of principal amount remaining outstanding under the 2017 Debentures with none of such amount being convertible into Common Shares.

- In July 2022, the maturity dates of the ICM Promissory Notes were amended such that $4,167,000 is due December 12, 2023, $4,167,000 is due June 12, 2024 and $4,167,000 is due December 12, 2024. On or prior to the Tranche Two Closing, such principal amounts due December 12, 2023 and June 12, 2024 are expected to be extended to August 1, 2024.
- On August 25, 2022, Canada House completed the Share Consolidation.
- In August 2022, various amendments to the Archerwill Debenture and the Archerwill Loan Warrant were effected, including an amendment of the conversion price of the Archerwill Debenture from $1.50 per Common Share (pre-Share Consolidation $0.05) to the lower of $0.90 per Common Share and the volume weighted average trading price of the Common Shares over the first 20 trading days following the resumption of trading on the CSE, subject to a minimum price of $0.50. The excise price of the Archerwill Loan Warrant was amended from $1.80 per Common Share (pre-Share Consolidation $0.06) to the lower of $1.20 per Common Share and 130% of the volume weighted average trading price of the Common Shares over the first 20 trading days following the resumption of trading on the CSE. In addition, the Investor Rights Agreement was terminated.
- On June 28, 2023, Canada House entered into the Archerwill 2023 Amendments.

The Resulting Issuer

Following the completion of the Tranche Two Closing and the Name Change, it is anticipated that Canada House shall continue operating the businesses of MTL Cannabis and Canada House, organized as outlined in section 2.4, and subject to conditional and final approval of the CSE, its Common Shares shall resume trading as MTL Cannabis Corp. under the ticker symbol "MTLC". As at the date of this draft Listing Statement, the Company has applied to the CSE to list the Resulting Issuer, but the review of the CSE remains ongoing. The final Listing Statement may be amended in order for the Resulting Issuer to meet the listing requirements of the CSE and to reflect other developments affecting MTL Cannabis Corp. prior to the filing of the final Listing Statement.

3.2 Significant Acquisitions and Dispositions

Effective on August 30, 2022, in accordance with the terms of the Share Exchange Agreement, Canada House completed the Tranche One Closing pursuant to which it acquired 24.99% of the issued and outstanding shares of MTL Cannabis in exchange for Consideration Shares constituting 49.99% of the issued and outstanding shares of Canada House.

Canada House now proposes to complete the Tranche Two Closing pursuant to which it will acquire the remaining 75.01% of the issued and outstanding shares of MTL Cannabis in exchange for such number of Consideration Shares of Canada House as will result in the Vendors owning 80.0% of the issued and outstanding shares of the Resulting Issuer on a Deemed Issued and Outstanding Basis.

The issuance of the Consideration Shares due on the Tranche Two Closing is subject to a number of conditions as outlined below (and detailed within the terms and conditions of the Share Exchange Agreement, available on Canada House's SEDAR profile at www.sedar.com), including:

- approval of the Tranche Two Closing by the Disinterested Shareholders of Canada House; and
- approval of the Transaction by the CSE.

In addition, the Purchase Price includes the Earn-Out, a performance-based cash earnout payment of $5 million payable to the Vendors, conditional upon MTL Cannabis, operating as a subsidiary of the Resulting Issuer, achieving at least $30,000,000 in gross revenue from the production facilities of MTL

Cannabis and ICM, net of excise tax, for each of the first twelve and the second twelve-month periods following the Tranche Two Closing.

Upon Closing, Canada House will change its legal name to and operate as MTL Cannabis Corp., the Resulting Issuer, with its Common Shares to trade on the CSE under the ticker symbol "MTLC". The anticipated corporate organizational chart of the Resulting Issuer is included above in item 2.4.

Canada House agreed to pay a finder's fee of $100,000 in cash and by the issuance of the Finder Fee Shares to certain arms'-length third parties who assisted in introducing the Transaction opportunity to Canada House. As at the date hereof, 75% of such finder's fee, being $75,000 in cash and 394,321 Finder's Fee Shares, have been paid or issued, as applicable, in connection with the Tranche One Closing and the remaining $25,000 and an estimated 131,441 Finder's Shares is to be paid or issued, as applicable, in connection with the Tranche Two Closing. The Finder's Fee Shares are subject to a four-month-and-one-day statutory hold period from the date of issuance in accordance with applicable securities laws.

For an analysis on the effect the Transaction on the operating results and financial position of the Resulting Issuer, see item 5 – *Selected Consolidated Financial Information* and Schedule A – *Pro Forma Financial Statements* of this Listing Statement. Further details regarding the Resulting Issuer following completion of the Transaction are set out herein this Listing Statement.

Cormark Securities Inc. provided a preliminary fairness opinion to the Board of Directors of Canada House on August 8, 2021 but was not able to render a final written opinion as it would not do so without audited financial statements of MTL Cannabis that formed part of the review undertaken in connection with the fairness opinion process.

Evans & Evans Inc. provided a fairness opinion to the Board of Directors of Canada House in 2023, stating that, based upon and subject to the assumptions, qualifications and limitations contained therein, the Transaction is fair, from a financial point of view to Canada House's shareholders. This fairness opinion does not constitute a formal valuation under Canadian securities laws.

3.3 Trends, Commitments, Events or Uncertainties

The cannabis industry has experienced a surge in industry competition, revenue and investment over the last several years due, in part, to changes to the regulatory framework governing the cultivation and distribution of cannabis and consumer trends toward the use of alternative forms of medical treatments such as cannabis. When the federal Cannabis Act came into effect in late 2018, Canada became the second country in the world, after Uruguay, and the only G20 nation, to legalize the cultivation, possession, acquisition and consumption of cannabis and its products for adult-use. The legal regime in Canada further liberalized when the sale of edibles, drinks, vapes, concentrates, and topicals became lawful under the federal Cannabis Act in late 2019. The Company believes that the growing demand for the industry's products will continue over the next decade as a result of increasing awareness and acceptance of the safety and efficacy of the medicinal properties of cannabis and the movement of demand for illicit adult-use cannabis into legal markets, both within Canada and internationally.

Although an increasing percentage of Canadians use cannabis products to alleviate pain and to treat other health conditions, physician attitudes toward prescribing medical cannabis remains cautious. Canada House and MTL Cannabis believe that only a small percentage of Canadian doctors consider cannabis as a therapeutic alternative for their patients, and an even smaller core group of medical practitioners are active and significant prescribers. The Company expects a continued trend toward increased investment in education and research, which should contribute to physician awareness and help the medicinal market grow over time.

See item 17 – *Risk Factors.*

REGULATORY FRAMEWORK OF CANNABIS IN CANADA

Cannabis in Canada is subject to a complex regulatory framework arising from federal, provincial, and territorial legislation. The federal Cannabis Act and Cannabis Regulations provide the framework for legal access to medical and non-medical cannabis, and control and regulate its production, distribution, sale, import and export. The provinces and territories have enacted legislation to control and regulate how non-medical cannabis is distributed and sold within their respective jurisdictions. Canada's regulatory framework for cannabis is constantly evolving and Health Canada, provincial and territorial regulators frequently release and update guidance to assist the industry in interpreting and applying the laws to their operations.

Licensing

The Cannabis Regulations establish six classes and various sub-classes of licenses that authorize specific activities, namely: (1) cultivation (standard cultivation, micro-cultivation, nursery); (2) processing (standard processing, microprocessing); (3) sales (sale for medical purposes); (4) analytical testing; (5) research; and (6) and cannabis drug license. Licensing requirements and authorized activities vary by class and sub-class, and authorized activities can also be narrowed by conditions described in individual licenses when they are issued. Health Canada is responsible for reviewing and approving all federal licensing applications. While Health Canada does provide service standards for new applications, renewals, and amendments, they are not guaranteed and may not always be met by the ministry. The volume of applications in queue or under review by Health Canada, the complexity of an application or amendment, and the quality of the submission, among other factors, can impact the duration of the review process, creating uncertainty in timelines. After a license is issued, it is the holder's responsibility to comply with all applicable requirements in the Cannabis Act and Cannabis Regulations, including periodic inspections by Health Canada to ensure continued compliance.

Security Clearances

Certain people associated with cannabis licensees, including individuals occupying a "key position" such as directors, officers, large shareholders, and individuals identified by the Minister of Health, must hold a valid security clearance issued by the Minister of Health (the "Minister"). The Minister may refuse to grant security clearances to individuals with organized crime associations or past convictions for, or in association with, drug trafficking, corruption, or violent offences. Individuals who have a history of nonviolent, lower-risk criminal activity. For example, simple possession of cannabis, or small-scale cultivation of cannabis plants are not precluded by legislation from participating in the legal cannabis industry, and the granting of security clearance to such individuals is at the discretion of the Minister.

Cannabis Tracking System

The Cannabis Tracking and Licensing System ("CTLS") was established by Health Canada to, among other things, track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the illicit market. Under the CTLS, holders of a cultivation, processing and/or sale for medical purposes license are required to submit monthly reports to Health Canada setting out inventory levels of finished and unfinished cannabis for each cannabis class.

Cannabis Products

The Cannabis Act differentiates between cannabis depending on its form (referred to as "classes" of cannabis in the Cannabis Act) and only permits the sale of specified classes of cannabis. Upon enactment of the Cannabis Act on October 17, 2018, these classes included dried cannabis, fresh cannabis, cannabis plants, cannabis seeds, and cannabis oil. On October 17, 2019, edible cannabis, cannabis extracts and cannabis topicals were added to the authorized classes of cannabis. Cannabis oil was subsumed into cannabis extracts and ceased to exist as a standalone class as of October 17, 2020.

Health Products and Cosmetics Containing Cannabis
Health Canada has taken a scientific, evidence-based approach to the oversight of health products with cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs and veterinary health products, and medical devices. Per Health Canada's Cosmetic Ingredient Hotlist, the use of cannabis species (hemp) derivatives (other than certain hemp seed derivatives containing no more than 10 parts per million THC) in cosmetics, are permitted, subject to the provisions of the Cosmetic Ingredient Hotlist and the Industrial Hemp Regulations.

Packaging and Labelling
The Cannabis Regulations set out a comprehensive approach to the packaging and labelling of cannabis products. This approach helps to promote informed consumer choice and encourage the safe handling and storage of cannabis. All cannabis products must be packaged in plain packaging that is child-resistant and tamper-evident and displays a variety of information such as the standardized cannabis symbol, THC and CBD potency, and prescribed health warning messages.

Promotion
The Cannabis Act and Cannabis Regulations outline several prohibitions that can potentially apply to anyone who may be involved in the promotion of cannabis, cannabis accessories and services related to cannabis, or related activities. These prohibitions are intended to protect public health and safety, including by protecting the health of young persons by restricting their access to cannabis, and young persons and others from inducements to use cannabis.

Cannabis for Medical Purposes
The Cannabis Regulations set out the regime for medical cannabis under the Cannabis Act. Patients who obtain the authorization of their healthcare practitioner have access to medical cannabis, either purchased directly from the holder of a sale for medical purposes license, or by registering to produce a limited amount of cannabis for their own medical purposes or designating someone to produce cannabis for them. Starting materials for personal production, such as plants or seeds, must be obtained from a license holder.

Canada House, both through CHC's clinics and Abba's medical marketplace, derives revenues related to servicing veterans with insured coverage from Veterans Affairs Canada as administered by Blue Cross. Significant changes in coverage or adjudication of veterans' benefits related to medical cannabis would have a material impact on the medical cannabis portion of Canada House's business.

Provincial and Territorial Regulatory Regimes
Provinces and territories are authorized to license and oversee the distribution and sale of non-medical cannabis to adult consumers in their respective jurisdictions. As a result, regulations pertaining to the sale and distribution of non-medical cannabis vary from province to province and territory to territory. The Cannabis Act prohibits individuals aged 18 years or older from possessing more than 30 grams of dried cannabis or its equivalent in public and from the personal cultivation of more than four plants at any one time. Provinces and territories have the flexibility to increase the minimum age of consumption, lower possession limits, and set added requirements on personal cultivation within their respective jurisdictions. Provinces and territories can also restrict where cannabis can be consumed in public.

The following chart outlines basic details regarding the current regulatory regime by province and territory. the possession limit of 30 grams remains unchanged in all provinces.

Province / Territory	Legal Age	Where Legal to Purchase
Alberta	18	Private licensed stores or government-operated online store
British Columbia	19	Government-operated stores or online, or private licensed stores
Manitoba	19	Private licensed stores or online
New Brunswick	19	Government-operated stores or online
Newfoundland and Labrador	19	Private licensed stores or government-operated online store
Northwest Territories	19	Government-operated stores or online
Nova Scotia	19	Government-operated stores or online
Nunavut	19	Government-operated online store
Ontario	19	Private licensed stores or government-operated online store
Prince Edward Island	19	Government-operated stores or online
Québec	21	Government-operated stores or online
Saskatchewan	19	Private licensed stores or online
Yukon	19	Government-operated online store or private licensed stores

Status of Regulatory Framework in the United States
Neither Canada House nor MTL Cannabis currently has any direct or indirect cannabis investments in the United States, where cannabis remains federally illegal.

INTERNATIONAL OPPORTUNITIES
In addition to Canadian domestic operations, as international medicinal demand grows, the Resulting Issuer will continue to pursue international opportunities, including further opportunities to export its products to other countries and further opportunities to enter international alliances with local partners. However, in the near term the Resulting Issuer expects the material portion of its revenue to continue to be derived from Canadian domestic sales and services.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1.1 Narrative Description of Canada House's Business

Business of the Resulting Issuer

Operating Segments

The business of the Resulting Issuer will operate as a combination of the businesses currently conducted by MTL Cannabis and Canada House. MTL Cannabis currently has one reportable and operating segment, which focuses primarily on cultivating and distributing cannabis related products and services in compliance with all applicable federal and provincial laws and deriving its revenue from such activities. Canada House currently has two reportable and operating segments, one of which focuses primarily on cultivating and distributing cannabis related products and services in compliance with all applicable federal and provincial laws and deriving its revenue from such activities and the second of which is the operation of cannabis medical clinics. Going forward as the Resulting Issuer, the Company expects to maintain the same two reportable and operating segments as currently maintained by Canada House.

a) Business Objectives

The Company expects to continue MTL Cannabis' historical tradition of focusing on organic growth and in-sourcing production, while driving operating efficiencies. In addition, the Company expects to continue its incremental growth of the medical business with acquisitions or establishments of additional clinics, pursuing other segments of insurance coverage, and the growth of the Abba medical marketplace with partnership with third-party clinics.

b) Milestones

The key constituent milestones or events that will need to be reached to accomplish the objectives are listed below along with the targeted timelines and expected costs associated with reaching each.

Objectives	Milestones	Target Date	Estimated Cost
Continue focus on historical success of organic growth and in-sourcing production	Complete Phase Two of the retrofit for the ICM Facility, to expand ICM's cultivation, processing and office space by 16,227 sq. ft. to 64,000 sq. ft.	Q2 to Q4 FY 2024	$1,135,000
	Continued investment in sales and marketing efforts to further drive sales	Q2 FY 2024	$50,000
Medical business growth	Secure access to additional clinic in Québec	Q2 FY 2024	$100,000
Total Cost			1,285,243

c) Total Funds Available

The estimated Pro Forma working capital deficit of the Resulting Issuer as at the Specified Date, after giving effect to the Transaction as if it had been completed on that date, is approximately $3,467,000.

The Tranche Two Closing, including certain amendments to the Archerwill Instruments effective concurrently with the Tranche Two Closing, has been reviewed and considered by Company and is expected to improve the Company's statement of financial position and prospects going forward (including the ability of the Company to meet its short-term liquidity requirements), for the benefit of all stakeholders.

The Company had positive cash flow from operating activities for the six-months ended January 31, 2023 and negative cash flow from operating activities for the 15-month period ended July 31, 2022. MTL Cannabis had negative cash flow from operating activities for the nine-months ended December 31, 2022 and positive cash flow from operating activities for the 12-month period ended March 31, 2022. However, the Resulting Issuer may have certain short term liquidity requirements, including the funding of a portion of the ICM Promissory Notes in the twelve months after the Tranche Two Closing and the Resulting Issuer may require additional funds in order to satisfy its working capital deficit, or pursue and fulfill such other business objectives and may seek to issue additional securities or incur debt in order to do so. There can be no assurance that additional funding required by the Resulting Issuer in order to pursue such additional objectives will be available, if required. Canada House has historically relied upon financings to satisfy its capital requirements. The Resulting Issuer is expected to have cash flow from operations, access to equity and debt financing from prospectus exempt (private placement) and or public markets and loan financings and refinancings. However, there can be no assurance that additional sources of funding will be available to the Resulting Issuer when needed or on terms which are acceptable.

d) Use of Funds

The following table sets out the proposed use of the available funds by MTL in the 12 months following the Transaction and after giving effect thereto.

Principal Uses of Available Funds	Amount
Milestone related costs	$1,285,000
Working capital deficit as at the Specified Date(1)	$3,467,000
Professional, audit and legal fees	$500,000
Management, employee and consulting fees	$3,000,000
General Corporate Purposes(2)	$500,000
Total	$8,752,000

Notes:

(1) The Pro Forma working capital deficit as at the Specified Date includes certain current liabilities related to the Company's sales, general and administrative expenses not otherwise included in the table, such as $1.3 million in current lease liabilities with respect to real property and vehicles.

(2) General corporate purposes includes $125,000 related to insurance; $300,000 related to office; and $75,000 related to other general corporate expenses.

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. It is anticipated that anticipated cash flows from its operations will be sufficient to satisfy the achievement of the significant events and milestones as are set forth above and satisfy the Resulting Issuer's working capital deficit during the 12-month period following completion of the Transaction. However, the amounts shown in the table above are estimates only and are based on the information available to the Resulting Issuer as of the date of this Listing Statement.

Given the fact that the legal cannabis industry is quickly evolving and highly competitive, it is difficult at this time to definitively project revenue or the precise amount of funds required to complete the planned undertakings of the Resulting Issuer. For these and other reasons, management considers it to be in the best interests of the Resulting Issuer to permit management a reasonable degree of flexibility as to how the Issuer's funds are deployed among the above uses and/or to pursue other business objectives including without limitation, the buildout and expansion of the Resulting Issuer's existing or new product lines or service offerings, the building out and expansion of the Resulting Issuer's fixed assets or production or processing capacity, or the acquisition of other businesses and/or product lines or service offerings.

4.1.2 Principal Products & Services

The principal products and services of the Resulting Issuer are expected to be those products and services of MTL Cannabis and Canada House set forth above under Item 3.1 – *General Development of the Business*.

a) Methods of Distribution and Principal Markets

Cultivating and Distributing Cannabis Related Products

The Cannabis Act provides provincial, territorial and municipal governments with the authority to prescribe regulations regarding retail and distribution of adult-use cannabis. As such, the distribution model for adult-use cannabis is prescribed by provincial and territorial regulations and differs by jurisdiction. However, all provinces and territories use some combination of government run and government authorized private retailers and distributors. All of the Company's adult-use sales are conducted according to applicable provincial and territorial legislation and through applicable local agencies.

In addition, pursuant to the Cannabis Act, direct business-to-business sales between Licensed Producers and exports to foreign jurisdictions for scientific or medical purposes are permitted. The Company has and expects to continue to make bulk sales from time to time through such channels as inventory and demand requires.

The Cannabis Act also permits direct sales to approved medical patients. The Company, through its wholly-owned subsidiary Abba, operates a medical cannabis marketplace leveraging its licensed producer medical sales license. Abba purchases medical cannabis products from over 20 third-party Licensed Producers and sells them to registered patients referred to Abba by CHC and third-party independent clinics. Abba distributes over 150 different medical cannabis products, including dried flower and hash produced by MTL, to medical patients through secured shipping methods, such as Canada Post or Purolator.

See item 3.3 – *Regulatory Framework of Cannabis in Canada* for further details.

Medical Clinic Services

CHC operates a network of clinics in Canada which generates revenues from services related to the intake of medical cannabis patients, assisting with the educational, administrative and prescription requirements to support patients become approved by Health Canada, and setting up patients as registered patients with specific Licensed Producers to allow for procurement of medical cannabis products in line with their respective prescriptions. The largest client segment for CHC are Veterans with insurance coverage for medical cannabis.

b) Revenue from certain parties

In each of the last two fiscal years, on a Pro Forma basis, the Resulting Issuer did not derive more than 15% of its revenue from sales or transfers to joint ventures, controlling shareholders or investees, but rather derived all such revenue from other customers.

c) Stage of Development

This section is not applicable to the Resulting Issuer.

4.1.3 Production and Sales

a) Methods of producing or providing principal products

The Company, through its wholly-owned subsidiaries, is fully licensed to cultivate, process and sell cannabis products from its Facilities, in which it manages its entire production process from seed to harvest and packaging.

b) Premises

Terms of material leases or mortgages of the Resulting Issuer are outlined in the table below.

Location	Lease or Mortgage	Good Standing	Payment Terms *($/ Net Rent month)*	Expiry Date	Renewal Terms	Is Landlord a Related Party
MTL Cannabis Facility Pointe-Claire, QC	Lease	Yes	$94,377	April 1, 2028	Option to renew for a further 5 years	Yes
MTL's head office	Lease	Yes	$81,307	April 1, 2028	Month-to-month upon expiry of term	Yes
Abba Facility Pickering, ON	Lease	Yes	$25,870	January 31, 2029	Month-to-month upon expiry of term	No
ICM Facility Louiseville, QC	Mortgage	Yes	$11,667	January 1, 2024	N/A	No

c) Specialized Skills

The success of the Company is dependent upon the ability, expertise, judgement, discretion, and good faith of its senior management and the Board. The Company's future success depends on its continuing ability to attract, develop, motivate, and retain such personnel. Qualified individuals, including those with knowledge and experience in the cannabis industry, are in high demands and the Company may incur significant costs to attract and retain them.

As a Licensed Producer under the Cannabis Act, individuals occupying a "key position" with the Company, such as officers and directors and each member of the executive management team, are subject to a security clearance by Health Canada. A failure by one of these individuals to maintain or renew his or her security clearance could result in a reduction or complete suspension of certain operations.

A primary specialized skill unique to the cannabis industry is with respect to the cultivation of the product. While background in greenhouse growing may be helpful, a background with substantial experience in growing cannabis is required to grow high quality product at scale. Individuals with these specialized skills are employed by the Company and are readily available to the Company.

The medical cannabis sector across Cannabis clinics and Licensed Producers have unique business and medical operation characteristics. Individuals with these specialized skills are employed by the Company and are readily available to the Company.

In addition, the Company's Facilities are required to be in compliance with the Cannabis Act and any directives issued by Health Canada, which include strict security measures, equipment required to manage and test product quality. In order to ensure compliance with all of the Health Canada regulatory requirements, the Company must employ various personnel with regulatory expertise. While a background in the cannabis industry is not necessary for these purposes, experience in other regulated industries will assist the Company to remain compliant with the complex and rapidly evolving regulations in the industry. Individuals with this experience and skill are employed by the Company and are readily available to the Company.

d) Inputs

The Resulting Issuer sources and grows substantially all of its input cannabis materials from product grown at its own Facilities. In addition, with respect to its medical patient channels, the Company sources cannabis material from other Licensed Producers in Canada through various negotiated short and long-term purchase arrangements.

e) Intangible Properties

The ownership and protection of the Company's intellectual property is key to the Company's continued success. The Company's intangible assets are protected through trade secrets, technical know-how, and proprietary information. The Company's intellectual property is protected by seeking and obtaining registered protection (including trademarks) where possible, developing and implementing standard operating procedures and entering into agreements with parties which have access to the Company's inventions, trade secrets, technical know-how, and proprietary information such as business partners, collaborators, employees, and consultants, to protect the Company's confidentiality and ownership of its intellectual property. The Company preserves the integrity and confidentiality of its inventions, trade secrets, trademarks, technical know-how, and proprietary information by maintaining physical security of the Company's premises and physical and electronic security of the Company's information technology systems.

f) Seasonality / Cyclicality

The Resulting Issuer's business is not expected to be materially impacted by seasonality.

g) Changes to Contracts

The Resulting Issuer's business is not expected to be materially impacted by any termination of renegotiation of contracts in the 12 months subsequent to the completion of the Transaction. The Resulting Issuer does, however, expect the normal course renewal and potential related renegotiation of various contracts in the ordinary course of business, such as with respect to the leases for CHC's clinics and various supply arrangements with provincially authorized distributions.

h) Environmental Protection

Environmental protection requirements are not expected to have a material impact on the capital expenditures, earnings or competitive position of the Resulting Issuer.

i) Employees

The number of employees of Canada House as of July 31, 2022, its most recent fiscal year end was 102.

The number of employees of MTL Cannabis as of March 31, 2022, its most recent fiscal year end was 127.

As of the Specified Date, the Resulting issuer would have had 245 employees on a Pro Forma basis.

j) Foreign Operations

The Resulting Issuer is not anticipated as of Tranche Two Closing to maintain any physical premises located outside of Canada. It is anticipated to continue sourcing or supplying various products from or to various parties located outside of Canada, but is not materially dependent upon any foreign operations.

k) Substantial Contracts

Other that those leases with respect to the Facilities scribed under "*Premises*" above and the various supply arrangements with provincially authorized distributors entered into from time to time, as of Tranche Two Closing the Resulting Issuer is not expected to be substantially dependent on any contracts.

4.1.4 Competitive Conditions and Position

As of the date of this Listing Statement, Health Canada has a total of 970 companies on its list of license holders which includes duplicate sites for some Licensed Producers. There are also a number of unlicensed growers of cannabis who have or may seek to obtain some form of license under the Cannabis Act. On May 8, 2019, Health Canada also introduced changes to the cannabis licensing process. Under the new approach, Health Canada required new license applicants to have a fully built site that meets all the requirements of the Cannabis Regulations at the time of their application. The Company believes that the stringent application and compliance requirements may prove onerous or expensive for some applicants.

In addition, there are illegal growers and retailers operating in the black market that, while operating illegally, still act as competitors to the Company by diverting customers away from the legal cannabis market.

The Company believes that its leadership team, brand strategy, and commitment to premium quality cannabis products will enable the Company to establish and retain a strong and sustainable position in the market. See "*Risk Factors*" for additional information.

4.1.5 Lending and Investment Policies and Restrictions

The Resulting Issuer does not intend to engage in lending and has not adopted any such investment policies.

4.1.6 Bankruptcy and Receivership

Canada House, its subsidiaries and MTL Cannabis have not, in their respective current fiscal year or any of their past three fiscal years, been the subject of any voluntary or involuntary bankruptcy, receivership or similar proceeding.

4.1.7 Material Restructuring

Other than the Transaction described in section 3.2, neither Canada House nor MTL Cannabis have been involved in any material restructuring transactions over the last three fiscal years and neither they nor the Resulting Issuer anticipate any material restructuring transaction during their respective current financial year.

4.1.8 Social and Environmental Policies

As of the Tranche Two Closing, the Resulting Issuer is not anticipated to have any formal social or environmental policies in place that are fundamental to its operations.

4.2 Asset Backed Securities

As of the Tranche Two Closing, the Resulting Issuer will not hold any asset backed securities.

4.3 Companies with Mineral Projects

As of the Tranche Two Closing, the Resulting Issuer will not hold any mineral projects.

4.4 Companies with Oil and Gas Operations

As of the Tranche Two Closing, the Resulting Issuer will not hold any oil and gas operations.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Select Annual and Interim Financial Information

Canada House

The following table sets out selected financial information of Canada House for the fifteen-month fiscal year ended July 31, 2022, each of the twelve-month fiscal years ended April 30, 2021 and 2020 and the six-month interim period ending January 31, 2023. This selected financial information has been derived from and should be read in conjunction with the financial statements for the applicable periods, attached as Schedule "B".

Canada House *In thousands of Canadian dollars, except per share amounts.*	**As of and for 12-Month Fiscal Year ended April 30, 2020** *(audited)*	**As of and for 12-Month Fiscal Year ended April 30, 2021** *(audited)*	**As of and for 15-Month Fiscal Year ended July 31, 2022** *(audited)*	**As of and for Six-Months ended January 31, 2023** *(unaudited)*
Summary Operating Results				
Revenue	$5,334	$11,880	$30,175	$14,919
Net Revenue (Revenue less Excise Tax)	$5,310	$10,560	$26,666	$13,800
Net income (loss)	($9,520)	($11,365)	($11,093)	$696
Basic and Diluted (1) Loss per share	$(0.90)	($0.52)	($0.49)	$0.00
Cash Dividends *per share*	*nil*	*nil*	*nil*	*nil*

Canada House *In thousands of Canadian dollars, except per share amounts.*	**As of and for 12-Month Fiscal Year ended April 30, 2020** *(audited)*	**As of and for 12-Month Fiscal Year ended April 30, 2021** *(audited)*	**As of and for 15-Month Fiscal Year ended July 31, 2022** *(audited)*	**As of and for Six-Months ended January 31, 2023** *(unaudited)*
Balance Sheet Data				
Total Assets	$14,428	$36,992	$34,049	$43,149
Total Liabilities	$9,354	$30,119	$37,802	$44,049

Note: (1) Adjusted to give effect to the Share Consolidation.

MTL Cannabis

The following table sets out selected financial information of MTL Cannabis for the fiscal years ended March 31, 2020, 2021 and2022 and the nine-month interim period ending December 31, 2022. This selected financial information has been derived from and should be read in conjunction with the financial statements for the applicable period, attached as Schedule “D”.

MTL Cannabis *In thousands of Canadian dollars, except per share amounts.*	**As of and for Fiscal Year ended, March 31, 2020** *(unaudited)*	**As of and for Fiscal Year ended March 31, 2021** *(audited)*	**As of and for Fiscal Year ended March 31, 2022** *(audited)*	**As of and for the Nine-Months Ended December 31, 2022** *(unaudited)*
Summary Operating Results				
Revenue	$259	$14,016	$26,074	$20,533
Net Revenue (Revenue less Excise Tax)	$259	$13,358	$22,151	$16,376
Net income (loss)	$816	$715	$2,202	$(1,881)
Basic and Diluted net income per share	$81.59	$71.50	$220.16	$(188.05)
Cash Dividends per share	*nil*	*nil*	*nil*	*nil*
Balance Sheet Data				
Total Assets	$5,463	$17,365	$23,769	$24,670
Total Liabilities	$4,626	$15,813	$20,016	$22,797

Resulting Issuer

The following table sets out certain selected financial information of the Resulting Issuer for the fiscal year ended March 31, 2022 and the nine-month interim period ending December 31, 2022. This selected financial information has been derived from and should be read in conjunction with the financial statements for the applicable period, attached as Schedule “A”.

Resulting Issuer *In thousands, except per share amounts.*	**As of and for Fiscal Year ended March 31, 2022** *(audited)*	**As of and for the Nine-Months Ended December 31, 2022** *(unaudited)*
Summary Operating Results		
Revenue	$42,046	$30,708
Net income (loss)	($6,356)	($2,321)
Basic and Diluted Loss per share	($0.05)	($0.02)
Cash Dividends per share	Nil	Nil
Balance Sheet Data		
Total Assets		$64,380
Total Liabilities		$56,387

5.2 Quarterly Information

Canada House

The following table sets out certain selected financial information of Canada House for the eight most recently completed quarters, up to its most recently completed fiscal year ended July 31, 2022. This financial information has been derived from and should be read in conjunction with the publicly disclosed financial statements for the applicable periods available under Canada House's SEDAR profile at www.sedar.com.

Canada House *In thousands, except per share amounts.*	**As of and for the three-month periods ended:**							
	April 30 2021	July 31 2021	October 31 2021	January 31 2022	April 30 2022	July 31, 2022(1)	October 31 2022	January 31 2023
Revenue	$3,287	$4,673	$5,921	$7,446	$5,933	$6,202	$6,580	$8,339
Net Revenue (Revenue less Excise Tax)	$2,898	$4,024	$5,106	$6,176	$5,497	$5,863	$5,981	$7,819
Net income (loss)	($6,156)	($2,575)	($3,377)	($1,699)	$(2,146)	($1,296)	$609	$87
Basic and Diluted (Loss) per share (2)	$(0.27)	($0.11)	($0.15)	($0.07)	$(0.09)	($0.06)	$0.02	$0.00

Notes:

(1) Figures for Revenue, Net Revenue and Net Loss for the three-month period ending July 31, 2022 were calculated by subtracting the totals for the respective four preceding quarters from the totals for the fifteen-month year ended July 31, 2022.

(2) All Basic and Diluted (Loss) per share numbers are presented on a post-Share Consolidation basis.

Resulting Issuer

For available pro forma financial information of the Resulting Issuer, see *Schedule A.*

5.3 Dividends

The future payment of dividends will be dependent upon the financial requirements of the Resulting Issuer to fund further growth, the financial condition of the Resulting Issuer and other factors which the Resulting

Issuer Board may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future.

5.4 Foreign GAAP

This item does not apply to the Company.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Canada House's annual MD&A for the financial years ended July 31, 2022 and April 30, 2021 as well as the interim MD&A for interim nine-month period ended January 31, 2023 are attached to this Listing Statement as Schedule C – *MD&A of Canada House*.

MTL Cannabis' MD&A for the years ended March 31, 2021 and 2022 as well as the interim MD&A for the interim nine-month period ended December 31, 2022 are attached hereto as Schedule E – *MD&A of MTL Cannabis*.

7. MARKET FOR SECURITIES

The Common Shares of Canada House are listed on the CSE under the symbol "CHV". Pursuant to the policies of the CSE, the Common Shares have been halted from trading since the proposed Transaction was announced on August 9, 2021. Until all requirements of the CSE have been met and it issues its final approval for the Transaction, the Common Shares will not be listed for trading on any exchange or market. It is the aim of the Resulting Issuer to have the Common Shares commence trading on the CSE under the new symbol "MTLC" upon completion of the Tranche Two Closing.

8. CONSOLIDATED CAPITALIZATION

The following table sets forth the debt and equity capital of Canada House as at July 31, 2022 and the Resulting Issuer as of the Specified Date on a Pro Forma basis, after giving effect to the Tranche Two Closing. The table should be read in conjunction with Schedule A, Schedule B as well as Item 14 – *Capitalization*.

Capitalization *Currency amounts in thousands of Canadian dollars.*	**Canada House**		**Resulting Issuer**	
	As of Fiscal Year ended July 31, 2022	Number of Common Shares (issued or issuable)	**Pro Forma, as of the Specified Date**	Number of Common Shares (issued or issuable)
Non-trade debts				
Borrowings	$3,929		$11,769	
ICM Promissory notes	$13,542		$13,099	
Lease	$2,288	n/a	$7,837	n/a
Mortgage	$2,000		$2,000	
Archerwill Debenture and other debentures	$8,583		$8,573	
Equity				
Common Shares – *outstanding as at July 31, 2022*	$48,685	22,788,427	$48,685	22,788,427
Consideration Shares issued to Vendors pursuant to the Transaction	$-	-	$98,168[(1)]	93,492,896[(1)]

Capitalization *Currency amounts in thousands of Canadian dollars.*	**Canada House**		**Resulting Issuer**	
	As of Fiscal Year ended July 31, 2022	Number of Common Shares (issued or issuable)	**Pro Forma, as of the Specified Date**	Number of Common Shares (issued or issuable)
Finder's Shares issued pursuant to the Transaction	$-	-	$500[2]	525,762[2]
Common Shares issued to settle certain service fees	$-	-	$200[3]	190,476[3]
Archerwill Debenture *(Equity component)*	$2,174	5,022,002[4]	$2,174	15,932,666[4]
Options	-	1,265,000	-	1,765,000[5]
Warrants	-	9,039,908	-	4,978,095[6]
Contributed surplus	$14,287		$14,399	
Deficit	$68,899		$1,899[6]	

Notes:

(1) 22,779,340 Consideration Shares were issued in connection with the Tranche One Closing and approximately 70,713,556 Consideration Shares are expected to be issued in connection with the Tranche Two Closing, and such number of Consideration Shares (estimated to be 93,492,896) as will result in the Vendors owning 80.0% of the issued and outstanding shares of the Resulting Issuer on a Deemed Issued and Outstanding Basis. Such Consideration Shares have a deemed price of $1.05 per share in accordance with the terms of the Share Exchange Agreement.

(2) 394,321 Finder's Fee Shares were issued in connection with the Tranche One Closing and 131,441 Finder's Fee Shares are to be issued in connection with the Tranche Two Closing. Such Common Shares have a deemed price of $0.95 per share, being the 20 day VWAP of the Common Shares on the CSE on the trading day prior to the announcement of the Transaction, adjusted for the Share Consolidation.

(3) On March 29, 2023, Canada House issued such shares to settle certain outstanding $200,000 in service fees, at a deemed price of $1.05 per share.

(4) In accordance with the Archerwill 2022 Amendments, effective August 2022, the conversion price of the Archerwill Debenture was amended from $1.50 (equal to $0.05 pre-Share Consolidation) to the lower of $0.90 and the VWAP of the Common Shares over the first 20 trading days following the resumption of trading of the Common Shares on the CSE, subject to a minimum price of $0.50 per Common Share. The number of Common Shares calculation is based on the minimum price of $0.50 per Common Share.

(5) In accordance with the Archerwill 2023 Amendments, 60% of the Archerwill Consideration Warrants will be cancelled where the 20 day VWAP of the Common Shares following the resumption of trading on the CSE is equal to or less than $0.65 per common share. The number of warrants is based on the minimum price of $0.50, which results in 60% cancellation of 4,333,333 Archerwill Consideration Warrants.

(6) 500,000 of such options relate to options to be granted to a former executive officer of the Company subsequent to the Tranche Two Closing, for which the exercise price is not yet ascertainable.

(7) Based upon the Pro Forma Financial Statements set out in Schedule "A" hereto.

9. OPTIONS TO PURCHASE SECURITIES

Canada House has established a stock option plan for its Directors, officers, employees and consultants which is expected to remain in effect as that of the Resulting Issuer following the Transaction. The Board of Directors determines, among other things, the eligibility of individuals to participate in the option plan and the term, vesting periods, and the exercise price of options granted to individuals under the option plan.

The option plan provides that the number of Common Shares reserved for issuance may not exceed 10% of the Common Shares that are outstanding unless the Board of Directors shall have increased such limit by a resolution of the Board. In addition, the aggregate number of Common Shares so reserved for issuance to one person may not exceed 5% of the total then issued and outstanding. If any options terminate, expire, or are cancelled, the number of options so terminated, expired or cancelled shall again be available under the plan.

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

The table below presents all options to purchase Common Shares in the Resulting Issuer on a Pro Forma basis as of the Specified Date.

Resulting Issuer Options	Number of Options	Weighted Average Exercise Price	Weighted Average Years to Expiry
Options Granted by Canada House prior to the Tranche Two Closing			
Executive Officers *(current or prior)*	754,167	$1.50(1)	1.8
Directors *(current or prior)*	635,000	$1.50	2.4
Employees (*current or prior*)	375,833	$1.53	2.6
Total	1,765,000		

Note: (1) 500,000 of such options relate to options to be granted to a former executive officer of the Company subsequent to the Tranche Two Closing, for which the exercise price is not yet ascertainable.

Subject to applicable regulatory approvals, the Resulting Issuer intends to grant options to certain employees, consultants, directors and officers following the Tranche Two Closing. The terms of such options will be disclosed once determined by the Resulting Issuer Board.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of Canada House's Securities

The Resulting Issuer will be authorized to issue an unlimited number of Common Shares without par value. See item 14 – *Capitalization*, for a breakdown of share capital.

Each Common Share carries the right to one vote at all meetings of the Shareholders. All Common Shares rank equally as to voting powers, dividends and participation in assets upon liquidation.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions, no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a Shareholder to contribute additional capital attached to the Common Shares.

10.2 Debt Securities

The Resulting Issuer does not have any plans to list any debt securities at this time.

10.4 Other Securities

The Resulting Issuer does not intend to list any other securities at this time.

10.5 Modification of Terms

There are no provisions regarding the modification, amendment or variation of any rights attached to the Common Shares.

10.6 Other Attributes

None of the matters set out in section 10.6 of CSE Form 2A are applicable to the Common Shares.

10.7 Prior Sales

No Common Shares of Canada House were issued during the twelve months preceding the date of this Listing Statement and no dispositions by Related Parties occurred in this time period other than those listed in the table below.

Date	Comment	Number of Common Shares	Price Per Security
August 30, 2022	Issued pursuant to the Tranche One Closing under the Share Exchange Agreement	22,779,340	$1.05
February 7, 2023	Finder's Shares issued to an arms' length party in respect of the First Tranche Closing	394,321	$0.95
March 29, 2023	Issued to an arms' length party for services rendered pursuant to an advisory agreement related to the Transaction	190,476	$1.05

10.7 Stock Exchange Price

The Common Shares of Canada House are listed on the CSE under the trading symbol "CHV". The Common Shares have been subject to a trading halt since the Transaction was announced on August 9, 2021, subject to all requisite approvals of the Transaction and those respecting the listing of the Common Shares of the Resulting Issuer.

Period	High	Low	Volume Traded
August 9, 2021 - March 31, 2023	n/a	n/a	n/a
July 1, 2021 to August 8, 2021	$0.035	$0.025	4,992,546
April 1, 2021 – June 30, 2021	$0.04	$0.025	17,348,301

Note: Figures above are shown on a pre-Share Consolidation basis.

11. ESCROWED SECURITIES

As the pro forma market capitalization based upon the deemed price per Consideration Share in the Transaction of $1.05 exceeds $100,000,000, no additional escrow requirements are expected under the policies of the CSE with respect to the principals of the Resulting Issuer, as the Resulting Issuer would constitute an "exempt issuer" under National Policy 46-201 – *Escrow for Initial Public Offerings* (the "Policy").

12. PRINCIPAL SHAREHOLDERS

Other than indicated below, there are no Persons who beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of Company as at the date of this Listing Statement or upon completion of the Transaction.

Principal Shareholders	Common Shares held in Canada House (% of Class)	Common Shares held in the Resulting Issuer (% of Class)
Richard Clement Family Trust(1)	10,535,445 (23.12%)	43,240,463 (37.00%)
Michel Clement Family Trust(2)	10,535,445 (23.12%)	43,240,463 (37.00%)

Notes:

(1) The Richard Clement Family Trust is controlled by Richard Clement, who has the exclusive power to vote, or direct the voting, and the exclusive power to sell, or direct the sale, of such Common Shares.

(2) The Michel Clement Family Trust is controlled by Michel Clement, who has the exclusive power to vote, or direct the voting, and the exclusive power to sell, or direct the sale, of such Common Shares.

12.3 <u>Voting Trusts</u>

As a condition to the completion of the Debenture investment, certain shareholders of Canada House holding an aggregate of 12,294,553 Common Shares entered into the Voting Support Agreements under which shareholders, agreed to vote against any "change of control" or sale transaction requiring shareholder approval which would impair Archerwill's rights under certain Archerwill Instruments.

12.4 <u>Associates and Affiliates</u>

To the knowledge of the Company, no principal shareholder of the Company is an Associate or Affiliate of another principal shareholder of the Company.

13. DIRECTORS AND OFFICERS

<u>13.1 – 13.5 – Directors and Officers</u>

The following table lists the names, municipalities of residence of the anticipated Directors and executive officers of the Resulting Issuer, their positions and offices to be held with the Resulting Issuer, and their principal occupations during the past five (5) years and the number of securities of the Resulting Issuer beneficially owned, directly or indirectly, or over which control or direction will be exercised by each, on a Pro Forma basis.

Name Municipality of Residence	Principal Occupations for the Previous Five Years	Positions and Offices with the Resulting Issuer	Director/ Officer Since	Number and Percentage of Common Shares Owned or Controlled(1)
Directors (including Executive Directors)				
Erik Bertacchini Rosemere, Québec	President of IsoCanMed, a subsidiary of Canada House	Director, President of IsoCanMed, a	2020	2,582,692 2.27%

Name Municipality of Residence	Principal Occupations for the Previous Five Years	Positions and Offices with the Resulting Issuer	Director/ Officer Since	Number and Percentage of Common Shares Owned or Controlled(1)
		subsidiary of Canada House		
Richard Clement Montreal, Québec	Chief Cultivation Officer of MTL Cannabis; previously CEO of MTL Cannabis	Director, Chief Cultivation Officer	2022	43,240,463 (37.00%)
Yves Metten Hudson, Québec	Executive Vice-president and Chief Operating Officer for MBC Group; Executive Vice-President, Canadian CIO and Board Member for RHEA Inc.	Director	N/A	Nil
Tarek Ahmed Calgary, Alberta	Founder & Principal Cronos Advisory providing fractional CFO and controller services; previously, Chief Financial Officer BRNT Group - Cannabis Brand House	Director	N/A	Nil
Dennis Moir Toronto, Ontario	Corporate Director; previously CFO/COO of CNW Group Ltd.	Director	2018	304
Executive Officers				
Michel Clement Montreal, Québec	Chief Operating Officer of MTL Cannabis	Chief Operating Officer	N/A	43,240,463 (37.00%)
Peili Miao Toronto, Ontario	Chief Financial Officer of Canada House; and previously Interim Chief Financial Officer and Controller of Canada House	Chief Financial Officer	N/A	200 (0%)
Michael Perron Toronto, Ontario	Chief Executive Officer of MTL Cannabis; previously Financial and Business Consultant; VP Business Development of MediPharm Labs Corp.	Chief Executive Officer	N/A	Nil

Note:
(1) The information as to the number of shares beneficially owned, or over which control or direction is exercised, directly or indirectly, not being within the direct knowledge of the Resulting Issuer, has been obtained from public filings available at www.sedi.ca.

The Directors and officers of the Resulting Issuer as a group will own, directly or indirectly, or exercise control or direction over, 89,063,818 Common Shares immediately following completion of the Transaction (representing 76.1% of all of the issued and outstanding Common Shares on a non-diluted basis).

Committees of the Board

Initially, the only committees of the proposed Resulting Issuer Board will be an audit committee (the "**Audit Committee**") and a Compensation, Corporate Governance and Nominating Committee (the "**Compensation, Corporate Governance and Nominating Committee**").

Upon completion of the Transaction, the Audit Committee is expected to be comprised of Messrs. Yves Metten, as Chair, Tarek Ahmed and Richard Clement, each of whom, other than Mr. Richard Clement, is "independent" within the meaning of NI 52-110. Each Audit Committee member is "financially literate", within the meaning of NI 52-110 and possesses education or experience that is relevant for the performance of their responsibilities as an Audit Committee member. See Section 13.11 – *Management* below.

The mandate of the Audit Committee will be to assist the Resulting Issuer Board in fulfilling its oversight responsibilities relating to financial accounting, reporting and internal controls for the Resulting Issuer. The Audit Committee will be responsible for:

- conducting reviews and discussions with management and the external auditors relating to the audit and financial reporting;
- assessing the integrity of internal controls and financial reporting procedures; ensuring implementation of internal controls and procedures;
- reviewing the quarterly and annual financial statements and management's discussion and analysis of the Resulting Issuer;
- selecting and monitoring the independence, performance and remuneration of the external auditors; oversight of all disclosure relating to financial information.

The Audit Committee will also be responsible for reviewing and following the procedures established in the Resulting Issuer's codes, policies and guidelines as may be established from time to time.

Upon completion of the Transaction, the Compensation, Corporate Governance and Nominating Committee is expected to be comprised of Messrs. Richard Clement as Chair, Erik Bertacchini and Dennis Moir. The Compensation, Corporate Governance and Nominating Committee will be responsible for (i) assisting the Board in determining the compensation for the Resulting Issuer's executive officers and recommending these plans to the Board; and (ii) assisting the Board in matters pertaining to governance in accordance with good corporate practice and applicable regulatory requirements. This committee's responsibilities will include:

- reviewing and approving the compensation of the Chief Executive Officer and other officers of the Resulting Issuer appointed by the Board;
- reviewing and approving the compensation policies, plans and programs for the Resulting Issuer's executive officers and other senior management, as well as its overall compensation plans and structure;
- reviewing and discussing with management and recommending to the Board of the Resulting Issuer the disclosure to be included under the caption "Executive Compensation" for use in any annual reports, prospectuses, proxy circulars or information circulars;
- recommending to the Board the compensation for Directors;
- administering the share option plan and share compensation arrangements;
- reviewing and approving any public disclosures regarding governance matters as may be required by securities regulatory authorities;
- reviewing transactions between the Resulting Issuer and its Directors, officers, Shareholders and other related parties for recommendation to the Board;
- evaluating the performance and effectiveness of the Board of the Resulting Issuer as a whole, the various committees of the Board of the Resulting Issuer and individual Directors on a regular and ongoing basis;
- considering nominations for Directors and approving Director nominations for recommendation to the Board;
- reviewing and recommending changes in the role, composition and structure of the Board and its various committees; and
- establishing an orientation and education program for new Directors and providing continuing education for existing Directors.

The Compensation, Corporate Governance and Nominating Committee will seek to ensure an objective process for determining compensation. The Compensation, Corporate Governance and Nominating Committee will review the various compensation elements both individually and in total to seek alignment with the Resulting Issuer's compensation program objectives. The Compensation, Corporate Governance and Nominating Committee will then make recommendations on all executive pay, short-term incentives and long-term incentive options to the Board for approval.

13.6 – 13.9 Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions;

Personal Bankruptcies

Except as disclosed below, no director of the Resulting Issuer:

(a) is, at the date of this Listing Statement, or has been, within 10 years before the date of this Listing Statement, a director, chief executive officer or chief financial officer of any company, including any personal holding company of such director, chief executive officer or chief financial officer that:

(i) while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the other relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(ii) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days issued after the that person issued after the director, chief executive officer or chief financial officer ceased to be a director or executive officer and which resulted from an event that occurred while the person was acting in such capacity;

(b) is, at the date of this Listing Statement, or has been, within 10 years before the date of this Listing Statement, a director or executive officer of any company (including the Resulting Issuer and any personal holding company of such director or executive officer) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) nor any personal holding company has, within 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person or their personal holding company.

No director of the Resulting Issuer has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

13.10 Conflicts of Interest

Certain directors and officers of the Resulting Issuer are associated with other reporting issuers or other corporations that may give rise to conflicts of interest. In accordance with the CBCA, directors or officers of the Resulting Issuer who have a material interest in a material transaction or a proposed material transaction with the Resulting Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the transaction. In addition, the Directors are required to act honestly and in good faith with a view to the best interests of the Resulting Issuer.

Some of the Directors and officers of the Resulting Issuer have or will have either other employment or other business or time restrictions placed on them and, accordingly, these Directors and officers of the Resulting Issuer will only be able to devote part of their time to the affairs of the Resulting Issuer.

To the best of the Company's knowledge, and other than disclosed elsewhere herein, there are no known existing or potential conflicts of interest among the Resulting Issuer, its promoters, Directors and officers or other members of management of the Resulting Issuer or of any proposed promoter, Director, officer or other member of management except that certain of the Directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Issuer and their duties as a director or officer of such other companies. See item 4.13 – *Production and Sales, (b) – Premises*, item 16 - *Indebtedness of Directors and Executive Officers*, and item 20 – *Interest of Management and Others in Material Transactions*, and the disclosure of related party transactions in the financial statements and corresponding MD&A of MTL Cannabis and Canada House attached hereto as Schedule "B" though Schedule "E".

13.11 <u>Management</u>

Michael Perron (Age: 37) – Chief Executive Officer

Michael Perron brings more than 15 years of diverse experience to the leadership role at MTL Cannabis. Previously operating his own national advisory firm where he supported corporate development initiatives for a number of clients ranging from private equity, natural resources, and the CPG industry. Mr. Perron previously held the role of VP Business Development at MediPharm Labs (TSX:LABS) where he helped drive more than $129M of sales and $29M EBITDA for the company in its first full year of operations, building out the B2B, B2C, and international channels.

Prior to his role at MediPharm, Mr. Perron served a number of national advisory leadership roles at MNP, focused on the cannabis industry as well as a number of other industry verticals. Mike received a CPA (California) designation in addition to earning a master of accounting (MAcc) from the University of Southern California and a bachelor degree from the University of Jamestown.

Richard Clement (Age: 46) – Director and Chief Cultivation Officer

Richard Clement brings more than 20 years of cannabis cultivation and operations experience, and is the co-founder of MTL Cannabis. Mr. Clement was previously leading MTL Cannabis in the role of CEO until November 2022 when he shifted to focus on the cultivation operations.

Michel Clement (Age: 44) – Chief Operating Officer

Mr. Clement brings more than 20 years of cannabis cultivation and operations experience to the Company and is the co-founder of MTL Cannabis. With a background in the culinary industry, Mr. Clement leverages his experience to lead the MTL Cannabis operations, establishing a best-in-class packaging and distribution department to support the fulfillment of sales for the Company.

Peili Miao (Age: 49) – Chief Financial Officer

Ms. Peili Miao, a Charted Professional Accountant, joined Canada House as Financial Controller in October 2019 with 15 years prior experience in progressive finance roles, including as CFO of a TSXV listed mining company. Ms. Miao has been intimately involved in all the Company's finance and accounting matters over the past two years.

Erik Bertacchini (Age: 52) – Director and President of IsoCanMed

Erik Bertacchini is a qualified civil engineer with more than 20 years of experience building, owning and operating successful and profitable businesses in construction and real estate development. Most recently Mr. Bertacchini co-founded ICM, which was sold to Canada House in 2020 and has been a member of the board of directors of Canada House since such time. Mr. Bertacchini received an engineer's degree in civil engineering from Polytechnique Montréal.

Yves Matten (Age: 57) - Director

Yves Metten is the Executive Vice-President and Chief Operations Officer of MBC-Group. Mr. Matten has held several executive positions where he has acquired more than 25 years of strategic growth expertise and experience in Sales, Marketing and Operations. Mr. Matten joined MBC in 2021. After almost 19 years at Bell Canada where he worked with multiple level of Government and some of Canada's largest and most strategic customers, Mr. Matten was the Executive Vice-President for RHEA Canada, member of the RHEA Group.

Mr. Matten Metten studied at Belgium's Université Catholique de Louvain la Neuve in Applied Economics, before completing his master's in management science at the Boston University. A member of the Association des MBA du Québec, Mr. Matten also has ITIL certification, Electronic Commerce Institute professional certification and GIAC Information Security Professional (GISP) certification.

Tarek Ahmed (Age: 29) – Director

Tarek Ahmed, CPA is an experienced financial executive specializing in capital raising and corporate governance. As the Principal at Cronos Advisory, a distinguished fractional CFO practice, Tarek is dedicated to enabling sustainable growth for entrepreneurs in the start-up and scale-up space. With a proven track record, Tarek has extensive experience working with high-growth corporations, overseeing $30M+ in transactions within the cannabis, tech, and CPG sectors. He brings a wealth of expertise from his background in audit at Deloitte and his impactful role as Chief Financial Officer and Board Director at BRNT Group. Tarek's unique blend of financial acumen and strategic leadership consistently drives organizations towards excellence and success.

Dennis Moir (Age: 64) – Director

Mr. Moir is an accomplished financial and operational executive with significant experience in strategy formulation and mergers and acquisitions. Throughout his career, spanning over three decades, Mr. Moir has held various senior financial and operational management positions with some of Canada's more progressive technology and digital communication companies including Chief Financial Officer of PC DOCS Group International, BlueCat Networks and most recently Chief Financial Officer and Chief Operating Officer of CNW Group (a.k.a. Canada Newswire). Mr. Moir has over 20 years of solid board experience both as an executive and non-executive director. Mr. Moir was Chair of Habitat for Humanity Greater Toronto Area and serves on other non-profit boards. He also currently sits as director for De'Longi Canada Inc. Mr. Moir holds a Bachelor of Commerce degree from the University of Toronto, and is a CPA, CA. He is also a member of the Institute of Corporate Directors and holds an ICD.D.

14. CAPITALIZATION

14.1 Fully Diluted Share Capital

The following tables set out the diluted share capital of the Resulting Issuer on a Pro Forma basis, after giving effect to the Transaction as of the Specified Date:

Issued Capital	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non- diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	116,997,561	139,173,322(1)	100.0	100.0
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	89,063,818	111,159,095(1)	76.1	79.9
Total Public Float (A-B)	27,933,743	28,014,427	23.9	20.1
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions (C)	Nil	Nil	Nil	Nil
Total Tradeable Float (A- C)	116,997,561	139,173,322(1)	100.0	100.0

Notes:

(1) Includes Common Shares issuable on the conversion of the Archerwill Debenture assuming the lowest possible conversion price of $0.50 and assumes the maximum number of Archerwill Consideration Warrants are cancelled. See Item 14.2 for further details.

(2) Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders.

Public Securityholders (Registered)

Common Shares Size of Holding	Number of holders	Total number of securities
1 – 99 securities	46	284
100 – 499 securities	4	1,733
500 – 999 securities	2	1,455
1,000 – 1,999 securities	3	4,907
2,000 – 2,999 securities	4	9,909
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	1	4,167
5,000 or more securities	20	46,130,109

	Number of holders	Total number of securities
Total:	80	46,152,564

Public Securityholders (Beneficial)

Common Shares		
Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	2,186	73,873
100 – 499 securities	1,675	386,532
500 – 999 securities	492	336,790
1,000 – 1,999 securities	392	541,157
2,000 – 2,999 securities	140	337,788
3,000 – 3,999 securities	118	401,128
4,000 – 4,999 securities	63	391,652
5,000 or more securities	222	11,211,664
Unable to confirm	2,186	73,873
Total:	7,474	13,754,457

Non-Public Securityholders (Registered)

Class of Security		
Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	2	86,480,926
Total	2	86,480,926

14.2 Convertible / Exchangeable Securities

The table below lists the securities of the Resulting Issuer which are convertible or exchangeable into Common Shares, as of the Specified Date on a Pro Forma basis.

Description of Security *(conversion / exercise terms, price)*	**Number of Securities**	**Common Shares Issuable on Conversion / Exercise**	**Conversion / Exercise Price**
Stock Option Plan[1]	1,765,000	1,765,000	$1.50
Archerwill Debenture[2]	$6,500,000 in principal and $1,466,333 in interest	8,851,481 to 15,932,666	$0.50 to $0.90
Archerwill Consideration Warrant[3]	1,733,333 to 4,333,333	1,733,333 to 4,333,333	Up to $1.20
Archerwill Prepayment Warrants[4]	-	-	-
Other warrants[5]	3,244,762	3,244,762	$1.50
Total	n/a	15,094,576 to 24,755,761	n/a

(1) See under heading 9 "*Options to Purchase Securities*" for further details on the stock option plan. Such stock options have a weighted average exercise price of $1.50 and an average contractual life years remaining of 1.79 years and include 500,000 options to be granted to a former executive officer of the Company subsequent to the Tranche Two Closing, for which the exercise price is not yet ascertainable.

(2) $6,500,000 in principal and $1,466,333 in accrued interest as at the Specified Date of the Archerwill Debenture is convertible into Common Shares of the Resulting Issuer at the lower of $0.90 and the volume weighted average trading price of the Common Shares of the Resulting Issuer during the 20 trading says following the Transaction, subject to a minimum price of $0.50.

(3) The exercise price of the Archerwill Consideration Warrants is the lower of $1.20 per Common Share and 130% of the volume weighted average trading price of the Common Shares over the first 20 trading days following the resumption of trading on the CSE. In accordance with the Archerwill 2023 Amendments, 60% of the Archerwill Consideration Warrants will be cancelled where the 20 day VWAP of the Common Shares following the resumption of trading on the CSE is equal to or less than $0.65 per common share. The Archerwill Consideration Warrants expire on August 5, 2024.

(4) The Archerwill Prepayment Warrants are issuable upon the prepayment of the Archerwill Debenture. Under the terns of the Archerwill 2023 Amendments, Canada House has agreed to prepay the full Archerwill Debenture prior to maturity. The number of Archerwill Prepayment Warrants that are to be issued is equal to the number of Common Shares into which the Archerwill Debenture is then convertible and the exercise of the Archerwill Prepayment Warrants is to be equal to the conversion price of the Archerwill Debenture at the applicable time. Accordingly, the dilution from the exercise of the Archerwill Prepayment Warrants would be the same as the dilution from the conversion of the Archerwill Debenture and has not been expressed in the table above subject to potential issuance of the corresponding Anti-Dilution Consideration Shares.

(5) Common Share purchase warrants issued March 10, 2020 with an expiration of December 31, 2026.

14.3 Other Listed Securities

The Resulting Issuer has no other listed securities reserved for issuance that are not included in section 14.1 or 14.2.

15. EXECUTIVE COMPENSATION

Canada House

Details related to the executive compensation paid by Canada House, prepared in accordance with Form 51-102F6V of National Instrument 51-102 – *Continuous Disclosure Obligations*, can be found in the Circular on SEDAR (www.sedar.com).

Resulting Issuer

The following table sets forth the anticipated compensation, excluding discretionary bonuses not known or reasonably calculable as at the date of this Listing Statement, to be paid or awarded during the 12-month period following the completion of the Transaction to the Directors and executive officers (the "**Named Executive Officers**") of the Resulting Issuer.

Name and position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compensation ($)	Total compensation ($)
Executive Officers and Non-Independent Directors							
Erik Bertacchini President, IsoCanMed & Director	2023	$180,000	-	-	-	-	$180,000
Michel Clement Chief Operating Officer	2023	$250,000	-	-	-	-	$250,000
Richard Clement Chief Cultivation Officer & Chair of the Board	2023	$250,000	-	-	-	-	$250,000
Peili Miao CFO	2023	$190,000	$35,000	-	-	-	$225,000
Michael Perron Chief Executive Officer	2023	$250,000	-	-	-	-	$250,000
Independent Directors							
Yves Metten Director	2023	-	-	$20,000	-	-	$20,000
Tarek Ahmed Director	2023	-	-	$20,000	-	-	$20,000
Dennis Moir Director	2023	-	-	$20,000	-	-	$20,000

Stock Option Plan

The Company maintains a stock option plan for the benefit of Directors, officers, employees and consultants. The maximum number of Common Shares reserved for issuance and available for purchase pursuant to options granted under the stock option plan cannot exceed 10% of the total number of Common Shares issued and outstanding at the date of any grant made. In addition, the aggregate number of Common Shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding Common Shares. Options pursuant to the stock option plan are granted at the discretion of the Board of Directors, vest at schedules determined by the Board of Directors which shall not exceed five years from the date of grant and have an exercise price of not less than that permitted by the stock exchange on which the shares are listed.

Securities Authorized for Issuance under the Stock Option Plan

The following table sets out certain details respecting the stock option plan on a Pro Forma basis, as of the Specified Date. It is the sole compensation plan pursuant to which equity securities of the Company are authorized for issuance. A further description of the stock option plan may be found in section 9 – *Options to Purchase Securities*.

Number of securities issuable upon exercise of outstanding options	Number Exercisable	Weighted average exercise price of outstanding options ($)	Weighted Average Years remaining to exercise	Number of Common Shares remaining available for future issuance under the Stock
1,265,000	1,265,000	$1.50	1.79	3,350,256

Termination and Change of Control Benefits

The Corporation has entered into an Employment Agreement ("**CFO Employment Agreement**") with Peili Miao pursuant to which Ms. Miao was appointed Chief Financial Officer of the Company. Under the CFO Employment Agreement, if the Company terminates Ms. Miao without cause, Ms. Miao is entitled to a minimum of twelve (12) months of notice period or severance pay.

Conditional on the Tranche Two Closing, the Corporation expects to enter into Employment Agreements with its new Named Executive Officers as follows:

- with Michael Perron pursuant to which Mr. Perron will be appointed as Chief Executive Officer (the "**CEO Employment Agreement**"). Under the CEO Employment Agreement, if the Company terminates Mr. Perron without cause, Mr. Perron is entitled to a minimum of two (2) months of notice period or severance pay for every month employed up to twenty four (24) months (recognizing his service period with MTL Cannabis);
- with Richard Clement pursuant to which Mr. Clement will be appointed as Chief Cultivation Officer (the "**CCO Employment Agreement**"). Under the CCO Employment Agreement, if the Company terminates Mr. Clement without cause, Mr. Clement is entitled to a minimum of twenty four (24) months of notice period or severance pay; and
- with Michel Clement pursuant to which Mr. Clement will be appointed as Chief Operating Officer (the "**COO Employment Agreement**"). Under the COO Employment Agreement, if the Company terminates Mr. Clement without cause, Mr. Clement is entitled to a minimum of twenty four (24) months of notice period or severance pay.

Oversight of Compensation Plans

The Board of Directors is responsible for developing and implementing the Directors' compensation plan. The main objectives of the Directors' compensation plan are (a) to attract and retain the services of the most qualified individuals, (b) to compensate the Directors in a manner that is commensurate with the risks and responsibilities assumed in Board and board committee membership, and is competitive with other comparable public issuers, and (c) to align the interests of the Directors with those of the long-term Shareholders.

The Corporate Governance, Nominations and Compensation Committee is responsible for reviewing the Company's policy regarding remuneration of Directors and making recommendations to the Board. Currently, Canada House's practice is to compensate all non-executive directors with an annual retainer of $20,000, and chairs of the committees of the Board with an annual retainer of $2,500. In addition, independent Directors may be granted stock options pursuant to the stock option plan. Non-independent Directors do not receive additional compensation in their capacity as a Director.

In setting compensation for the Named Executive Officers, the Board of Directors reviews salaries paid to the executive officers, salaries and bonuses paid to other officers of equivalent role in the industry and the Named Executive Officers' impact on the achievement of the Resulting Issuer's objectives for the previous and current financial year.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time since the beginning of the most recently completed financial years of Canada House or MTL Cannabis and up to the Specified Date has any current or former director, executive officer or other employee of Canada House, MTL Cannabis, the Resulting Issuer or any of their respective subsidiaries or any Associate of any such individual been indebted to Canada House, MTL Cannabis, the Resulting Issuer or any of their subsidiaries nor has any such person's indebtedness to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Canada House, MTL Cannabis, the Resulting Issuer or any of their respective subsidiaries, other than:

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During the year ended March 31, 2022 ($)	Amount Outstanding as at the Specified Date ($)	Financially Assisted Securities Purchases During the Year Ended March 31, 2022 (#)	Security for Indebtedness	Amount Forgiven During the Year Ended March 31, 2022 ($)
Les Entreprises Nordico Inc. (Associate) (1)	Borrower	$382,495 in principal(2)	$1,011,439 in principal	Nil	Receivables, assets and capital assets	Nil
9336-4644 Quebec Inc. (Associate)(1)	Borrower	$1,417,290 in principal(2)	$5,170,519	Nil	Receivables, assets and capital assets	Nil
9336-4644 Quebec Inc. (Associate)(1)	Guarantor	$16,000,000 in principal	$16,130,000 in principal and interest as at December 31, 2022(3)	Nil	General security	Nil

Notes:

(1) Such companies are controlled by Mr. Richard Clement, a director, significant shareholder and proposed executive officer of the Company and Mr. Mitchel Clement, a proposed executive officer and significant shareholder of the Company.

(2) Such borrowings are in relation to an equipment loan that bears interest at 10% per year and is currently payable.

(3) Such borrowings are in relation to a first mortgage on the MTL Cannabis Facility and its head office that bears interest at the lender's PRIME + 2% per year and matures on an eighteen-month term.

17. RISK FACTORS

The following risk factors are not a definitive list of all risk factors associated with an investment in the Common Shares of the Resulting Issuer. Additional risks and uncertainties, including those currently unknown or considered immaterial by the Resulting Issuer, Canada House or MTL Cannabis may also adversely affect the business of the Resulting Issuer and /or the value of the Common Shares.

RISKS ASSOCIATED WITH THE TRANSACTION

Impact on Common Share Price

Numerous factors could affect the price of the Common Shares of the Resulting Issuer following the Transaction, including those described in Canada House's prior public filings as well as the risk of anticipated strategic or operational benefits of the Transaction not being realized in the timelines expected or at all, or the risk of the Transaction ultimately resulting in a detrimental impact on the operations of the Resulting Issuer. There is no certainty that the price of the Common Shares of the Resulting Issuer following the re-commencement of trading on the CSE will equal the deemed price per Consideration Share under the Transaction, and may be lower.

Dilution

If the Transaction is approved, the Vendors will in aggregate be issued that number of Common Shares representing approximately 80% of the total on a Deemed Issued and Outstanding Basis. If the Archerwill Debentures are converted or the Archerwill Prepayment Warrants are exercised into Common Shares, additional Common Shares will be issuable to the Vendors pursuant to anti-dilution protections in the Share Exchange Agreement such that the number of Common Shares issuable to the Vendors is to represent 80% of the total number of Common Shares on a Deemed Issued and Outstanding Basis.

Significant Shareholders

Following the Transaction, the Vendors will in aggregate hold 80% of the Common Shares on a Deemed Issued and Outstanding Basis. Such persons in aggregate, or certain combinations of individual Vendors may have, subject to applicable law, the ability to determine the outcome of certain matters submitted to the Shareholders for approval in the future, including the election and removal of Directors, amendments to the Company's corporate governing documents and certain business combinations. The Company's interests and those of its significant or controlling Shareholders may at times conflict, and this conflict may at times be resolved against the Company's interests. The concentration of control in the hands of select Shareholders may also impact the potential for the initiation, or the success of, an unsolicited bid for the Company's securities in the future.

Reduced Liquidity

The marketability and liquidity of the Common Shares could be adversely affected as a result of the reduced proportion of the Common Shares that will comprise a portion of the public float following the Transaction.

LEGAL AND REGULATORY RISKS

Compliance with Laws

The adult-use and medical cannabis industries and markets are subject to a variety of laws in Canada and internationally. The business and activities of the Company are heavily regulated. The Company's operations are subject to various laws, regulations and guidelines by governmental authorities, particularly Health Canada, relating to the manufacture, marketing, management, transportation, storage, sale and disposal of cannabis, and also including laws and regulations relating to health and safety, healthcare practitioner services, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services. To the knowledge of management, the Company is currently in compliance under the Cannabis Act. Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on its Licences issued in accordance with the Cannabis Act and Cannabis Regulations to operate the Company's business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; and, the imposition of fines and censures. To the extent that there are changes to the existing or the enactment of future laws and regulations that affect the sale or offering of the Company's product or services in any way it may have a material adverse effect on the Company's business, financial condition and results of operations.

Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals. The impact of regulatory compliance regimes, and the impact of any delays in obtaining or failures to obtain regulatory approvals required by the Company may significantly delay or impact the development of the Company's business and operations and could have a material adverse effect on the Company's business, financial condition and results of operations. Further, the Company is subject to ongoing inspections by Health Canada to monitor compliance with licensing requirements. The Company's existing Licences and any new licences that it may obtain in the future in Canada or other jurisdictions may be revoked or restricted at any time in the event that the Company is found not to be in compliance. Should the Company fail to comply with the applicable regulatory requirements or with conditions set out under its Licences or should its Licences be revoked, the Company may not be able to continue producing or distributing cannabis in Canada. The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. The Company may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Changes in Laws, Regulations and Guidelines

The legislative framework pertaining to the Canadian cannabis market is subject to significant provincial and territorial regulation, which varies across provinces and territories resulting in an asymmetric regulatory and market environment, different competitive pressures and significant additional compliance and other costs and/or limitations on the Company's ability to participate in such markets. The laws, regulations and guidelines applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen by the Company. The Cannabis Act came into effect on October 17, 2018. However, uncertainty exists with respect to the implementation of the Cannabis Act, federal regulations thereunder as well as the various provincial and territorial regimes governing the distribution and sale of cannabis for adult-use, recreational purposes. Since cannabis remains illegal under U.S. federal law (other than recent legalization of hemp) any engagement in cannabis-related activities may lead to heightened scrutiny by regulatory bodies and other authorities that could negatively impact the Company and/or its personnel. The impact of these new laws, regulations and guidelines on the business of the Company, including increased costs of compliance and other potential risks, cannot be fully predicted; accordingly, the Company may experience adverse effects.

Any amendment to or replacement of the Cannabis Act or other applicable rules and regulations governing the Company's activities may cause adverse effects on the Company's business, financial condition and results of operations. For instance, the Company, both through CHC's clinics and Abba's medical marketplace, has revenue related to servicing veterans with insured coverage from Veterans Affairs Canada as administered by Blue Cross. Significant changes in coverage or adjudication of veterans' benefits related to medical cannabis would have a material impact on the medical cannabis portion of the Company's business. There is also a risk that the Company's interpretation of laws, regulations and guidelines, including, but not limited to the associated regulations and applicable stock exchange rules and regulations, may differ from those of others, including those of governmental authorities, securities regulators and exchanges, and the Company's operations may not be in compliance with such laws, regulations and guidelines.

Reliance on Licences and Permits

The Company's ability to grow, store and sell cannabis in Canada is dependent on its Licences from Health Canada. Failure to comply with the requirements of the Licences or any failure to maintain its Licences would have a material adverse effect on the business, financial condition and operating results of the Company. Should Health Canada not extend or renew the Licences, or should it renew the Licences on different terms or not provide the amendments as requested for anticipated capacity increases, the business, financial condition and results of the operations of the Company will be materially adversely affected. The Company is dependent upon its Licences for its ability to grow, store and sell cannabis and other products derived therefrom. The Licences are subject to ongoing compliance, reporting requirements and renewal. In addition to the Licences, the operations of the Company may require other Licences and permits from various governmental authorities, including, but not limited to, local municipalities. The Company currently has all non-federal permits and Licences that it believes are necessary to carry on its business. The Company may require additional Licences or permits in the future and there can be no assurance that the Company will be able to obtain all such additional Licences and permits. In addition, there can be no assurance that any existing Licences and permits will be renewable if and when required or that such existing Licences and permits will not be revoked.

Reliance on Facilities

The Facilities are integral to the Company's business and adverse changes or developments affecting any of the Facilities may impact the Company's business, financial condition and results of operations. Adverse changes or developments affecting facilities owned or leased by the Company, including but not limited to a force majeure event or a breach of security, could have a material adverse effect on the Company's business, financial condition and prospects. Any breach of the security measures and other Facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also have an impact on the Company's ability to continue operating under its existing licence or the prospect of renewing the licence or could result in a revocation of the licence.

Constraints on Marketing Activities

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities and the potentially broad interpretation of such restrictions imposed by Health Canada. The regulatory environment in Canada limits the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased sales prices for its products, the Company's sales and operating results could be adversely affected.

Environmental Regulations and Risks

The Company's operations are subject to environmental regulation federally and in the municipal and provincial jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards. They also set forth limitations on the generation, transportation, storage and disposal of waste. Environmental legislation is evolving in a manner which will require increasingly stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Employee Health and Safety Regulations
The Company's operations are subject to laws and regulations concerning employee health and safety and the Company will incur ongoing costs and obligations related to compliance with such matters. Failure to comply with safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's manufacturing operations. In addition, changes in employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could result in a material adverse effect on the operations of the Company.

Fraudulent or Illegal Activities by Employees, Contractors or Consultants
The Company's employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct that violates:
- government regulations;
- manufacturing standards;
- federal and provincial healthcare fraud and abuse laws and regulations; or
- laws that require the true, complete and accurate reporting of financial information or data.

It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Anti-Money Laundering Laws and Regulation Risk
Canadian and international money laundering, financial recordkeeping, and proceeds of crime laws and regulations apply to the Company. Specifically, the Company is subject to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations, and guidelines, enforced by governmental authorities internationally. If any of the Company's transactions, operations, investments and proceeds thereof, dividends or distributions therefrom, profits, or revenues accruing from such operations or investments, were found to violate money laundering legislation, they may be viewed as proceeds of crime under any applicable legislation. This could restrict or otherwise jeopardize the Company's ability to declare or pay dividends or effect other distributions.

Anti-Bribery Law Violations
The Company's business is subject to Canadian laws prohibiting companies and employees from engaging in bribery or other prohibited payments to foreign officials to obtain or retain business. Additionally, the Company is subject to the anti-bribery laws of any other countries in which it conducts business. The Company's employees or other agents may without its knowledge and despite its best efforts, engage in conduct prohibited under anti-bribery laws for which the Company may be held responsible. While the Company's policies mandate compliance with anti-corruption and anti-bribery laws, there can be no assurance that the Company's internal controls will always protect it from recklessness, fraudulent behaviour, dishonesty, or other such inappropriate acts committed by its affiliates, employees, contractors, or agents. If the Company's employees or agents are found to have engaged in such practices, the Company could suffer severe penalties, reputational damage, and other consequences that may have a material adverse effect on its business, financial condition, and results of operations.

Regulatory or Agency Proceedings, Investigations and Audits

The Company's businesses require compliance with certain laws and regulations. Failure to comply with applicable laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Litigation

The Company may become party to litigation from time to time in the ordinary course, which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the Common Shares and require the Company to devote significant resources to such matters. Even if the Company is involved in litigation and wins, litigation may redirect many of the Company's resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brands.

Insurance Coverage

The Company has insurance to protect its assets, operations, directors and employees. While the Company believes the insurance coverage addresses all material risks to which it is exposed and is adequate and customary in the current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, the business, results of operations and financial condition could be materially adversely affected.

Intellectual Property
The Company's success depends in part on its ability to protect its rights to intellectual property and/or to license intellectual property rights on favourable terms. The Company relies upon various forms of intellectual property protection, including copyright, trademarks and trade secrets, as well as contractual provisions, to protect intellectual property rights. Despite precautionary measures, the steps the Company takes may not prevent misappropriation of the Company's intellectual property, and the agreements the Company enters into may not be enforceable. It may also be possible for third parties to obtain and use the Company's intellectual property without authorization. Policing unauthorized use of intellectual property is difficult, time-consuming and costly. Further, some foreign laws do not protect proprietary rights to the same extent as the laws of Canada. With respect to the trademark and patent applications that the Company has filed, the Company cannot offer any assurances about whether such applications will be granted. Even if trademark and patent applications are successfully approved, third parties may challenge their validity, enforceability, or scope, which may result in such trademarks or patents being narrowed, found unenforceable or invalidated. Even if they are unchallenged, any trademark or patent applications and future trademarks and patents may not adequately protect the Company's intellectual property, provide exclusivity for its products or processes, or prevent others from designing around any issued patent claims. Any of these outcomes could impair the Company's ability to prevent competition from third parties, which may have an adverse impact on the Company's business.

Trademark protection is an important factor in establishing product recognition. Any limitations on the the Company's ability to protect its trademarks from infringement could result in injury to any goodwill which may be developed in those trademarks. Moreover, the Company may be unable to use one or more of its trademarks because of successful third-party claims. To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of management, cause significant delays, materially disrupt the conduct of business or adversely affect the business, financial condition and results of operations. In addition, other parties may claim that the Company's products infringe on their proprietary or patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources and legal fees, result in injunctions or temporary restraining orders or require the payment of damages. The Company also relies on certain trade secrets, technical know-how and proprietary information that are not protected by patents to maintain its competitive position. The Company's trade secrets, technical know-how and proprietary information, which are not protected by patents, may become known to or be independently developed by competitors, which could adversely affect the Company.

INDUSTRY AND OPERATING RISKS

Risks Inherent in an Agricultural Business
The Company will be subject to the general risks inherent in the ownership and operation of the business of planting, growing, harvesting and marketing cannabis, which, as an agricultural product, is subject to the general risks associated with all agricultural products such as disease, insect pests, changes in raw material costs, the risk and uncertainties of planting, growing and harvesting, environmental matters, considerations relating to product quality, grading and branding, changes in laws and other general economic and market conditions. In addition, other items can affect the marketability of cannabis grown indoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess heavy metals and residues of pesticides, fungicides and herbicides.

The Cannabis Industry in Canada
As a Licensed Producer, the Company is operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Company must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and

evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry, such as the imposition of restrictions on sales and marketing or restrictions on sales in certain areas, could have a material adverse effect on the Company's business, financial conditions and results of operations.

Operating in a New and Evolving Industry

The nature of the new and rapidly evolving industry and developing market for cannabis may result in management having to change focus and strategy and adapt to an evolving and changing market and industry. In addition, the Company will be susceptible to adverse developments in this new market and industry, the sole market in which it operates, such as new developments, changing demographics, changing regulatory regime and other factors. If the Company's applicable subsidiaries are unable to successfully operate as a Licensed Producer, this could substantially reduce the Company's earnings and its ability to generate stable positive cash flow from its operations and may reduce the value of the Common Shares and adversely affect the Company's ability to raise additional capital.

New Industry and Market

The Company's business as a Licensed Producer represents a relatively new industry and nascent market. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, a business involving an agricultural product and a regulated consumer product, the Company will need to build brand awareness in the new industry and market through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations, especially against competitors who have already spent some time building their brands. These activities may not promote the Company's brand and products as effectively as intended, or at all. This new market and industry has competitive conditions, consumer tastes, patient requirements and unique circumstances, and spending patterns that differ from existing markets. There are no assurances that this new industry and market will exist or grow as estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects this new market and industry may materially and adversely affect the business, financial conditions and results of operations of the Company.

Limited Standardized Research on the Effect of Cannabis

To date, there is limited standardization in the research of the effects of cannabis, and future clinical research studies may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis. Research in Canada and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids (such as CBD and THC) remains in relatively early stages. Future research and clinical trials may draw opposing conclusions to statements in this AIF or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to cannabis, which could adversely affect social acceptance of cannabis and the demand for the Company's products.

Long-Term Health Impacts Associated with Use of Cannabis and Cannabis Derivative Products

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether for adult-use or medicinal purposes. As such, there are inherent risks associated with using the Company's cannabis and cannabis derivative products. Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a health care practitioner.

Unfavourable Publicity or Consumer Perceptions

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or publicity will be favourable to the medical or recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. Adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have a material adverse effect on the Company's business, financial condition and results of operations. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Reputational Risk to Third Parties
The parties with which the Company does business may perceive that they are exposed to reputational risk as a result of the Company's cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on the Company.

Competition
To date, Health Canada has issued hundreds of Licences to produce, cultivate and/or sell cannabis. As a result, the Company has significant competition from other companies, some of which have longer operating histories and greater financial resources, operating and marketing experience than the Company. Additionally, a large number of companies appear to be applying for production licences, some of which may:

- have significantly greater financial, technical, marketing and other resources;
- be able to devote greater resources to the development, promotion, sale and support of their products and services; and
- have more extensive customer bases and broader customer relationships.

Further, the cannabis industry is undergoing substantial change, which has resulted in an increase in new and existing competitors, consolidation and the formation of strategic relationships. Acquisitions or other consolidating transactions could harm our business in a number of ways, including losing patients and/or customers, revenue and market share, or forcing us to expend greater resources to meet new or additional competitive threats. There is potential that we will face intense competition from not only existing companies but from new entrants including those resulting from the federal legalization of cannabis use in the U.S. if and when it occurs, all of which could harm our operating results. Changes in the number of licenses granted and the number of licensed producers ultimately authorized by Health Canada, as well as other regulatory changes in both Canada and the U.S. that have the effect of increasing competition, could have an adverse impact on our ability to compete for market share in Canada's cannabis market

Some competitors may have significantly greater financial, technical, marketing, and other resources compared to us. Such companies may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Such competition may make it difficult to enter into supply agreements, negotiate favourable prices, recruit or retain qualified employees, and acquire the capital necessary to fund the Company's capital investments.

The Company also faces competition from illegal cannabis dispensaries and 'black market' operations and participants, who do not have a valid license, that are selling cannabis to individuals, including products with higher concentrations of active ingredients, using flavours or other additives or engaging in advertising and promotion activities that are not permitted by law. Because they do not comply with the regulations governing the cannabis industry, illegal market participants' operations may also have significantly lower costs.

Conflicts of Interest

Certain directors and officers of the Company hold, and may in future hold, interests in other companies involved in the same or similar businesses to the Company, or that act as vendors, landlords or suppliers to the Company, and as such may, in certain circumstances, have a conflict of interest, which could be adverse to the Company and, whether the conflict of interest is real or perceived, put the reputation of the Company at risk. Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the Company's governing corporate law statute which requires a director of a Company who is a party to, or is a director or an officer of, or has some material interest in any person who is a party to, a material contract or proposed material contract with the Company to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under applicable law.

Limited Operating History

The Company is a relatively early-stage company and, as a result, it has a limited operating history upon which its business and future prospects may be evaluated. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for the Company to meet future operating and debt service requirements, it will need to be successful in its growing, marketing and sales efforts. Additionally, where the Company experiences increased sales its current operational infrastructure may require changes to scale the business efficiently and effectively to keep pace with demand and achieve longterm profitability. If the Company's products and services are not accepted by new customers, the Company's operating results may be materially and adversely affected.

Managing Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In order to manage growth and changes in strategy effectively, the Company must • maintain adequate systems to meet customer demand;

- expand sales and marketing, distribution capabilities and administrative functions;
- attract and retain qualified employees, including in respect of its management team.

While it intends to focus on managing its costs and expenses over the long term, the Company expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities. The Company could also fail to successfully integrate acquired entities into the business of the Company.

Strategic Partnerships

The Company currently operates parts of its business through partnerships with other companies, and it may enter into additional strategic alliances in the future. Such endeavors may involve risks not otherwise present, including: control, additional expenditures, conflicting interests, increased dependence and exit strategies, which could have a material adverse effect on the Company, its financial condition and results of operations. In addition, the Company may, in certain circumstances, be liable for the actions of its strategic partners.

Reliance on Third Party Suppliers, Manufacturers, Contractors and Insurers
The Company's business is dependent on a number of fundamental inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for certain inputs could materially impact the business, financial condition and operating results of the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could result in a material adverse effect on the operations of the Company and materially adversely impact the business, financial condition and operating results of the Company.

In addition, Canada House derives revenue, both from its clinic and Abba medical marketplace operations, related to servicing veterans with insured coverage from Veterans Affairs as administered by Blue Cross. Significant changes in coverage or adjudication of veterans' benefits related to medical cannabis would have a material impact on medical cannabis portion of Canada House's revenue.

Supply Shortages and Overages
The Company may not be able to obtain from third parties, or produce, enough cannabis to meet demand. This may result in lower than expected sales and revenues and increased competition for sales and sources of supply. In the future, Licensed Producers in Canada may produce more cannabis than is needed to satisfy the collective demand of the Canadian adult-use and medical markets, and they may be unable to export the oversupply into other markets where cannabis use is also legal. As a result, the available supply of cannabis could exceed demand, resulting in a significant decline in the market price for cannabis. If such supply or price fluctuations occur, the Company's revenue and profitability may fluctuate materially and its business, financial condition, results of operations and prospects may be adversely affected. In addition, demand for cannabis and cannabis products is dependent on a number of social, political and economic factors that are beyond the Company's control. A material decline in the economic conditions affecting consumers can cause a reduction in disposable income for the average consumer, change consumption patterns and result in a reduction in spending on cannabis products or a switch to other products obtained through illegal channels. There can be no assurance that market demand for cannabis will continue to be sufficient to support the Company's current or future production levels.

Disruption of Supply Chain
Conditions or events including, but not limited to, those listed below could disrupt the Company's supply chains, interrupt operations at its facilities, increase operating expenses, resulting in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred:

- extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.;
- a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Impact of the COVID-19 Pandemic; Other Potential Public Health Crises");
- political instability, social and labour unrest, war or terrorism; or
- interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

Third Party Transportation
Any delay by third party transportation and/or rising costs associated with these services may adversely affect the Company's financial performance. Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financial condition and operating results of the Company. Any such breach could impact the Company's ability to continue operating under its Licences or impede the prospect of renewing its Licences.

Reliance on Skilled Workers and Equipment
The ability of the Company to compete and grow cannabis will be dependent on it having access to, at a reasonable cost and in a timely manner, skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company may be significantly greater than anticipated by management, and may be greater than funds available, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the operations and financial results of the Company.

Attraction and Retention of Key Personnel
The Company has a small management team and the loss of a key individual or inability to attract suitably qualified management could have a material adverse effect on the Company's business. While employment and management services agreements are customarily used as a primary method of retaining the services of key personnel, these agreements cannot assure the continued services of such persons. The Company may also encounter difficulties in obtaining and maintaining suitably qualified staff in certain of the jurisdictions in which it conducts business. In addition, there is a risk that management or key personnel will fail to execute in their roles or falter in judgment in certain circumstances, all of which could have an adverse effect on the operations and financial results of the Company. A deterioration in relationships with employees or in the labour environment could result in work interruptions or other disruptions, or cause management to divert time and resources from other aspects of the Company's business, which could have a material adverse effect on the Company's business, results of operations or financial condition.

Development of New Products and Technologies
The Company and its competitors are actively seeking to develop new products in order to keep pace with any new market developments and generate revenue growth. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The technologies, processes and formulations the Company uses may also face competition or become obsolete. Rapidly evolving markets, technology, emerging industry standards and frequent introduction of new products characterize the cannabis business. The introduction of new products and new technologies, including new manufacturing processes or formulations, and the emergence of new industry standards may render the Company's current products obsolete, less competitive or less marketable. The process of developing new products is complex and requires significant continuing costs, development efforts and third-party commitments. The Company may be unable to anticipate changes in customer requirements that could make its existing technology, processes or formulations obsolete. The Company's success will depend on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. Failure to develop new technologies and products and the obsolescence of existing technologies or

processes could adversely affect the Company's business, financial condition, results of operations and prospects.

Effectiveness of Quality Control Systems

The quality and safety of the Company's products are critical to the success of its business and operations. As such, it is imperative that the Company's (and its service providers') quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Company strives to ensure that all of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the business, financial condition and operating results of the Company.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if the Company is subject to a recall, the reputation of the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention, potential loss of applicable Licences and potential legal fees and other expenses.

Internal Controls

If the Company's internal controls are ineffective, its operating results and market confidence in its reported financial information could be adversely affected. The Company's internal controls over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Company fails to maintain the adequacy of its internal controls, including any failure to implement required new or improved controls, if it experiences difficulties in their implementation, or if controls are disrupted or compromised as a result of cyber-attacks, its business and operating results and market confidence in its reported financial information could be harmed and it could fail to meet its financial reporting obligations. The existence of any material weaknesses in the future may preclude management from concluding that the Company's internal controls over financial reporting are effective and may further preclude its independent auditors from issuing an unqualified opinion that the Company's internal controls are effective. Any material weaknesses could cause investors to lose confidence in the Company's financial reporting and may negatively affect the price of its Common Shares. The Company can make no assurances that it will be able to timely and cost effectively remediate any internal control deficiencies. Moreover, effective internal controls are necessary to produce reliable financial reports. If the Company is unable to satisfactorily remediate any deficiencies or if it discovers other deficiencies in its internal controls over financial reporting, then such deficiencies could lead to misstatements in its financial statements or otherwise negatively impact its financial statements, business, results of operations and reputation.

Information Technology Systems and Cyber-Attacks
The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations. The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

FINANCIAL RISKS

Cash Flow from Operations
The Company cannot guarantee that it will maintain positive cash flow status in the future. The Company's working capital requirements over the next 12 months may also be greater than the Company currently anticipates for a variety of reasons, including, but not limited to, the following: the ability of the Company to maintain production at expected levels; the operating costs at the Facilities may be higher than expected; cash used in the Company's operating activities does not improve over historical results; increases in materials, production or labour costs; labour disputes; synergies resulting from the Transaction may not materialize; and a resurgence or worsening of the COVID-19 pandemic and the related health and safety measures that may be instituted, particularly in the jurisdictions in which the Company operates. Many of these factors, including the ongoing impact of the COVID-19 pandemic, are not within the Company's control. If the Company experiences future negative cash flow, the Company may be required to raise additional funds through the issuance of equity and/or debt securities, incur other forms of indebtedness and/or reduce operating costs which could have a negative impact on short-term revenue generation. There can be no assurance that the Company will be able to generate positive cash flow from its operations, that additional capital or other types of financing will be available when needed, or that these financings will be on terms favourable to the Company.

Ability to Achieve or Maintain Profitability
The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

Wholesale Price of Cannabis Volatility
The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to the Company's growing operations, as well other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the Company's financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on

the Company's business, financial condition, results of operations and prospects. There is currently no established market price for cannabis and the price of cannabis is affected by numerous factors beyond the Company's control. Any price decline may have a material adverse effect on the Company's business, financial condition and operations. The Company's operating income may be significantly and adversely affected by a decline in the price of cannabis and will be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry, as the Company's profitability is directly related to the price of cannabis. Any price decline may have a material adverse effect on the Company.

Impact of the Illicit Supply of Cannabis
Despite the legalization of medical and adult-use cannabis in Canada, illegal operations remain. Illegal dispensaries and market participants may be able to:

- offer products with higher concentrations of active ingredients that are either expressly prohibited or impracticable to produce under current Canadian regulations;
- use delivery methods, including certain edibles, concentrates and extract vaporizers, that Licensed Producers are currently prohibited from offering to individuals in Canada;
- use marketing and branding strategies that are restricted under the Cannabis Act and Cannabis Regulations; and
- make claims not permissible under the Cannabis Act and other regulatory regimes.
- As these illicit market participants do not comply with the regulations governing the medical and adult-use cannabis industry in Canada, their operations may also have significantly lower costs. As a result of the competition presented by the illicit market for cannabis, continued reluctance of consumers currently utilizing these unlicensed distribution channels to begin purchasing from Licensed Producers for any reason or any inability or unwillingness of law enforcement authorities to enforce laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products could:
- result in the perpetuation of the illicit market for cannabis;
- adversely affect the Company's market share; and
- adversely impact the public perception of cannabis use and Licensed Producers, all of which could have a materially adverse impact on the Company's business, operations and financial condition.

Vulnerability to Rising Energy Costs
The Company's cannabis growing operations will consume considerable energy, which will make the Company vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

Ability to Establish and Maintain Bank Accounts
While the Company does not anticipate any banking restrictions at this time, there is a risk that banking institutions may not accept payments related to the cannabis industry. Such risks could increase costs for the Company. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that the Company will be required to seek alternative payment solutions. If the industry were to move towards alternative payment solutions, the Company would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. The Company's inability to manage such risks may adversely affect the Company's operations and financial performance.

Additional Financing and Restrictions
The continued development of the Company may require additional financing. Even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The failure to raise additional capital could result in the delay or indefinite postponement of current business objectives or the Company becoming insolvent. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, on terms that are favourable or acceptable to the Company. In addition, from time to time, the

Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed in whole or in part, by debt, which may increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

Compliance with Listing Requirements

The Company is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including, but not limited to, the Canadian Securities Administrators, the CSE, and the Ontario Securities Commission. These rules and regulations continue to evolve in scope and complexity, creating many new requirements.

No Assurance That Listing Standards Will Continue to be Met

The Company must meet continuing listing standards to maintain the listing of the Common Shares on the CSE. If the Company fails to comply with listing standards and the CSE delists the Common Shares, the Company and its shareholders could face significant material adverse consequences, including but not limited to:

- a limited availability of market quotations for the Common Shares;
- reduced liquidity for the Common Shares;
- a limited amount of news about the Company and analyst coverage; and
- a decreased ability for the Company to issue additional equity securities or obtain additional equity or debt financing in the future.

Obligations as a Public Company

As a public company, the Company is subject to corporate governance and public disclosure requirements that increase costs and add risks of non-compliance, which could adversely impact the price of the Common Shares.

Volatile Market Price of the Common Shares

The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Common Shares to sell their securities for a profit, or at all. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts (including short-sellers) or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. Financial markets have historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the Common Shares may be materially adversely affected.

Dilution

The Company's articles permit the issuance of an unlimited number of Common Shares and shareholders will have no pre-emptive rights in connection with such further issuance. The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company.

18. PROMOTERS

No person or company is or has been within the two years immediately preceding the date of this Listing Statement, a promoter of the Resulting Issuer.

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

To the knowledge of management of the Resulting Issuer, there are no legal proceedings to which the Resulting Issuer or MTL Cannabis is a party, which, if adversely determined would be expected to have a material adverse effect on the Resulting Issuer.

19.2 Regulatory Actions

Neither Canada House nor the Resulting Issuer is subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has Canada House or the Resulting Issuer entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be necessary to disclose in providing provide full, true and plain disclosure of all material facts relating to the Resulting Issuer 's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as listed below, to the knowledge of the Resulting Issuer's management, no Director or officer, insider or 10% Shareholder of the Resulting Issuer, nor any of their respective Associates, affiliates or member of their group has or had any material interest, direct or indirect, in any transaction in the preceding three years before the date of this Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Resulting Issuer.

Transaction	Overview of Transaction	Interested Person/s	Relationship with Issuer	Value of Interest
The Tranche Two Closing	See item 3.2 – *Significant Acquisitions and Dispositions*.	Messrs. Richard and Michel Clement	Mr. Richard Clement is a director of the Company and indirectly owns or controls more than 10% of the Company's Common Shares Mr. Michel Clement indirectly owns or controls more than 10%	Each of Messrs. Richard and Michel Clement indirectly own and control 37% of MTL Cannabis, which will be transferred to the Company on the Tranche Two Closing

			of the Company's Common Shares	
Lease of MTL Facility	See item 4.1.3 – *Production and Sales, (b) Premises*	The landlord pursuant to such lease arrangement is an Associate of Mr. Richard Clement	Mr. Richard Clement is a director and Mr. Mitchell Clement is a proposed director of the Company and each indirectly owns or controls more than 10% of the Company's Common Shares	See item 4.1.3 – *Production and Sales, (b) Premises*
Lease of MTL Head Office	See item 4.1.3 – *Production and Sales, (b) Premises*	The landlord pursuant to such lease arrangement is an Associate of Mr. Richard Clement	Mr. Richard Clement is a director and Mr. Mitchell Clement is a proposed director of the Company and each indirectly owns or controls more than 10% of the Company's Common Shares	See item 4.1.3 – *Production and Sales, (b) Premises*
Purchase of equipment and services	During the three fiscal years preceding the date of this Listing Statement, MTL Cannabis acquired various equipment and services	The wholesale vendor of consumables and hydroponic equipment is an Associate of Messrs. Richard and Michel Clement	Messrs. Richard and Michel Clement indirectly own or control more than 10% of the Company's Common Shares	Such Associate was paid an aggregate of $7,037,760 over such three year period
Cash advances	During the three fiscal years preceding the date of this Listing Statement, MTL Cannabis received various cash advances as a 17% demand loan	Mr. Richard Clement and an Associate of Mr. Richard Clement are the lenders	Mr. Richard Clement is a director of the Company and indirectly owns or controls more than 10% of the Company's Common Shares	As at the date of this Listing Statement, an aggregate of $6,181,958 is payable pursuant to such loans
Amendments to ICM Promissory Notes	In July 2022, the maturity dates of the ICM Promissory Notes were amended such that $4,167,000 is due December 12, 2023, $4,167,000 is due June 12, 2024 and $4,167,000 is due December 12, 2024. On or prior to the Tranche Two Closing, such principal amounts due December 12, 2023 and June 12, 2024 are expected to be extended to August 1, 2024.	The lenders pursuant to the ICM Promissory Notes may be Associates of Mr. Erik Bertacchini	Mr. Erik Bertacchini is a director of the Company	See "Overview of Transaction"

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditors of the Resulting Issuer will be MNP LLP, located at 1155 René-Lévesque Blvd W 23e étage, Montreal, Quebec H3B 2K2.

21.2 Transfer Agent and Registrar

The transfer agent and registrar of will remain Computershare Investor Services Inc., at its Toronto office located at 100 University Ave, 8th Floor, Toronto, Ontario, M5J 2Y1.

22. MATERIAL CONTRACTS

During the course of the two years prior to the date of the Listing Statement, other than contracts entered into in the ordinary course of business, Canada House entered into the following material contracts:

- the Share Exchange Agreement, as amended;
- the Archerwill Instruments; and
- the ICM Promissory Notes.

Copies of any material contract of Canada House referred to in this Listing Statement may be found under Canada House's profile on SEDAR at www.sedar.com.

During the course of the two years prior to the date of the Listing Statement, other than contracts entered into in the ordinary course of business, MTL Cannabis did not enter into any material contracts other than:

- the Share Exchange Agreement, as amended; and
- that guarantee with respect to $16,000,000 principal mortgage of 9336-4644 Québec Inc. as detailed under Item 16 hereof.

Copies of any material contract of MTL Cannabis referred to in this Listing Statement will be found under Canada House or the Resulting Issuer's profile on SEDAR at www.sedar.com.

22.2 Special Agreements

This section is not applicable to Canada House, MTL Cannabis or the Resulting Issuer.

23. INTEREST OF EXPERTS

No person or corporation whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of Canada House, MTL Cannabis or the Resulting Issuer or of an Associate or Affiliate of Canada House, MTL Cannabis or the Resulting Issuer and no such person is expected to be elected, appointed or employed as a Director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such person is a promoter of the Resulting Issuer or an Associate or Affiliate of the Resulting Issuer.

MNP LLP provided the audit reports in respect of the audited financial statements of MTL Cannabis respectively, included in this Listing Statement and each are independent of MTL Cannabis, respectively, in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

The 2022 consolidated financial statements of Canada House Cannabis Group Inc. included in this Listing Statement have been audited by the Canada House's auditor, Ernst & Young LLP, located at 100 Adelaide Street West, PO Box 1, Toronto, Ontario, M5H 0B3. Ernst & Young LLP has advised Canada House that it is independent in the context of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

24. OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Resulting Issuer and its securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer and its securities.

25. FINANCIAL STATEMENTS

25.1 Financial Statements of the Canada House

Schedule B contains the audited consolidated financial statements of Canada House as at July 31, 2022 and April 30, 2021 and for the 15-month period ended July 31, 2022 and the year ended April 30, 2021 and the unaudited interim financial statements as at January 31, 2023 and for the three and six-month periods ended January 31, 2023.

25.2 Financial Statements of MTL Cannabis

Schedule D contains the audited financial statements of MTL Cannabis for the years ended March 31, 2022 and 2021 and the unaudited interim financial statements for the nine-month period ended December 31, 2022.

25.3 Pro-Forma Statements

The unaudited pro-forma statements of the Resulting Issuer are attached as Schedule A to this Listing Statement.

CERTIFICATE OF CANADA HOUSE CANNABIS GROUP INC.

Pursuant to a resolution duly passed by the board of directors of Canada House Cannabis Group Inc. (the "**Corporation**"), Canada House, hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Canada House. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this __ day of ______ , 2023.

By: ________________________________
Alex Kroon, Interim Chief Executive Officer

By: ________________________________
Peili Miao, Chief Financial Officer

On Behalf of the Board of Directors

By: ________________________________
Director

By: ________________________________
Director

CERTIFICATE OF MONTRÉAL CANNABIS MÉDICAL INC.

The foregoing contains full, true and plain disclosure of all material information relating to Montréal Cannabis Médical Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this day of , 2023.

By: ______________________	By: ______________________
Michael Perron, Chief Executive Officer	Jason Nalewany, Interim Chief Financial Officer

On Behalf of the Board of Directors

By: ______________________	By: ______________________
Director	Director

SCHEDULE A
PRO FORMA FINANCIAL STATEMENTS

MTL Cannabis Corp.

PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended December 31, 2022 and for the twelve months ended March 31, 2022

(Expressed in Canadian dollars, unaudited)

MTL Cannabis Corp.
Pro Forma Condensed Consolidated Statement of Financial Position
[Unaduited] [expressed in Canadian dollars, except number of shares]

	MTL Cannabis as at December 31, 2022	Canada House as at January 31, 2023	Pro forma adjustments	Note 4	Pro forma consolidated
ASSETS	$	$	$		$
Current assets					
Cash	979,748	460,371	—		1,440,119
Trade and other receivables	6,512,361	5,798,954	(8,109,191)	[A]	4,202,124
Inventory	7,358,612	3,393,687	—		10,752,299
Biological assets	1,659,012	1,094,695	—		2,753,707
Prepaid expenses and deposits	184,444	470,385	—		654,829
	16,694,177	11,218,092	(8,109,191)		19,803,078
Non-current assets					
Property, plant and equipment, net	3,582,893	11,950,983	1,073,498	[B]	16,607,373
Investment in associate	—	6,680,568	(6,680,568)	[C]	—
Right-of-use assets, net	4,393,266	2,107,164	—		6,500,430
Intangible assets and goodwill, net	—	11,193,022	9,873,630	[D]	21,066,652
TOTAL ASSETS	24,670,336	43,149,829	(3,842,631)		63,977,534
LIABILITIES					
Current liabilities					
Trade and other payables	7,366,030	12,596,472	(7,248,481)	[A]	12,714,021
Income taxes payable	894,796	—	—		894,796
Lease obligations - ST	757,835	508,242	—		1,266,077
Convertible debentures - ST	—	857,000	—		857,000
Notes payable - ST	6,079,793	6,185,579	—		12,265,372
Borrowings - ST	1,700,000	2,305,371	(1,100,000)	[E]	2,905,371
Consideration payable - ST	—	196,995	—		196,995
	16,798,454	22,649,659	(8,348,481)		31,099,632
Non-current liabilities					
Lease obligations - LT	4,688,107	1,721,451	—		6,409,558
Convertible debentures - LT	—	4,065,476	(127,476)	[F]	3,938,000
Financial instrument liabilities	—	3,839,000	—		3,839,000
Notes payable - LT	—	7,488,988	—		7,488,988
Borrowings - LT	60,000	2,103,686	(1,983,686)	[E]	180,000
Consideration payable - LT	—	195,153	—		195,153
Deferred tax liability	1,250,929	1,986,185	—		3,237,114
	22,797,490	44,049,597	(10,459,642)		56,387,444
SHAREHOLDERS' EQUITY					
Share capital	100	54,532,069	(44,784,069)	[B, D, F]	9,748,100
Contributed surplus	111,430	12,554,832	(12,523,444)		142,818
Equity conversion feature	—	670,358	(670,358)		—
Retained Earnings (Accumulated deficit)	1,761,316	(68,657,026)	64,594,881	[A, C, F]	(2,300,829)
	1,872,846	(899,768)	6,617,011		7,590,089
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	24,670,336	43,149,829	(3,842,631)		63,977,534

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

MTL Cannabis Corp.

Pro Forma Condensed Consolidated Statement of Operations and Comprehensive Loss

For the nine months ended December 31, 2022

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

	MTL Cannabis 9 months ended December 31, 2022	Canada House 9 months ended January 31, 2023	Pro forma adjustments	Note 4	Pro forma consolidated
	$	$	$		$
Revenue, net	16,375,734	19,664,262	(5,332,018)	[H]	30,707,978
Cost of sales	9,097,561	8,913,264	(4,308,396)	[H, I]	13,702,429
Inventory impairment	—	228,037	703,420	[I]	931,457
Gross profit before fair value adjustments	7,278,173	10,522,961	(1,023,622)		16,074,092
Fair value adjustments on biological assets	4,934,096	2,048,285	—		6,982,381
Fair value adjustments on sale of inventory	(5,985,619)	(1,101,062)	263,733	[H]	(6,822,948)
Gross profit	6,226,650	11,470,184	(759,889)		16,233,525
Operating expenses					
General and administrative	5,820,497	6,016,665	(1,562,928)	[E, H]	10,274,234
Sales and marketing	768,734	1,197,256	—		1,965,990
Share-based compensation	—	49,044	31,388	[J]	80,432
Amortization and depreciation	553,473	1,904,689	31,621	[B]	2,489,783
	7,142,704	9,167,654	(1,499,920)		14,810,438
Operating income	(916,054)	2,302,530	740,030		1,423,086
Finance expense, net	1,418,162	2,868,793	—		4,286,955
Loss (gain) on debt settlement and modifications	—	(242,180)	—		(242,180)
Other expense (income)	(216,486)	710	—		(215,776)
Gain on asset disposal	—	(9,230)	—		(9,230)
Loss on remeasurement of contingent consideration	—	161,407	—		161,407
Acquisition costs	—	—	—		—
Share of income from investment in associate	—	71,062	(71,062)	[C]	—
Loss before income taxes	(2,117,730)	(548,032)	811,092		(2,558,090)
Income tax (recovery) expense	(237,219)	53,279	—		(183,940)
Net loss and comprehensive loss for the year	(1,880,511)	(601,311)	811,092		(2,374,150)
Income per share - basic and diluted					$ (0.02)
Weighted average number of common shares outstanding - basic and diluted					116,997,561

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

MTL Cannabis Corp.
Pro Forma Condensed Consolidated Statement of Operations and Comprehensive Loss
For the year ended March 31, 2022
[Unaudited] [expressed in Canadian dollars, except number of shares]

	MTL Cannabis 12 months ended March 31, 2022	Canada House 12 months ended April 30, 2022	Pro forma adjustments	Note 4	Pro forma consolidated
	$	$	$		$
Revenue, net	22,151,290	20,801,975	(907,531)	[H]	42,045,734
Cost of sales	11,180,573	9,540,145	(2,926,160)	[H, I]	17,794,558
Inventory impairment	—	3,999,824	2,579,889	[I]	6,579,713
Gross profit before fair value adjustments	10,970,717	7,262,006	(561,260)		17,671,463
Fair value adjustments on biological assets	12,199,876	(337,307)	—		11,862,569
Fair value adjustments on sale of inventory	(8,621,680)	(1,174,319)	132,459	[H]	(9,663,540)
Gross profit	14,548,913	5,750,380	(428,801)		19,870,492
Operating expenses					
General and administrative	5,839,052	8,711,112	(1,710,679)	[E, H]	12,839,485
Sales and marketing	2,509,869	1,452,732	—		3,962,601
Share-based compensation	—	440,475	—		440,475
Amortization and depreciation	666,490	1,383,505	42,161	[B]	2,092,156
	9,015,411	11,987,825	(1,668,518)		19,334,718
Operating income	5,533,502	(6,237,444)	1,239,717		535,775
Finance expense, net	1,286,899	3,634,951	—		4,921,850
Gain on debt settlement and modifications	—	(76,606)			(76,606)
Other expense	161,160	1,500	—		162,660
Income before income taxes	4,085,443	(9,797,290)	1,239,717		(4,472,130)
Income tax expense	1,883,798	—	—		1,883,798
Net income and comprehensive income for the year	2,201,645	(9,797,290)	1,239,717		(6,355,928)
Income per share - basic and diluted					$ (0.05)
Weighted average number of common shares outstanding - basic and diluted					116,997,561

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

1. DESCRIPTION OF PROPOSED TRANSACTION

On August 9, 2021, Canada House Cannabis Group Inc., ("Canada House") and Montréal Cannabis Médical Inc. ("MTL Cannabis") entered into a share exchange agreement. Subsequently, on July 22, 2022, Canada House and MTL Cannabis entered into a restated share exchange agreement (the "Agreement"). Pursuant to the Agreement, Canada House will acquire all of the issued and outstanding shares of MTL Cannabis (the "Transaction"). The Transaction will be effected over two stages.

The first stage of the Transaction was completed on August 30, 2022 (the "Initial Closing"). The Initial Closing resulted in Canada House acquiring 24.99% of the issued and outstanding common shares of MTL Cannabis in exchange for 49.99% of the issued and outstanding common shares of Canada House. Canada House issued 22,770,340 common shares to the shareholders of MTL Cannabis on the Initial Closing. Subsequent to this transaction, 45,567,767 common shares of Canada House were issued and outstanding.

The second stage of the Transaction will provide for Canada House to acquire the remaining 75.01% of the issued and outstanding common shares of MTL Cannabis in exchange for such number of common shares that when combined with the common shares issued to shareholders of MTL Cannabis upon the Initial Closing, will result in the MTL Cannabis shareholders holding common shares equal to approximately 80% of the issued and outstanding common shares of the combined entity. Canada House will issue approximately 70,713,556 shares as part of the second stage of the Transaction.

Upon closing of the Transaction, Canada House will issue approximately 131,441 common shares in addition to 394,321 common shares issued in connection with the Initial Closing for a finder's fee (collectively the "Finder's Fee Shares") to certain arms'-length third parties who assisted in introducing the Transaction to the Company. The Finder's Fee Shares will be subject to a lockdown period in accordance with applicable securities laws. Canada House also issued 190,476 shares on March 29, 2023, to settle service fees payable incurred in relation to the Transaction.

The Transaction will constitute a reverse take-over ("RTO") of Canada House by MTL Cannabis, with Canada House being the legal acquirer and MTL Cannabis being the acquirer for accounting purposes. Pursuant to the Transaction, Canada House will effect a name change, changing its name from Canada House Cannabis Group Inc. to MTL Cannabis Corp.

MTL Cannabis was incorporated on April 27, 2017, under the Canada Business Corporations Act. MTL Cannabis is a Health Canada licensed cultivator and processor. MTL Cannabis received its license to cultivate and process cannabis on February 7, 2020. MTL Cannabis also received its license to sell dried cannabis on February 22, 2022. MTL Cannabis' head office is located at 4225 Autoroute Transcanadienne, Pointe-Claire, Québec, Canada, H9R 1B4.

Canada House was incorporated on September 29, 1982, under the Business Corporations Act (British Columbia) and was continued under the Canada Business Corporations Act ("CBCA"). The registered office of Canada House is located at 551 Rue Saint-Marc, Louiseville, Quebec, J5V 2L4, Canada.

Canada House's common shares are listed on the Canadian Securities Exchange under the trading symbol "CHV." Canada House is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario.

Canada House is the parent company of wholly-owned subsidiaries (as defined below) with operations as follows:

- Abba, a licensed producer in Pickering, Ontario that produces high-quality medical-grade cannabis;
- CHC, which operates clinics across the country that work directly with primary care teams to provide specialized cannabinoid therapy services to patients suffering from simple to complex medical conditions;

- 690050 NB Inc. doing business as Knalysis Technologies (“Knalysis”), a provider of fully customizable, cloud-based software that links physician, provider, and patient to data that supports treatment with medical cannabis;
- ICM, a licensed producer in Louiseville, Quebec, that produces high-quality medical-grade cannabis. Canada House’s goal is to become the leading cultivator of premium craft cannabis and provider of cannabinoid therapy, targeting the national medical cannabis markets, the recreational adult-use market in Quebec and across Canada; and
- Margaree, a medical cannabis clinic dedicated to Veterans in Nova Scotia.

Canada House has the following wholly-owned subsidiaries:

- Abba Medix Corp. (“Abba”)
- 672800 NB Inc. d/b/a Canada House Clinics Inc. (“CHC”)
- The Longevity Project Corp.
- 690050 NV Inc. d/b/a Knalysis Technologies
- 2104071 Alberta Inc.
- IsoCanMed Inc. (“ICM”)
- Margaree Health Group Inc. (“Margaree”)

2. BASIS OF PRESENTATION

The accompanying unaudited pro forma condensed consolidated statement of financial position of MTL Cannabis has been prepared by management of MTL Cannabis for illustrative purposes only, to show the effect of the acquisition of MTL Cannabis by Canada House constituting a RTO of Canada House by the shareholders of MTL Cannabis assuming that the Transaction was completed on December 31, 2022.

The accompanying unaudited pro forma condensed consolidated statement of operations and comprehensive loss for the year ended March 31, 2022, and for the nine-month period ended December 31, 2022, has been prepared for illustrative purposes only, to show the effect of the Transaction assuming that the Transaction was completed on April 1, 2021.

While Canada House is the legal acquirer of MTL Cannabis, MTL Cannabis has been identified as the acquirer for accounting purposes. As Canada House meets the definition of a business, as defined in *IFRS 3 - Business Combinations* (“IFRS 3”), the acquisition is within the scope of IFRS. The pro forma condensed consolidated financial statements represent the continuation of the financial statement of MTL Cannabis. The assets and liabilities of MTL Cannabis are presented at their historical carrying values and the identifiable assets acquired and the liabilities assumed of Canada House are recognized and measured at fair value.

These unaudited pro forma condensed consolidated financial statements have been derived from and should be read in conjunction with the following:

- Audited financial statements of MTL Cannabis for the year ended March 31, 2022;
- Unaudited condensed interim financial statements of MTL Cannabis for the three and nine months ended December 31, 2022;
- Unaudited consolidated financial statements of Canada House for the 12-month period ended April 30, 2022;
- Audited consolidated financial statements of Canada House for the 15-month period ended July 31, 2022;
- Unaudited condensed consolidated interim financial statements of Canada House for the three and six months ended January 31, 2023.

The fiscal periods of MTL Cannabis and Canada House end on March 31 and July 31, respectively, which differs by more than 93 days. Therefore, for the nine months ended January 31, 2023, the unaudited condensed consolidated statement of loss and comprehensive loss of Canada House has been derived from the following:

- The unaudited condensed consolidated interim financial statements of Canada House for the 6 months ended January 31, 2023; plus
- The audited consolidated financial statements of Canada House for the 15-month period ended July 31, 2022; minus
- The unaudited consolidated financial statements of Canada House for the 12-month period ended April 30, 2022.

The unaudited pro forma condensed consolidated financial statements have been compiled using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as set out in the audited consolidated financial statements of MTL Cannabis for the year ended March 31, 2022.

The unaudited pro forma consolidated financial statements should be read in conjunction with the financial statements and notes thereto of Canada House and MTL Cannabis described above. The unaudited pro forma consolidated financial statements are not intended to reflect the results of operations or the financial position of the continuing entity which would have actually resulted had the Transaction been effected on the dates indicated. Further, the unaudited pro forma condensed consolidated financial statements are not necessarily indicative of the results of operations that may be obtained in the future. The historical financial statements have been adjusted in the pro forma condensed consolidated financial statements to give effect to pro forma events that are (1) directly attributable to the Transaction, (2) factually supportable and (3) with respect to the statements of operations and comprehensive loss, expected to have a material continuing impact on the results of MTL Cannabis. The pro forma adjustments and allocations of the purchase price of Canada House by MTL Cannabis as a reverse takeover are based in part on estimates of the fair value of the assets acquired and liabilities assumed. The final purchase price allocation will be completed after asset and liability valuations are finalized. The final valuation will be based on the actual assets and liabilities of Canada House that exist as of the date of completion of the acquisition.

3. ESTIMATED PURCHASE PRICE AND PRELIMINARY PURCHASE PRICE ALLOCATION

For accounting purposes in accordance with IFRS 3, MTL Cannabis is considered the acquirer, and the fair value of the purchase consideration for the Transaction is assumed to be $9,346,000. The consideration is based on the independently determined equity value of Canada House and the number of shares that Canada House would have to issue to acquire 100% of the issued and outstanding shares of MTL Cannabis.

The following table summarizes the calculation of the purchase price based on the number of shares issued by Canada House:

Shares issued to MTL Cannabis on Tranche One Closing	22,779,340
Shares to be issued to MTL Cannabis shareholders on Tranche Two Closing	70,713,556
Total shares issued to MTL Cannabis shareholders	93,492,896
Value per common share of Canada House	$0.100
Total estimated purchase price (rounded)	$9,346,000

A preliminary valuation analysis of the fair value of the Canada House assets and liabilities has been performed as at January 31, 2023.

The following table summarizes the preliminary purchase price allocation:

	$
Cash	460,371
Trade and other receivables	3,962,489
Inventory	3,393,687
Biological assets	1,094,695
Prepaid expenses and deposits	470,385
Property, plant and equipment, net	13,024,480
Right-of-use assets, net	2,107,164
Intangible assets and goodwill, net	21,066,652
Trade and other payables	(7,991,959)
Lease obligations	(2,229,693)
Convertible debentures	(4,795,000)
Financial instrument liabilities	(3,839,000)
Notes payable	(13,674,567)
Borrowings	(1,325,371)
Consideration payable	(392,148)
Deferred tax liability	(1,986,185)
Purchase consideration transferred	**9,346,000**

Management of MTL Cannabis believes the fair values recognized above are based on reasonable estimates derived from currently available information. A final determination of the fair value of assets acquired and liabilities assumed will be based on the actual assets and liabilities of Canada House that exist as at the closing date of the Transaction. Any differences between the carrying value and the fair value of assets acquired and liabilities assumed would result in a respective change in goodwill and other potential intangible assets recognized. The final purchase price allocation may vary based on final appraisals, valuations, and analyses of the fair value of the acquired assets and assumed liabilities. Accordingly, the unaudited pro forma adjustments are preliminary and have been made solely for illustrative purposes. Differences between the final purchase price allocation and the preliminary purchase price allocation presented above could be material.

Goodwill and other potential intangible assets to be recognized are estimated to have a combined valuation of $21,468,652. Intangible assets expected to be separately recognized include brand name, computer software, licenses, and customer lists. Any such intangible assets and related deferred taxes, which could be material in amount, can only be determined upon completion of detailed valuation work upon closing of the Transaction.

4. PRO FORMA ADJUSTMENTS

Adjustments to the pro forma financial statements are limited to those that reflect the accounting for the Transaction in accordance with IFRS. The pro forma financial statements give effect to the Transaction as if it had occurred on December 31, 2022, for purposes of the pro forma statement of financial position and April 1, 2021, for the pro forma statements of operations and comprehensive loss.

The pro forma adjustments are as follows:

[A] Trade receivables and trade payables

The adjustment is to eliminate combined trade receivables and trade payables of $8,109,191 and $7,248,481, respectively, in the statement of financial position due between the parties as of the respective statement of financial position dates.

[B] Property, plant and equipment

This adjustment is to reflect the following:

i. Increasing the Canada House property, plant and equipment to an estimated fair value of $13,024,480 as at December 31, 2022, an overall increase of $1,073,498 from the carrying value. The overall increase represents an increase to the fair value of a building owned a subsidiary of Canada House. The fair value of the building was established through a third-party valuation report.
ii. For the nine months ended December 31, 2022 and for the year ended March 31, 2022, the Company would have incurred additional depreciation of $31,621 and $ $42,161, respectively, had the acquisition closed on April 1, 2021. This increase is reflected in the line item 'Amortization and depreciation' in the statement of operations and comprehensive loss.

[C] Investment in associate

After the Tranche One Closing, Canada House recorded an investment in associate on the statement of financial position. The adjustment is to eliminate the following:

i. The investment in associate balance of $6,680,568 in the statement of financial position as at December 31, 2022.
ii. The share of loss from investment in associate in the amount of $71,062 in the statement of operations and comprehensive loss for the nine months ended December 31, 2022.

[D] Intangible assets and goodwill

Adjusts goodwill and intangible assets in the pro forma statement of financial position as at December 31, 2022, as follows:

Reversal of the historical Canada House intangible assets and goodwill	$(11,193,022)
Intangible assets and goodwill recognized in purchase price accounting	21,468,652
Pro forma increase to intangible assets and goodwill	$10,275,630

[E] Borrowings

Canada House has two loans due to MTL Cannabis in the aggregate amount of $3,083,686, consisting of outstanding principal and interest, as of January 31, 2023. MTL Cannabis had fully written off the balance of loans receivable due from Canada House as at December 31, 2022, and as of March 31, 2022.

The adjustment is to eliminate the outstanding loan balances in the statement of financial position, and the provision impact to the statement of operations and comprehensive loss for the nine months ended December 31, 2022, and the year ended March 31, 2022.

i. The current loan of $1,100,000 was eliminated from the line item 'Borrowings' in the statement of financial position under 'Current liabilities'.
ii. The non-current loan of $1,983,686 was eliminated from the line item 'Borrowings' in the statement of financial position under 'Non-current liabilities'.
iii. For the nine months ended December 31, 2022, MTL Cannabis recorded a provision of $1,562,928. This provision was eliminated from the line item 'General and administrative' in the statement of operations and comprehensive loss.
iv. For the year ended March 31, 2022, MTL Cannabis recorded a provision of $1,424,452. This provision was eliminated from the line item 'General and administrative' in the statement of operations and comprehensive loss.

[F] Convertible debentures

Adjusts the carrying value of the liability component of the convertible debentures from $4,065,476 to an estimated fair value of $3,938,000 as at December 31, 2022, a decrease of $127,476. The fair value was determined based on the expected remaining cash flows, discounted by the estimated interest rate of a similar non-convertible debt based on current market rates.

[G] Revenue, cost of sales, and fair value adjustments during the period ended December 31, 2022

Adjustment 1 – To reverse sales made by MTL Cannabis to Canada House

For the nine months ended December 31, 2022:

i. Revenue of $2,293,767, cost of sales of $1,573,080, and fair value adjustments on sale of inventory of $246,095 were eliminated for sales made by MTL Cannabis to Canada House.

Adjustment 2 – To reverse revenue recognized by Canada House and costs recognized by MTL Cannabis

For the nine months ended December 31, 2022:

i. Revenue of $1,064,742, cost of sales of $75,763, and general and administrative expense of $988,979 were eliminated to reverse revenue recognized by Canada House and costs recognized by MTL Cannabis for licensing, packaging and transportation services provided by Canada House to MTL Cannabis.
ii. Revenue of $1,973,509, cost of sales of $1,821,687, and fair value adjustments on sale of inventory of $154,110 were eliminated to reverse revenue recognized by Canada House, and costs of sales and fair value adjustments on product sold to MTL Cannabis.
iii. Costs of sales of $1,747,638 were reversed for cost of sales recognized by MTL Cannabis on sale of inventory that was acquired from Canada House. Cost of sales of $1,613,192 were recognized for costs of sales on inventory MTL Cannabis acquired from Canada House and sold to third parties, and a fair value adjustment of $136,472 was recognized for the impact of realized fair value adjustments on the sale of inventory to third parties.

[H] Revenue, cost of sales, and fair value adjustments during the period ended March 31, 2022

Adjustment 1 – To reverse sales made by MTL Cannabis to Canada House

For the year ended March 31, 2022:

i. Revenue of $621,304, cost of sales of $346,271, and fair value adjustments on sale of inventory of $132,459 were eliminated for sales made by MTL Cannabis to Canada House.

Adjustment 2 – To eliminate expense recognized by Montreal Cannabis and revenue recognized by Canada House for licensing fees and transport services

For the year ended March 31, 2022:

i. Revenue of $286,227, and general and administrative expense of $286,227 were eliminated to reverse revenue recognized by Canada House and costs recognized by MTL Cannabis for licensing, packaging and transportation services provided by Canada House to MTL Cannabis.

[I] Inventory impairment

For the nine months ended December 31, 2022, and for the year ended March 31, 2022, MTL Cannabis recognized in costs of sales impairment of inventory in the amount of $703,420 and $2,579,889, respectively. These amount were reclassed to the line item 'Inventory impairment' in the statement of operations and comprehensive loss.

[J] Share-based compensation

As a part of the Tranche Two Closing, the Company will issue 500,000 options to a former executive. This adjustment is to record an additional $31,388 of share-based compensation for the options to be issued. The options were valued using the Black-Scholes Model based on management's best estimate. Differences in the actual share-based compensation expense to be recorded based on the final terms of the option agreement could be material.

SCHEDULE B
FINANCIAL STATEMENTS OF CANADA HOUSE

NOTE TO READER

Canada House Cannabis Group Inc.(the "**Company**") is filing a restatement of the unaudited condensed consolidated financial statements of the Company for the three and six months ended January 31, 2023 and 2022 (the "**Restated Financial Statements**"), to amend the Company's original unaudited condensed consolidated financial statements for the same period (the "**Original Financial Statements**") as filed on March 23, 2023 (the "**Original Filing Date**").

Subsequent to the issuance of the Original Financial Statements, the Company identified the following accounting errors that required the restatement of amounts within the statements of financial position, statements of income and comprehensive income, statement of changes in shareholders' equity, and the statements of cash flows related to the six-month period ended January 31, 2023 (amounts expressed in thousands of Canadian dollars).

Investment in associate – the measurement of the value of the Company's shares used as an investment in MTL made on August 30, 2022 as further discussed in note 8 whereby the Company acquired 24.99% of the issued and outstanding shares of MTL in exchange for 49.99% of the issued and outstanding common shares of the Company, was overstated by approximately $11,000 given that equity value net of debt should have been used instead of enterprise value. In addition, transaction costs associated with this investment of $905 were inappropriately expensed. The effect of this correction is to reduce the investment in associate's carrying value by $10,095.

Mortgage payable – Mortgage renewal costs of $60 were inappropriately expensed.

Promissory notes – The maturity date on one of the Company's promissory notes with a carrying value of $4,167 was amended from December 12, 2024 to December 12, 2023 and, accordingly the promissory note should have been classified as current.

2020 convertible debenture – In August 2022, the conversion price of the secured convertible debenture with Archerwill Investments Inc. (the "**Archerwill Debenture**") and related warrants were amended as a result of which they no longer met the fixed for fixed criteria to qualify as an equity instrument. Accordingly, the Company was required to reassess the fair value of each component of the Archerwill Debenture. The net impact of this reassessment is to increase the carrying value of the host debt instrument by $60 and reclassify the conversion option and equity from equity to liability with an estimated fair value of $3,463, and $640, respectively, upon correction.

These Restated Financial Statements speak as of the Original Filing Date of the Original Financial Statements (unless otherwise noted or as the context otherwise requires). These Restated Financial Statements do not reflect any events that have occurred on or after the Original Filing Date. Therefore, these Restated Financial Statements should be read in conjunction with the other documents that the Company has filed on the System for Electronic Document Analysis and Retrieval (www.sedar.com) on or after the Original Filing Date.

June 21, 2023

Canada House Cannabis Group Inc.

Formerly as Canada House Wellness Group Inc.

Amended and Restated

Condensed Interim Consolidated Financial Statements

January 31, 2023

(Expressed in thousands of Canadian dollars)

(Unaudited)

Canada House Cannabis Group Inc.
(formerly Canada House Wellness Group Inc.)

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Canada House Cannabis Group Inc.
(formerly Canada House Wellness Group Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in thousands of Canadian Dollars, except for shares and per share amounts)

	Note	January 31, 2023 (restated - note 26)	July 31, 2022
ASSETS			
Current assets:			
Cash		**460**	450
Trade and other receivables	5	**5,799**	3,058
Inventory	6	**3,394**	3,601
Biological assets	7	**1,095**	84
Prepaid expenses and deposits		**470**	534
		11,218	7,727
Property, plant and equipment, net	9	**11,951**	12,954
Investment in associates	8, 26	**6,680**	-
Right-of-use assets, net	11	**2,107**	2,182
Intangible assets, net	10	**7,647**	7,640
Goodwill	4,10	**3,546**	3,546
Total assets		**43,149**	34,049
LIABILITIES			
Current liabilities:			
Trade and other payables		**12,598**	11,574
Due to related parties	13	**-**	3
Current portion of lease liability	11	**508**	378
Current portion of debentures	15	**857**	1,050
Mortgage payable	16,26	**1,940**	2,000
Promissory notes	12,26	**4,246**	76
Borrowings	14	**2,305**	1,766
Consideration payable	4	**197**	197
		22,651	17,044
Non-current liabilities			
Lease liability	11	**1,721**	1,910
Borrowings	14	**2,104**	2,160
Promissory notes	4,12,13,26	**7,489**	10,790
Consideration payable	4	**195**	195
Debentures	15,26	**4,065**	3,717
Financial instruments liabilities	15,26	**3,838**	-
Deferred tax liabilities	4	**1,986**	1,986
Total liabilities		**44,049**	37,802

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

Canada House Cannabis Group Inc.
(formerly Canada House Wellness Group Inc.)
Condensed Interim Consolidated Statements of Financial Position (continued)
(Unaudited - Expressed in thousands of Canadian Dollars, except for shares and per share amounts)

	Note	January 31, 2023 (restated - note 26)	July 31, 2022
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	17,26	**54,531**	48,685
Equity component of convertible debentures	15,26	**670**	2,174
Contributed surplus	17,18,26	**12,555**	14,287
Deficit		**(68,656)**	(68,899)
Equity (deficiency)		**(900)**	(3,753)
Total liabilities and shareholders' equity		**43,149**	34,049

Nature of operations and going concern (note 1)
Commitments and contingencies (note 22)
Subsequent events (note 27)

Approved by the Board:
"*Dennis Moir*" Chair of the Board

"*Norman Betts*" Director

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

Canada House Cannabis Group Inc.
(formerly Canada House Wellness Group Inc.)
Condensed Interim Consolidated Statements of Profit (Loss) and Comprehensive Profit (Loss)
(Unaudited - Expressed in thousands of Canadian Dollars, except for shares and per share amounts)
For the three and six months ended January 31, 2023 and 2022

	Note	Three months ended January 31 2023 $000's (restated - note 26)	Three months ended January 31 2022 $000's	Six months ended January 31 2023 $000's (restated - note 26)	Six months ended January 31 2022 $000's
Revenue					
Referral revenue		**1,350**	1,330	**2,694**	2,658
Product revenue		**6,333**	6,004	**11,051**	10,506
License revenue and other		**656**	112	**1,174**	203
Less excise tax		**(520)**	(1,270)	**(1,119)**	(2,085)
Net revenue		**7,819**	6,176	**13,800**	11,282
Cost of sales	6	**2,666**	2,754	**4,847**	4,223
Inventory impairment	6	**-**	393	**-**	2,741
Gross profit before fair value adjustments		**5,153**	3,029	**8,953**	4,318
Realized loss on sale of inventory		**1,070**	582	**1,099**	903
Unrealized (gain) loss on biological assets	7	**(1,448)**	(5)	**(2,199)**	190
Gross profit		**5,531**	2,452	**10,053**	3,225
Expenses					
General and administrative	21	**2,482**	2,289	**4,608**	4,562
Sales and marketing	21	**301**	377	**725**	883
Share-based compensation	18	**5**	80	**23**	202
Right-of-use assets amortization	11	**117**	91	**240**	183
Depreciation and amortization	9,10	**479**	223	**967**	492
		3,384	3,060	**6,563**	6,322
Profit (loss) from operations		**2,147**	(608)	**3,490**	(3,097)
Finance costs	19,26	**1,338**	1,060	**2,266**	1,917
Change in fair value of financial instruments	26	**(133)**	-	**(265)**	-
Loss on debt settlement and modifications	12,26	**701**	-	**701**	-
Share of income from investment in associates	8	**130**	-	**71**	-
Other expenses		**-**	1	**-**	2
Profit (loss) before income taxes		**111**	(1,669)	**717**	(5,016)
Provision for income taxes		**24**	30	**21**	60
Net profit (loss) and comprehensive profit (loss) for the period		**87**	(1,699)	**696**	(5,076)
Weighted average number of shares outstanding - basic and diluted		**45,567,767**	**22,788,427**	**41,957,926**	22,788,427
Net profit (loss) per share - basic and diluted	20	**$ 0.00**	$ (0.07)	**$ 0.00**	$ (0.22)

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

(Unaudited - Expressed in thousands of Canadian Dollars, except for shares and per share amounts)

(restated - note 26)	Note	Number of Shares	Share Capital	Equity Component of Convertible Debentures	Contributed Surplus	Deficit	Total Shareholders' Equity (Deficiency)
Balance as at July 31, 2021		**22,788,427**	**48,685**	**2,174**	**15,961**	**(62,336)**	**4,484**
Share-based compensation		-	-	-	202	-	202
Net loss and comprehensive loss for the period		-	-	-	-	(5,076)	(5,076)
Balance as at January 31, 2022		**22,788,427**	**48,685**	**2,174**	**16,163**	**(67,412)**	**(390)**
Balance as at July 31, 2022		22,788,427	48,685	2,174	14,287	(68,899)	(3,753)
Common shares issued pursuant to investment in associates	8,26	22,779,340	5,846	-	-	-	5,846
Charge related to modification of conversion feature and warrants	26	-	-	-	-	(453)	(453)
Convertible debenture	14, 26	-	-	(1,504)	(1,755)	-	(3,259)
Share-based compensation	18	-	-	-	23	-	23
Net loss and comprehensive loss for the period		-	-	-	-	696	696
Balance as at January 31, 2023		**45,567,767**	**54,531**	**670**	**12,555**	**(68,656)**	**(900)**

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

Canada House Cannabis Group Inc.
(formerly Canada House Wellness Group Inc.)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in thousands of Canadian Dollars, except for shares and per share amounts)
For the six months ended January 31, 2023 and 2022

	Note	January 31 2023 (restated - note 26)	January 31 2022
Cash provided by (used in)			
Operating activities:			
Net profit (loss) and comprehensive profit (loss) for the period		**696**	(5,076)
Add (deduct) items not affecting cash			
Depreciation and amortization	9,10	**967**	492
Share-based compensation	18	**23**	202
Non-cash finance and transaction costs		**516**	2,812
Realized fair value loss on sale of inventory		**1,099**	(276)
Unrealized fair value (gain) loss in fair value of biological assets		**(2,199)**	190
Inventory impairment		**-**	2,741
Share of income from investment in associates	8	**71**	-
Loss on debt settlement and modifications		**701**	-
Change in fair value of financial instruments		**(265)**	-
Right-of-use assets amortization	11	**240**	183
		1,849	1,268
Changes in non-cash working capital balances related to operations			
Trade and other receivables		**(2,741)**	(1,726)
Inventory		**(789)**	(1,873)
Biological assets		**1,264**	870
Prepaid expenses and deposits		**64**	(162)
Trade and other payables		**1,118**	(33)
Net cash provided by (used in) operating activities		**765**	(1,656)
Investing activities:			
Purchase of property, plant and equipment, net	10	**(193)**	(8)
Acquisition costs	8	**(330)**	-
Net cash used in investing activities		**(523)**	(8)
Financing activities:			
Borrowings		**258**	1,900
Lease payments		**(307)**	(301)
Cash interest payments on debenture		**-**	(57)
Repayment of convertible debentures		**(183)**	(50)
Net cash provided by (used in) financing activities		**(232)**	1,492
Increase in cash during the period		**10**	(172)
Cash, beginning of period		**450**	741
Cash, end of period		**460**	569

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

1. Nature of operations and going concern uncertainty

Canada House Cannabis Group Inc. (the “**Company**”), formerly Canada House Wellness Group Inc., was incorporated on September 29, 1982 under the *Company Act* of the Province of British Columbia and is listed on the Canadian Securities Exchange (the "**Exchange**") under the symbol CHV (formerly ABA).

These unaudited condensed interim consolidated financial statements of the Company for the three and six months ended January 31, 2023, comprise the results of the Company and its wholly owned subsidiaries Abba Medix Corp. ("**Abba**"), Canada House Clinics Inc. (“**CHC**”), The Longevity Project Corp. ("**TLP**"), 690050 NB Inc. doing business as Knalysis Technologies (“**Knalysis**”), 2104071 Alberta Inc., which holds the dispensary license in Edmonton, Alberta, IsoCanMed Inc. (“**IsoCanMed**”), a licensed producer in Louiseville, Quebec, that produces high quality medical grade cannabis, and Margaree Health Group Inc. (“**Margaree**”), a medical cannabis clinic dedicated to Veterans in Nova Scotia. The Company’s goal is to become the leading cultivator of premium craft cannabis and provider of cannabinoid therapy, targeting the national medical cannabis markets and the recreational adult-use market in Quebec and across Canada.

Using its own proprietary patient management software developed by Knalysis, CHC provides education services concerning appropriate cannabinoid therapies to patients. Abba initially received its license to produce medical marijuana under the Access to Cannabis for Medical Purposes Regulations, as well as its license to produce cannabis oil and subsequently received an amendment to its Producer’s Licence from Health Canada to include the sale and provision of marijuana seeds. In December 2018, Abba received a sales license to sell products from others, but not its own production. In August 2019, Abba was granted an amended license to sell its own production to provincially and territorially authorized provincial retailers and to holders of a license for medical purposes. The Company commenced sale of its Abba branded cannabis flower on October 1, 2019. On June 7, 2021, the Company announced that the registered office of the Company changed to 551 Rue SaintMarc, Louiseville, Quebec from 1773 Bayly Street, Pickering, Ontario.

Going concern uncertainty

The unaudited condensed interim consolidated financial statements 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 unaudited condensed interim consolidated 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.

For the three and six months ended January 31, 2023, the Company earned a net profit of $87 and $696, respectively, and as at January 31, 2023, had an accumulated deficit of $68,656 and a working capital deficit of $11,433. Cash flow from operations for the six months ended January 31, 2023 was $765. Whether, and when, the Company can attain sustained profitability and sustained positive cash flows from operations that is material is subject to material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company will need to raise additional capital in order to fund its planned operations and meet its obligations. While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve sustained profitability and sustained positive cash flows from operations that is material, there can be no assurance that the Company will achieve and sustain profitability and be able to do so in the future that is material for the Company.

1. Nature of operations and going concern uncertainty (continued)

COVID-19 global pandemic

On March 11, 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic resulting in uncertain economic and business impact on a global scale. Taking into consideration the impact of COVID-19, the Company has reviewed its significant estimates, assumptions and judgments used in the preparation of these consolidated financial statements, including with respect to the determination of whether indicators of impairment exist for its tangible and intangible assets and the credit risk of its counterparties that the Company transacts with.

Based on this analysis, the Company has determined that there was no significant impact to any of managements estimates, assumptions or judgments, however, the continuing uncertainty associated with the COVID-19 pandemic may require changes to certain of these estimates, assumptions or judgments which could have a material impact on the Company's financial position and results of operations.

2. Basis of preparation

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS34"), as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed interim consolidated financial statements were approved and authorized for issuance in accordance with a resolution of the Board of Directors of the Company on June 21, 2023.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the 15-month period ended July 31, 2022.

Restatement of previously filed financial information

As part of the Company's process associated with the proposed transaction with Montreal Cannabis Medical Inc. ("**MTL**") as further described in note 8, the Company noted certain differences related to fair value measurement and transactions that were not appropriately accounted and, accordingly, these financial statements have been restated as described in note 26.

3. Significant accounting policies

The accounting policies adopted in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the 15-month period ended July 31, 2022, no new standards were adopted other than the Company adopted IAS 28 Investments in Associates to account its new investment in an associate (note 8).

Investment in associates

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see "Equity Method" below), after initially being recognized at cost. The Company has received unaudited financial statements from MTL and has relied on the information provided by MTL management as input in the preparation of its unaudited condensed interim consolidated financial statements for the three and six months ended January 31, 2023 and 2022 (note 8).

3. Significant accounting policies (continued)

Equity method

Under the equity method of accounting, investments in associates and joint ventures are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company. The carrying amount of equity-accounted investments is tested for impairment.

New and Amended Standards

Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract
In May 2020, the IASB issued amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, to 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 new guidance is effective for annual periods beginning on or after January 1, 2022 and is to be applied to contracts that have unfulfilled obligations as at the beginning of that period. The Company adopted the Amendments to IAS 1 effective August 1, 2022 with no impact to the Company's consolidated financial statements.

IFRS 3 – Business Combinations ("IFRS 3")
Amendments to IFRS 3 were issued in May 2020, and are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The amendments update references within IFRS 3 to the 2018 Conceptual Framework and require that the principles in IAS 27 - Provisions, Contingent Liabilities and Contingent Assets be used to identify liabilities and contingent assets arising from business combination. The Company adopted the Amendments to IFRS 3 effective August 1, 2022 with no impact to the Company's consolidated financial statements.

Future Accounting Pronouncements

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date
In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

3. Significant accounting policies (continued)

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months; provide that management’s expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

IAS 8 – Accounting policies, Changes in accounting estimates and Errors (“IAS 8”)
Amendments to IAS 8 were issued in February 2021, IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendment replaces the definition of 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.

IAS 12 – Income Taxes (“IAS 12”)
Amendments to IAS 12 were issued in May 2021, IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amends 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 and offset 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 periods beginning on or after January 1, 2023 and are to be applied retrospectively.

4. Business acquisitions

Margaree Health Group Inc. acquisition
On May 27, 2021 ("**Closing Date**"), the Company's wholly-owned subsidiary, CHC, acquired 100% of the issued and outstanding shares of Margaree Health Group Inc. ("**Margaree**"), a medical cannabis clinic dedicated to veterans in Nova Scotia, for total consideration of $911. The consideration consisted of $500 of cash and a three year earn-out measured against Margaree's revenue during the earn-out period, valued at $411.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

4. Business acquisitions (continued)

The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed:

Purchase Consideration	
Cash	500
Earn-out	411
	911
Fair value of net identifiable assets acquired	
Intangible Assets	532
Deferred Tax Liability	(141)
	391
Goodwill	520
	911

The acquisition was accounted for as a business combination using the acquisition method, with the results of operations consolidated with the Company from the date of acquisition. Goodwill represents the excess of the purchase price of the acquisition over the fair value of the net identifiable assets acquired. The goodwill recognized is attributable mainly to expected future growth potential and expected synergies. Goodwill arising from the acquisition is deductible for tax purposes.

The earn-out consideration payable in cash or, at the joint election and agreement of CHC and vendor, shall be payable as follows:

- Payment of 40% of Margaree earn-out revenue for the period from May 1, 2021 to April 30, 2022 during the first week of July 2022;
- Payment of 40% of Margaree earn-out revenue for the period from May 1, 2022 to April 30, 2023 during the first week of July 2023; and
- Payment of 40% of Margaree earn-out revenue for the period from May 1, 2023 to April 30, 2024 during the first week of July 2024.

In the event CHC achieves a Margaree earn-out revenue target of $350 for period from May 1, 2021 to April 30, 2022, the vendor may elect to amend the earn-out consideration such that is payable as follows:

- Payment of 50% of Margaree earn-out revenue for the period from May 1, 2021 to April 30, 2022 during the first week of July 2022;
- Payment of 50% of Margaree earn-out revenue for the period from May 1, 2022 to April 30, 2023 during the first week of July 2023.

In the event CHC achieves a Margaree earn-out revenue target of $330 for period from May 1, 2021 to April 30, 2022, $365 for period from May 1, 2022 to April 30, 2023, or $400 for period from May 1, 2023 to April 30, 2024, the vendor may elect to amend the earn-out consideration such that the vendor will receive a payment of 45% of Margaree earn-out revenue for the period in which it achieves the earn-out revenue target. On June 30, 2022, the vendor elected 45% of the revenue for three years and CHC paid $181 of consideration based on 45% of the revenue $402 earned during the period from May 1, 2021 to April 30, 2022.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

4. Business acquisitions (continued)

For accounting purposes, the consideration payable is valued at the net present value of the estimated earn-out payments using a discount of 10% on the Closing date. On July 31, 2022, the remaining balance of the contingent consideration was revalued to be $392 based on the increased sales since the acquisition resulting a $161 expense of remeasurement on contingent consideration in the three months.

IsoCanMed Inc. acquisition

On June 12, 2020 (“Closing Date”), the Company acquired 100% of the outstanding shares of IsoCanMed Inc. (“IsoCanMed”), a fully operational cannabis producer located in Louisville, Quebec, for total consideration of $19,843. The consideration consisted of 273,461,452 consideration shares valued as $9,444, plus assumption of three promissory notes (“Notes”) for $12,500 payable, valued as $10,399, on or before June 12, 2023 and bearing interest at 5% payable annually. The Notes are secured by a general security agreement registered against the assets of IsoCanMed. The Company has the right at any time to prepay all or any portion of the principal amount of the Note without penalty or interest.

The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed:

Purchase Consideration	
Share consideration	9,444
Assumption of promissory note	10,399
	19,843
Fair value of net identifiable assets acquired	
Net Working Capital	3,836
Tangible Assets	9,869
Intangible Assets	7,000
Other Liabilities	(2,039)
Deferred Tax Liability	(1,855)
	16,811
Goodwill	3,032
	19,843

The acquisition was accounted for as a business combination using the acquisition method, with the results of operations consolidated with the Company from the date of acquisition. Goodwill represents the excess of the purchase price of the acquisition over the fair value of the net identifiable assets acquired. The goodwill recognized is attributable mainly to expected future growth potential and expected synergies. Goodwill arising from the acquisition is deductible for tax purposes.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

4. Business acquisitions (continued)

The share consideration comprised of 273,461,452 common shares of the Company ("Share Consideration") and are subject a lockup agreement whereby the IsoCanMed shareholders covenant not to sell, transfer or otherwise dispose of:

- With respect to 25% of the Share Consideration, for a period ending on the 6 month anniversary of the Closing Date;
- With respect to an additional 25% of the Share Consideration, for a period ending on the 12 month anniversary of the Closing Date;
- With respect to an additional 25% of the Share Consideration, for a period ending on the 18 month anniversary of the Closing Date; and
- An additional 25% of the Share Consideration, for a period ending on the 24 month anniversary of the Closing Date.

For accounting purposes, the Share Consideration transferred for the acquired business includes a discount in the value of the share consideration to reflect the trading restriction placed on the shares.

5. Trade and other receivables

The Company's trade and other receivables include the following:

	January 31 2022	July 31, 2022
Trade and other receivables	**5,595**	3,034
Input taxes and other taxes receivables	**204**	24
	5,799	3,058

As at January 31, 2023, $14 (July 31, 2022 - $14) of allowance for doubtful accounts has been provided for and is not expected to be collected.

6. Inventory

The Company's inventory is comprised of the following:

	January 31 2022	July 31, 2022
Dried cannabis		
- Work-in-process	**1,531**	2,146
- Finished goods	**1,855**	1,424
Packaging and consumables	**8**	7
Other	**-**	24
	3,394	3,601

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

6. Inventory (continued)

As of January 31, 2023, the balance of inventory is comprised of a fair value gain of $205 (July 31, 2022 - $163) upon harvest, $662 (July 31, 2022 - $1,115) of cost capitalized to inventory and $2,527 (July 31, 2022 - $2,323) of purchased products.

Products purchased from other producers are carried at the lower of their carrying amount and net realizable value. Carrying amount approximates the price paid to acquire the products.

Cost of sales for the three and six months ended January 31, 2023 is $2,666 and $4,847 (January 31, 2022 - $2,754 and $4,223). The Company assessed there was no impairment to the inventory for the three and six months ending January 31, 2023. The Company impaired the cannabis inventory during the three and six months ended January 31, 2022 for $393 and $2,741, due to the costs capitalized exceeding the net realizable value of the inventory.

7. Biological assets

Biological assets consist of cannabis on plants. The changes in the carrying value of biological assets are as follows:

	$'000
Balance as at April 30, 2021	**692**
Production costs capitalized	1,305
Changes in fair value due to biological transformation	(159)
Transferred to inventory upon harvest	(1,754)
Balance as at July 31, 2022	**84**
Production costs capitalized	835
Changes in fair value due to biological transformation	2,199
Transferred to inventory upon harvest	(2,023)
Balance as at January 31, 2023	**1,095**

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model that estimates the expected harvest yield in grams for plants currently being cultivated, and then multiplies that amount by the expected wholesale selling price.

The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The Company’s method of accounting for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from initial cloning to the point of harvest. Harvested cannabis is transferred from biological assets to inventory at their fair value less costs to sell at harvest.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

7. Biological assets (continued)

The biological assets were measured at their fair value less costs to sell of $1,095 on January 31, 2023 (July 31, 2022 - $84).

As at January 31, 2023			
Significant inputs and assumptions	**Inputs**	**Sensitivity**	**Effect on biological asset balance**
Weighted average selling price per gram	$1.80	10% Increase or decrease	$140
Average yield per plant	821 grams	10% Increase or decrease	$109
Post-harvest cost per gram	$0.39	10% Increase or decrease	$31

As at July 31, 2022			
Significant inputs and assumptions	**Inputs**	**Sensitivity**	**Effect on biological asset balance**
Weighted average selling price per gram	$1.75	10% Increase or decrease	$11
Average yield per plant	586 grams	10% Increase or decrease	$8
Post-harvest cost per gram	$0.48	10% Increase or decrease	$3

8. Investment in associates

On August 9, 2021, the Company announced that they have entered into a definitive share exchange agreement for the Company's acquisition of all of the issued and outstanding shares of Montréal Cannabis Medical Inc. (“**MTL**”) (herein referred to as the “Transaction”). The Transaction is considered an arm’s length transaction and will constitute a “reverse takeover” of the Company by MTL as it is anticipated that the Company’s shareholders will account for approximately 20% of the combined company post merger.

On August 30, 2022, Canada House Cannabis Group closed the first tranche of its acquisition of MTL. With the closing of the first tranche of the Transaction (the "Initial Closing") the Company acquired 24.99% of the issued and outstanding shares of MTL in exchange for 49.99% of the issued and outstanding common shares of the Company. Following the completion of the Company's share consolidation, the Company issued 22,779,340 Common Shares to the shareholders of MTL on the Initial Closing. Subsequent to this transaction, 45,567,767 Common Share of the Company were issued and outstanding. Please see Company's news release on August 30, 2022.

The parties will proceed to satisfying the closing conditions to the second tranche of the Transaction, namely the preparation of the required audited annual and unaudited interim financial statements and related management's discussion and analysis of MTL in order for the Company to proceed to a shareholder meeting to approve the Transaction, as required by the rules and policies of the Canadian Securities Exchange. The definitive transaction agreement between the parties provides for the Company to acquire the remaining 75.01% of the issued and outstanding shares of MTL on the second tranche of the Transaction (the "Subsequent Closing") in exchange for such number of Common Shares that when added to the Common Shares issued on the Initial Closing, is equal to 80.0% of the issued and outstanding common shares of the Company.

At current stage, the Company owns 24.99% of the issued and outstanding shares of MTL and has significant influence over MTL and that is neither a subsidiary nor an interest in a joint venture.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

8. Investment in associates (continued)

The Company had an enterprise value of $33,700 as of August 30, 2022, and the 22,779,340 Common Shares (49.99% of the issued and outstanding common shares of the Company issued to acquire the investment in MTL had an enterprise value of $16,846. Factoring in debt, the Company had an equity value of $11,693 as of August 30, 2022, and the 22,779,340 Common Shares issued to acquire the investment in MTL had an equity value of $5,847. $905 of transaction costs, including finders' fees and legal costs, were incurred to facilitate the Initial Closing and are included within the carrying value of the investment, $330 of which has been paid by cash. Subsequent to the period end, the remaining balance of $375 has been settled by issuing the Company's 394,321 common shares, and $200 has been settled by issuing the Company's 190,476 common shares (note 27).

The condensed interim consolidated financial statements include the Company's share of MTL's income, expenses and equity movements. Where the Company transacts with its associates, unrealized profits or losses are eliminated to the extent of the Company's interest in the associate. The carrying value of investment in MTL consists of [(1)]:

Balance as at July 31, 2022	**-**
Additions, August 30, 2022	5,847
Transaction costs capitalized	905
Share of net income [(2)]	185
Unrealized gross profit [(3)]	(257)
Balance as at January 31, 2023	**6,680**

[(1)] The Company received unaudited Financial Statements from MTL and has relied on this information provided by MTL management as input in the CHV financial statements as represented in Investment in Associates.

[(2)] Represents an estimate of the Company's share of net income based on the latest available information of the investee.

[(3)] Represents the Company's 24.99% of the unrealized gross profit of the unsold inventory MTL purchased from IsoCanMed as of January 31, 2023, based on the latest available information of the investee.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

8. Investment in associates (continued)

The following table summarizes the financial information of MTL [4]:

Highlight from the Statements of Financial Position	**As at January 31, 2023**
Current assets (including cash and cash equivalents)	20,062
Non-current assets	8,373
Current liabilities	(7,461)
Non-current liabilities	(13,107)
Net assets (liabilities) (100%)	7,867

Highlight from the Income Statement	**August 30, 2022 to January 31, 2023**
Revenue	10,399
Profit from operations	3,662
Net income and comprehensive income for the period	740
Share of net income (24.99%)	185

[4] The Company received unaudited Financial Statements from MTL Cannabis and has relied on this information provided by MTL Cannabis management as input in the CHV financial statements as represented in Investment in Associates.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

9. Property, plant and equipment

Cost	Leasehold Improvements	Equipment	Furniture and Fixtures	Building	Land	Total
Balance as at April 30, 2021	**7,315**	**3,770**	**304**	**7,886**	**930**	**20,205**
Additions	50	633	17	1,386	63	2,149
Disposals	(174)	(635)	(11)	(3)	(364)	(1,187)
Balance as at July 31, 2022	**7,191**	**3,768**	**310**	**9,269**	**629**	**21,167**
Additions	-	106	-	36	-	142
Disposals	(4)	(3)	(1)	-	-	(8)
Balance as at January 31, 2023	**7,187**	**3,871**	**309**	**9,305**	**629**	**21,301**

Accumulated depreciation	Leasehold Improvements	Equipment	Furniture and Fixtures	Building	Land	Total
Balance as at April 30, 2021	**3,882**	**1,268**	**159**	**309**	**-**	**5,618**
Depreciation	1,862	724	35	384	-	3,005
Disposals	(108)	(295)	(7)	-	-	(410)
Balance as at July 31, 2022	**5,636**	**1,697**	**187**	**693**	**-**	**8,213**
Depreciation	698	257	10	173	-	1,138
Disposals	-	-	(1)	-	-	(1)
Balance as at January 31, 2023	**6,334**	**1,954**	**196**	**866**	**-**	**9,350**

Net book value	Leasehold Improvements	Equipment	Furniture and Fixtures	Building	Land	Total
Balance as at July 31, 2022	1,555	2,071	123	8,576	629	12,954
Balance as at January 31, 2023	**853**	**1,917**	**113**	**8,439**	**629**	**11,951**

Of total depreciation for the six months ended January 31, 2023 totaling $1,138 (January 31, 2022 - $588), $76 (January 31, 2022 - $206) was allocated to biological assets, $87 (January 31, 2022 - $120) was allocated to inventory, $58 (January 31, 2022 - Nil) was allocated to cost of sales, and $917 (January 31, 2022 - $262) was expensed as depreciation.

10. Intangible assets and goodwill

Cost	Computer Software	License	Client List	Total
Balance as at April 30, 2021	**398**	**7,000**	**-**	**7,398**
Additions	118	-	-	118
Acquired on business combination (note 4)	-	-	532	532
Balance as at July 31, 2022	**516**	**7,000**	**532**	**8,048**
Additions	57	-	-	57
Balance as at January 31, 2023	**573**	**7,000**	**532**	**8,105**

Accumulated Amortization	Computer Software	License	Client List	Total
Balance as at April 30, 2021	**311**	**-**	**-**	**311**
Amortization	51	-	46	97
Balance as at July 31, 2022	**362**	**-**	**46**	**408**
Amortization	29	-	21	50
Balance as at January 31, 2023	**391**	**-**	**67**	**458**

Net Book value	Computer Software	License	Intellectual Property	Total
Balance as at July 31, 2022	154	7,000	486	7,640
Balance as at January 31, 2023	**182**	**7,000**	**465**	**7,647**

In May 2021, the Company acquired 100% of issued and outstanding shares of Margaree, and as part of the transaction, a client list was acquired and valued at $532 (note 4).

A continuity of the Company’s goodwill balance is as follow:

	$000's
As at April 30, 2021	**3,032**
Additions (note 4)	520
Adjustment	(6)
As at July 31, 2022	**3,546**
As at January 31, 2023	**3,546**

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

10. Intangible assets and goodwill (continued)

The Company operates as two CGU and therefore goodwill and intangible assets have been allocated to their respective CGU and tested at the CGU level.

Licensed Producer
The Company's Licensed Producer CGU represents its operations dedicated to the cultivation and sale of cannabis products and has goodwill of $3,032. In assessing goodwill and indefinite-life intangible assets for impairment, the Company compared the aggregate recoverable amount of the assets included in the CGU to there respective carrying amounts. The recoverable amount of the CGU was based on value in use, estimated using discounted cash flows. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used.

The carrying value of the Licensed Producer CGU goodwill as at January 31, 2023 was $3,032. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represents management's assessment of the future trends in the industry and have been based on historical data from both external and internal resources.

Pre-tax discount rate	23%
Terminal growth rate	2%
Budgeted earnings growth rate (average)	1%

The estimated recoverable amount of the CGU exceeded its carrying amount and as such, there was no impairment recorded as at January 31, 2023.

Sensitivity to changes in assumptions

Management has performed an assessment to determinate whether an impairment would have been recognized if there was a change in any of the key assumptions identified above. An increase of 50 basis points in the pre-tax discount rate, a decrease of 50 basis points in the terminal growth rate, or a decrease of 50 basis points in the earnings growth rate, each used in isolation to perform the goodwill impairment tests, would not have results in an impairment charge being recognized for the three and six months ended January 31, 2023.

CHC
The Company's CHC business represents its clinical business focused on providing education services to assist their patients in selecting a licensed producer, identifying appropriate strains, and consult and support patients regarding the use of medical cannabis. CHC is not in the business of growing or distributing cannabis and has no plans to undertake these activities in the future. Management considered a revenue multiple to determine the recoverable amount of the CGU and determined the estimated recoverable amount to exceed its carrying amount and as such no impairment was recorded as at January 31, 2023. Management has performed an assessment to determinate whether an impairment would have been recognized if there was a change in any of the key assumptions, specifically the revenue multiple and determine that a decrease of 10% would not have resulted in an impairment charge.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

11. Right-of-use assets and lease liability

The change in carrying value of the Company's right-of-use assets and lease liability was as follows:

	Right-of-use Assets	Lease Liability
Balance as at April 30, 2021	**2,413**	**2,476**
Additions	454	454
Disposal	(47)	(45)
Amortization expense	(638)	-
Interest expense	-	160
Payments	-	(757)
Balance as at July 31, 2022	**2,182**	**2,288**
Additions	183	183
Amortization expense	(258)	-
Interest expense	-	63
Payments	-	(305)
Balance as at January 31, 2023	**2,107**	**2,229**
Current	**-**	**508**
Non-current	**2,107**	**1,721**

Of total amortization for the six months ended January 31, 2023 totaling $258 (January 31, 2022 - $127), Nil (January 31, 2022 - $27) was allocated to biological assets, $17 (January 31, 2022 - $8) was allocated to inventory and $241 (January 31, 2022 - $92) was expensed as right-of-use assets amortization.

12. Promissory notes

Current
In January 2020, the Company issued 1,000,000 common shares (pre-consolidation 30,000,000) at a deemed price per share of $1.50 (pre-consolidation $0.05) to each of two former shareholders of MFT and TLP pursuant to separate debt settlement agreements entered into between the Company and each such individual for the satisfaction of $3,000 of remaining contingent consideration of $3,545 owing to the shareholders, which payments were originally due in November 2019. The remaining $545 remains owing under two promissory notes (the "**2020 Promissory Notes**"), $492 was repaid. As at January 31, 2023, the balance of promissory notes of $79 includes $53 of principal and $26 accrued interest payable at the rate of 8% per annum.

On June 12, 2020, the Company acquired 100% of the outstanding shares of IsoCanMed. As part of the consideration, the Company assumed three promissory notes (the "**ISO Promissory Notes**") in the total amount of $12,500 payable on or before June 12, 2023 and bearing interest at 5% payable annually. The promissory notes are secured by a general security agreement registered against the asset of IsoCanMed. At the time of acquisition, the promissory notes were valued at $10,398. As of January 31, 2023, the amortized cost of the three promissory notes is $7,489. The maturity date on one of the promissory notes with a carrying value of $4,167 was amended from December 12, 2024 to December 12, 2023, accordingly the promissory note has been classified as current (note 26).

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

12. Promissory notes (continued)

As at January 31, 2023, the balance of promissory notes of $4,246 includes $53 of principal and $26 accrued interest payable at the rate of 8% per annum of the 2020 Promissory Notes and $4,167 of principal of the ISO Promissory Notes.

Non-current
In July 2022, the maturity date for one of the ISO Promissory Notes in the amount of $4,167 was extended to June 12, 2024 and two of the ISO Promissory Notes in the total amount of $8,333 were extended to December 12, 2024. The amendment was treated as a debt modification under IFRS 9 as the terms were not substantially different given the discounted present value of the cash flows under the amended terms is less than 10% different from the discounted present value of the remaining cash flows of the original financial liability. The modification has resulted in a gain of $1,019 recorded in the consolidated statements of loss and comprehensive loss for the 15-month period ended July 31, 2022.

In December 2022. the Company revised repayment date of one of the ISO Promissory Notes in the amount of $4,167 from December 12, 2024 to December 12, 2023. The modification resulted in a $249 loss in the consolidated statements of profit (loss) and comprehensive profit (loss) for the 6-month period ending January 31, 2023. The carrying value of the promissory note of $4,167 has been classified as current due to the change in the maturity date (note 26).

The two the ISO Promissory Notes in the total amount of $8,333 the Company assumed as part of the consideration, one extended to June 12, 2024 and the other extended to December 12, 2024, remained as non-current Debentures. As of January 31, 2023, the amortized cost of the two ISO Promissory Notes is $7,489.

13. Related party transactions

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Technology Officer and equivalent and Directors.

Compensation expense for the Company's key management personnel for the six months ended January 31, 2023 and 2022 is as follows:

	January 31, 2023	January 31, 2022
Salaries and wages	**777**	813
Share-based compensation	**13**	112
General and administrative	**-**	33
	790	958

During the six months ending January 31, 2023, the Company paid $63 in consulting fees to Industries IsoCan Inc., a company controlled by three shareholders of Canada House, and $11 of rent to Immeubles IsoCan Inc., a company controlled by the same three shareholders. As of January 31, 2023, the Company owes promissory notes in the total amount of $12,500 payable (July 31, 2022 $12,500) to the same three shareholders. (note 12).

All related party transactions were in the normal course of operations, measured at the exchange amount.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

14. Borrowings

Borrowings consist of the following for the six months ending January 31, 2023 and year ended July 31 2022:

	January 31, 2023	July 31, 2022
Current		
Loan from vendor (1)	**337**	334
Loan from other lender (2)	**868**	805
Retrofit loan from Montreal Cannabis Medical Inc. (3)	**1,100**	627
Total current borrowings	**2,305**	1,766
Non-current		
Retrofit loan from Montreal Cannabis Medical Inc. (3)	**870**	1,013
Loan from Montreal Cannabis Medical Inc. (3)	**1,114**	1,027
Loans from bank (4)	**120**	120
Total non-current borrowings	**2,104**	2,160
Total borrowings	**4,409**	3,926

(1) Loan from vendor
The loan from vendor is a three-year loan of $313 at 2% interest per annum. The interest is payable annually. The loan is unsecured and matured on October 31, 2021. As of January 31, 2023, the balance of $337 includes $313 of principal and $24 of accrued interest.

(2) Loan from other lender
In October 2021, the Company issued a $700 principal amount secured debenture (the "**Debenture**") to DMMB (Pty) Holdings Ltd. The Debenture has a two-year term and bears interest at 18% per annum. As of January 31, 2023, the balance of Debenture $868 includes $700 of principal and $168 of accrued interest.

(3) Loans from Montreal Cannabis Medical Inc.

Retrofit loan from Montreal Cannabis Medical Inc.

On December 15, 2021, MTL and IsoCanMed entered into a loan agreement for IsoCanMed to borrow up to $4,139 from MTL. The Loan amount is to be used by IsoCanMed for the completion of the Retrofit. IsoCanMed borrowed $1,870 for Phase 1 of the Retrofit as of January 31, 2023 and the total balance of the loan is $1,970 including $1,870 of principal and $100 of interest accrued at 8% per annum. $1,100 is classified as current and the $1,114 is classed as non-current to reflect the repayment terms.

The Loan Amount will be made available to IsoCanMed in two tranches as follows:

Tranche 1 (Phases 1 & 2 of the Retrofit)
Tranche 2 (Phases 3 to 7 of the Retrofit)

14. Borrowings (continued)

Each tranche of the Loan Amount will be paid repaid as follows:

Tranche 1:
Commencing on February 3, 2022 and continuing on each monthly anniversary thereafter to September 3, 2022, interest only payments on amounts advanced up to the Tranche 1 loan Amount, at the annual interest rate of 8% per annum, shall be payable by IsoCanMed to MTL.

Commencing on December 3, 2022 and continuing on each three (3) month anniversary thereafter until the Tranche 1 Loan Amount and accrued interest are satisfied in full, IsoCanMed agrees to pay to MTL eight (8) quarterly installments in the amount of $200,000, with the balance of principal and interest owing to be satisfied in full on the ninth (9th) quarterly anniversary thereafter.

Tranche 2:
Commencing on June 1, 2022 and continuing on each monthly anniversary thereafter to January 1, 2023, interest only payments on amounts advanced up to the Tranche 2 Loan Amount, at the annual interest rate of 8% per annum, shall be payable by IsoCanMed to MTL.

Commencing on April 1, 2023 and continuing on each three (3) month anniversary thereafter until the Tranche 2 Loan Amount and accrued interest are satisfied in full, IsoCanMed agrees to pay to MTL nine (9) quarterly installments in the amount of $300,000, with the balance of principal and interest owing to be satisfied in full on the tenth (10th) quarterly anniversary thereafter.

CHV unconditionally and irrevocably guarantees the due and punctual performance and observance by IsoCanMed of its obligations under this Agreement.

Loan from Montreal Cannabis Medical Inc.

During the 15-month period ending July 31, 2022, the Company borrowed $1,000 from MTL in total at 3% interest per annum. The interest rate was increased to 15% on June 28, 2022. The loan is unsecured and has no specific terms of repayment. As of January 31, 2023, the balance of $1,113 includes $1,000 of principal and $113 of accrued interest.

(4) Loans from bank
The loans from bank in the amount of $120 are loans from a Canadian financial institution under the Canada Emergency Business Account ("**CEBA**") program. The loans are due by December 31, 2024 at the interest rate of 5% per annum starting from January 1, 2024. Repaying the balance of the loans on or before December 31, 2023 will result in loan forgiveness of 25 percent ($30).

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

15. Convertible debentures

During the six months ended January 31, 2023, the changes of the carrying value of the convertible debentures are as follows:

	2020 Debentures	2017 Debentures	Total
Balance as at April 30, 2021	3,115	873	**3,988**
Principal amount repaid	-	(120)	**(120)**
Interest payments	-	(165)	**(165)**
Interest accretion expense	602	462	**1,064**
Balance as at July 31, 2022	**3,717**	**1,050**	**4,767**
Principal amount repaid	-	(193)	**(193)**
Interest accretion expense	309	-	**309**
Balance as at January 31, 2023, prior to modification	4,026	857	**4,883**
Modification of 2020 Debentures ((ii) and note 26)			
- Carrying value of loan adjustment	60	-	60
- Interest accretion adjustment	(21)	-	(21)
Balance as at January 31, 2023, after modification	**4,065**	**857**	**4,922**
Current	**-**	**857**	**857**
Non-current	**4,065**	**-**	**4,065**

(i) 2017 debentures

On December 5, 2017, the Company issued 8,624 unsecured convertible debenture ("**2017 Debentures**") units for gross proceeds of $8,624. Of the gross proceeds received, $2,000 represented promissory notes that were settled through the issuance of these convertible debenture units, $75 represented convertible debentures issued to former key management as severance and $130 represented convertible debentures issued as settlement of $176 of trade payables. Each 2017 Debentures unit comprises: (i) $1,000 principal amount of 8.5% unsecured convertible debentures with a maturity date of December 5, 2021; and (ii) 175 detachable common share purchase warrants of the Company (each, a "2017 Warrant") exercisable into common shares of the Company over a 48 month period at fixed exercise prices. All of the 2017 Warrants have expired with none exercised.

Each 2017 Debenture shall be convertible at the holder's option into fully paid common shares of the Company at any time prior to the maturity date at a conversion price of $5.7 per share if converted within the first 12 months following issuance, and at a conversion price of $12 per share if converted at any time following the date that is 12 months and one day following issuance until maturity. If the volume weighted average closing price of the common shares is greater than or equal to $10.5 for a period of five consecutive days at any time within the first 12 months of the closing date, the Company has the option to force conversion at $5.7 per share. If the volume weighted average closing price of the common shares of the Company is greater than or equal to $15 for a period of five consecutive days at any time after 12 months and before maturity, the Company has the option to force conversion at $12 per share.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

15. Convertible debentures (continued)

The debentures may be redeemed at any time after issuance on the following basis:

Redemption price	Redemption date
115% of the principal amount plus any accrued and unpaid interest	0–12 months from closing
112% of the principal amount plus any accrued and unpaid interest	12–24 months from closing
109% of the principal amount plus any accrued and unpaid interest	24–36 months from closing
106% of the principal amount plus any accrued and unpaid interest	36–48 months from closing

The interest payable on the debenture is payable monthly in cash.

Transaction costs consisted of $307 in cash and $356 of broker warrants with identical terms as the 2017 Warrants.

On initial recognition, the Company allocated the proceeds, net of transaction costs, as follows:

Convertible debentures, liability	1,934
Conversion feature (1)	1,955
Deferred tax liability on conversion feature	705
Warrants	3,368
	7,962

(1) Upon expiry, $1,955 related to the conversion feature was reclassified from contributed surplus to deficit.

The value of the conversion option was calculated by subtracting the net present value of the debenture from the face value of the convertible debentures. The net present value of the debenture was calculated using a discount rate of 20.37% over a term of 48 months. As of January 31, 2023, $857 of the principal amount of the 2017 Debentures remains outstanding and presented within current liabilities.

Prior to the maturity of the 2017 Debentures, the Company corresponded with the remaining holders of 2017 Debentures and proposed Convertible Debenture Amending Agreements (the "**Amending Agreements**") to: i) extend the Maturity Date of the 2017 Debentures to December 5, 2022; ii) increase the interest rate on the outstanding Principal from 8.5% per annum to 18.0% per annum from and after December 5, 2021; iii) remove the conversion right under the Debenture; and, iv) reaffirm the Company's obligations under the 2017 Debentures. The Company did not enter into Amending Agreements with all holders of the 2017 Debentures to extend the Maturity Date of the 2017 Debentures. As of June 21, 2023, all the principal and interest of the 2017 Debentures are due and the holders of the 2017 Debentures may exercise rights to enforce the payment thereof.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

15. Convertible debentures (continued)

(ii) 2020 convertible debenture

On August 8, 2020, the Company closed the strategic investment transaction with Archerwill Investments Inc.("**Archerwill**"). Archerwill invested $6,500 in the form of a secured convertible debenture, repaying the 2019 convertible debentures in full. The debenture may be converted into common shares at a price of $1.5 per common share and bears interest at 8.0%, compound annually, convertible into shares or payable in cash at maturity, at the option of Archerwill. Unless converted earlier, the debentures mature in five years.

Prior to the transaction, Archerwill beneficially owned or had control or direction over 104,066 common shares in the capital of the Company and 165,787 securities of the Company convertible into or exercisable for 165,787 common shares.

Archerwill concurrently received 4.3 million common share purchase warrants, exercisable at $1.8 per share for a period of four years, which, if exercised in full, would subsequently increase Archerwill's ownership interest to 28.3% (assuming Archerwill's conversion and exercise in full of all securities it holds in the Company but no other conversions of outstanding securities of the Company). The transaction costs were allocated pro rata based on each individual component's fair value.

On initial recognition, the Company allocated the proceeds, net of $390 of transaction costs, as follows:

Convertible debenture, liability	2,851
Conversion feature	1,755
Warrants	1,504
	6,110

As of January 31, 2023, $6,500 of the principal amount of the 2020 convertible debenture remains outstanding and the amortized cost is $4,065.

In August 2022, the conversion price of the Archerwill Debenture was amended from $1.50 (pre-consolidation $0.05) to the lower of $0.90 and the volume weighted average trading price of the Common Shares of the Resulting Issuer over the first 20 trading days following the resumption of trading of the Common Shares on the Canadian Securities Exchange ("**CSE**"), subject to a minimum price of $0.50. The excise price of the 4.3 million common share purchase warrants was amended from $1.80 per share (pre-consolidation $0.06) to the lower of $1.20 and 130% of the volume weighted average trading price of the Common Shares of the Resulting Issuer over the first 20 trading days following the resumption of trading of the Common Shares on the CSE.

The modification of the conversion price and the warrant exercise price from a fixed amount to a variable amount has resulted in the conversion feature and warrant no longer being classified as equity. Upon modification, the Company reassessed the fair value of each of the debt, conversation feature and warrant and also reclassified the conversion feature and warrant from equity to financial liabilities on the statement of consolidated financial position. The Company determined the allocation of the carrying value of the host debt instrument, the conversion option derivative, and warrant liability as $4,086, $3,463, and $640, respectively. The fair value of the conversion feature and warrants were assessed using a combination of a Monte Carlo analysis and Black-Scholes model. Key assumptions used in both models were a share price of $0.61, estimated volatility range of 65% - 70% and a risk-free rate of 3.4% to 3.6%. The fair value of the host debt instrument was fair valued based on a discount rate of 22%.

As at January 31, 2023, the change in fair value of the conversation option derivative and warrant liability was a decrease in the estimated fair value of $95 and $169, respectively, resulting in a combined gain on change in fair value of $264. In addition to the above adjustments, the Company also adjusted the interest accretion for the six-month period which was overstated by $21.

The impact of these adjustments are reflected note 26.

16. Mortgage payable

On December 24, 2020, the Company closed a $2,000 non-dilutive term loan financing at an annual interest rate of 10% (the "**Loan**"). The Loan is secured by the property and assets of the Company's wholly owned subsidiary, IsoCanMed, in Louiseville, Quebec and is subject to monthly interest-only installments of $17, with the principal amount repayable at the end of one year. The Loan may be extended for an additional year, at the discretion of the lender, upon 30 days written renewal notice by the Company. The renewal notice will indicate if the Company intends to repay any portion of the loan, up to a maximum of $1,000. A commitment fee, equal to 4% of the loan amount less the amount repaid, is payable at the each time of renewal. The Loan was extended to January 1, 2024 and interest rate increased to 12% per annum starting from January 1, 2023. The Company paid $60 of commitment fee at the renewal which is capitalized in the restated financial statements for the six months ending January 31, 2023.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

17. Share capital

(a) Authorized

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

(b) Issued and outstanding

	Common Shares Number	$	Equity component of convertible debentures	Number of Warrants	Contributed Surplus
Balance as at April 30, 2021	**22,788,427**	**48,685**	**2,174**	**10,979,457**	**15,775**
Expiry of conversion feature	-	-	-	-	(1,955)
Warrants expired	-	-	-	(1,939,549)	-
Share-based compensation	-	-	-	-	467
Balance as at July 31, 2022 (b)	**22,788,427**	**48,685**	**2,174**	**9,039,908**	**14,287**
Common shares issuable in exchange for Investment	22,779,340	5,846	-	-	-
Warrants expired (a)	-	-	-	(539,063)	-
Charge related to modification of conversion feature and warrants (note 15(ii))	-	-	(1,504)	-	(1,755)
Share-based compensation	-	-	-	-	23
Balance as at January 31, 2023	**45,567,767**	**54,531**	**670**	**8,500,845**	**12,555**

(a) During the six months ending January 31, 2023, 539,063 warrants issued in September 2019 expired without being exercised.

(b) During the 15-month period ending July 31, 2022, the Company extended the expiry date of 3,244,762 (subject to adjustment) outstanding common share purchase warrants of the Company issued on March 4, 2020 (the "**Warrants**") from March 3, 2023, to December 31, 2026. Aside from the extension of the expiry date, all other terms of the Warrants will remain unchanged.

18. Share-based compensation

The Company has established a stock 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 and the term, 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 options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

18. Share-based compensation (continued)

The Company's Option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the common shares that are outstanding unless the Board of Directors shall have increased such limit by a Board of Directors resolution. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares. 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 stock options during the period were as follows:

	Number of Options	Weighted Average Exercise Price ($)
Balance as at April 30, 2021	**1,856,666**	**2.70**
Expired	(80,000)	7.50
Forfeited	(163,333)	3.60
Cancelled	(348,333)	5.70
Balance as at July 31, 2022	**1,265,000**	**1.50**
Balance as at January 31, 2023	**1,265,000**	**1.50**

The following table is a summary of the Company's share options outstanding as at January 31, 2023:

Exercising Price ($)	Number Outstanding	Weighted Average Exercising Contractual Life Years	Number Exercisable
1.50	1,261,667	2.37	1,261,667
4.80	3,333	1.48	3,333
1.50	1,265,000	2.37	1,265,000

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

18. Share-based compensation (continued)

The following table is a summary of the Company's share options outstanding as at July 31, 2022:

Exercising Price ($)	Number Outstanding	Weighted Average Exercising Contractual Life Years	Number Exercisable
1.50	1,261,667	2.62	1,078,958
4.80	3,333	1.73	3,333
1.50	1,265,000	2.62	1,082,291

The Company recognized $23 of share-based compensation expense during the six months ended January 31, 2023 (January 31, 2022 – $202), with a corresponding amount recognized as a contributed surplus.

During the six months ended January 31, 2023, the Company did not issue any stock options. On May 12, 2022, the Company announced cancellation of 348,333 incentive stock options previously held by certain directors, officers, and employees of the Company.

19. Finance and transaction costs

The finance and transaction costs for the six months ended January 31, 2023 and 2022 are comprised of the follows:

	January 31, 2023	January 31, 2022
Interest and bank charges	504	80
Interest on debentures	366	359
Accretion on debentures	310	416
Interest on promissory notes	313	313
Accretion on promissory notes	616	343
Interest on mortgage	95	100
Accretion on leases	62	65
Transaction costs	-	241
Total	**2,266**	**1,917**

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

20. Profit (loss) per share

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

Diluted profit (loss) per common share is calculated by dividing the applicable net profit (loss) by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period.

For the three and six months ended January 31, 2023, diluted profit (loss) per share equals basic profit (loss) per share due to the anti-dilutive effect of convertible debentures, warrants and stock options. The outstanding number and type of securities that could potentially dilute basic net profit (loss) per share in the future, but would have decreased the profit (loss) per share (anti-dilutive) for the periods presented, are as follows:

	January 31, 2023 Number of Shares	January 31, 2022 Number of Shares
Convertible debentures	**7,222,222**	4,430,833
Warrants	**8,500,845**	10,787,319
Share options	**1,265,000**	1,613,333
	16,988,067	16,831,485

21. Nature of expenses

General and administrative expenses for the six months ended January 31, 2023 and 2022 are comprised of:

	January 31 2023	January 31 2022
Salaries, wages and consulting fees	**3,046**	3,375
General operating	**920**	579
Occupancy costs	**268**	244
Professional fees	**374**	364
	4,608	4,562

Sales and marketing expenses for the six months ended January 31, 2023 and 2022 are comprised of:

	January 31 2023	January 31 2022
Sales and marketing	**649**	828
Travel	**76**	55
	725	883

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

22. Commitments and contingencies

Commitments
As at January 31, 2023, the Company is committed under leases for equipment and office space for the following minimum annual rentals:

2022	555
2023	505
2024	475
Thereafter	1,016
	2,551

Contingencies

(a) The Company and its subsidiary, Abba, were served with a Statement of Claim for damages for the alleged failure to pay invoices in the amount of $200 plus pre- and post-judgment interest. Pleadings have now closed, and the parties are in the process of scheduling examinations for discovery. Given that examinations for discovery have not yet occurred, it is too early in the process to have a reasonable expectation or evaluation of the Plaintiff's claim, but the Company believes the claim to be without merit.

(b) On April 15, 2021, Canada House's wholly owned subsidiary, IsoCanMed, was served with an application to initiate proceedings for damages for its alleged failure to pay invoices in the amount of $304 plus pre and post judgment interest. Prior to the Plaintiff initiating proceedings, IsoCanMed provided the Plaintiff with a list of deficiencies related to the Plaintiff's work installing the HVAC system at IsoCanMed's facility. The list of deficiencies includes the Plaintiff's supply and installation of a chiller which has not yet been put into operation by the Plaintiff. The Plaintiff and IsoCanMed discussed IsoCanMed's payment of the balance owing (approximately $305) on the total contract value of $2,300 when the Plaintiff had successfully remedied the outstanding deficiencies in its workmanship. In addition, at the request of the Plaintiff, IsoCanMed provided the Plaintiff with comments on the items it disputed in the Plaintiff's outstanding invoices. After receiving IsoCanMed's requested comments, the Plaintiff halted all communication and proceeded with this application.

IsoCanMed retained external counsel to appear on IsoCanMed's behalf and respond to the application. IsoCanMed's external counsel has filed a Defence and Counterclaim to the Plaintiff's application along with the expert report relied upon in same. At this time, the Plaintiff's defense to IsoCanMed's Counterclaim and any expert evidence to be relied upon by the Plaintiff have not been filed with the Court. Initial discoveries of the Parties related to the Plaintiff's claim and IsoCanMed's Counterclaim have been delayed.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

22. Commitments and contingencies (continued)

(c) The Company was served with an application to initiate proceedings for damages for its alleged failure to pay indebtedness in the amount of $65. The Company has retained external counsel to appear on the Company's behalf and respond to the application. It is too early in the process to have a reasonable expectation or evaluation of the plaintiff's claim, but the Company believes the claim to be without merit.

(d) The Company is in the process of corresponding with the remaining holders of the Company's outstanding Convertible Debentures dated December 5, 2017, some of which were amended by Convertible Debenture Amending Agreements dated as of December 5, 2021 (collectively, the "2017 Debentures"), to propose repayment terms. The Company has not entered into repayment agreements with all holders of the 2017 Debentures. The principal and interest of the 2017 Debentures not subject to repayment agreements is due and payable and the holders of the 2017 Debentures may exercise rights to enforce the payment thereof.

In the ordinary course of business and from time to time, the Company is involved in various other claims related to its ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these consolidated financial statements.

23. Capital management

The Company defines the capital that it manages as the amounts it classifies in share capital, augmented by any amounts raised through the issuance of convertible debentures, promissory notes, borrowings and mortgage payable.

	January 31, 2023	**July 31, 2022**
Share capital, including equity component of convertible debentures	55,201	50,859
Convertible debentures	4,922	4,767
Financial instruments liabilities	3,838	-
Promissory notes	11,735	10,866
Borrowings	4,409	3,926
Mortgage payable	1,940	2,000
	82,045	72,418

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and to maintain adequate levels of funding to support its ongoing initiatives and business development activities in order to provide returns for its shareholders.

The Company is an early-stage company and is dependent on raising further capital, primarily equity, to fund its capital expenditures and its operating expenses in excess of revenue until such time as it reaches cash break-even. As at January 31, 2023, the Company had raised, net of issuance costs, approximately $41,570 (July 31, 2022 - $41,312) by the issuance of common shares, warrants, convertible debentures and long-term debt. The Company may raise additional equity in the future, although there can be no assurance that the Company will be successful in doing so.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

24. Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. As at January 31, 2023 and July 31, 2022, three customers represented 51% and 42% of the outstanding trade and other receivable balance, respectively. For the three and six months ended January 31, 2023, three customers accounted for 31% of revenue (January 31, 2022 – three customers accounted for 48% of revenue).

The Company does not hold any collateral as security, but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The aging of trade receivables is as follows:

	January 31, 2023	July 31, 2022
Not past due	**2,608**	1,726
1 to 30 days past due	**1,653**	724
31 to 60 days past due	**841**	358
Over 61 days past due	**493**	226
	5,595	3,034

As at January 31, 2023, the expected credit loss recognized was $14 (July 31, 2022 - $14).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

24. Financial instruments and risk management (continued)

The Company is obligated to the following contractual maturities of undiscounted cash flows:

	Carrying Amount	Total Contractual Cash Flow	Year 1	Year 2	Year 3	Year 4 and Beyond
Lease liability	2,229	2,551	555	505	475	1,016
Promissory notes	4,246	4,246	4,246	-	-	-
Promissory note - non-current	7,489	8,333	-	8,333	-	-
Trade and other payables	12,598	12,597	11,304	-	1,293	-
Convertible debentures	8,760	10,111	1,011	-	9,100	-
Borrowings	4,409	4,409	3,539	870	-	-
Mortgage payable	1,940	2,220	2,220	-	-	-
	41,671	**44,467**	**22,875**	**9,708**	**10,868**	**1,016**

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.

Currency risk
Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates. The Company is not exposed to foreign currency exchange risk as it has minimal financial instruments denominated in a foreign currency and substantially all of the Company's transactions are in Canadian dollars, which is also the Company's functional currency.

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 is not exposed to interest rate risk as at January 31, 2023 as the Company does not have any variable interest rate assets or liabilities.

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 those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at January 31, 2023.

Fair values
The carrying values of cash, trade and other receivables, trade and other payables, promissory notes, borrowings and convertible debentures approximate the fair values due to the short-term nature of these items or the interest rates and discount rates being at market. The risk of material change in fair value is not considered to be significant due to a relatively short-term nature. The Company does not use derivative financial instruments to manage this risk.

24. Financial instruments and risk management (continued)

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the three and six months ended January 31, 2023, there were no transfers of amounts between levels.

25. Segmented information

The Company has two reportable and operating segments. The Company cultivates and distributes cannabis related products via federally approved cannabis programs by way of its Licensed Producer business. In addition, Company operates its clinic business through its CHC subsidiary. The Company derives substantially all of its revenue from these two segments. The Company reports segment information based on internal reports used by the Chief Operating Decision maker ("CODM") to make operating and resource decisions and to assess performance. The CODM is the Chief Executive Officer. The CODM makes decisions and assesses performance of the Company on a consolidated basis such that the Company is a single reportable operating segment.

The Company primarily operates in one principal geographical area, Canada, accordingly all of the Company's long lived assets are located in Canada.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

25. Segmented information (continued)

The following table presents details on the Company's segments for the six months ended January 31, 2023:

Operating segments	**CHC**	**Licensed Producer**	**Corporate and other**	**Total**
Revenue				
Referral revenue	2,694	-	-	**2,694**
Product revenue	-	11,051	-	**11,051**
License revenue and other	33	1,141	-	**1,174**
Less: excise tax	-	(1,119)	-	**(1,119)**
Net revenue	2,727	11,073	-	**13,800**
Cost of sales	-	4,847	-	**4,847**
Gross profit before fair value adjustments	2,727	6,226	-	**8,953**
Realized loss on sale of inventory	-	1,099	-	**1,099**
Realized loss (gain) on biological assets	-	(2,199)	-	**(2,199)**
Gross profit	2,727	7,326	-	**10,053**
Expenses	1,910	3,477	1,176	**6,563**
Profit (loss) from operations	817	3,849	(1,176)	**3,490**
Finance costs	23	467	1,776	**2,266**
Change in fair value of financial instruments	-	-	(265)	**(265)**
Share of loss from investment in associates	-	-	71	**71**
Loss on debt settlement and modifications	-	-	701	**701**
Profit (loss) before income tax	794	3,382	(3,459)	**717**
Provision for income tax	48	(27)	-	**21**
Net profit (loss) and comprehensive profit (loss)	746	3,409	(3,459)	**696**

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

25. Segmented information (continued)

The following table presents details on the Company's segments for the six months ended January 31, 2022:

Operating segments	CHC	Licensed Producer	Corporate and other	Total
Revenue				
Referral revenue	2,658	-	-	**2,658**
Product revenue	-	10,506	-	**10,506**
License revenue and other	12	191	-	**203**
Less: excise tax	-	(2,085)	-	**(2,085)**
Net revenue	2,670	8,612	-	**11,282**
Cost of sales	2	4,221	-	**4,223**
Inventory impairment	-	2,741	-	**2,741**
Gross profit before fair value adjustments	2,668	1,650	-	**4,318**
Realized loss on sale of inventory	-	903	-	**903**
Realized loss (gain) on biological assets	-	190	-	**190**
Gross profit	2,668	557	-	**3,225**
Expenses	1,856	2,900	1,566	**6,322**
Profit (loss) from operations	812	(2,343)	(1,566)	**(3,097)**
Finance and transaction costs	21	108	1,788	**1,917**
Other expenses	-	2	-	**2**
Profit (loss) before income tax	791	(2,453)	(3,354)	**(5,016)**
Provision for income tax	60	-	-	**60**
Net profit (loss) and comprehensive profit (loss)	731	(2,453)	(3,354)	**(5,076)**

26. Restatement of previously filed financial information

As part of the Company's process associated with the proposed transaction with MTL (note 8), the Company noted certain differences related to fair value measurement and transactions that were not appropriately accounted for as follow:

- **Investment in associate** – the measurement of the value of the Company's shares used as an investment in MTL made on August 30, 2022 as further discussed in note 8 whereby the Company acquired 24.99% of the issued and outstanding shares of MTL in exchange for 49.99% of the issued and outstanding common shares of the Company, was overstated by approximately $11,000 given that equity value net of debt should have been used instead of enterprise value. In addition, transaction costs associated with this investment of $905 was inappropriately expensed. The effect of this correction was to reduce the investment in associate's carrying value by $10,095.
- **Mortgage payable** – Mortgage renewal costs of $60 were inappropriately expensed.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

26. Restatement of previously filed financial information (continued)

- **Promissory notes** – The maturity date on one of the Company's promissory note with a carrying value of $4,167 was amended from December 12, 2024 to December 12, 2023, accordingly the promissory note should have been classified as current (note 12).
- **2020 convertible debenture** – In August 2022, the conversion price of the Archerwill Debenture and related warrants were amended as a result of which they no longer met the fixed for fixed criteria to qualify as an equity instrument. The Company was required to reassess the fair value of each component of the Archerwill Debenture. The net impact of this reassessment is to increase the carrying value of the host debt instrument by $60 and reclassify the conversion option and equity from equity to liability with an estimated fair value of $3,463, and $640, respectively, on modification (note 15).

The effects of correcting these differences are presented in the following tables.

The condensed interim consolidated statement of financial position as at January 31, 2023 has been restated as follow:

	Previously reported	Effect of correction	Restated
ASSETS			
Investment in associates	16,775	(10,095)	6,680
Total assets	53,244	(10,095)	43,149
LIABILITIES			
Mortgage payable	2,000	(60)	1,940
Promissory notes (current)	79	4,167	4,246
Total current liabilities	18,543	4,108	22,651
Promissory notes (non-current)	11,656	(4,167)	7,489
Debentures	4,026	39	4,065
Financial liabilities	-	3,838	3,838
Total liabilities	40,231	3,818	44,049
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	65,531	(11,000)	54,531
Equity component of convertible debentures	2,174	(1,504)	670
Contributed surplus	14,310	(1,755)	12,555
Deficit	(69,002)	346	(68,656)
Shareholders' equity (deficiency)	13,013	(13,913)	(900)
Total liabilities and shareholders' equity	53,224	(10,075)	43,149

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

26. Restatement of previously filed financial information (continued)

The condensed interim consolidated statements of profit (loss) and comprehensive profit (loss) for the six month period ended January 31, 2023 has been restated as follow:

	Previously reported	Effect of correction	Restated
Finance costs	2,347	(81)	2,266
Acquisition costs	905	(905)	-
Change in fair value of financial instrument liabilities	-	(265)	(265)
Loss on debt settlement and modifications	249	452	701
Profit (loss) before income taxes	(82)	799	717
Net profit (loss) and comprehensive profit (loss) for the period	(103)	799	696

The condensed interim consolidated statements of cash flows for the six-month period ended January 31, 2023 has been restated as follow:

	Previously reported	Effect of correction	Restated
Cash provided by operating activities			
Net profit (loss) and comprehensive profit (loss) for the period	(103)	799	696
Non-cash finance and transaction costs	1,502	(986)	516
Loss on debt settlement and modification	249	452	701
Change in fair value of financial instruments liabilities	-	(265)	(265)
Net cash provided by operating activities	765	-	765

Net cash used in investing activities and financing activities were not impacted by the restatement.

27. Subsequent events

On February 7, 2023, the Company issued 394,321 common shares to an arms' length party pursuant to a finder's fee agreement in respect of the closing of the first tranche of the acquisition of MTL.

On March 20, 2023, the Company issued 190,476 common shares to an arms' length party for services rendered pursuant to an advisory agreement related to the acquisition of MTL.

On May 1, 2023, Knalysis was amalgamated into CHC.

Canada House Cannabis Group Inc.

Formerly as Canada House Wellness Group Inc.

Consolidated Financial Statements

July 31, 2022

(Expressed in thousands of Canadian dollars)

Canada House Cannabis Group Inc.
(formerly Canada House Wellness Group Inc.)

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Independent auditor's report

To the Shareholders of
Canada House Cannabis Group Inc.

Opinion

We have audited the consolidated financial statements of **Canada House Cannabis Group Inc.** and its subsidiaries [the "Group"], which comprise the consolidated statements of financial position as at July 31, 2022 and April 30, 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the 15-months period ended July 31, 2022 and the year ended April 30, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at July 31, 2022 and April 30, 2021, and its consolidated financial performance and its consolidated cash flows for the 15-months period ended July 31, 2022 and the year ended April 30, 2021 in accordance with International Financial Reporting Standards ["IFRS"].

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 Group 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 of the consolidated financial statements, which indicates that the Group incurred a net loss of $11,093,000 during the 15-months period ended July 31, 2022 and, as of that date, the Group's cumulative deficit totaled $68,899,000. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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 or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
November 28, 2022

Canada House Cannabis Group Inc.
(formerly Canada House Wellness Group Inc.)
Consolidated Statements of Financial Position
(Expressed in thousands of Canadian Dollars, except for shares and per share amounts)

	Note	July 31, 2022	April 30, 2021
ASSETS			
Current assets:			
Cash		**450**	1,835
Trade and other receivables	5	**3,058**	1,945
Inventory	6	**3,601**	5,018
Biological assets	7	**84**	692
Prepaid expenses and deposits		**534**	383
		7,727	9,873
Property, plant and equipment, net	8	**12,954**	14,587
Right-of-use assets, net	10	**2,182**	2,413
Intangible assets, net	9	**7,640**	7,087
Goodwill	4,9	**3,546**	3,032
Total assets		**34,049**	36,992
LIABILITIES			
Current liabilities:			
Trade and other payables		**11,574**	8,345
Due to related parties	12	**3**	3
Current portion of lease liability	10	**378**	524
Current portion of debentures	14	**1,050**	873
Mortgage payable	15	**2,000**	-
Promissory notes	11,12	**76**	68
Borrowings	13	**1,766**	326
Consideration payable	4	**197**	-
		17,044	12,139
Non-current liabilities			
Lease liability	10	**1,910**	1,952
Borrowings	13	**2,160**	120
Promissory notes	4,11,12	**10,790**	10,938
Mortgage payable	15	**-**	2,000
Consideration payable	4	**195**	-
Debentures	14	**3,717**	3,115
Deferred tax liabilities	4,20	**1,986**	1,855
Total liabilities		**37,802**	30,119
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	16	**48,685**	48,685
Equity component of convertible debentures	14	**2,174**	2,174
Contributed surplus	16,17	**14,287**	15,775
Deficit		**(68,899)**	(59,761)
Equity (deficiency)		**(3,753)**	6,873
Total liabilities and shareholders' equity (deficiency)		**34,049**	36,992

Nature of operations and going concern (note 1)
Commitments and contingencies (note 22)
Subsequent events (note 26)

Approved by the Board:
"*Dennis Moir*" Chair of the Board "*Norman Betts*" Director

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

Canada House Cannabis Group Inc.
(formerly Canada House Wellness Group Inc.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in thousands of Canadian Dollars, except for shares and per share amounts)
For the fifteen months ended July 31, 2022 and twelve months ended April 30, 2021

	Note	July 31 2022	April 30 2021
Revenue			
Referral revenue		**6,633**	5,141
Product revenue		**22,729**	6,309
License revenue and other		**813**	430
Less excise tax		**(3,509)**	(1,320)
Net revenue		**26,666**	10,560
Cost of sales	6	**13,606**	6,066
Inventory impairment	6	**4,228**	2,266
Gross profit before fair value adjustments		**8,832**	2,228
Realized loss on sale of inventory		**1,176**	1,136
Unrealized loss (gain) on biological assets	7	**488**	(1,866)
Gross profit		**7,168**	2,958
Expenses			
General and administrative	21	**10,119**	8,253
Sales and marketing	21	**1,925**	506
Share-based compensation	17	**467**	461
Right-of-use assets amortization	10	**491**	460
Depreciation and amortization	8,9	**1,590**	911
		14,592	10,591
Loss from operations		**(7,424)**	(7,633)
Finance and transaction costs	18	**4,502**	2,736
(Gain) loss on debt settlement and modifications	11	**(1,019)**	918
Gain on assets disposal		**(9)**	-
Remeasurement on contingent consideration		**161**	-
Other expenses		**2**	10
Loss before income taxes		**(11,061)**	(11,297)
Provision for income taxes		**32**	68
Net loss and comprehensive loss for the period		**(11,093)**	(11,365)
Weighted average number of shares outstanding - basic and diluted		**22,781,787**	21,707,920
Net loss per share - basic and diluted	19	**$ (0.49)**	$ (0.52)

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

Canada House Cannabis Group Inc.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(formerly Canada House Wellness Group Inc.)
(Expressed in thousands of Canadian Dollars, except for shares and per share amounts)
For the fifteen months ended July 31, 2022 and twelve months ended April 30, 2021

	Note	Number of Shares	Share Capital	Equity Component of Convertible Debentures	Contributed Surplus	Deficit	Total Shareholders' Equity (Deficiency)
Balance as at May 1, 2020		**13,666,406**	**39,241**	**419**	**13,810**	**(48,396)**	**5,074**
Common shares issued pursuant to business acquisition		9,115,381	9,444	-	-	-	9,444
Convertible debenture		-	-	1,755	1,504	-	3,259
Share-based compensation		-	-	-	461	-	461
Net loss and comprehensive loss for the period		-	-	-	-	(11,365)	(11,365)
Balance as at April 30, 2021		**22,781,787**	**48,685**	**2,174**	**15,775**	**(59,761)**	**6,873**
Balance as at May 1, 2021		22,781,787	48,685	2,174	15,775	(59,761)	6,873
Share-based compensation	17	-	-	-	467	-	467
Net loss and comprehensive loss for the period		-	-	-	-	(11,093)	(11,093)
Expiry of conversion feature (note 14)		-	-	-	(1,955)	1,955	-
Balance as at July 31, 2022		**22,781,787**	**48,685**	**2,174**	**14,287**	**(68,899)**	**(3,753)**

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

Canada House Cannabis Group Inc.
(formerly Canada House Wellness Group Inc.)
Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian Dollars, except for shares and per share amounts)
For the fifteen months ended July 31, 2022 and twelve months ended April 30, 2021

	Note	July 31 2022	April 30 2021
Cash provided by (used in)			
Operating activities:			
Net loss and comprehensive loss for the period		**(11,093)**	(11,365)
Add (deduct) items not affecting cash			
Depreciation and amortization	8,9	**3,095**	911
Share-based compensation		**467**	461
Non-cash finance and transaction costs		**4,803**	1,436
Realized fair value loss on sale of inventory		**1,176**	1,136
Unrealized fair value (gain) loss in fair value of biological assets		**488**	(1,866)
Inventory impairment		**4,228**	2,266
(Gain) loss on debt settlement and modifications		**(1,019)**	918
Remeasurement on contingent consideration		**161**	-
Right-of-use assets amortization	10	**491**	460
		2,797	(5,643)
Changes in non-cash working capital balances related to operations			
Trade and other receivables		**(1,113)**	(931)
Inventory		**(3,945)**	(3,598)
Biological assets		**226**	(232)
Prepaid expenses and deposits		**(151)**	(158)
Trade and other payables		**661**	7,207
Net cash used in operating activities		**(1,525)**	(3,355)
Investing activities:			
Purchase of property, plant and equipment, net	10	**(2,431)**	(794)
Proceeds from government grant		**954**	-
Business acquisition	4	**(681)**	130
Net cash used in investing activities		**(2,158)**	(664)
Financing activities:			
Borrowings		**3,340**	120
Lease payments		**(757)**	(707)
Cash interest payments on debenture		**(165)**	(133)
Repayment of convertible debentures		**(120)**	(2,818)
Issuance of debenture, net of transaction costs		**-**	6,110
Mortgage payable		**-**	2,000
Repayment of promissory note		**-**	(485)
Net cash provided by financing activities		**2,298**	4,087
Increase (decrease) in cash during the period		**(1,385)**	68
Cash, beginning of period		**1,835**	1,767
Cash, end of period		**450**	1,835

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

1. Nature of operations and going concern uncertainty

Canada House Cannabis Group Inc. (the "**Company**"), formerly Canada House Wellness Group Inc., was incorporated on September 29, 1982 under the *Company Act* of the Province of British Columbia and is listed on the Canadian Securities Exchange (the "**Exchange**") under the symbol CHV (formerly ABA).

On May 30, 2022, the Company announced a change in its financial year end from April 30 to July 31. Accordingly for purpose of these annual financial statements of the Company, they represent a fiscal period of 15 months from the period May 1, 2021 to July 31, 2022. Comparative financial statements are for a 12-month period from May 1, 2020 to April 30, 2021.

These consolidated financial statements of the Company for the 15-month period ended July 31, 2022, comprise the results of the Company and its wholly owned subsidiaries Abba Medix Corp. ("**Abba**"), Canada House Clinics Inc. ("**CHC**"), The Longevity Project Corp. ("**TLP**"), 690050 NB Inc. doing business as Knalysis Technologies ("**Knalysis**"), 2104071 Alberta Inc., which holds the dispensary license in Edmonton, Alberta, IsoCanMed Inc. ("**IsoCanMed**"), a licensed producer in Louiseville, Quebec, that produces high quality medical grade cannabis, and Margaree Health Group Inc. ("**Margaree**"), a medical cannabis clinic dedicated to Veterans in Nova Scotia. Canada House's goal is to become the leading cultivator of premium craft cannabis and provider of cannabinoid therapy, targeting the national medical cannabis markets, the recreational adult-use market in Quebec and across Canada.

Using its own proprietary patient management software developed by Knalysis, CHC provides education services concerning appropriate cannabinoid therapies to patients. Abba initially received its license to produce medical marijuana under the Access to Cannabis for Medical Purposes Regulations, as well as its license to produce cannabis oil and subsequently received an amendment to its Producer's Licence from Health Canada to include the sale and provision of marijuana seeds. In December 2018, Abba received a sales license to sell products from others, but not its own production. In August 2019, Abba was granted an amended license to sell its own production to provincially and territorially authorized provincial retailers and to holders of a license for medical purposes. The Company commenced sale of its Abba branded cannabis flower on October 1, 2019. On June 7, 2021, the Company announced that the registered office of the Company changed to 551 Rue SaintMarc, Louiseville, Quebec from 1773 Bayly Street, Pickering, Ontario.

Going concern uncertainty

The consolidated financial statements 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 consolidated 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.

For the 15-month period ended July 31, 2022 and the year ended April 30, 2021, the Company incurred a net loss of $11,093 and $11,365, and as at July 31, 2022, had an accumulated deficit of $68,899 and a working capital deficit of $9,317. Cash flow used in operations for the 15-month period ended July 31, 2022 was $1,525. Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company will need to raise additional capital in order to fund its planned operations and meet its obligations. While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to do so in the future on terms favorable for the Company.

1. Nature of operations and going concern uncertainty (continued)

COVID-19 global pandemic
On March 11, 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic resulting in uncertain economic and business impact on a global scale. Taking into consideration the impact of COVID-19, the Company has reviewed its significant estimates, assumptions and judgments used in the preparation of these consolidated financial statements, including with respect to the determination of whether indicators of impairment exist for its tangible and intangible assets and the credit risk of its counterparties that the Company transacts with.

Based on this analysis, the Company has determined that there was no significant impact to any of managements estimates, assumptions or judgments, however, the continuing uncertainty associated with the COVID-19 pandemic may require changes to certain of these estimates, assumptions or judgments which could have a material impact on the Company's financial position and results of operations.

2. Basis of preparation

Statement of compliance
These consolidated financial statements (**"financial statements"**) have been prepared by management in accordance with generally accepted accounting principles in Canada for publicly accountable enterprises, as set out in the *CPA Canada Handbook – Accounting*, which incorporates International Financial Reporting Standards (**"IFRS"**) as issued by the International Accounting Standards Board (**"IASB"**). The policies set out below have been consistently applied to all periods presented, unless otherwise noted.

These consolidated financial statements were approved and authorized for issuance in accordance with a resolution of the Board of Directors of the Company on November 28, 2022.

Basis of measurement
These financial statements have been prepared on a historical cost basis, except for convertible notes and biological assets that are measured at fair value and fair value less costs to sell. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, *Share-based Payments* (**"IFRS 2"**) and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36*, Impairment of Assets*.

As noted in note 26, following the shareholder meeting on August 23, 2022, the Company completed its previously announced consolidation of its common shares on the basis of thirty (30) preconsolidation shares for each one (1) postconsolidation share. Fractional shares resulting from the share consolidation were rounded up or down to the nearest whole Common Share. Accordingly, these financial statements have been prepared reflecting this share consolidation.

2. Basis of preparation (continued)

Functional currency and presentation currency
These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of estimates and judgments
The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. 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.

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

Going concern
At each reporting period, management assesses the basis of preparation of the financial statements. These financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business (note 1).

Estimated useful lives, residual values and depreciation of property, plant and equipment
Depreciation of property, plant and equipment is dependent upon estimates of useful lives and residual values, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Estimated useful life and amortization of intangible assets
The Company employs significant estimates to determine the estimated useful life of intangible assets, considering industry trends, contractual rights, past experience, expected use and review of asset useful lives. The Company reviews amortization methods and useful lives annually or when circumstances change and adjusts its amortization methods and assumptions prospectively.

Impairment of property, plant and equipment and intangible assets
Property, plant and equipment and intangible assets impairment testing requires management to make estimates in the impairment testing model. Impairment of property, plant and equipment and intangible assets is influenced by judgment in defining a cash-generating unit ("CGU") and determining the indicators of impairment and estimates used to measure impairment losses. The recoverable value of property, plant and equipment and intangible assets is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, growth rates and discount rates.

2. Basis of preparation (continued)

Valuation of share-based payments and warrants
Management measures the costs for share-based payments and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, expected risk-free interest rate and the rate of forfeiture. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments and warrants.

Business combinations
In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of consideration given. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company determines the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and the discount rate applied.

Convertible debentures
Separating the liability and equity components requires the Company to estimate a market rate for an equivalent non-convertible instrument and in allocating the remainder to the conversion feature that is an equity instrument.

Valuation of the fair value less costs to sell of biological assets and agricultural produce
Biological assets, consisting of medical cannabis plants and agricultural produce, are measured at fair value less costs to sell up to the point of harvest. The determination of the fair values of the biological assets requires the Company to make assumptions with respect to how market participants would estimate fair value.

3. Significant accounting policies

Cash
Cash includes cash deposits in financial institutions.

Foreign currency translation
Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the foreign exchange rate applicable at that period-end date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Expenses are translated at the exchange rates that approximate those in effect on the date of the transaction. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of loss and comprehensive loss.

3. Significant accounting policies (continued)

Revenue recognition

The Company recognizes revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services by applying the following steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price; and
5. Recognize revenue when, or as, the Company satisfies a performance obligation.

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Company earns referral fee revenue by providing educational services to patients that may benefit from cannabis products. The Company educates consumers on different strains of cannabis plants and how to properly use the products of licensed producers based on the consumers' ailments and ultimately refers these clients to the cannabis producers.

The Company recognizes revenue upon transfer of control of products or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the products or services transferred. The Company evaluates contracts with customers to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company’s promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

The Company also earns revenue from referrals, which are earned for arranging an appointment between the Company's clients and a physician to obtain a prescription for the medical cannabis. These fees are paid by the patient and billed at the time when the appointment is arranged. Revenue is recognized when the appointment is completed.

In addition, the Company earns revenue through licensing of its proprietary patient management software, recognizing revenue using a software as a service model, whereby it earns and collects revenue monthly based on patient count and/or number of clinics.

Biological assets

While the Company’s biological assets are within the scope of IAS 41, Agriculture, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2, Inventories. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included, as well as depreciation on production equipment and overhead costs such as rent to the extent it is associated with the growing space. All direct and indirect costs of biological assets are capitalized as they are incurred, and they are all subsequently recorded within the line item “cost of sales” in the consolidated statements of loss and comprehensive loss in the period that the related product is sold. Unrealized fair value gains/losses on growth of biological assets are recorded in a separate line on the face of the consolidated statements of loss and comprehensive loss. Biological assets are measured at their fair value less costs to sell on the consolidated statements of financial position.

3. Significant accounting policies (continued)

Inventories
The direct and indirect costs of inventory initially include the fair value of the biological asset at the time of harvest. They also include subsequent costs such as materials, labour and depreciation expense on equipment involved in packaging, labeling and inspection. All direct and indirect costs related to inventory are capitalized as they are incurred and they are subsequently recorded within “cost of sales” in the consolidated statements of loss and comprehensive loss at the time cannabis is sold, except for realized fair value amounts included in inventory sold, which are recorded as a separate line on the face of the consolidated statements of loss and comprehensive loss. Inventory is measured at lower of cost or net realizable value on the consolidated statements of financial position.

Property, plant and equipment
The Company’s property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost includes the cost of materials and direct labour, site preparation costs, installation and assembly costs, and any other costs directly attributable to bringing the assets to the location and condition necessary for the assets to be capable of operating in the manner intended by management. The cost of property, plant and equipment also includes any applicable borrowing costs. Borrowing costs are capitalized to property, plant and equipment until such time that the constructed asset is substantially complete and ready for its intended use.

Depreciation is recorded over the estimated useful lives as outlined below:

Building	4% on a declining balance basis
Leasehold improvements	Lesser of 5 years or lease term on a straight-line basis
Computer equipment	30% on a declining balance basis
Security equipment	5 years on a straight-line basis
Furniture and fixtures	20% on a declining balance basis
Vehicles	30% on a declining balance basis

The Company assesses an asset’s residual value, useful life and depreciation method at each financial year-end or as required and makes adjustments if appropriate.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in the consolidated statements of loss and comprehensive loss.

Right-of-use assets and lease liabilities
The Company assesses whether a contract is or contains a lease, at the inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

3. Significant accounting policies (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Subsequently, the lease liability is measured by increasing its carrying amount to reflect accretion of the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the underlying asset. The Company applies IAS 36 – Impairment of Assets, to determine whether the asset is impaired and account for any identified impairment loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and do not contain a purchase option or for leases related to low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as selling and administrative expenses in the consolidated statements of operations and comprehensive income.

The Company has also elected to not separate fixed non-lease components from lease components and instead account for each lease component and associated fixed non-lease components as a single lease component.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are presented as selling and administrative expense in the consolidated statements of operations and comprehensive income (loss).

Finite life and indefinite life intangible assets

Intangible assets consist of acquired intellectual property with a finite life and indefinite life. Intangible assets are amortized on a straight-line basis over their estimated useful lives and are measured at cost less accumulated amortization and accumulated impairment losses. At each reporting period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support the useful life assessment for the asset. Costs for intangible assets acquired in a business combination represent the fair value of the asset at the time of the acquisition. Intellectual property intangibles are amortized over a three-year period and software intangible is amortized 30% on a declining balance basis.

Intangible assets with finite useful lives are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Indefinite-life intangible assets are reviewed for impairment annually or at any time if an indicator of impairment exists.

Impairment of non-financial assets

The carrying values of property and equipment and intangible assets, including goodwill are assessed at the end of each reporting period as to whether there is any indication that the assets may be impaired. Goodwill and indefinite life intangible assets are tested for impairment annually during the fourth quarter of the fiscal year or when there is an indication that the asset may be impaired.

3. Significant accounting policies (continued)

If any indication of impairment exists or when the annual impairment testing for an asset is required, the Company estimates the recoverable amount of the asset or cash-generating unit ("CGU") to which the asset relates to, including goodwill and intangible assets, to determine the extent of any impairment loss. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use ("VIU") to the Company. In determining fair value less costs of disposal, the Company takes into consideration the market capitalization method. If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statements of operations and comprehensive income. For impaired assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of operations and comprehensive income. As disclosed in Note 24, the Company has two reportable and operating segments, and goodwill has been fully allocated to each appropriate segment as it represents the lowest level at which management monitors goodwill.

Income taxes
Income tax expense comprises current and deferred tax and represents the sum of the income tax currently payable and deferred tax.

The income tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before income taxes" as reported in the consolidated statements of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the year.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year.

3. Significant accounting policies (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the year, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive loss or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Share-based payments
The Company measures equity-settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period) with a corresponding increase in equity (contributed surplus). Fair value is measured using the Black-Scholes option pricing model. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statements of loss and comprehensive loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the consolidated statements of loss and comprehensive loss.

Loss per share
The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise preferred shares, warrants, share options and convertible debentures issued.

3. Significant accounting policies (continued)

Financial instruments
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

(i) Financial assets
On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (‘‘FVOCI’’), or FVTPL. The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated. Instead, the hybrid financial asset as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income (“OCI”). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

3. Significant accounting policies (continued)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	Subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	Subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

(ii) Financial liabilities
The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial liabilities as either financial liabilities at FVTPL or at amortized cost.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

(iii) Financial liabilities and equity instruments
Classification as debt or equity
Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company’s own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

3. Significant accounting policies (continued)

(iv) Classification of financial instruments
The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics and management intent as outlined below:

Financial assets/liabilities	**Classification**
Cash	Amortized cost
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost
Contingent consideration	Fair value through profit or loss
Due to related parties	Amortized cost
Promissory notes	Amortized cost
Borrowings	Amortized cost
Convertible debentures	Amortized cost

(v) Impairment of financial assets
An expected credit loss ("**ECL**") model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade and other receivables and loan receivable. The Company adopted the simplified approach to impairment for trade and other receivables by recognizing lifetime expected losses on initial recognition.

Convertible debentures
Convertible debentures are separated into liability and equity components based on the terms of the contract.

On issuance of the instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the equity component that is recognized and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent periods.

Government Grant
Government assistance that requires repayment and that is non-interest bearing is accounted for at its fair value, based on management's best estimate. The difference between the assistance amount and its fair value is accounted for as a government grant and recognized in income over the period in which the related costs they are intended to compensate are recognized

Future Accounting Pronouncements
The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. Significant accounting policies (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date
In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months; provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract
In May 2020, the IASB issued amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, to 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 new guidance will be effective for annual periods beginning on or after January 1, 2022 and is to be applied to contracts that have unfulfilled obligations as at the beginning of that period. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

IFRS 3 – Business Combinations ("IFRS 3")
Amendments to IFRS 3 were issued in May 2020, and are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The amendments update references within IFRS 3 to the 2018 Conceptual Framework and require that the principles in IAS 27 - Provisions, Contingent Liabilities and Contingent Assets be used to identify liabilities and contingent assets arising from business combination.

IAS 8 – Accounting policies, Changes in accounting estimates and Errors ("IAS 8")
Amendments to IAS 8 were issued in February 2021, IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendment replaces the definition of 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.

IAS 12 – Income Taxes ("IAS 12")
Amendments to IAS 12 were issued in May 2021, IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amends 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 and offset 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 periods beginning on or after January 1, 2023 and are to be applied retrospectively.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

4. Business acquisitions

Margaree Health Group Inc. acquisition
On May 27, 2021 ("**Closing Date**"), the Company's wholly-owned subsidiary, CHC, acquired 100% of the issued and outstanding shares of Margaree Health Group Inc. ("**Margaree**"), a medical cannabis clinic dedicated to veterans in Nova Scotia, for total consideration of $911. The consideration consisted of $500 of cash and a three year earn-out measured against Margaree's revenue during the earn-out period, valued as $411.

The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed:

Purchase Consideration	
Cash	500
Earn-out	411
	911
Fair value of net identifiable assets acquired	
Intangible Assets	532
Deferred Tax Liability	(141)
	391
Goodwill	520
	911

The acquisition was accounted for as a business combination using the acquisition method, with the results of operations consolidated with the Company from the date of acquisition. Goodwill represents the excess of the purchase price of the acquisition over the fair value of the net identifiable assets acquired. The goodwill recognized is attributable mainly to expected future growth potential and expected synergies. Goodwill arising from the acquisition is deductible for tax purposes.

The earn-out considerable payable in cash or, at the joint election and agreement of CHC and vendor, shall be payable as follows:

- Payment of 40% of Margaree earn-out revenue for the period from May 1, 2021 to April 30, 2022 during the first week of July 2022;
- Payment of 40% of Margaree earn-out revenue for the period from May 1, 2022 to April 30, 2023 during the first week of July 2023; and
- Payment of 40% of Margaree earn-out revenue for the period from May 1, 2023 to April 30, 2024 during the first week of July 2024.

4. Business acquisitions (continued)

In the event CHC achieves a Margaree earn-out revenue target of $350 for period from May 1, 2021 to April 30, 2022, the vendor may elect to amend the earn-out consideration such that is payable as follows:

- Payment of 50% of Margaree earn-out revenue for the period from May 1, 2021 to April 30, 2022 during the first week of July 2022;
- Payment of 50% of Margaree earn-out revenue for the period from May 1, 2022 to April 30, 2023 during the first week of July 2023.

In the event CHC achieves a Margaree earn-out revenue target of $330 for period from May 1, 2021 to April 30, 2022, $365 for period from May 1, 2022 to April 30, 2023, or $400 for period from May 1, 2023 to April 30, 2024, the vendor may elect to amend the earn-out consideration such that the vendor will receive a payment of 45% of Margaree earn-out revenue for the period in which it achieves the earn-out revenue target. On June 30, 2022, the vendor elected 45% of the revenue for three years and CHC paid $181 of consideration based on 45% of the revenue $402 earned during the period from May 1, 2021 to April 30, 2022.

For accounting purposes, the consideration payable is valued at the net present value of the estimated earn-out payments using a discount of 10% on the Closing date. On July 31, 2022, the remaining balance of the contingent consideration was revalued to be $392 based on the increased sales since the acquisition resulting a $161 expense of remeasurement on contingent consideration in the 15-month period.

IsoCanMed Inc. acquisition

On June 12, 2020 (“Closing Date”), the Company acquired 100% of the outstanding shares of IsoCanMed Inc. (“IsoCanMed”), a fully operational cannabis producer located in Louisville, Quebec, for total consideration of $19,843. The consideration consisted of 273,461,452 consideration shares valued as $9,444, plus assumption of three promissory notes (“Notes”) for $12,500 payable, valued as $10,399, on or before June 12, 2023 and bearing interest at 5% payable annually. The Notes are secured by a general security agreement registered against the assets of IsoCanMed. The Company has the right at any time to prepay all or any portion of the principal amount of the Note without penalty or interest.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

4. Business acquisitions (continued)

The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed:

Purchase Consideration	
Share consideration	9,444
Assumption of promissory note	10,399
	19,843
Fair value of net identifiable assets acquired	
Net Working Capital	3,836
Tangible Assets	9,869
Intangible Assets	7,000
Other Liabilities	(2,039)
Deferred Tax Liability	(1,855)
	16,811
Goodwill	3,032
	19,843

The acquisition was accounted for as a business combination using the acquisition method, with the results of operations consolidated with the Company from the date of acquisition. Goodwill represents the excess of the purchase price of the acquisition over the fair value of the net identifiable assets acquired. The goodwill recognized is attributable mainly to expected future growth potential and expected synergies. Goodwill arising from the acquisition is deductible for tax purposes.

The share consideration comprised of 273,461,452 common shares of the Company (“Share Consideration”) and are subject a lockup agreement whereby the IsoCanMed shareholders covenant not to sell, transfer or otherwise dispose of:

- With respect to 25% of the Share Consideration, for a period ending on the 6 month anniversary of the Closing Date;
- With respect to an additional 25% of the Share Consideration, for a period ending on the 12 month anniversary of the Closing Date;
- With respect to an additional 25% of the Share Consideration, for a period ending on the 18 month anniversary of the Closing Date; and
- An additional 25% of the Share Consideration, for a period ending on the 24 month anniversary of the Closing Date.

For accounting purposes, the Share Consideration transferred for the acquired business includes a discount in the value of the share consideration to reflect the trading restriction placed on the shares.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

5. Trade and other receivables

The Company's trade and other receivables include the following:

	July 31 2022	April 30, 2021
Trade and other receivables	**3,034**	1,926
Input taxes and other taxes receivables	**24**	19
	3,058	1,945

As at July 31, 2022, $14 (April 30, 2021 - $14) of allowance for doubtful accounts has been provided for and is not expected to be collected.

6. Inventory

The Company's inventory is comprised of the following:

	July 31 2022	April 30, 2021
Dried cannabis		
- Work-in-process	**2,146**	3,887
- Finished goods	**1,424**	1,101
Packaging and consumables	**7**	6
Other	**24**	24
	3,601	5,018

As of July 31, 2022, the balance of inventory is comprised of a fair value gain of $164 (April 30, 2021 - $411) upon harvest, $432 (April 30, 2021 - $3,149) of cost capitalized to inventory and $2,356 (April 30, 2021 - $2,280) of purchased products.

Products purchased from other producers are carried at the lower of their carrying amount and net realizable value. Carrying amount approximates the price paid to acquire the products.

Cost of sales for the 15-month period ended July 31, 2022 is $13,606 (April 30, 2021 - $6,066). The Company impaired $4,228 (April 30, 2021 - $2,266) cannabis inventory during the 15-month period ended July 31, 2022, due to the costs capitalized exceeding the net realizable value of the inventory.

During the 15-month period ended July 31,2022 and for the year ended April 30, 2021, inventory expensed to cost of sales was $13,606 and $6,066, respectively.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

7. Biological assets

Biological assets consist of cannabis on plants. The changes in the carrying value of biological assets are as follows:

	$'000
Balance as at April 30, 2020	**203**
Acquired on business combination	585
Production costs capitalized	3,580
Changes in fair value due to biological transformation	2,492
Transferred to inventory upon harvest	(6,168)
Balance as at April 30, 2021	**692**
Production costs capitalized	1,305
Changes in fair value due to biological transformation	(159)
Transferred to inventory upon harvest	(1,754)
Balance as at July 31, 2022	**84**

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model that estimates the expected harvest yield in grams for plants currently being cultivated, and then multiplies that amount by the expected wholesale selling price.

The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The Company's method of accounting for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from initial cloning to the point of harvest. Harvested cannabis is transferred from biological assets to inventory at their fair value less costs to sell at harvest.

The biological assets were measured at their fair value less costs to sell of $84 on July 31, 2022 (April 30, 2021 - $692).

As at July 31, 2022

Significant inputs and assumptions	Inputs	Sensitivity	Effect on biological asset balance
Weighted average selling price per gram	$1.75	10% Increase or decrease	$11
Average yield per plant	586 grams	10% Increase or decrease	$8
Post-harvest cost per gram	$0.48	10% Increase or decrease	$3

As at April 30, 2021

Significant inputs and assumptions	Inputs	Sensitivity	Effect on biological asset balance
Weighted average selling price per gram	$2	10% Increase or decrease	$92
Average yield per plant	14 grams	10% Increase or decrease	$75
Post-harvest cost per gram	$0.39	10% Increase or decrease	$18

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

8. Property, plant and equipment

Cost	Leasehold Improvements	Equipment	Furniture and Fixtures	Building	Land	Total
Balance as at April 30, 2020	**6,904**	**1,509**	**311**	**261**	**555**	**9,540**
Acquired on business combination	-	1,848	21	7,625	375	9,869
Additions	608	427	16	-	-	1,051
Disposals	(197)	(14)	(44)	-	-	(255)
Balance as at April 30, 2021	**7,315**	**3,770**	**304**	**7,886**	**930**	**20,205**
Additions	50	633	17	1,386	63	2,149
Disposals	(174)	(635)	(11)	(3)	(364)	(1,187)
Balance as at July 31, 2022	**7,191**	**3,768**	**310**	**9,269**	**629**	**21,167**

Accumulated depreciation	Leasehold Improvements	Equipment	Furniture and Fixtures	Building	Land	Total
Balance as at April 30, 2020	**2,501**	**705**	**155**	**39**	**-**	**3,400**
Depreciation	1,424	575	34	270	-	2,303
Disposals	(43)	(12)	(30)	-	-	(85)
Balance as at April 30, 2021	**3,882**	**1,268**	**159**	**309**	**-**	**5,618**
Depreciation	1,862	724	35	384	-	3,005
Disposals	(108)	(295)	(7)	-	-	(410)
Balance as at July 31, 2022	**5,636**	**1,697**	**187**	**693**	**-**	**8,213**

Net book value	Leasehold Improvements	Equipment	Furniture and Fixtures	Building	Land	Total
Balance as at April 30, 2021	3,433	2,502	145	7,577	930	14,587
Balance as at July 31, 2022	**1,555**	**2,071**	**123**	**8,576**	**629**	**12,954**

Of total depreciation for the 15-month period ended July 31, 2022 totaling $3,005 (April 30, 2021 - $2,293), $757 (April 30, 2021 - $1,126) was allocated to biological assets, $694 (April 30, 2021 - $293) was allocated to inventory, $54 (April 30, 2021 - Nil) was allocated to cost of sales, and $1,500 (April 30, 2021 - $874) was expensed as depreciation.

9. Intangible assets and goodwill

Cost	Computer Software	License	Client List	Total
Balance as at April 30, 2020	**398**	**-**	**-**	**398**
Acquired on business combination (note 4)	-	7,000	-	7,000
Balance as at April 30, 2021	**398**	**7,000**	**-**	**7,398**
Additions	118	-	-	118
Acquired on business combination (note 4)	-	-	532	532
Balance as at July 31, 2022	**516**	**7,000**	**532**	**8,048**

Accumulated Amortization	Computer Software	License	Client List	Total
Balance as at April 30, 2020	**274**	**-**	**-**	**274**
Amortization	37	-	-	37
Balance as at April 30, 2021	**311**	**-**	**-**	**311**
Amortization	51	-	46	97
Balance as at July 31, 2022	**362**	**-**	**46**	**408**

Net Book value	Computer Software	License	Intellectual Property	Total
Balance as at April 30, 2021	87	7,000	-	7,087
Balance as at July 31, 2022	**154**	**7,000**	**486**	**7,640**

In May 2021, the Company acquired 100% of issued and outstanding shares of Margaree, and as part of the transaction, a client list was acquired and valued at $532 (note 4).

A continuity of the Company's goodwill balance is as follow:

	$000's
As at April 30, 2020	**-**
Additions (note 4)	3,032
As at April 30, 2021	**3,032**
Additions (note 4)	520
Adjustment	(6)
As at July 31, 2022	**3,546**

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

9. Intangible assets and goodwill (continued)

The Company operates as two CGU and therefore goodwill and intangible assets have been allocated to their respective CGU and tested at the CGU level.

Licensed Producer
The Company's Licensed Producer CGU represents its operations dedicated to the cultivation and sale of cannabis products and has goodwill of $3,032. In assessing goodwill and indefinite-life intangible assets for impairment, the Company compared the aggregate recoverable amount of the assets included in the CGU to there respective carrying amounts. The recoverable amount of the CGU was based on value in use, estimated using discounted cash flows. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used.

The carrying value of the Licensed Producer CGU goodwill as at July 31, 2022 was $3,032. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represents management's assessment of the future trends in the industry and have been based on historical data from both external and internal resources.

Pre-tax discount rate	23%
Terminal growth rate	2%
Budgeted earnings growth rate (average)	1%

The estimated recoverable amount of the CGU exceeded its carrying amount and as such, there was no impairment recorded as at July 31, 2022.

Sensitivity to changes in assumptions

Management has performed an assessment to determinate whether an impairment would have been recognized if there was a change in any of the key assumptions identified above. An increase of 50 basis points in the pre-tax discount rate, a decrease of 50 basis points in the terminal growth rate, or a decrease of 50 basis points in the earnings growth rate, each used in isolation to perform the goodwill impairment tests, would not have results in an impairment charge being recognized for the 15-month period ended July 31, 2022.

CHC
The Company's CHC business represents its clinical business focused on providing education services to assist their patients in selecting a licensed producer, identifying appropriate strains, and consult and support patients regarding the use of medical cannabis. CHC is not in the business of growing or distributing cannabis and has no plans to undertake these activities in the future. Management considered a revenue multiple to determine the recoverable amount of the CGU and determined the estimated recoverable amount to exceed its carrying amount and as such no impairment was recorded as at July 31, 2022. Management has performed an assessment to determinate whether an impairment would have been recognized if there was a change in any of the key assumptions, specifically the revenue multiple and determine that a decrease of 10% would not have resulted in an impairment charge.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

10. Right-of-use assets and lease liability

The change in carrying value of the Company's right-of-use assets and lease liability was as follows:

	Right-of-use Assets	Lease Liability
Balance as at April 30, 2020	**3,182**	**3,208**
Additions	119	115
Disposal	(286)	(289)
Amortization expense	(602)	-
Interest expense	-	150
Payments	-	(708)
Balance as at April 30, 2021	**2,413**	**2,476**
Additions	454	454
Disposal	(47)	(45)
Amortization expense	(638)	-
Interest expense	-	160
Payments	-	(757)
Balance as at July 31, 2022	**2,182**	**2,288**
Current	**-**	**378**
Non-current	**2,182**	**1,910**

Of total amortization for the 15-month period ended July 31, 2022 totaling $639 (April 30, 2021 - $604), $106 (April 30, 2021 - $123) was allocated to biological assets, $42 (April 30, 2021 - $21) was allocated to inventory and $491 (April 30, 2021 - $460) was expensed as right-of-use assets amortization.

11. Promissory notes

Current

In January 2020, the Company issued 10,000,000 common shares at a deemed price per share of $1.5 to each of two former shareholders of MFT and TLP pursuant to separate debt settlement agreements entered into between the Company and each such individual for the satisfaction of $3,000 of remaining contingent consideration of $3,545 owing to the shareholders, which payments were originally due in November 2019. The remaining $545 remains owing under two promissory notes, $492 was repaid prior to the 15-month period ended April 30, 2022. As at July 31, 2022, the balance of promissory notes of $76 includes $53 of principal and $23 accrued interest payable at the rate of 8% per annum.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

11. Promissory notes (continued)

Non-current

On June 12, 2020, the Company acquired 100% of the outstanding shares of IsoCanMed. As part of the consideration, the Company assumed three promissory notes in the total amount of $12,500 payable on or before June 12, 2023 and bearing interest at 5% payable annually. The promissory notes are secured by a general security agreement registered against the asset of IsoCanMed. At the time of acquisition, the promissory notes were valued at $10,398. As of July 31, 2022, the amortized cost is $10,790 (note 12).

In July 2022, the maturity date for the one promissory note in the amount of $4,167 was extended to June 12, 2024 and two promissory notes in the total amount of $8,333 were extended to December 12, 2024. The amendment was treated as a debt modification under IFRS 9 as the terms were not substantially different given the discounted present value of the cash flows under the amended terms is less than 10% different from the discounted present value of the remaining cash flows of the original financial liability. The modification has resulted in a gain of $1,019 recorded in the consolidated statements of loss and comprehensive loss for the period.

12. Related party transactions

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Technology Officer and equivalent and Directors.

Compensation expense for the Company's key management personnel for the 15-month period ended July 31, 2022 and the year ended April 30, 2021 is as follows:

	July 31, 2022	April 30, 2021
Salaries and wages	**2,114**	1,819
Share-based compensation	**266**	342
General and administrative	**88**	-
	2,468	2,161

During the 15-month period ending July 31, 2022, the Company paid $188 of consulting fees to a shareholder and paid $28 of rent to a company owned by the same shareholder. As of July 31, 2022, the Company owes $136 (April 30, 2021 - $3) to a shareholder of the Company and owes promissory notes in the total amount of $12,500 payable (April 30, 2021 - $12,500) to three shareholders (note 11).

All related party transactions were in the normal course of operations, measured at the exchange amount.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

13. Borrowings

Borrowings consist of the following for the 15 month period ended July 31, 2022 and year ended April 30, 2021:

	July 31, 2022	April 30, 2021
Current		
Loan from vendor (1)	**334**	326
Loan from other lender (2)	**805**	-
Retrofit loan from Montreal Cannabis Medical Inc. (3)	**627**	-
Total current borrowings	**1,766**	326
Non-current		
Retrofit loan from Montreal Cannabis Medical Inc. (3)	**1,013**	-
Loan from Montreal Cannabis Medical Inc. (3)	**1,027**	-
Loans from bank (4)	**120**	120
Total non-current borrowings	**2,160**	120
Total borrowings	**3,926**	446

(1) Loan from vendor
The loan from vendor is a three-year loan of $313 at 2% interest per annum. The interest is payable annually. The loan is unsecured and matures on October 31, 2021. As of July 31, 2022, the balance of $334 includes $313 of principal and $27 of accrued interest.

(2) Loan from other lender
In October 2021, the Company issued a $700 principal amount secured debenture (the "**Debenture**") to DMMB (Pty) Holdings Ltd. The Debenture has a two-year term and bears interest at 18% per annum. As of July 31, 2022, the balance of Debenture $805 includes $700 of principal and $105 of accrued interest.

(3) Loans from Montreal Cannabis Medical Inc.

Retrofit loan from Montreal Cannabis Medical Inc.

On December 15, 2021, Montreal Cannabis Medical Inc. ("**MTL**") and IsoCanMed entered into a loan agreement for IsoCanMed to borrow up to $4,139 from MTL. The Loan amount is to be used by IsoCanMed for the completion of the Retrofit. IsoCanMed borrowed $1,612 for Phase 1 of the Retrofit as of July 31, 2022 and the total balance of the loan is $1,640 including $1,612 of principal and $27 of interest accrued at 8% per annum. $627 is classified as current and the $1,027 is classed as non-current to reflect the repayment terms.

The Loan Amount will be made available to IsoCanMed in two tranches as follows:

Tranche 1 (Phases 1 & 2 of the Retrofit)
Tranche 2 (Phases 3 to 7 of the Retrofit)

13. Borrowings (continued)

Each tranche of the Loan Amount will be paid repaid as follows:

Tranche 1:
Commencing on February 3, 2022 and continuing on each monthly anniversary thereafter to September 3, 2022, interest only payments on amounts advanced up to the Tranche 1 loan Amount, at the annual interest rate of 8% per annum, shall be payable by IsoCanMed to MTL.

Commencing on December 3, 2022 and continuing on each three (3) month anniversary thereafter until the Tranche 1 Loan Amount and accrued interest are satisfied in full, IsoCanMed agrees to pay to MTL eight (8) quarterly installments in the amount of $200,000, with the balance of principal and interest owing to be satisfied in full on the ninth (9th) quarterly anniversary thereafter.

Tranche 2:
Commencing on June 1, 2022 and continuing on each monthly anniversary thereafter to January 1, 2023, interest only payments on amounts advanced up to the Tranche 2 Loan Amount, at the annual interest rate of 8% per annum, shall be payable by IsoCanMed to MTL.

Commencing on April 1, 2023 and continuing on each three (3) month anniversary thereafter until the Tranche 2 Loan Amount and accrued interest are satisfied in full, IsoCanMed agrees to pay to MTL nine (9) quarterly installments in the amount of $300,000, with the balance of principal and interest owing to be satisfied in full on the tenth (10th) quarterly anniversary thereafter.

CHV unconditionally and irrevocably guarantees the due and punctual performance and observance by IsoCanMed of its obligations under this Agreement.

Loan from Montreal Cannabis Medical Inc.

During the 15-month period ending July 31, 2022, the Company borrowed $1,000 from MTL in total at 3% interest per annum. The loan is unsecured and has no specific terms of repayment. As of July 31, 2022, the balance of $1,027 includes $1,000 of principal and $27 of accrued interest.

(4) Loans from bank
The loans from bank in the amount of $120 are loans from a Canadian financial institution under the Canada Emergency Business Account ("**CEBA**") program. The loans are due by December 31, 2024 at the interest rate of 5% per annum starting from January 1, 2024. Repaying the balance of the loans on or before December 31, 2023 will result in loan forgiveness of 25 percent ($30).

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

14. Convertible debentures

During the 15-month period ended July 31, 2022, the changes of the carrying value of the convertible debentures are as follows:

	2020 Debentures	2017 Debentures	2019 Debenture	Total
Balance as at April 30, 2020	-	560	2,551	**3,111**
Principal amount issued	6,500	-	(2,587)	**3,913**
Issuance costs	(390)	-	-	**(390)**
Conversion feature at inception	(1,755)	-	-	**(1,755)**
Warrants at inception	(1,504)	-	-	**(1,504)**
Interest payments	-	(99)	(518)	**(617)**
Loss on settlement	-	-	385	**385**
Interest accretion expense	264	412	169	**845**
Balance as at April 30, 2021	**3,115**	**873**	**-**	**3,988**
Principal amount repaid	-	(120)	-	**(120)**
Interest payments	-	(165)	-	**(165)**
Interest accretion expense	602	462	-	**1,064**
Balance as at July 31, 2022	3,717	1,050	**-**	**4,767**
Current	**-**	**1,050**	**-**	**1,050**
Non-current	**3,717**	**-**	**-**	**3,717**

2017 debentures

On December 5, 2017, the Company issued 8,624 unsecured convertible debenture ("**2017 Debentures**") units for gross proceeds of $8,624. Of the gross proceeds received, $2,000 represented promissory notes that were settled through the issuance of these convertible debenture units, $75 represented convertible debentures issued to former key management as severance and $130 represented convertible debentures issued as settlement of $176 of trade payables. Each 2017 Debentures unit comprises: (i) $1,000 principal amount of 8.5% unsecured convertible debentures with a maturity date of December 5, 2021; and (ii) 175 detachable common share purchase warrants of the Company (each, a "2017 Warrant") exercisable into common shares of the Company over a 48 month period at fixed exercise prices. All of the 2017 Warrants have expired with none exercised.

Each 2017 Debenture shall be convertible at the holder's option into fully paid common shares of the Company at any time prior to the maturity date at a conversion price of $5.7 per share if converted within the first 12 months following issuance, and at a conversion price of $12 per share if converted at any time following the date that is 12 months and one day following issuance until maturity. If the volume weighted average closing price of the common shares is greater than or equal to $10.5 for a period of five consecutive days at any time within the first 12 months of the closing date, the Company has the option to force conversion at $5.7 per share. If the volume weighted average closing price of the common shares of the Company is greater than or equal to $15 for a period of five consecutive days at any time after 12 months and before maturity, the Company has the option to force conversion at $12 per share.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

14. Convertible debentures (continued)

The debentures may be redeemed at any time after issuance on the following basis:

Redemption price	Redemption date
115% of the principal amount plus any accrued and unpaid interest	0–12 months from closing
112% of the principal amount plus any accrued and unpaid interest	12–24 months from closing
109% of the principal amount plus any accrued and unpaid interest	24–36 months from closing
106% of the principal amount plus any accrued and unpaid interest	36–48 months from closing

The interest payable on the debenture is payable monthly in cash.

Transaction costs consisted of $307 in cash and $356 of broker warrants with identical terms as the 2017 Warrants.

On initial recognition, the Company allocated the proceeds, net of transaction costs, as follows:

Convertible debentures, liability	1,934
Conversion feature (1)	1,955
Deferred tax liability on conversion feature	705
Warrants	3,368
	7,962

(1) Upon expiry, $1,955 related to the conversion feature was reclassified from contributed surplus to deficit.

The value of the conversion option was calculated by subtracting the net present value of the debenture from the face value of the convertible debentures. The net present value of the debenture was calculated using a discount rate of 20.37% over a term of 48 months. As of July 31, 2022, $1,050 of the principal amount of the 2017 Debentures remains outstanding and presented within current liabilities.

Prior to the maturity of the 2017 Debentures, the Company corresponded with the remaining holders of 2017 Debentures and proposed Convertible Debenture Amending Agreements (the "**Amending Agreements**") to: i) extend the Maturity Date of the 2017 Debentures to December 5, 2022; ii) increase the interest rate on the outstanding Principal from 8.5% per annum to 18.0% per annum from and after December 5, 2021; iii) remove the conversion right under the Debenture; and, iv) reaffirm the Company's obligations under the 2017 Debentures. The Company has not entered into Amending Agreements with all holders of the 2017 Debentures to extend the Maturity Date of the 2017 Debentures. The principal and interest of the 2017 Debentures not subject to such extensions is due and payable and the holders of the 2017 Debentures may exercise rights to enforce the payment thereof.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

14. Convertible debentures (continued)

2020 convertible debenture
On August 8, 2020, the Company closed the strategic investment transaction with Archerwill Investments Inc.("**Archerwill**"). Archerwill invested $6,500 in the form of a secured convertible debenture, repaying the 2019 convertible debentures in full. The debenture may be converted into common shares at a price of $1.5 per common share and bears interest at 8.0%, compound annually, convertible into shares or payable in cash at maturity, at the option of Archerwill. Unless converted earlier, the debentures mature in five years.

Prior to the transaction, Archerwill beneficially owned or had control or direction over 104,066 common shares in the capital of the Company and 165,787 securities of the Company convertible into or exercisable for 165,787 common shares.

Archerwill concurrently received 4.3 million common share purchase warrants, exercisable at $1.8 per share for a period of four years, which, if exercised in full, would subsequently increase Archerwill's ownership interest to 28.3% (assuming Archerwill's conversion and exercise in full of all securities it holds in the Company but no other conversions of outstanding securities of the Company). The transaction costs were allocated pro rata based on each individual component's fair value.

On initial recognition, the Company allocated the proceeds, net of $390 of transaction costs, as follows:

Convertible debenture, liability	2,851
Conversion feature	1,755
Warrants	1,504
	6,110

As of July 31, 2022, $6,500 of the principal amount of the 2020 convertible debenture remains outstanding and the amortized cost is $3,717.

In August 2022, the conversion price of the Archerwill Debenture was amended from $1.50 (pre-consolidation $0.05)(Note 26) to the lower of $0.90 and the volume weighted average trading price of the Common Shares of the Resulting Issuer over the first 20 trading days following the resumption of trading of the Common Shares on the CSE, subject to a minimum price of $0.50. The excise price of the 4.3 million common share purchase warrants was amended from $1.80 per share (pre-consolidation $0.06) to the lower of $1.20 and 130% of the volume weighted average trading price of the Common Shares of the Resulting Issuer over the first 20 trading days following the resumption of trading of the Common Shares on the CSE.

15. Mortgage payable

On December 24, 2020, the Company closed a $2,000 non-dilutive term loan financing at an annual interest rate of 10% (the "**Loan**"). The Loan is secured by the property and assets of the Company's wholly owned subsidiary, IsoCanMed, in Louiseville, Quebec and is subject to monthly interest-only installments of $17, with the principal amount repayable at the end of one year. The Loan may be extended for an additional year, at the discretion of the lender, upon 30 days written renewal notice by the Company. The renewal notice will indicate if the Company intends to repay any portion of the loan, up to a maximum of $1,000. A commitment fee, equal to 4% of the loan amount less the amount repaid, is payable at the each time of renewal. The Company is in negotiation on the renewal terms with the lender as the date of the financial statements issue date.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

16. Share capital

(a) Authorized

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

(b) Issued and outstanding

	Common Shares Number	$	Equity component of convertible debentures	Number of Warrants	Contributed Surplus
Balance as at April 30, 2020	**13,666,406**	**39,241**	**419**	**6,646,123**	**13,810**
Common shares issued pursuant to business combination [(b)]	9,115,381	9,444	-	-	-
Convertible debenture [(note 14)]	-	-	1,755	4,333,333	1,504
Share-based compensation	-	-	-	-	461
Warrants expired	-	-	-	(5,764,118)	-
Balance as at April 30, 2021	**22,781,787**	**48,685**	**2,174**	**5,215,338**	**15,775**
Expiry of conversion feature	-	-	-	-	(1,955)
Warrants expired	-	-	-	(1,939,549)	-
Share-based compensation	-	-	-	-	467
Balance as at July 31, 2022 [(a)]	22,781,787	48,685	2,174	3,275,789	14,287

During the 15-month period ending July 31, 2022:

(a) The Company extended the expiry date of 3,244,762 (subject to adjustment) outstanding common share purchase warrants of the Company issued on March 4, 2020 (the "**Warrants**") from March 3, 2023, to December 31, 2026. Aside from the extension of the expiry date, all other terms of the Warrants will remain unchanged.

During the year ending April 30, 2021:

(b) The Company issued 9,115,382 common shares pursuant to the acquisition of IsoCanMed Inc. valued at $9,444.

17. Share-based compensation

The Company has established a stock 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 and the term, 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 options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

17. Share-based compensation (continued)

The Company's Option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the common shares that are outstanding unless the Board of Directors shall have increased such limit by a Board of Directors resolution. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares. 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 stock options during the period were as follows:

	Number of Options	Weighted Average Exercise Price ($)
Balance as at April 30, 2020	**1,240,000**	**3.60**
Granted	730,833	1.50
Exercised	(114,167)	4.50
Balance as at April 30, 2021	**1,856,666**	**2.70**
Expired	(80,000)	7.50
Forfeited	(163,333)	3.60
Cancelled	(348,333)	5.70
Balance as at July 31, 2022	**1,265,000**	**1.50**

The following table is a summary of the Company's share options outstanding as at July 31, 2022:

Exercising Price ($)	Number Outstanding	Weighted Average Exercising Contractual Life Years	Number Exercisable
1.50	1,261,667	2.62	1,078,958
4.80	3,333	1.73	3,333
1.50	1,265,000	2.62	1,082,291

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

17. Share-based compensation (continued)

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

Exercising Price ($)	Number Outstanding	Weighted Average Exercising Contractual Life Years	Number Exercisable
1.50	1,346,667	4.40	656,076
4.65	33,333	2.96	33,334
4.80	3,333	2.98	3,333
5.10	118,333	2.56	88,750
5.70	41,667	2.50	41,667
6.00	233,333	2.21	233,333
7.50	80,000	0.53	80,000
2.70	1,856,666	3.77	1,136,493

The Company recognized $467 of share-based compensation expense during the 15-month period ended July 31, 2022 (April 30, 2021 – $461), with a corresponding amount recognized as a contributed surplus.

During the 15-month period ended July 31, 2022, the Company did not issue any stock options, 2,400,000 stock options expired and 163,333 stock options were forfeited. On May 12, 2022, the Company announced cancellation of 348,333 incentive stock options previously held by certain directors, officers, and employees of the Company.

18. Finance and transaction costs

The finance and transaction costs for the 15-month period ended July 31, 2022 and the year ended April 30, 2021 are comprised of the follows:

	July 31, 2022	April 30, 2021
Interest and bank charges	313	79
Interest on debentures	952	517
Accretion on debentures	899	746
Interest on promissory notes	781	547
Accretion on promissory notes	872	539
Interest on mortgage	250	77
Accretion on leases	160	151
Transaction costs	275	80
Total	**4,502**	**2,736**

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

19. 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.

Diluted loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period.

For the 15-month period ended July 31, 2022, diluted loss per share equals basic loss per share due to the anti-dilutive effect of convertible debentures, warrants and stock options. 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 periods presented, are as follows:

	July 31, 2022 Number of Shares	**April 30, 2021 Number of Shares**
Convertible debentures	**4,333,333**	4,430,833
Warrants	**109,193**	10,979,457
Share options	**1,265,000**	1,856,667
	5,707,526	17,266,957

20. Income taxes

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to loss before income taxes, shown as follows:

	July 31, 2022	**April 30, 2021**
Loss before income taxes	**(11,061)**	(11,297)
Statutory federal and provincial income tax rate in Canada	**26.5%**	26.5%
Income tax recovery at the statutory tax rate	**(2,931)**	(2,994)
Permanent differences	**58**	(54)
Change in deferred tax assets not recognized	**2,905**	3,116
Provision for (recovery of) income taxes	**32**	68

A valuation allowance has been applied against all of the Company's deferred income tax assets.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

20. Income taxes (continued)

The Company has a non-capital loss carried forward to reduce future years' taxable income, which will expire as follows:

2034	265
2035	2,971
2036	2,082
2037	1,698
2038	4,890
2039	8,198
2040	8,305
2041	11,757
2042	10,962
	51,128

21. Nature of expenses

General and administrative expenses for the 15-month period ended July 31, 2022 and the year ended April 30, 2021 are composed of:

	July 31 2022	**April 30 2021**
Salaries, wages and consulting fees	**6,960**	6,221
General operating	**1,860**	1,280
Occupancy costs	**478**	411
Professional fees	**821**	341
	10,119	8,253

Sales and marketing expenses for the 15-month period ended July 31, 2022 and the year ended April 30, 2021 are comprised of:

	July 31 2022	**April 30 2021**
Sales and marketing	**1,812**	480
Travel	**113**	26
	1,925	506

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

22. Commitments and contingencies

Commitments

As at July 31, 2022, the Company is committed under leases for equipment and office space for the following minimum annual rentals:

2022	541
2023	467
2024	425
Thereafter	1,228
	2,661

Contingencies

(a) The Company and its subsidiary, Abba, were served with a Statement of Claim for damages for the alleged failure to pay invoices in the amount of $200 plus pre- and post-judgment interest. Pleadings have now closed, and the parties are in the process of scheduling examinations for discovery. Given that examinations for discovery have not yet occurred, it is too early in the process to have a reasonable expectation or evaluation of the Plaintiff's claim, but the Company believes the claim to be without merit.

(b) On April 15, 2021, Canada House's wholly owned subsidiary, IsoCanMed, was served with an application to initiate proceedings for damages for its alleged failure to pay invoices in the amount of $304 plus pre and post judgment interest. Prior to the Plaintiff initiating proceedings, IsoCanMed provided the Plaintiff with a list of deficiencies related to the Plaintiff's work installing the HVAC system at IsoCanMed's facility. The list of deficiencies includes the Plaintiff's supply and installation of a chiller which has not yet been put into operation by the Plaintiff. The Plaintiff and IsoCanMed discussed IsoCanMed's payment of the balance owing (approximately $305) on the total contract value of $2,300 when the Plaintiff had successfully remedied the outstanding deficiencies in its workmanship. In addition, at the request of the Plaintiff, IsoCanMed provided the Plaintiff with comments on the items it disputed in the Plaintiff's outstanding invoices. After receiving IsoCanMed's requested comments, the Plaintiff halted all communication and proceeded with this application.

IsoCanMed retained external counsel to appear on IsoCanMed's behalf and respond to the application. IsoCanMed's external counsel has filed a Defence and Counterclaim to the Plaintiff's application along with the expert report relied upon in same. At this time. the Plaintiff's defense to IsoCanMed's Counterclaim and any expert evidence to be relied upon by the Plaintiff have not been filed with the Court. Initial discoveries of the Parties related to the Plaintiff's claim and IsoCanMed's Counterclaim have been delayed.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

22. Commitments and contingencies (continued)

(c) Prior to the maturity of the Company's outstanding Convertible Debentures dated December 5, 2017 (the "**2017 Debentures**"), the Company corresponded with the remaining holders of 2017 Debentures and proposed Convertible Debenture Amending Agreements (the "**Amending Agreements**") to: i) extend the Maturity Date of the 2017 Debentures to December 5, 2022; ii) increase the interest rate on the outstanding Principal from 8.5% per annum to 18.0% per annum from and after December 5, 2021; iii) remove the conversion right under the Debenture; and, iv) reaffirm the Company's obligations under the 2017 Debentures. The Company has not entered into Amending Agreements with all holders of the 2017 Debentures to extend the Maturity Date of the 2017 Debentures. The principal and interest of the 2017 Debentures not subject to such extensions is due and payable and the holders of the 2017 Debentures may exercise rights to enforce the payment thereof.

In the ordinary course of business and from time to time, the Company is involved in various other claims related to its ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these consolidated financial statements.

23. Capital management

The Company defines the capital that it manages as the amounts it classifies in share capital, augmented by any amounts raised through the issuance of convertible debentures, promissory notes, borrowings and mortgage payable.

	July 31, 2022	**April 30, 2021**
Share capital, including equity component of convertible debentures	50,859	50,859
Convertible debentures	4,767	3,988
Promissory notes	10,866	11,006
Borrowings	3,926	446
Mortgage payable	2,000	2,000
	72,418	68,299

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and to maintain adequate levels of funding to support its ongoing initiatives and business development activities in order to provide returns for its shareholders.

The Company is an early-stage company and is dependent on raising further capital, primarily equity, to fund its capital expenditures and its operating expenses in excess of revenue until such time as it reaches cash break-even. As at July 31, 2022, the Company had raised, net of issuance costs, approximately $41,312 (April 30, 2021 - $40,612) by the issuance of common shares, warrants, convertible debentures and long-term debt. The Company may raise additional equity in the future, although there can be no assurance that the Company will be successful in doing so.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

24. Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. As at July 31, 2022 and April 30, 2021, three customers represented 42% and 73% of the outstanding trade and other receivable balance, respectively. For the 15-month period ended July 31, 2022, three customers accounted for 77% of revenue (2021 – three customer accounted for 73% of revenue).

The Company does not hold any collateral as security, but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The aging of trade receivables is as follows:

	July 31, 2022	April 30, 2021
Not past due	**1,726**	1,627
1 to 30 days past due	**724**	94
31 to 60 days past due	**358**	196
Over 61 days past due	**226**	9
	3,034	1,926

As at July 31, 2022, the expected credit loss recognized was $14 (April 30, 2021 - $14).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

24. Financial instruments and risk management (continued)

The Company is obligated to the following contractual maturities of undiscounted cash flows:

	Carrying Amount	Total Contractual Cash Flow	Year 1	Year 2	Year 3	Year 4 and Beyond
Lease liability	2,288	2,661	541	467	425	1,228
Promissory notes	76	76	76	-	-	-
Promissory note - non-current	10,790	12,500	-	4,167	8,333	-
Trade and other payables	11,574	12,254	11,221	-	-	1,033
Convertible debentures	4,767	9,183	1,116	-	-	8,067
Borrowings	3,926	925	-	925	-	-
Due to related parties	3	3	3	-	-	-
Mortgage payable	2,000	2,346	2,346	-	-	-
	35,424	**39,948**	**15,303**	**5,559**	**8,758**	**10,328**

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.

Currency risk
Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates. The Company is not exposed to foreign currency exchange risk as it has minimal financial instruments denominated in a foreign currency and substantially all of the Company's transactions are in Canadian dollars, which is also the Company's functional currency.

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 is not exposed to interest rate risk as at July 31, 2022 as the Company does not have any variable interest rate assets or liabilities.

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 those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at July 31, 2022.

Fair values
The carrying values of cash, trade and other receivables, trade and other payables, promissory notes, borrowings and convertible debentures approximate the fair values due to the short-term nature of these items or the interest rates and discount rates being at market. The risk of material change in fair value is not considered to be significant due to a relatively short-term nature. The Company does not use derivative financial instruments to manage this risk.

24. Financial instruments and risk management (continued)

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the 15-month period ended July 31, 2022, there were no transfers of amounts between levels.

25. Segmented information

The Company has two reportable and operating segments. The Company cultivates and distributes cannabis related products via federally approved cannabis programs by way of its Licensed Producer business. In addition, Company operates its clinic business through its CHC subsidiary. The Company derives substantially all of its revenue from these two segments. The Company reports segment information based on internal reports used by the Chief Operating Decision maker ("CODM") to make operating and resource decisions and to assess performance. The CODM is the Chief Executive Officer. The CODM makes decisions and assesses performance of the Company on a consolidated basis such that the Company is a single reportable operating segment.

The Company primarily operates in one principal geographical area, Canada, accordingly all of the Company's long lived assets are located in Canada.

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

25. Segmented information (continued)

The following table presents details on the Company's segments for the 15 month period ended July 31, 2022

Operating segments	CHC	Licensed Producer	Corporate and other	Total
Revenue				
Referral revenue	6,633	-	-	**6,633**
Product revenue	-	22,729	-	**22,729**
License revenue and other	31	782	-	**813**
Less: excise tax	-	(3,509)	-	**(3,509)**
Net revenue	6,664	20,002	-	**26,666**
Cost of sales	3	13,603	-	**13,606**
Inventory impairment	-	4,228	-	**4,228**
Gross profit before fair value adjustments	6,661	2,171	-	**8,832**
Realized loss on sale of inventory	-	1,176	-	**1,176**
Realized loss (gain) on biological assets	-	488	-	**488**
Gross profit	6,661	507	-	**7,168**
Expenses	5,742	8,353	497	**14,592**
Loss from operations	919	(7,846)	(497)	**(7,424)**
Finance and transaction costs	713	2,729	1,060	**4,502**
(Gain) loss on debt settlement and modifications	-	-	(1,019)	**(1,019)**
Gain on assets disposal	-	(9)	-	**(9)**
Remeasurement on contingent consideration	161	-	-	**161**
Other expenses	-	2	-	**2**
Loss before income	45	(10,568)	(538)	**(11,061)**
Provision for income tax	67	(35)	-	**32**
Net loss and comprehensive loss for the period	(22)	(10,533)	(538)	**(11,093)**

(Expressed in thousands of Canadian dollars, except for shares and per share amounts)

25. Segmented information (continued)

The following table presents details on the Company’s segments for the year ended April 30, 2021

Operating segments	CHC	Licensed Producer	Corporate and other	Total
Revenue				
Referral revenue	5,141	-	-	**5,141**
Product revenue	-	6,309	-	**6,309**
License revenue and other	27	403	-	**430**
Less: excise tax	-	(1,320)	-	**(1,320)**
Net revenue	5,168	5,392	-	**10,560**
Cost of sales	3	6,063	-	**6,066**
Inventory impairment	-	2,266	-	**2,266**
Gross profit before fair value adjustments	5,165	(2,937)	-	**2,228**
Realized loss on sale of inventory	-	1,136	-	**1,136**
Realized loss (gain) on biological assets	-	(1,866)	-	**(1,866)**
Gross profit	5,165	(2,207)	-	**2,958**
Expenses	4,867	4,839	885	**10,591**
Loss from operations	298	(7,046)	(885)	**(7,633)**
Finance and transaction costs	280	2,534	(78)	**2,736**
(Gain) loss on debt settlement	19	641	258	**918**
Other expenses	-	(1)	11	**10**
Loss before income	(1)	(10,220)	(1,076)	**(11,297)**
Provision for income tax	65	3	-	**68**
Net loss	(66)	(10,223)	(1,076)	**(11,365)**

26. Subsequent events

On August 9, 2021, the Company announced that they have entered into a definitive share exchange agreement for the Company acquisition of all of the issued and outstanding shares of Montréal Cannabis Medical Inc. (“Montreal Cannabis”) (herein referred to as the “Transaction”). The Transaction is considered an arm’s length transaction and will constitute a “reverse takeover” of the Company by Montreal Cannabis as it is anticipated that the Company’s shareholders will account for approximately 20% of the combined company post merger. Should the Transaction be completed, it is anticipated that the Company will operate under the Montreal Cannabis corporate name with shares continuing to trade on the Canadian Securities Exchange. For further information please see the Company's press release dated July 26, 2022.

Following the shareholder meeting on August 23, 2022, the Company completed its previously announced consolidation of its common shares on the basis of thirty (30) pre-consolidation shares for each one (1) post-consolidation share. Fractional shares resulting from the share consolidation were rounded up or down to the nearest whole Common Share. The Company has also officially adopted "Canada House Cannabis Group Inc." as its corporate legal name.

26. Subsequent events (continued)

On August 30, 2022, Canada House Cannabis Group announced closing of the first tranche of its acquisition of MTL Cannabis.

With the closing of the first tranche of the Transaction (the "Initial Closing") the Company acquired approximately 24.99% of the issued and outstanding shares of MTL Cannabis in exchange for 49.99% of the issued and outstanding common shares of the Company. Following the completion of the Company's share consolidation, the shareholders of MTL Cannabis were issued 22,779,340 Common Shares on the Initial Closing. There are now 45,567,767 Common Shares issued and outstanding.

Now that the Initial Closing has been completed, the parties will proceed to satisfying the closing conditions to the second tranche of the Transaction, namely the preparation of the required audited annual and unaudited interim financial statements and related management's discussion and analysis of MTL Cannabis in order for the Company to proceed to a shareholder meeting to approve the Transaction, as required by the rules and policies of the Canadian Securities Exchange. The definitive transaction agreement between the parties provides for the Company to acquire the remaining 75.01 % of the issued and outstanding shares of MTL Cannabis on the second tranche of the Transaction (the "Subsequent Closing") in exchange for such number of Common Shares that when added to the Common Shares issued on the Initial Closing, is equal to 80.0% of the issued and outstanding common shares of the Company.

The percentages of Common Shares noted above will be subject to anti-dilution adjustments in favour of the vendors of the MTL Cannabis shares wherein additional Common Shares will be issued up to 49.99% of the Common Shares prior to the Subsequent Closing and up to 80.0% following the Subsequent Closing in the event of the issuance of Common Shares upon the conversion of the principal and accrued interest of the Company's $6.5 million convertible debenture issued to Archerwill Investments Inc. on August 5, 2020.

The Transaction constitutes a "reverse takeover" of the Company and it is anticipated that following the Subsequent Closing, the Company will operate under the MTL Cannabis corporate name with shares trading on the CSE under a related ticker symbol. Trading in the common shares of the Company has been halted since the Transaction was initially announced on August 9, 2021 and is expected to remain halted until the Subsequent Closing.

The Subsequent Closing is subject to a number of conditions customary for a transaction of this nature, including but not limited to (i) approval by the shareholders of Canada House of the acquisition at a special meeting to be called for these purposes (in the case of the Subsequent Closing), (ii) the completion of the Share Consolidation, (iii) there being no material adverse change in the business of Canada House or MTL Cannabis (as applicable) prior to the Subsequent Closing, and (iv) receipt of applicable third party and regulatory approvals including the approval of the CSE. The Subsequent Closing will occur as soon as possible following the satisfaction of all such closing conditions. A press release will be issued in due course to announce the expected timing of the Subsequent Closing once the parties have progressed the financial statements of MTL Cannabis.

SCHEDULE C
MD&A OF CANADA HOUSE

CANADA HOUSE CANNABIS GROUP INC.
Formerly doing Business as CANADA HOUSE WELLNESS GROUP INC.

Amended and Restated

Management's Discussion and Analysis

For the three and six months ending January 31, 2023 and 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("**MD&A**") of Canada House Cannabis Group Inc., formerly Canada House Wellness Group Inc. (hereinafter referred to as the "**Company**" or "**Canada House**") was prepared in accordance with National Instrument 51-102 Continuous Disclosure Obligations and should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes thereto of the Company for the three and six months ending January 31, 2023 and 2022 (the "**Financial Statements**") and the audited consolidated financial statements and related notes thereto of the Company for 15-month period ended July 31, 2022. The Company files its Financial Statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com. All amounts are in thousands of Canadian dollars.

The Company prepares Financial Statements in accordance with International Financial Reporting Standards ("**IFRS**"). Except where otherwise indicated, all financial information reflected herein is expressed in thousands of Canadian Dollars.

This MD&A may contain information and declarations on the future performance of the Company that are, by nature, forward-looking. These declarations reflect management's expectations regarding future events based on assumptions and uncertainties that are subject to the risk factors identified in the "Risks and Uncertainties" section of this MD&A. Readers are hereby cautioned.

The unaudited condensed interim consolidated financial statements and MD&A of the Company in respect of the three and six months ending January 31, 2023, and 2022 were approved and authorized for issuance by the Board of Directors of the Company on March 23, 2023. The effective date of this MD&A is March 23, 2023. The Company filed a restatement of the unaudited condensed consolidated financial statements for the six months ended January 31, 2023 and 2022 on June 21, 2023. The amended and restated MD&A was refiled on the same day.

BUSINESS HIGHLIGHTS

<u>Subsequent to six months period ending January 31, 2023, the Company announced:</u>

On March 6, 2023, the Company announced it formed Strategic Alliance with Artisanal Cannabis Company Inc. ("**Artisanal**"). Artisanal launched its first products on the Ontario Cannabis Store and the Abba Medix medical cannabis platform.

1. Canada House is currently in the process of closing a transaction (*see the press releases of the Company dated August 9, 2021, July 26, 2022, and August 30, 2022*) with Montréal Cannabis Médical Inc. ("**MTL**"), a Montreal based "flower-first" Licensed Producer and has now successfully migrated cultivation in its wholly owned subsidiary, IsoCanMed Inc., to MTL's cultivation methodologies.

   Canada House, through its other wholly owned subsidiaries Abba Medix Corp. ("**Abba**") and Canada House Clinics Inc. ("**CHC**"), has established itself as a leading provider of products and services in the Canadian medical cannabis market, leveraging its heritage and focus on Veterans to grow Abba's active medical patient registrations to over 3,000.

With Abba now focusing on its medical marketplace, Canada House and MTL decided to cease cultivation activities in Abba's cultivation facility in Pickering, Ontario and instead lease the space to Artisanal, a craft cannabis producer exclusively focused on the cultivation of premium products. The Company has significantly reduced its overhead at Abba by leasing the cultivation space to Artisanal. Abba also participates in Artisanal's sales through a royalty mechanism, and the cultivation space now contributes to our top-line revenues. Artisanal's first product, Valencia, a unique Sour Tangie phenotype, is now available to approximately 1500 retailers through the Ontario Cannabis Store, under the company's new Artisanal Cannabis brand.

Six months ending January 31, 2023

During the six months ending January 31, 2023, the Company announced:

1. On November 28, 2022, the company announced its financial results for the 15-months ending July 31, 2022. As announced on May 30, 2022, the Company filed a Notice of Change in Financial Year End on SEDAR to change its financial year end from April 30 to July 31 and the annual audited financial statements for this transition year are for a 15- month period which includes the 3-month period starting May 1, 2022, to July 31, 2022.

2. On August 25, 2022, the Company announced the results of its annual general and special meeting of shareholders held on August 23, 2022. All Company matters put forward were approved by the shareholders, including the re-election of Erik Bertacchini, Norman Betts, Chris Churchill-Smith, Shawn Graham, Gaetan Lussier, and Dennis Moir as directors of the Company and the conditional election of Richard Clement and Michel Clement as additional directors, conditional upon the completion of the closing of the first tranche of the Corporation's acquisition of Montreal Cannabis Medical Inc. ("**MTL**") The directors will hold office until the next Annual General Meeting of Shareholders, or until their successors are elected or appointed.

   The Company's shareholders also voted in favour of the: (i) reappointing of Ernst & Young LLP as the auditors of the Company until the close of the next annual meeting of shareholders of the Company; and (ii) amendments to the Company's investment instruments with Archerwill Investments Inc. The business summary presented at the Annual General Meeting is available on the Investor Centre section of Canada House's website at https://canadahouse.ca.

   Following the shareholder meeting, the Company completed the previously announced consolidation of its common shares on the basis of thirty (30) pre-consolidation shares for each one (1) post-consolidation share. Fractional shares resulting from the share consolidation were rounded up or down to the nearest whole Common Share. The Company has also officially adopted "Canada House Cannabis Group Inc." as its corporate legal name.

3. On August 30, 2022, Canada House announced the closing of the first tranche of its acquisition of MTL.

   With the closing of the first tranche of the Transaction (the "**Initial Closing**"), the Company acquired approximately 24.99% of the issued and outstanding shares of MTL in exchange for 49.99% of the issued and outstanding common shares of the Company. Following the completion of the Company's share consolidation announced on August 25, 2022, the shareholders of MTL were issued 22,779,340 Common Shares on the Initial Closing. There are now 45,567,767 Common Shares issued and outstanding. The definitive transaction agreement between the parties provides for the Company to acquire the remaining 75.01 % of the issued and outstanding shares of MTL on the second tranche of the Transaction (the "**Subsequent Closing**") in exchange for such number of Common Shares that when added to the Common Shares issued on the Initial Closing, is equal to 80.0% of the issued and outstanding common shares of the Company.

After the completion of the Initial Closing, the parties will proceed to satisfy the closing conditions to the second tranche of the Transaction, namely MTL's preparation of the required audited annual and unaudited interim financial statements and related management's discussion and analysis of MTL (the "**MTL Financial Statements**"). Following MTL's preparation of the MTL Financial Statements, the Company will proceed to a shareholder meeting to approve the Subsequent Closing, as required by the rules and policies of the Canadian Securities Exchange.

The percentages of Common Shares noted above will be subject to anti-dilution adjustments in favour of the vendors of the MTL shares wherein additional Common Shares will be issued up to 49.99% of the Common Shares prior to the Subsequent Closing and up to 80.0% following the Subsequent Closing in the event of the issuance of Common Shares upon the conversion of the principal and accrued interest of the Company's $6.5 million convertible debenture issued to Archerwill Investments Inc. on August 5, 2020.

The Transaction constitutes a "reverse takeover" of the Company and it is anticipated that following the Subsequent Closing, the Company will operate under the MTL corporate name with shares trading on the CSE under a related ticker symbol. Trading in the Company's common shares has been halted since the Transaction was initially announced on August 9, 2021 and is expected to remain halted until the Subsequent Closing.

The Subsequent Closing is subject to a number of conditions customary for a transaction of this nature, including but not limited to (i) approval by the shareholders of Canada House of the acquisition at a special meeting to be called for these purposes (in the case of the Subsequent Closing), (ii) the completion of the Share Consolidation, (iii) there being no material adverse change in the business of Canada House or MTL (as applicable) prior to the Subsequent Closing, and (iv) receipt of applicable third party and regulatory approvals including the approval of the CSE. The Subsequent Closing will occur as soon as possible following the satisfaction of all such closing conditions. A press release will be issued in due course to announce the expected timing of the Subsequent Closing once MTL has provided the required MTL Financial Statements.

With the Initial Closing having been concluded, the amendments to restructure certain debt obligations of the Company as described in the Company's July 26, 2022, press release are now effective.

BUSINESS OVERVIEW

Canada House was incorporated on September 29, 1982 under the *Business Corporations Act* (British Columbia) and was continued under the *Canada Business Corporations Act* ("**CBCA**"). The registered office of the Company is located at 551 Rue Saint-Marc, Louiseville, Quebec, J5V 2L4, Canada.

The Company's Common Shares are listed on the CSE under the trading symbol "CHV." The Corporation is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario.

The Company is a 24.99% shareholder of MTL and is the parent company of wholly-owned subsidiaries: Abba, a licensed producer in Pickering,Ontario, that primarily operates a medical cannabis marketplace while leveraging its cultivation and license assets for third parties; CHC, which operates clinics across the country that work directly with primary care teams to provide specialized cannabinoid therapy services to patients suffering from simple to complex medical conditions; 690050 NB Inc. doing business as Knalysis Technologies ("**Knalysis**"), a provider of fully customizable, cloud-based software to CHC that links physician, provider, and patient to data that supports treatment with medical cannabis; ICM, a licensed producer in Louiseville, Quebec, that produces high-quality medical-grade cannabis. In addition, CHC is the sole shareholder of Margaree Health Group Incorporated ("**Margaree**"), a medical cannabis clinic dedicated to Veterans in Nova Scotia.

Canada House's goal is to become a leading cultivator of premium craft cannabis, monetize its adult use market license and facility assets and be a leading provider of medical cannabis from education to marketplace. The Company is targeting the national medical cannabis markets, the recreational adult-use market in Quebec and working with MTL to sell across Canada.

Corporate Structure:

Abba, CHC, Knalysis, and ICM are each wholly-owned subsidiaries of Canada House.

Abba was incorporated under the *Business Corporations Act* (Ontario) in 2013 and is a licensed producer ("**Licensed Producer**") under the *Cannabis Act,* S.C. 2018, c.16 (the "**Cannabis Act**") and *Cannabis Regulations* (Canada) (the "**Cannabis Regulations**"). Abba also obtained a license to cultivate in Pickering,Ontario, in September 2017 and a sales license in December 2018. Abba has approximately 22,000 square feet in its indoor, controlled grow facility in Pickering, Ontario.

CHC was incorporated under the *Business Corporation Act* (New Brunswick) on October 7, 2013, as 672800NB Inc. and operated under the business name "Marijuana for Trauma" until changing its name to "CanadaHouse Clinics Inc." in October 2018. CHC owns and operates medicinal cannabis clinics. It provides services to assist its patients in selecting a licensed producer, identify appropriate strains, and consult and support patients regarding the use of medical cannabis inclusive of issuing a Medical Document (authorization to purchase medical cannabis).

The Company acquired Knalysis in January 2018. Knalysis creates tools for better cannabis health outcomes by its innovative software that seamlessly links physicians, providers, and patients, offering a global approach to reporting, monitoring and care. Its leadership team envisioned a need for health technology connecting every aspect of the medical marijuana field and has pioneered software to meet thisneed. Its products were developed with a national network of clinicians in the medical marijuana domain and are built to deliver better monitoring of symptoms, moods, and treatments for both physician and patient. Subsequent to end of the quarter, effective May 1, 2023 Knalysis was amalgamated into CHC.

The Company acquired ICM on June 12, 2020. ICM was incorporated under the *Canada Business Corporations Act* on March 4, 2016 and obtained a standard cultivation licenseunder the ACMPR on January 12, 2018 and a standard processing license under the Cannabis Act on August21st, 2020. ICM owns and operates an approximately 64,000 square foot state-of-the-art indoor growfacility in Louiseville, Quebec, employing vertical, aeroponic production methodologies.

Business Strategy and Development

Canada House believes a vertical integration strategy within the medical cannabis sector is well suited to the Canadian Cannabis Market, as itsharpens the focus on the above critical success factors and facilitates sustainable growth and profitabilitythrough strong relationships with its patients and internalizes profit margins throughout the supply chain by growing and selling product from both third parties and its own licensed producers that meet the needs of its patients.

Canada House leverages the patient insights from its veteran oriented medical cannabis clinics to curate a leading medical cannabis menu at Abba resulting in rapid adoption of Abba by CHC's patient base. Abba is a marketplace selling products from over 20 licensed producers, but remains a robust dried flower distribution channel for products grown by ICM and MTL.

On the Adult Use market Canada House now has a leading cultivation facility at ICM that grows identically to MTL to achieve high quality and yields. Canada House earns fees to assist MTL in distribution in some key provinces, sells bulk cannabis to MTL and monetizes its Abba cultivation space via partnership.

Key strategic initiatives are as follows:

1. *Build a strong medical cannabis veteran product portfolio offering both Abba and third-party products.*

   Abba now offers its registered patients a multitude of products including dried flower, vape pens, oils, edibles and topicals and plans to continue to add new, exciting, Cannabis 2.0 and other products. Abba's medical cannabis sales to veterans have increased significantly, and through an exclusive genetic licensing agreement with InPlanta Biotechnology Inc., Abba has successfully launched the VetStar Day™, and Veterans Kush ™ strains which are only available to registered patients of Abba.

2. *Leverage its acquisition of ICM in Quebec to capitalize on rapidly growing Quebec cannabis market and SQDC opportunities.*

   As a result of the strategic acquisition of ICM, the Company has accessed the vast Quebec cannabis market through ICM's signed a letter of intent with the Société québécoise du cannabis ("**SQDC**").

   The Company will continue to enhance the grow methodologies deployed at ICM's 64,000 square foot production facility to increase its annual production capacity of low-cost dried flower. ICM has adjacent land of 450,000 square feet that can accommodate the construction of facilities which, when built, can provide an additional production capacity of up to 50,000 kg. This additional grow capacity will only be built out if and when the market demands further production and will allow Canada House to meet a substantial increase in demand across all its distribution channels..

3. *Continue to add new SKU's to further leverage existing adult-use recreational channels.*

   Canada House, through its two Licensed Producers, continues to pursue additional provincial distribution, particularly as it relates to exciting new genetics Abba has secured which are testing in excess of 26% THC potency. These new genetics are currently being cultivated at ICM for eventual bulk sale to MTL and lent (or licensed for a fee) to MTL to cultivate at their low-cost facility and will complement previously accepted SKUs being launched in 3 of Canada's largest recreational markets on ICM and Abba's licenses. These genetics are deemed to be of tremendous value and a significant asset and contributor to the continued success of the Company.

Canada House Clinics Inc.

CHC's mission is to improve the quality of life for anyone suffering from post-traumatic stress disorder, chronic pain and/or other medical conditions. CHC is not in the business of growing or distributing cannabis and will not undertake these activities in the future. CHC provides education services to assist their patients in selecting a Licensed Producer, identify appropriate strains, and consult and support patients regarding the use of medical cannabis. Services are inclusive of issuing a Medical Document (authorization to purchase medical cannabis) using licensed health care providers. Since its inception, CHC has directly supported thousands of veterans and civilians across Canada with comprehensive service and care. CHC currently has twelve clinic locations,including both standalone and embedded locations inside third-party medical clinics. There is one clinic in Alberta, one in each of Prince Edward Island and Newfoundland, two clinics in New Brunswick, two clinics in Nova Scotia and five clinics in Ontario. CHC continues to provide a community environment for those engaged in the process of healing with a focus on support during the various steps of the program. Clients of CHC clinics are educated to understand the possible benefits of cannabinoid therapy, and, if appropriate, introduced to a professional who can write a cannabis prescription in order to meaningfully improve the quality of lives for veterans, first responders and civilians alike.

CHC continues to execute several initiatives to provide better service and support for their patients. Recently added multidisciplinary capabilities provide wellness services through registered professionals in the fields of massage, naturopathy and Psychotherapy. CHC healthcare staff produce a blog each month,which focuses on the efficacy of cannabis treatment for various conditions supported by fact-based research, client trends and feedback. CHC continues to make improvements to its Cannabis Patient Management ("**CPM**") software, including new physician services capabilities, embedded secure telemedicine, prescriber and client portals, digital treatment plans and reconciliation of licensed producerpayments. The CPM software not only allows for better service to existing clients, it also improves the efficiency of managing patient care. To this end, specific API integrations with partnered licensed producers have been created to allow for the registration of patients more securely, instantly and accurately. Incorporated treatment reporting has been added to the patient portal that will allow a better understanding of what treatments and products work best for a specific diagnosis.

In the interest of providing superior, comprehensive service to its clients, CHC has added Licensed Practical Nurses and other health workers to provide Cannabinoid Therapy Education ("**CTE**") to all clients, which is an integral part of the Company's vision in offering better health outcomes to those seeking alternative treatments towards improving their quality of life. CHC uses a combination of Physicians and Nurse Practitioners to issue medical documents, both in person and via telemedicine. Consultation fees are either billed back to a payor (e.g. provincial health plan) or paid by CHC (e.g. a Nurse Practitioner seeing a patient).

New clients must register online on CHC's website or walk into a clinic for a hard copy registration package. In order to register, clients must provide a referral or diagnosis and proof of identity. Once a client profile is created, all pertinent medical information is uploaded for CTE and Prescribers. The first appointment is then set up to provide the client with CTE in order to review their medical history and provide education with regards to their specific diagnoses and dosing recommendation. It is the client's ultimate responsibility to select the most appropriate cannabis strains and Licensed Producer and CTE's are first and foremost committed to connecting patients to Licensed Producers that are best suited to their needs.

Patient educators ("**Educators**") have not been made aware of the specific terms and conditions of any educational contracts with partnered Licensed Producers. Their recommendations to clients are based on the recommended treatment plan. Canada House attempts to standardize educational contracts across LP's.CHC and its Educators are committed to recommending products and Licensed Producers based on the cannabinoid and terpene profiles best suited for the diagnosis and conditions being treated. Patients can demand Licensed Producers that Canada House does not have a contract with, and Educatorsmay suggest products from an uncontracted Licence Holder if it is a better option for the patient and the Educator sufficiently understands the capabilities of that Licensed Producer.

On May 27, 2021, CHC acquired 100% of the issued and outstanding shares of Margaree for cash consideration of $500,000 and a three-year earn-out measured against Margaree's revenue during the earn-out period. Margaree is a medical cannabis clinic dedicated to Veterans in Nova Scotia. Margaree's patients will be served by the Halifax clinic of CHC. CHC has also committed to further increasing its contributions to veteran causes both through Not-for-Profit Post Traumatic Growth Association and additional programs.

CHC facilitates Abba client growth by providing insights to Abba on which types of cannabis products would be effective and popular with patients and including Abba in recommended treatment options when appropriate for a particular patient. CHC remains committed to educating on and working with many external Licensed Producers to provide greater capacity and treatment alternatives based on patient needs. In addition to Abba , CHC has over sixteen agreements with Licensed Producers from which CHC patients could choose their medicine. CHC's clinics also provide Second Level Assessments for veteran clients who require an increased level of care. Abba has secured its amended sales license from Health Canada, enabling the sale of its own cannabis directly to CHC and otherpatients, as well as consumers.

Licensed Producers

Abba Medix Corp.

At full capacity,the facility leased and outfitted by Abba has capacity to produce between 2,000 and 3,000 kg of premium cannabis annually. Abba has detailed policies and Standard Operating Procedures ("**SOPs**") and has licensed seed-to-sale software and equipment from Ample Organics. The Company believes that it can leverage the production capacity at this facility to support new revenue opportunities that monetize and de-risk its cultivation space while continuing to focus on its medical marketplace and medical fulfillment from this facility. As Abba is focused on medical distribution and client registration, it has no short-term plans to use this licensed facility for cultivation and, as such has entered into a business agreement with Artisanal to use the licensed rooms for cultivation for a fee and a royalty, which represents meaningful cost savings and an additional revenue stream. (Please see the Company's Press Release dated March 6, 2023 for more details.)

A summary of the dates and descriptions of the Abba licenses to date are as follows:

Date	Description
September 01, 2017 License No 10-MM0264/2017	Cannabis Cultivation LicenseSales or Provision of 1. dried marijuana 2. marijuana plants 3. marijuana seed Under ACMPR sub sec 22 (2)-limited This licensed producer may sell, provide, ship, transport and deliver substances authorized forsales or provision on this licensed to license dealersolely for the purpose of conducting analytical testing.
September 29, 2017 License No 10-MM0264/2017	Destruction room -included as Sub div C room Still under ACMPR sub sec 22 (2)-limited. This licensed producer may sell, provide, ship, transport and deliver substances authorized forsales or provision on this licensed to license dealersolely for the purpose of conducting analytical testing.
April 20, 2018 License No 10-MM0264/2018	Production of 1. Bottled cannabis oil production 2. Cannabis in in its natural form/cannabisresin added additional subdivision C grow room and oil extraction room included in the license Sale is Still under ACMPR sub sec 22 (2)-limited. This licensed producer may sell, provide, ship, transport and deliver substances authorized forsales or provision on this licensed to license dealersolely for the purpose of conducting analytical testing.
July 20, 2018 License No 10-MM0264/2018	Selling seeds to Licensed Producers Still under ACMPR sub sec 22 (2)-limited. This licensed producer may sell, provide, ship, transport and deliver substances authorized for sales or provision on this licensed to license dealer solely for the purpose of conducting analytical testing.
July 31, 2018 License No 10-MM0264/2018	Production of Fresh CannabisSale Still governed by the section 22 (2) limited version
November 10, 2018 License No. LIC-MZPK573ALN-2018-1	Updated License under Cannabis regulations Standard cultivation license Standard Processing license (including sales of seeds and planting materials)

December 21, 2018 License No. LIC-MZPK573ALN-2018-1	Sales (Medical) -Dried cannabis License with condition.
August 30, 2019 License No. LIC-MZPK573ALN-2018-2	Amended Sales License – Abba can start legally selling its own branded dry flower and fresh cannabis.
August 21, 2020 License No. LIC-MZPK573ALN-2020	Amended sales license – Abba can start selling cannabis oil, concentrate, topical and edible products.

IsoCanMed Inc.

ICM has invested approximately $15 in a state-of-the-art 64,000-square-foot production facility, including its recently completed retrofit under the oversight of MTL to deploy MTL' proven cultivation methodologies. ICM's facility currently offers the potential for an annual production capacity of over 6,000 kg of low-cost dried flowers. The annual cultivation weight at ICM is largely dependent on which genetics are used and the yield per plant from the genetics selected. ICM also owns adjacent land of 450,000 square feet that can accommodate the construction of facilities which, once built, will provide additional production capacity of 50,000 kg.

ICM holds the following licenses:

Date	Description
January 12, 2018 License No 10-MM0766/2018	Cannabis Cultivation LicenseSales or Provision of 1. dried marijuana 2. marijuana plants 3. marijuana seed Under ACMPR sub sec 22 (2)-limited This licensed producer may sell, provide, ship, transport and deliver substances authorized for sales or provision on this licensed to license dealer solely for the purpose of conducting analytical testing.
May 11, 2018 License No 10-MM0766/2018	Destruction room (ID), Trimming room (122) and Drying room (123) - included as Sub div C room. Still under ACMPR sub sec 22 (2)-limited. This licensed producer may sell, provide, ship, transport and deliver substances authorized forsales or provision on this licensed to license dealersolely for the purpose of conducting analytical testing.
November 8, 2018 License No. LIC-5EFG9AFN3H-2018	Updated License under Cannabis regulations Standard cultivation license

May 10, 2019 License No. LIC-5EFG9AFN3H-2018-1	Amended Standard cultivation license – Addition of mother rooms M2A/M2B
September 6, 2019 License No. LIC-5EFG9AFN3H-2018-2	Amended Standard cultivation license – Addition of clone room C2 ; addition of flowering rooms F4, F5, F6 ; Addition of room 125.
January 10, 2020 License No. LIC-5EFG9AFN3H-2018-3	Amended Standard cultivation license – Addition of room SC (trimming).
August 21, 2020 License No. LIC-5EFG9AFN3H-2018-4	Addition of Standard Processing Licence – ICM can start legally selling its ownbranded dry flower and fresh cannabis.

Corporate activities

In August 2021, the Company entered into a share exchange agreement with MTL. During the fifteen months ending July 31, 2022, the Company borrowed $1,000 from MTL at 3% interest per annum and the interest rate increased to 15% since June 28, 2022. The loan is unsecured and has no specific terms of repayment. In October 2021, the Company issued a $700 principal amount secured debenture which has a two-year term. On December 15, 2021, MTL and ICM entered into a loan agreement for ICM to borrow up to $4,139 from MTL. The loan was used for capital expenditures related to the retrofit of ICM's facility.

Going Concern Uncertainty

The unaudited condensed interim consolidated financial statements 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 unaudited condensed interim consolidated 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.

For the three and six months ended January 31, 2023, the Company earned a net profit of $87 and $696, respectively, and as at January 31, 2023, had an accumulated deficit of $68,656 and a working capital deficit of $11,433. Cash flow from operations for the six months ended January 31, 2023 was $765. Whether, and when, the Company can attain sustained profitability and sustained positive cash flows from operations that is material is subject to material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company will need to raise additional capital in order to fund its planned operations and meet its obligations. While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve sustained profitability and sustained positive cash flows from operations that is material, there can be no assurance that the Company will achieve and sustain profitability and be able to do so in the future that is material for the Company.

Selected Information Table

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's audited financial statements for the fifteen months period ended July 31, 2022 and the year ended April 30, 2021.

	As at and for the 15-months period Ended July 31, 2022 $000's	As at and for the Year Ended April 30, 2021 $000's	As at and for the Year Ended April 30, 2020 $000's
Revenue	30,175	11,880	5,334
Net revenue	26,666	10,560	5,310
Loss	(11,093)	(11,365)	(9,520)
Current assets	7,727	9,873	4,982
Non-current assets	26,322	27,119	9,446
Current liabilities	17,044	12,139	3,940
Non-current liabilities	20,758	17,980	5,414
Working capital (deficiency)	(9,317)	(2,266)	1,042
Deferred income tax liability	1,986	1,855	-
Share capital	48,685	48,685	39,241
Shareholders' equity (deficiency)	(3,753)	6,873	5,074
Loss per share - basic and diluted	$(0.49)	$(0.52)	$(0.03)

Quarterly Results

Quarter	Revenues	Net profit (loss)	Net profit (loss) per share basic and diluted
	$000's	$000's	$
	(Unaudited)	(Unaudited)	(Unaudited)
Year ended July 31, 2023			
Quarter ended January 31, 2023	7,819	87	0.00
Quarter ended October 31, 2022	5,981	609	0.02
15-months ended July 31, 2022			
Quarter ended July 31, 2022	5,863	(1,296)	(0.06)
Quarter ended April 30, 2022	5,497	(2,146)	(0.09)
Quarter ended January 31, 2022	6,176	(1,699)	(0.07)
Quarter ended October 31, 2021	5,106	(3,377)	(0.15)
Quarter ended July 31, 2021	4,024	(2,575)	(0.11)
Year ended April 30, 2021			
Quarter ended April 30, 2021	2,898	(6,156)	(0.27)
Quarter ended January 31, 2021	2,872	(2,518)	(0.11)
Quarter ended October 31, 2020	2,263	(2,059)	(0.09)
Quarter ended July 31, 2020	2,527	(632)	(0.03)

Restatement of previously filed financial information

As part of the Company's process associated with the proposed transaction with MTL, the Company noted certain differences related to fair value measurement and transactions that were not appropriately accounted resulting in a restatement of previously filed financial statements of the Company for the periods ended January 31, 2023 and 2022, respectively. The nature of these restatements is disclosed in note 26 to the Company's amended and refiled condensed interim consolidated financial statements for the periods ended January 31, 2023 and 2022, respectively. The nature of the restatements is as follows:

- **Investment in associate** – the measurement of the value of the Company's shares used as an investment in MTL made on August 9, 2022 as further discussed in note 8 to the Company's amended and refiled condensed interim consolidated financial statements whereby the Company acquired 24.99% of the issued and outstanding shares of MTL in exchange for 49.99% of the issued and outstanding common shares of the Company, was overstated by approximately $11,000 given that equity value net of debt should have been used instead of enterprise value. In addition, transaction costs associated with this investment of $905 was inappropriately expensed. The effect of this correction was to reduce the investment in associate's carrying value by $10,095.

- **Mortgage payable** – Mortgage renewal costs of $60 were inappropriately expensed.

- **Promissory notes** – Note 12 to the Company's amended and refiled condensed interim consolidated financial statements notes a change in the maturity date on one of the Company's promissory note with a carrying value of $4,167 which was amended from December 12, 2024 to December 12, 2023, accordingly the promissory note should have been classified as current.

- **2020 convertible debenture** – In August 2022, the conversion price of the Archerwill Debenture and related warrants were amended as a result of which they no longer met the fixed for fixed criteria to qualify as an equity instrument. The Company was required to reassess the fair value of each component of the Archerwill Debenture. The net impact of this reassessment is to increase the carrying value of the host debt instrument by $60 and reclassify the conversion option and equity from equity to liability with an estimated fair value of $3,463, and $640, respectively, on modification (note 15).

  As at October 31, 202 and January 31, 2023, the change in fair value of the conversation option derivative and warrant liability was a decrease in the estimated fair value of $95 and $169 for both periods, resulting in a combined gain on change in fair value of $264 for the six month period ended January 31, 2023. In addition to the above adjustments, the Company also adjusted the interest accretion for the six-month period which was overstated by $21 (October 31, 2022 three-month period - $10).

The effects of correcting these differences are presented in the following tables.

The condensed interim consolidated statement of financial position as at January 31, 2023 has been restated as follow:

	Previously reported	**Effect of correction**	**Restated**
Assets			
Investment in associates	16,775	(10,095)	6,680
Total assets	53,244	(10,095)	43,149
Liabilities			
Mortgage payable	2,000	(60)	1,940
Promissory notes (current)	79	4,167	4,246
Total current liabilities	18,543	4,108	22,651
Promissory notes (non-current)	11,656	(4,167)	7,489
Debentures	4,026	39	4,065
Financial liabilities	-	3,838	3,838
Total liabilities	40,231	3,818	44,049
Shareholders' Equity (deficiency)			
Share capital	65,531	(11,000)	54,531

Equity component of convertible debentures	2,174	(1,504)	670
Contributed surplus	14,310	(1,755)	12,555
Deficit	(69,002)	346	(68,656)
Shareholders' Equity (deficiency)	13,013	(13,913)	(900)
Total liabilities and shareholders' equity (deficiency)	53,224	(10,075)	43,149

The condensed interim consolidated statements of profit (loss) and comprehensive profit (loss) for the three month period ended October 31, 2022 has been restated as follow:

	Previously reported	**Effect of correction**	**Restated**
Acquisition costs	905	(905)	-
Change in fair value of financial instrument liabilities	-	(132)	(132)
Profit (loss) before income taxes	(431)	1,037	606
Net profit (loss) and comprehensive profit (loss) for the period	(428)	1,037	609

The condensed interim consolidated statements of profit (loss) and comprehensive profit (loss) for the six month period ended January 31, 2023 has been restated as follow:

	Previously reported	**Effect of correction**	**Restated**
Finance costs	2,347	(81)	2,266
Acquisition costs	905	(905)	-
Change in fair value of financial instrument liabilities	-	(265)	(265)
Loss on debt settlement and modifications	249	452	701
Profit (loss) before income taxes	(82)	799	717
Net profit (loss) and comprehensive profit (loss) for the period	(103)	799	696

The condensed interim consolidated statements of cash flows for the six-month period ended January 31, 2023 has been restated as follow:

	Previously reported	**Effect of correction**	**Restated**
Cash provided by operating activities			
Net profit (loss) and comprehensive profit (loss) for the period	(103)	799	696

Non-cash finance and transaction costs	1,502	(986)	516
Loss on debt settlement and modification	249	452	701
Change in fair value of financial instruments liabilities	-	(265)	(265)
Net cash provided by operating activities	765	-	765

Net cash used in investing activities and financing activities were not impacted by the restatement.

RESULTS OF OPERATIONS

Net Revenues

The Company has two reportable and operating segments. The Company cultivates and distributes cannabis related products via federally approved cannabis programs by way of its Licensed Producer business. In addition, Company operates its clinic business through its CHC subsidiary. The Company derives substantially all of its revenue from these two segments. The table below outlines the revenue attributed to medical, consumer and bulk sales channels for the three and six months ended January 31, 2023 and the comparative periods.

	Three months ended		Six months ended	
	January 31 2023	January 31 2022	January 31 2023	January 31 2022
CHC				
Referral revenue	1,350	1,331	2,694	2,658
License revenue and other	15	6	33	12
	1,364	1,337	2,727	2,671
Licensed Producers (Abba and ICM)				
Product revenue	6,332	6,004	11,051	10,505
License revenue and other	642	104	1,141	190
Less excise tax	(520)	(1,270)	(1,119)	(2,085)
	6,455	4,839	11,073	8,611
Total net revenue	**7,819**	**6,176**	**13,800**	**11,282**

CHC

During the quarter ending January 31, 2023, CHC's referral revenue increased by $19 or 1%, from $1,331 during the quarter ending January 31, 2022, to $1,350. The increase for the quarter ending January 31, 2023 compared to January 31, 2022, is due to steady growth of CHC's patient basis.

Licensed Producers (Abba and ICM)

During the quarter ending January 31, 2023, Licensed Producers' net revenue increased by $1,615 or 33%, from $4,839 during the quarter ending January 31, 2022, to $6,455. The increase for the quarter ending January 31, 2023 compared to January 31, 2022, is due to a $538 or 515% increase in Abba and ICM license revenue, a $328 or 5% increase in Abba and ICM product revenues from the adult-use recreational market and medical sales market, and a $750 or 59% of the decrease in the excise tax. The increase of $538 in Abba and ICM license revenue is due to MTL's increase in sales to the provincial distributors using Abba and ICM's sales license. The $328 increase in Abba and ICM product revenues is mainly due to the increased sales in the medical sales market, which reflects the increase in the number of cannabis patients Abba serves.

Cost of Sales and Gross Margin

Licensed Producers (Abba and ICM)

	Three months ended		Six months ended	
	January 31 2023	**January 31 2022**	**January 31 2023**	**January 31 2022**
Licensed Producers (Abba and ICM)				
Product revenue	6,332	6,004	11,051	10,505
License revenue and other	642	104	1,141	190
Less excise tax	(520)	(1,270)	(1,119)	(2,085)
Total net revenue for the segment	**6,455**	**4,839**	**11,073**	**8,611**
Cost of sales	(2,666)	(2,753)	(4,847)	(4,221)
Inventory impairment	-	(393)	-	(2,741)
	-	-	-	-
Gross profit before fair value adjustments	**3,788**	**1,694**	**6,226**	**1,649**
Gross margin before FV adjustments	**59%**	**35%**	**56%**	**19%**
Fair value adjustment on sale of inventory	(1,070)	(582)	(1,099)	(903)
Fair value adjustment on biological assets	1,448	5	2,199	(190)
Gross profit	**4,167**	**1,117**	**7,326**	**556**
Gross margin	**65%**	**23%**	**66%**	**6%**

Gross margin before fair value adjustments was 59% in the quarter ended January 31, 2023 as compared to 35% in the quarter ended January 31, 2022. Gross margin was 65% in the quarter ended January 31, 2023 compared to 23% for the quarter ended January 31, 2022.

The increase of 41% in gross margin as compared to the quarter ended January 31, 202 is primarily driven by (1) there was no impairment in the quarter ended January 31, 2023 and $393 of impairment to the inventory for the quarter ended January 31, 2022 and (2) $378 of the net impact of fair value adjustment on biological assets over the fair value adjustment on sale of inventory in the quarter ended January 31, 2023 and $577 of net impact of fair value adjustments on the sale of inventory and biological assets which further reduced the gross profit in the quarter ended January 31, 2022.

Operating Expenses

Total operating expenses include general and administrative, sales and marketing, share-based compensation, right-of-use assets amortization, and depreciation and amortization.

Total operating expenses for the three months ended January 31, 2023, were $3,384, compared to $3,060 for the three months ended January 31, 2022, an increase of $324 or 11% for the three months period compared with January 31, 2022. The increase is due to a $193 increase in general and administrative, a $256 increase in depreciation and amortization expense from $223 for the three months ending January 31, 2022 to $479 for the three months ending January 31, 2023 and a $26 increase in right-of-use assets amortization partially offset by a $75 decrease in share-based compensation, and a $76 decrease in sales and marketing,

General and administrative for the three months ending January 31, 2023, were $2,482, compared to $2,289 for the three ending January 31, 2022. It was a $193 or 8% increase mainly due to the increase in general operating expenses. General operating increased from $328 to $486, an increase of $158 or 48% from three months ending January 31, 2023, compared with the three months ending January 31, 2022. The increase is mainly due to sales ramp-up and business growth.

Finance, Transaction Costs and Other Expenses

During the three months ended January 31, 2023, finance costs increased by $278 or 26% to $1,338 from $1,060 compared with the three months ending January 31, 2022. The increase is mainly due to non-cash accretion expense on promissory notes being recognized.

During the three months ending January 31, 2023, the Company recognized its share (24.99%) of the post-acquisition profit of the investee in the amount of $185, offset by $257 unrealized profit eliminated to the extent of the Company's interest in the associate. (Please see note 8 to the unaudited condensed interim consolidated financial statements for the three and six months ending January 31, 2023 and 2022.)

CHANGE IN FINANCIAL POSITION

Consolidated cash flows for the six months ending January 31, 2023 and 2022 were as follows:

	January 31, 2023	January 31, 2022
Cash flow provided by (used in) operating activities	765	(1,656)
Cash flow used in investing activities	(523)	(8)
Cash flow provided by (used in) financing activities	(232)	1,492
Net change in cash	10	(172)

Operating Activities

For the six months period ended January 31, 2023, cash provided by operating activities was $765, compared to $1,656 of cash used in operating activities for the same period ended January 31, 2022. The positive cash flow from operating activities is due to the combination of ramp-up of sales and cost control.

Investing Activities

Cash used in investing activities in the six months period ended January 31, 2023 includes $330 of acquisition costs paid by cash for the investment in an associate and $193 of cash used in the purchase of property, plant and equipment. For the six months period ended January 31, 2022, $8 of cash used in the purchase of property, plant and equipment.

Financing Activities

For the six months period ended January 31, 2023, net cash used in the financing activities was $232. During the six months period, the Company borrowed $258 from MTL, made $307 lease payments, and repaid $183 to convertible debenture holders. For the six months period ended January 31, 2022, net cash provided by the financing activities was $1,492. It included $1,900 in borrowings partially offset by $301 of lease payments and $50 of repayments to the convertible debenture holders.

Consolidated Statement of Financial Position

As of January 31, 2023, the total assets were $43,149 compared to $34,049 as of July 31, 2022. The $9,100 increase is primarily due to a $6,680 increase in investment in an associate, a $1,011 increase in biological assets, and a $2,741 increase in trade and other receivables. The increase is partially offset by a $1,003 decrease in property, plant and equipment, a $207 decrease in inventory, and a $75 decrease in right-of-use assets.

The Company's current liabilities as of January 31, 2023, were $22,651 compared to $17,044 as of July 31, 2022. The increase in current liabilities is primarily due to a $4,170 increase in current portion of the promissory notes, a $1,024 increase in trade and other payables, a $539 increase in current portion of the borrowings as a result of the reallocation to current liability from non-current, partially off $193 decrease in current portion of convertible debentures due to repayments. As of January 31, 2023, working capital is a deficit of $11,433 compared to a working capital deficit of $9,317 as of July 31, 2022.

Issued and Outstanding Shareholders' Equity

Share Capital

(a) Authorized

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

(b) Issued and outstanding

	Common Shares Number	$	Equity component of convertible debentures	Number of Warrants	Contributed Surplus
Balance as at April 30, 2021	**22,788,427**	**48,685**	**2,174**	**10,979,457**	**15,775**
Expiry of conversion feature	-	-	-	-	(1,955)
Warrants expired	-	-	-	(1,939,549)	-
Share-based compensation	-	-	-	-	467
Balance as at July 31, 2022 [b]	**22,788,427**	**48,685**	**2,174**	**9,039,908**	**14,287**
Common shares issuable in exchange for Investment	22,779,340	5,846	-	-	-
Warrants expired [a]	-	-	-	(539,063)	-
Charge related to modification of conversion feature and warrants (note 15(ii))	-	-	(1,504)	-	(1,755)
Share-based compensation	-	-	-	-	23
Balance as at January 31, 2023	**45,567,767**	**54,531**	**670**	**8,500,845**	**12,555**

Share Based Compensation

The Company has established a stock 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 and the term, 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 options carry neither rights to dividends nor voting rights. 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 common shares that are outstanding unless the Board of Directors shall have increased such limit by a Board of Directors resolution. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares. 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 Company recognized $5 of share-based compensation expense during the three months ended January 31, 2023 (January 31, 2022 – $80), with a corresponding amount recognized as a contributed surplus.

During the six months ended January 31, 2023, the Company did not issue any stock options. On May 12, 2022, the Company announced cancellation of 348,333 incentive stock options previously held by certain directors, officers, and employees of the Company.

Liquidity and Capital Resources

	January 31, 2023	July 31, 2022
Cash	**460**	450
Working capital	**(11,433)**	(9,317)
Total assets	**43,149**	34,049
Total non-current liabilities	**21,398**	20,758

The Company had a working capital deficiency of $11,433 as at January 31, 2023 as compared to a working capital surplus of $9,317 as at July 31, 2022. As at January 31, 2023, the Company had cash and cash equivalents in the amount of $460 as compared to $450 at July 31, 2022.

The Company started generating positive cash flow from its operation starting from the quarter ended October 31, 2022 and primarily financed its operations, capital expenditures and growth initiatives through the generation of net revenue, working capital, and cash on hand during the three and six months ended January 31, 2023.

The Company's objective when managing its liquidity and capital resources is to maintain sufficient liquidity to support financial obligations when they come due, while executing operating and strategic plans. The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. Our ability to fund our operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive, business and regulatory conditions, and other factors, some of which are beyond our control. Our primary short-term liquidity needs are to use the net operating profit to fund debt repayments when they become due, capital expenditures, and lease payments. Our medium-term liquidity needs primarily relate to debt repayments and lease payments. Our long-term liquidity needs primarily relate to potential strategic plans.

As of January 31, 2023, the Company has access to the following capital resources available to fund operations and obligations:
• $460 cash and cash equivalents; and
• access to the retrofit loan from Montreal Cannabis Medical Inc. On December 15, 2021, MTL and ICM entered into a loan agreement for ICM to borrow up to $4,139 from MTL. The Loan amount is to be used by IsoCanMed for the completion of the Retrofit.

Related Party Transactions and Balances

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Technology Officer and equivalent and Directors.

Compensation expense for the Company's key management personnel for the six months ended January 31, 2023 and 2022 is as follows:

	January 31, 2023	January 31, 2022
Salaries and wages	**777**	813
Share-based compensation	**13**	112
General and administrative	-	33
	790	958

During the six months ending January 31, 2023, the Company paid $63 in consulting fees to Industries IsoCan Inc., a company controlled by three shareholders of Canada House, and $11 of rent to Immeubles IsoCan Inc., a company controlled by the same three shareholders. As of January 31, 2023, the Company owes promissory notes in the total amount of $12,500 payable (July 31, 2022 $12,500) to the same three shareholders.

All related party transactions were in the normal course of operations, measured at the exchange amount.

Contingencies

a) The Company and its subsidiary, Abba, were served with a Statement of Claim for damages for the alleged failure to pay invoices in the amount of $200 plus pre- and post-judgment interest. Pleadings have now closed, and the parties are in the process of scheduling examinations for discovery. Given that examinations for discovery have not yet occurred, it is too early in the process to have a reasonable expectation or evaluation of the Plaintiff's claim, but the Company believes the claim to be without merit.

b) On April 15, 2021, Canada House's wholly owned subsidiary, IsoCanMed, was served with an application to initiate proceedings for damages for its alleged failure to pay invoices in the amount of $304 plus pre and post judgment interest. Prior to the Plaintiff initiating proceedings, IsoCanMed provided the Plaintiff with a list of deficiencies related to the Plaintiff's work installing the HVAC system at IsoCanMed's facility. The list of deficiencies includes the Plaintiff's supply and installation of a chiller which has not yet been put into operation by the Plaintiff. The Plaintiff and IsoCanMed discussed IsoCanMed's payment of the balance owing (approximately $305) on the total contract value of $2,300 when the Plaintiff had successfully remedied the outstanding deficiencies in its workmanship. In addition, at the request of the Plaintiff, IsoCanMed provided the Plaintiff with comments on the items it disputed in the Plaintiff's outstanding invoices. After receiving IsoCanMed's requested comments, the Plaintiff halted all communication and proceeded with this application.

   IsoCanMed retained external counsel to appear on IsoCanMed's behalf and respond to the application. IsoCanMed's external counsel has filed a Defence and Counterclaim to the Plaintiff's application along with the expert report relied upon in same. At this time, the Plaintiff's defense to IsoCanMed's Counterclaim and any expert evidence to be relied upon by the Plaintiff have not been filed with the Court. Initial discoveries of the Parties related to the Plaintiff's claim and IsoCanMed's Counterclaim.

c) The Company was served with an application to initiate proceedings for damages for its alleged failure to pay indebtedness in the amount of $65. The Company has retained external counsel to appear on the Company's behalf and respond to the application. It is too early in the process to have a reasonable expectation or evaluation of the plaintiff's claim, but the Company believes the claim to be without merit.

d) The Company is in the process of corresponding with the remaining holders of the Company's outstanding Convertible Debentures dated December 5, 2017, some of which were amended by Convertible Debenture Amending Agreements dated as of December 5, 2021 (collectively, the "**2017 Debentures**"), to propose repayment terms. The Company has not entered into repayment agreements with all holders of the 2017 Debentures. The principal and interest of the 2017 Debentures not subject to repayment agreements is due and payable and the holders of the 2017 Debentures may exercise rights to enforce the payment thereof.

In the ordinary course of business and from time to time, the Company is involved in various other claims related to its ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these consolidated financial statements.

Commitments

As at January 31, 2023, the Company is committed under leases for equipment and office space for the following minimum annual rentals:

2022	555
2023	505
2024	475
Thereafter	1,016
	2,551

Capital management

The Company defines the capital that it manages as the amounts it classifies in share capital, augmented by any amounts raised through the issuance of convertible debentures, promissory notes, borrowings and mortgage payable.

	January 31, 2023	**July 31, 2022**
Share capital, including equity component of convertible debentures	55,201	50,859
Convertible debentures	4,922	4,767
Financial instruments liabilities	3,838	-
Promissory notes	11,735	10,866
Borrowings	4,409	3,926
Mortgage payable	1,940	2,000

	82,045	72,418

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and to maintain adequate levels of funding to support its ongoing initiatives and business development activities in order to provide returns for its shareholders.

The Company is an early-stage company and is dependent on raising further capital, primarily equity, to fund its capital expenditures and its operating expenses in excess of revenue until such time as it reaches cash break-even. As at January 31, 2023, the Company had raised, net of issuance costs, approximately $41,570 (July 31, 2022 - $41,312) by the issuance of common shares, warrants, convertible debentures and long-term debt. The Company may raise additional equity in the future, although there can be no assurance that the Company will be successful in doing so.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Statement of Compliance

These unaudited condensed interim consolidated financial statements for the periods ended January 31, 2023 and 2022,respectively as amended, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS34"), as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed interim consolidated financial statements for the periods ended January 31, 2023 and 2022, respectively as amended, were approved and authorized for issuance in accordance with a resolution of the Board of Directors of the Company on June 21, 2023.

These unaudited condensed interim consolidated financial statements for the periods ended January 31, 2023 and 2022, respectively as amended should be read in conjunction with the Company's audited financial statements for the 15-month period ended July 31, 2022.

Basis of Presentation

The Financial Statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Basis of Consolidation

These unaudited interim consolidated statements of the Company for January 31, 2023 comprise the results of the Company and its wholly-owned subsidiaries Abba, CHC, Knalysis, ICM, TLP, and Margaree,

Significant accounting policies

The accounting policies adopted in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the 15-month period ended July 31, 2022, no new standards were adopted other than the Company adopted IAS 28 Investments in Associates to account its new investment in an associate (note 8).

Investment in associates

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see "Equity Method" below), after initially being recognized at cost. The Company has received unaudited Financial Statements from MTL and has relied on this information provided by MTL management as input in the preparation of its unaudited condensed interim consolidated financial statements for the three and six months ended January 31, 2023 and 2022) (Please see note 8 to the unaudited condensed interim consolidated financial statements for the three and six months ended January 31, 2023 and 2022).

Equity method

Under the equity method of accounting, investments in associates and joint ventures are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company. The carrying amount of equity-accounted investments is tested for impairment.

New and Amended Standards

Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, to 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 new guidance is effective for annual periods beginning on or after January 1, 2022 and is to be applied to contracts that have unfulfilled obligations as at the beginning of that period. The Company adopted the Amendments to IAS 1 effective August 1, 2022 with no impact to the Company's consolidated financial statements.

IFRS 3 – Business Combinations ("IFRS 3")

Amendments to IFRS 3 were issued in May 2020, and are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The amendments update references within IFRS 3 to the 2018 Conceptual Framework and require that the principles in IAS 27 - Provisions, Contingent Liabilities and Contingent

Assets be used to identify liabilities and contingent assets arising from business combination. The Company adopted the Amendments to IFRS 3 effective August 1, 2022 with no impact to the Company's consolidated financial statements.

Future Accounting Pronouncements

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months; provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and

- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

IAS 8 – Accounting policies, Changes in accounting estimates and Errors (“IAS 8”)

Amendments to IAS 8 were issued in February 2021, IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendment replaces the definition of 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.

IAS 12 – Income Taxes (“IAS 12”)

Amendments to IAS 12 were issued in May 2021, IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amends 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 and offset 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 periods beginning on or after January 1, 2023 and are to be applied retrospectively. Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. As at January 31, 2023 and July 31, 2022, three customers represented 51% and 42% of the outstanding trade and other receivable balance, respectively. For the three and six months ended January 31, 2023, three customers accounted for 31% of revenue (January 31, 2022 – three customers accounted for 48% of revenue).

The Company does not hold any collateral as security, but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The aging of trade receivables is as follows:

	January 31, 2023	July 31, 2022
Not past due	**2,608**	1,726
1 to 30 days past due	**1,653**	724
31 to 60 days past due	**841**	358
Over 61 days past due	**493**	226
	5,595	3,034

As at January 31, 2023, the expected credit loss recognized was $14 (July 31, 2022 - $14).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities when they are due. The Company's exposure to liquidity risk is dependent on the Company's ability to generate additional positive cash flow from its operation to repay its debts when they become due and to raise additional financing to meet its commitment. Refer to "Liquidity and Capital Resources" section of this MD&A for detailed discussion.

The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital. The Company is obligated to the following contractual maturities of undiscounted cash flows:

	Carrying Amount	Total Contractual Cash Flow	Year 1	Year 2	Year 3	Year 4 and Beyond
Lease liability	2,229	2,551	555	505	475	1,016
Promissory notes	4,246	4,246	4,246	-	-	-
Promissory note - non-current	7,489	8,333	-	8,333	-	-
Trade and other payables	12,598	12,597	11,304	-	1,293	-
Convertible debentures	8,760	10,111	1,011	-	9,100	-

Borrowings	4,409	4,409	3,539	870	-	-
Mortgage payable	1,940	2,220	2,220	-	-	-
	41,671	**44,467**	**22,875**	**9,708**	**10,868**	**1,016**

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.

Currency risk
Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates. The Company is not exposed to foreign currency exchange risk as it has minimal financial instruments denominated in a foreign currency and substantially all of the Company's transactions are in Canadian dollars, which is also the Company's functional currency.

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 is not exposed to interest rate risk as at January 31, 2023 as the Company does not have any variable interest rate assets or liabilities.

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 those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at January 31, 2023.

Fair values

The carrying values of cash, trade and other receivables, trade and other payables, promissory notes, borrowings and convertible debentures approximate the fair values due to the short-term nature of these items or the interest rates and discount rates being at market. The risk of material change in fair value is not considered to be significant due to a relatively short-term nature. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy.The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets

and liabilities in active markets; quoted prices for identical or similar assets and liabilitiesin markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the useof unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the six months period ended January 31, 2023, there were no transfers of amounts between levels.

Risk Factors

The following section on Risk Factors should be read in conjunction with the annual Management's Discussion and Analysis for the six months period ended January 31, 2023, as amended.

a) Risk Factors Related to the ICM Acquisition

Acquisitions Generally

While the Company conducted substantial due diligence in connection with acquisitions generally, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of ICM for which the Company is not sufficiently indemnified pursuant to the provisions of the SEA. Any such unknown or undisclosed risks or liabilities could materially andadversely affect the Company's financial performance and results of operations. The Company could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits anticipated in the ICM acquisition. All of these factors could cause a delay the anticipated accretive effect of the ICM acquisition and cause a decrease in the market price of the common shares.

Failure to Realize Benefits of Acquisitions

The Company may not realize the anticipated benefits of the transaction or may not realize them in the time frame expected. The Company cannot provide assurance that it will be able to grow or even sustain the cash flow generated by acquisitions, including the recent acquisition of ICM in Quebec. Difficulties encountered as a result of the transaction may prove problematic to overcome such as, without limitation, the inability to integrate or retain key personnel, the inability to develop and retain business relationships with current customers, and difficulties with adoption or implementation of new business plans, standards, controls, processes and systems.

Dilution

Following completion of the ICM acquisition, the Company may issue equity securities to finance its activities, including future acquisitions. If the Company was to issue common shares, existing holders of such common shares may experience dilution in their holdings. Moreover, when the Company's intention to issue additional equity securities becomes publicly known, the Company's share price, as the case may be adversely affected.

b) Risks Related to the Operations of Abba, ICM, and to the Medical Cannabis Industry

Contagious Disease and Covid-19 (Coronavirus)

The Company's business could be adversely affected by the effects of a widespread global outbreak of contagious disease, including the recent outbreak of Covid-19 (Coronavirus), which has caused a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downtown. This Covid-19 outbreak may also cause staff shortages, reduced customer traffic and increased government regulation, all of which may negatively impact the business, financial condition and results of operations of the Company.

Cannabis Activities in the United States

The changing, uncertain, regulatory environment in the United States is a significant risk. The Company operates in the medical marijuana sectors in Canada and the United States only in jurisdictions where such activity is permitted and regulated by applicable laws, but there is a risk that third party service providers could suspend or withdraw services and regulators could impose certain restrictions on the issuer's ability to operate in the U.S. In June 2020, the Company terminated the contract with its only US customer, located in Pennsylvania and does not conduct business in the United States at the present time.

Cannabis Not an Approved Drug or Medicine

Dried cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but the courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner. Abba has now secured its amended sales license from HealthCanada, enabling the sale of its owns cannabis directly to patients and consumers.

Even though Abba has been successful in obtaining a License to Sell, such License will subject Abba to ongoing compliance and reporting requirements. Failure to comply with the requirements of the License or any failure to maintain the License could have a material adverse impact on the business, financial condition and operating results of the Group. Furthermore, the License will have an expiry date of approximately one year from the date it is granted. Upon expiration of the License, Abba would be required to submit an application for renewal to Health Canada containing information prescribed under the ACMPR and renewal cannot be assured.

Initial licensing requirements for recreational cannabis under the new Cannabis Act (Canada) (the "**Cannabis Act**") and its supporting Regulations came into force on October 17, 2018, with additional Regulations (Cannabis 2.0) for edibles, oils and extracts in October 2019. The market for cannabis (including medical cannabis) in Canada is regulated by the Cannabis Act and applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of cannabis, and physical security measuresto protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale.This approval process includes testing (and validation of testing) for microbial and chemical contaminantsto ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the Food and Drugs Act, and determining the percentage by weight of the two active ingredients of marijuana, delta-9- Tetrahydrocannabinol and cannabidiol.

Factors related to the Facility which may Prevent Realization of Business Objectives

Any adverse changes or developments affecting production at the Facility could have a material and adverse effect on the Company's business, financial condition and prospects. There is a risk that changes or developments could cause the Facility not to achieve its production targets on budget, or at all, as it can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

(a) delays in obtaining, or conditions imposed by, regulatory approvals;
(b) plant design errors;
(c) environmental pollution;
(d) non-performance by third party contractors;
(e) increases in materials or labour costs;
(f) construction performance falling below expected levels of output or efficiency;
(g) breakdown, aging or failure of equipment or processes;
(h) contractor or operator errors;
(i) labour disputes, disruptions or declines in productivity;
(j) inability to attract sufficient numbers of qualified workers;
(k) disruption in the supply of energy and utilities; or
(l) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

It is also possible that the ongoing costs of the Facility may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company, in which circumstancethe Company may curtail, or extend the timeframes for completing its business plans. This could have an adverse effect on the financial results of the Company.

c) Regulatory Risks

The Group operates in a new industry which is highly regulated and is in a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of themor be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. The Group's ability to grow, store and sell medical cannabis in Canada is dependent on the License to Sell from Health Canada and the need to maintain the License in good standing. Failure to comply with the requirements of the License or any failure to maintain this License would have a material adverse impact on the business, financial condition and operating results of the Group.

The Group will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of our operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Group's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations andfinancial condition of the Company.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Group's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Group's earnings and could make future capital investments or the Group's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannotbe reliably predicted.

The Group's business as a Licensed Producer represents a new industry and new market resulting from its regulated regime. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, a business involving an agricultural product and a regulated consumer product,the Group will need to continue to build brand awareness in the industry and market through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations.

These activities may not promote the Group's brand and products as effectively as intended. This new market and industry into which management is entering will have competitive conditions, consumer tastes,patient requirements and unique circumstances, and spending patterns that differ from existing markets.

Change in Laws, Regulations, and Guidelines.

The Group's proposed operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment. While to the knowledge of the Group's management, the Group is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Group may cause adverse effects to the Group's operations and the financial condition of the Group.

The risks to the business of the Group represented by regulatory issues are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical cannabis, perhaps allow others to opt out of the regulated supply system implemented through the ACMPR by growing their own medical cannabis, or potentially even legitimize illegal areas surrounding cannabis dispensaries. This could significantly reduce the addressable market for the Group's proposed products andcould materially and adversely affect the business, financial condition and results of operations for the Group.

While the impact of any of such changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected thatany such changes would have an effect on the Group's proposed operations that is materially different than the effect on similar sized companies in the same business as the Group.

In addition, the industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerousfactors that are beyond the Group's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Group's earnings and could make future capital investments or the Group's proposed operations uneconomic. The sudden start of legalization may result in dis-equilibriums between supply and demand causing rapid and sudden changes in prices and massive supply chain disruption. The impact of this potential development may be negative for the Company and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates.

Volatile Stock Price

The stock price of the Company is expected to be highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the medical cannabis industry. The Company cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Company's decisions related to future operations and will likely trigger major changes in the trading price of the Company's common shares.

Limited Operating History

While Abba was incorporated and began carrying on business in 2013, it is yet to generate any significant revenue. The Group is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Group will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

The Group has incurred losses in recent periods. The Group may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Group expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Group's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Risks Inherent in an Agricultural Business

The Group's business may, in the future, involve the growing of medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseasesand similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

The Group's medical cannabis growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Group and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of medical cannabis is the loss of important staff members.

The Group is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of the Group will be dependent upon theability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Group's business, operating results or financial condition.

Insurance and Uninsured Risks

The Group's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Group maintains and intends to continue to maintain insurance to protect against certain risksin such amounts as it considers to be reasonable, the insurance markets are not favorable to the cannabis industry, including Directors and Officers insurance. In addition, insurance may not cover all the potential risks associated with its operations, including product liability claims. The Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Group is not generally available on acceptable terms. The Group might also become subject to liability for pollution or other hazards which may not be insured against or which the Group may elect not to insure against becauseof premium costs or other reasons. Losses from these events may cause the Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Reliance on a Single Facility

To date, the Group's proposed activities and resources have been primarily focused and will continue to be focused on the Facility for the foreseeable future. Adverse changes or developments affecting the Facility could have a material and adverse effect on the Group's business, financial condition and prospects.

In June 2020, the Company acquired ICM, a Licensed Producer in Quebec. This acquisition is intended to provide product mainly for the Quebec market, but can now provide an alternative to production in Pickering.

Difficulty to Forecast

The Group's must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Group.

Management of Growth

The Group may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Group to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base.

The inability of the Group to deal with this growth may have a material adverse effect on the Group'sbusiness, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Group to provide reliable financial reports and to help prevent fraud. Although the Group will undertake a number of procedures and will implement a number ofsafeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Group under Canadian securities law, the Group cannot be certain that such measures will ensure that the Group will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could ha rm the Group's results of operations or cause it to fail to meet its reporting obligations. If the Group or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Group's consolidated financial statements and materially adversely affect the trading price of the Group shares.

Litigation

The Group may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Group becomes involved be determined against the Group such a decision could adversely affect the Group's ability to continue operating and the market price the Group shares and could use significant resources. Even if the Group is involved in litigation and wins, litigation can redirect significant company resources.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

Limited Market for Securities

There can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Group.

Unfavorable Publicity or Consumer Perception

Management of the Group believes the medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception of the Group's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity thatare perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Group's proposed products and the business, results of operations, financial condition and cash flows of the Group. The Group's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Group, the demand for the Group's proposed products, and the business, results of operations,financial condition and cash flows of the Group. Further, adverse publicity reports or other media attentionregarding the safety, efficacy and quality of medical cannabis in general, or the Group's proposed productsspecifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

If licensed as a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. Although the Company has Product Liability insurance, the Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibitthe commercialization of the Company's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Ifany of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of theCompany. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal feesand other expenses.

Competition

The Federal Government has committed to the legalization of recreational cannabis in Canada, but regulatory changes are ongoing and the resulting impacts on recreational model for cannabis production and distribution may impact the medical cannabis market. The impact of this potential development may be negative for the Company and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates.

As a Licensed Producer, there is potential that the Company will face intense competition from other companies, some of which have operating histories, more financial resources, and more industry, manufacturing and marketing experience than the Company. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographicor other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Group.

Risk Factors Related to the United States

Investors are cautioned that in the United States, cannabis is largely regulated at the state level. To the Company's knowledge, there are to date a total of 29 states, plus the District of Columbia, Puerto Rico and Guam that have legalized cannabis in some form, including Florida, Massachusetts and Ohio. Twelve states and Washington D.C. have legalized recreational cannabis in some form, including Massachusetts. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA and as such, violates federal law in theUnited States. Senators Elizabeth Warren and Cory Gardner have introduced a bipartisan Senate bill titled"Strengthening the Tenth Amendment Through Entrusting States (STATES) Act" that would lift the Controlled Substance Act's restrictions on cannabis in states that have written their own laws. However, there can be no assurances as to when this bill will pass, or if it will pass at all.

The United States Congress has passed appropriations bills in 2018 and each of the last three years that have not appropriated funds for prosecution of cannabis offenses of individuals who are in compliance withstate medical cannabis laws. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However,because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business even those that have fully complied with state law could be prosecuted for violations of federal law. And if Congressrestores funding, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the CSA's five-year statute of limitations.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Though the Company does not directly engage in activities that may be the subject of any such proceedings, its Knalysis division has a small portion of clientele that operates in Pennsylvania. The Company notes that revenue from such clientele currently does not comprisea material portion of the Company's consolidated revenues.

d) Going concern uncertainty risk

The unaudited condensed interim consolidated financial statements 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 unaudited condensed interim consolidated 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.

For the three and six months ended January 31, 2023, the Company earned a net profit of $87 and $696, respectively, and as at January 31, 2023, had an accumulated deficit of $68,656 and a working capital deficit of $11,433. Cash flow from operations for the six months ended January 31, 2023 was $765. Whether, and when, the Company can attain sustained profitability and sustained positive cash flows from operations that is material is subject to material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company will need to raise additional capital in order to fund its planned operations and meet its obligations. While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve sustained profitability and sustained positive cash flows from operations that is material, there can be no assurance that the Company will achieve and sustain profitability and be able to do so in the future that is material for the Company.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Management, including the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("**ICFR**") to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorizedacquisition, use or disposition of the Company's assets that could have a material effect on the Company'sFinancial Statements. Due to its inherent limitations, internal control over financial reporting and disclosuremay not prevent or detect all misstatements.

The CEO and CFO have evaluated whether there were changes to the ICFR during the six months ended January 31, 2023 that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively referred to as "forward-looking information") which relate to future events or the Company's future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital requirements. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievementsexpressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to: fluctuations in thecurrency markets (such as the Canadian Dollar and the United States Dollar); changes in national and localgovernment, legislation, taxation, controls, regulations and political or economic developments in Canadaor other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of the production and distribution of medical cannabis (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; the presence of laws and regulations that may impose restrictions on the production and distribution of medical cannabis, including those currently enacted in Canada; employee relations; relationships with and claims by local communities; availability and increasing costs associated with operational inputs and labor; business opportunities that may be presented to, or pursued by, the Company; risks relating to the Company's ability to raise funds; and the factors identified under "Risk Factors" in this MD&A available under the Company's profile at www.sedar.com.

The forward looking information contained in this MD&A are based upon assumptions management believes to be reasonable including, without limitation: financing will be available for future working capital purposes and the completion of the construction of the Company's future production space; operating, and construction costs will not exceed management's expectations; all requisite regulatory andgovernmental approvals for construction projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favorable to the Company with respect to the medical cannabis industry; debt and equity markets and other applicableeconomic conditions will be favorable to the Company; the availability of equipment and qualified personnel to advance the Company's licensing and construction projects and; the execution of the Company's existing and future plans, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

All forward-looking-information contained in this MD&A is given as of the date hereof and is based uponthe opinions and estimates of management and information available to management as at the date hereof.The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

This MD&A was prepared as at March 23, 2023 and amended and restated on June 21, 2023. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Alex Kroon	*(signed) Peili Miao* CPA, CGA
Interim Chief Executive Officer	Chief Financial Officer

CANADA HOUSE CANNABIS GROUP INC.
Formerly doing Business as CANADA HOUSE WELLNESS GROUP INC.

Management's Discussion and Analysis

For the Fifteen months period ending July 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("**MD&A**") of Canada House Cannabis Group Inc., formerly Canada House Wellness Group Inc. (hereinafter referred to as the "**Company**" or "**Canada House**") was prepared in accordance with National Instrument 51-102 Continuous Disclosure Obligations and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company for the fifteen months period ending July 31, 2022, and the year ending April 30, 2021 (the "**Financial Statements**"). The Company files its Financial Statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com. All amounts are in thousands of Canadian dollars.

The Company prepares Financial Statements in accordance with International Financial Reporting Standards ("**IFRS**"). Except where otherwise indicated, all financial information reflected herein is expressed in thousands of Canadian Dollars.

This MD&A may contain information and declarations on the future performance of the Company that are, by nature, forward-looking. These declarations reflect management's expectations regarding future events based on assumptions and uncertainties that are subject to the risk factors identified in the ''Risks and Uncertainties'' section of this MD&A. Readers are hereby cautioned.

The audited consolidated financial statements and MD&A of the Company in respect of the fifteen-month period ending July 31, 2022, and the year ending April 30, 2021 were approved and authorized for issuance by the Board of Directors of the Company on November 28, 2022. The effective date of this MD&A is November 28, 2022.

BUSINESS HIGHLIGHTS

COVID-19 global pandemic

On March 11, 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic resulting in uncertain economic and business impact on a global scale. Taking into consideration the impact of COVID-19, the Company has reviewed its significant estimates, assumptions and judgments used in the preparation of these audited consolidated financial statements, including with respect to the determination of whether indicators of impairment exist for its tangible and intangible assets and the credit risk of its counterparties that the Company transacts with.

Based on this analysis, the Company has determined that there was no significant impact to any of management's estimates, assumptions, or judgments. However, the continuing uncertainty associated with the COVID-19 pandemic may require changes to certain of these estimates, assumptions or judgments, which could have a material impact on the Company's financial position and results of operations.

Subsequent to the fifteen months period ending July 31, 2022, the Company announced:

1. On August 25, 2022, the Company announced the results of its annual general and special meeting of shareholders held on August 23, 2022. All Company matters put forward were approved by the shareholders, including the re-election of Erik Bertacchini, Norman Betts, Chris Churchill-Smith, Shawn Graham, Gaetan Lussier, and Dennis Moir as directors of the Company and the conditional election of Richard Clement and

Michel Clement as additional directors, conditional upon the completion of the closing of the first tranche of the Corporation's acquisition of Montreal Cannabis Medical Inc. ("**MTL**") The directors will hold office until the next Annual General Meeting of Shareholders, or until their successors are elected or appointed.

The Company's shareholders also voted in favour of the: (i) reappointing of Ernst & Young LLP as the auditors of the Company until the close of the next annual meeting of shareholders of the Company; and (ii) amendments to the Corporation's investment instruments with Archerwill Investments Inc. The business summary presented at the Annual General Meeting is available on the Investor Centre section of Canada House's website at https://canadahouse.ca.

Following the shareholder meeting, the Company completed the previously announced consolidation of its common shares on the basis of thirty (30) pre-consolidation shares for each one (1) post-consolidation share. Fractional shares resulting from the share consolidation were rounded up or down to the nearest whole Common Share. The Company has also officially adopted "Canada House Cannabis Group Inc." as its corporate legal name.

2. On August 30, 2022, Canada House announced the closing of the first tranche of its acquisition of MTL.

With the closing of the first tranche of the Transaction (the "**Initial Closing**"), the Company acquired approximately 24.99% of the issued and outstanding shares of MTL in exchange for 49.99% of the issued and outstanding common shares of the Company. Following the completion of the Company's share consolidation announced on August 25, 2022, the shareholders of MTL were issued 22,779,340 Common Shares on the Initial Closing. There are now 45,567,767 Common Shares issued and outstanding. The definitive transaction agreement between the parties provides for the Company to acquire the remaining 75.01 % of the issued and outstanding shares of MTL on the second tranche of the Transaction (the "**Subsequent Closing**") in exchange for such number of Common Shares that when added to the Common Shares issued on the Initial Closing, is equal to 80.0% of the issued and outstanding common shares of the Company.

Now that the Initial Closing has been completed, the parties will proceed to satisfy the closing conditions to the second tranche of the Transaction, namely MTL's preparation of the required audited annual and unaudited interim financial statements and related management's discussion and analysis of MTL (the "**MTL Financial Statements**"). Following MTL's preparation of the MTL Financial Statements, the Company will proceed to a shareholder meeting to approve the Subsequent Closing, as required by the rules and policies of the Canadian Securities Exchange.

The percentages of Common Shares noted above will be subject to anti-dilution adjustments in favour of the vendors of the MTL shares wherein additional Common Shares will be issued up to 49.99% of the Common Shares prior to the Subsequent Closing and up to 80.0% following the Subsequent Closing in the event of the issuance of Common Shares upon the conversion of the principal and accrued interest of the Company's $6.5 million convertible debenture issued to Archerwill Investments Inc. on August 5, 2020.

The Transaction constitutes a "reverse takeover" of the Company and it is anticipated that following the Subsequent Closing, the Company will operate under the MTL corporate name with shares trading on the CSE under a related ticker symbol. Trading in the common shares of the Company has been halted since the Transaction was initially announced on August 9, 2021 and is expected to remain halted until the Subsequent Closing.

The Subsequent Closing is subject to a number of conditions customary for a transaction of this nature, including but not limited to (i) approval by the shareholders of Canada House of the acquisition at a special meeting to be called for these purposes (in the case of the Subsequent Closing), (ii) the completion of the Share Consolidation, (iii) there being no material adverse change in the business of Canada House or MTL (as applicable) prior to the Subsequent Closing, and (iv) receipt of applicable third party and regulatory approvals including the approval of the CSE. The Subsequent Closing will occur as soon as possible following the satisfaction of all such closing conditions. A press release will be issued in due course to announce the expected timing of the Subsequent Closing once MTL has provided the required MTL Financial Statements.

With the Initial Closing having been concluded, the amendments to restructure certain debt obligations of the Company as described in the Company's July 26, 2022 press release are now effective.

Year Ending July 31, 2022

During the fifteen months period ending July 31, 2022, the Company announced:

1. *On May 27, 2021,* the acquisition by CHC of Margaree Health Group Inc. ("**Margaree**"). Margaree is a medical cannabis clinic dedicated to Veterans in Nova Scotia. Margaree's patients will be served by the Halifax clinic of CHC. CHC purchased 100% of the issued and outstanding shares of Margaree for cash consideration of $500,000 and a three-year earn-out measured against Margaree's revenue during the earn-out period. CHC has also committed to further increasing its contributions to veteran causes both through the Not-for-Profit Post Traumatic Growth Association and additional programs.

2. *On May 31, 2021,* Abba fulfilled its first purchase order from Cannabis New Brunswick for 3.5-gram dried flower formats of Critical Orange Punch and VetStar Night strains. The Company entered into an agreement with a New Brunswick based licence producer to source locally grown, premium cannabis products to supplement its offerings to Cannabis New Brunswick, Abba's medical patient base, and other provincial distribution channels.

3. *On June 1, 2021,* Abba completed the shipment of its first order of adult-use dried flower products to a third-party distributor, National Cannabis Distributor ("**NCD**"), for sale in Saskatchewan, the fifth province in which Abba's products are available to recreational consumers. Abba initially offered 15-gram dried flower and 0.5 gram pre-rolled formats, including internally cultivated Purple Bud and Critical Orange Punch genetics to Saskatchewan consumers and subsequently received additional purchase orders to bring additional products to NCD serviced licensed retailers in Saskatchewan.

4. *On June 7, 2021,* the Company entered into a product acquisition agreement with Groupe Fuga Inc. ("**Fuga**"). Under the terms of the agreement, Abba will distribute Fuga's first product: Tropicanna Cookies, a strain with unique properties crafted in accordance with the industry's high standards to its medical patient base and through its existing recreational sales channels. Fuga is a medical and recreational cannabis grower located in Stoneham, Quebec, that has set out to handcraft superior quality cannabis and has succeeded by adhering to the human approach.

5. *On June 7, 2021,* the Company changed its registered office to 551 Rue Saint-Marc, Louiseville, Quebec, J5V 2L4, Canada.

6. *On June 14, 2021*, Abba entered into an exclusive agreement with MTL for Abba's distribution of MTL' high-grade dried flower to Abba's medical patient base (the "**Exclusivity Agreement**"). Under the terms of the Exclusivity Agreement, MTL has partnered with Abba to be the exclusive distributor of certain varieties of cannabis material produced by MTL and destined for sale to medical patients in Canada. The variety of strains that will be supplied to support medical patients includes MTL' signature strain Sage n' Sour, as well as Cookies N' Cream and Candyland, along with up to six more future genetics. The dried flower format of these strains will initially be offered through Abba's medical brand, with a long-term plan to develop an "MTL Medical" branded line of medical product offerings.

7. *On July 6, 2021,* Abba surpassed 1,000 active medical patient registrations. Abba's active medical patient registrations have grown from fewer than 600 in January 2021 to over 1,000, representing patient growth of more than 67% this calendar year.

8. *On August 9, 2021,* Canada House and MTL entered into a definitive share exchange agreement (the "**Agreement**") for Canada House's acquisition of all of the issued and outstanding shares of MTL (the "**Transaction**"). The Transaction is between arm's length parties and constitutes a "reverse takeover" of the Company, and it is anticipated that the Company will operate under the MTL corporate name with shares trading on the CSE under a related ticker symbol following the closing of the Transaction (the "**Closing**").

   The deal also provides the group with the ability to build upon MTL' current brand portfolio and develop a diverse flower menu bringing premium, accessible products to cannabis consumers while maintaining existing supply agreements. MTL has experienced strong sales momentum due to the brand's delivery of consistent, high-quality bud, along with the brand's strategic pricing position, which offers the consumer premium product benefits at value pricing. MTL will continue to focus on its long-term consumer packaged goods (CPG) portfolio strategy for current and upcoming brands, supporting both the adult-use and medical markets. The transaction will provide MTL with immediate access to additional licensed cultivation space, more than doubling the company's current 57,000 sq. ft. footprint and annual production capacity of 13,000 kilograms of high-quality dried flower to 120,000 sq. ft. and 30,000 kilograms of annual production. MTL has further expansion capabilities with an additional 58,000 sq. ft. of cultivation and production space through a second building situated at MTL' Pointe-Claire location. Following the Closing, the Company's wholly-owned subsidiaries will hold cultivation, processing, and sales licences for plants/seeds, flower, oil, concentrate, topical and edible products and will have existing supply agreements with twelve Canadian provinces, including Alberta, British Columbia, New Brunswick, Ontario, Québec, and Saskatchewan.

   Dried flower continues to dominate in the Veteran medical cannabis segment, accounting for over 50% of sales according to Canada House's sales data. As the Canadian medical cannabis market matures, coverage programs will help to ensure long-term sales growth for this segment. Through the patient care teams in place across CHC and Abba, the Company will continue to serve Veteran and non-Veteran medical patients by providing a robust dried flower menu, along with other formats through third-party partners and suppliers.

   Transaction Highlights:

   - Significant combined sales: MTL has already achieved profitability via its ability to meet consumers' needs at an affordable price. There will be additional upside stemming from MTL' ability to leverage existing sales licences and distribution of Abba and eventual increased production from the Company's wholly-owned subsidiary, IsoCanMed Inc.'s ("**ICM**") facility.

- Enhanced cultivation and distribution capabilities: Leveraging low-cost-per-gram production rates enhanced by the province's operational advantages, MTL will expand its total cultivation capacity to 120,000 sq. ft., providing approx. 30,000 kilograms of dried flower annually. Additionally, MTL will leverage the packaging and distribution capabilities of Abba's fully licensed 20,000 sq. ft. facility located in Pickering, ON.

- Builds on an already strong management team: Canada House's management team brings extensive medical, clinic, financial and strong industry relationships to complement MTL' strengths in operations, cultivation, brand development, marketing, retail, and sales.

- Leverage proven medical cannabis expertise and distribution: CHC has operated medical cannabis clinics for over seven years, and Abba has quickly built a significant medical business. CHC clients purchase over $30 million of legal medical cannabis from many Licensed Producers, including Abba, each year.

- The Transaction solidifies the relationship established by an exclusive medical distribution agreement entered between the Companies in June 2021.

- Advancement of brand portfolio: By ensuring consistency, quality, and maintaining its commitment to the craft, MTL will continue to deliver high-quality cannabis for current and future product offerings. This Transaction will increase MTL' retail footprint by combining brand portfolios under both MTL and Canada House and through the development of new commercially viable genetics and brands.

<u>Terms of the Transaction</u>:

The Transaction is conditional upon the Company completing the consolidation of the Company's issued and outstanding Common Shares on the basis of thirty pre-consolidation shares for one post-consolidation share (the "**Share Consolidation**"). Upon Closing, the vendors of MTL (the "**Vendors**"), collectively, will be issued shares (the "**Consideration Shares**") amounting to approximately 80% of the issued and outstanding common shares of Canada House immediately post Closing, assuming the conversion of the principal and accrued interest of the Company's $6.5 million convertible debenture issued on August 5, 2020, but no other convertible securities of the Company. The Consideration Shares will be subject to lock-up agreements pursuant to which the Vendors will covenant not to sell, transfer, or otherwise dispose of the Consideration Shares prior to the 6-month anniversary of the Closing. On the 6-month anniversary of the Closing, 25% of the Consideration Shares will be released from lock-up, with the remaining Consideration Shares released in three equal tranches every six months following the first release, subject to customary resale restrictions under applicable law.

The purchase price also includes a performance-based cash earnout payment of $5 million, conditional upon MTL achieving certain agreed-upon milestones.

Closing of the Transaction is subject to a number of conditions customary for a transaction of this nature, including but not limited to (i) approval by the shareholders of Canada House of the acquisition at a special meeting to be called for these purposes, (ii) the completion of the Share Consolidation, (iii) there being no material adverse change in the business of Canada House or MTL (as applicable) prior to Closing, and (iv) receipt of applicable third party and regulatory approvals including the approval of the CSE.

On the Closing of the Transaction, the Company will pay a finder's fee of $100,000 and issue approximately 509,524 common shares (pre-consolidation - 14,285,715) (the "**Finder's Fee Shares**") to certain arms'-length third parties who assisted in introducing the Transaction to the Company. The Finder's Fee Shares will be subject to a four-month-and-one-day statutory hold period in accordance with applicable securities laws.

The Company will prepare and file with the CSE a CSE Form 2A listing statement providing comprehensive disclosure on MTL and the Transaction in order to seek the continued listing of Company common shares following the closing of the Transaction.

Fairness Opinion and Shareholder Meeting on the Transaction:

Canada House's board of directors has unanimously approved the Agreement and the Transaction and determined that the Transaction is in the best interests of Canada House and its shareholders. Cormark Securities Inc. provided a fairness opinion to the board of directors of Canada House on August 8, 2021, stating that, based upon and subject to the assumptions, qualifications and limitations contained in its fairness opinion, the consideration to be paid by Canada House to MTL shareholders pursuant to the Transaction is fair, from a financial point of view to Canada House shareholders.

The Company will be calling a special meeting of its shareholders to be held virtually via an electronic meeting platform in order to seek approval of the Transaction and related proposals. Materials for the meeting will be mailed to shareholders of the Company and posted under the Company's SEDAR profile at www.sedar.com.

9. *On September 28, 2021*, The Company promoted Ms. Peili Miao, CPA CGA, to Chief Financial Officer (CFO). Ms. Miao joined the Company in October 2019, as Financial Controller, bringing 15 years prior experience in progressive finance roles, including as CFO of a TSXV listed mining company. Ms. Miao assumed the role of Interim CFO on March 25, 2021 and led a seamless transition of the Company's finance and accounting matters during the interim period.

10. *On October 21, 2021*, the Company announced that CHC opened its new clinic in Barrie, Ontario.

11. *On November 26, 2021*, the Company provided an update on the status of the Transaction and details regarding further integration of the operations of Canada House and MTL. Canada House's wholly-owned subsidiaries, ICM, a Québec-based Health Canada licence holder, and Abba Medix Corp. ("**Abba**"), have facilitated the successful launch of MTL dried flower SKUs through four (4) of the nine (9) Canadian provinces in which they currently have distribution relationships. The initial launch includes MTL's signature strain Sage n' Sour, as well as an exclusive offering of Cookies n' Crème. Initial sales of MTL SKUs through Abba and ICM's sales licenses have been strong and reflect MTL' history as a top 5 selling dried flower SKU in almost all of the provincial markets it has entered.

    In addition to the above, MTL has participated and has been successful in obtaining listings in various product calls from 3 of Canada's largest recreational markets. These accepted SKUs have launch dates on Canada House's licenses (ICM and Abba) between December 2021 and June 2022. As of the date of the MD&A, MTL has 14 SKUs listed with OCS, 9 SKUs with AGLC and 10 SKUs with SQDC.

Medical LP Patient Growth - Over 1400 active patients

With respect to Abba's medical platform, Canada House announced that Abba had more than doubled its registered patient count since January 2021, surpassing at that time 800 registered veteran patients and 1,400 total medical patients.

Other Medical Cannabis Updates

Abba and Canada House Clinics ("**CHC**") have been working together to ensure Abba has the most effective portfolio of products which has allowed Abba to become the LP with the second-highest number of Veterans amongst the twenty LP's that CHC works with. With this growth and the previously reported acquisition of Margaree Health Group, CHC has grown from under 3,100 Veterans in January 2021 to over 3,800 Veterans. Abba and CHC will be expanding efforts in Quebec in the coming year, starting with the launch of Abba's new bilingual shopping portal in Dec 2021.

Financing Update

In October 2021, the Company issued a $700,000 principal amount secured debenture (the "**Debenture**") to DMMB (Pty) Holdings Ltd. in connection with a debt financing transaction. The Debenture has a two-year term and bears interest at 18% per annum. The proceeds from the issuance of the Debenture will be used for working capital purposes and for transaction costs.

The Company's board of directors unanimously approved the extension of the expiry date of 3,244,762 (subject to adjustment) outstanding common share purchase warrants of the Company issued on March 4, 2020 (the "**Warrants**") from March 3, 2023, to December 31, 2026. Aside from the extension of the expiry date, all other terms of the Warrants will remain unchanged. The extension of the Warrants is subject to acceptance by the CSE.

12. On December 23, 2021, the Company announced that, prior to the maturity of its outstanding Convertible Debentures dated December 5, 2017 (the "**2017 Debentures**"), the Company corresponded with the remaining holders of 2017 Debentures and proposed Convertible Debenture Amending Agreements (the "**Amending Agreements**") to: i) extend the Maturity Date of the 2017 Debentures to December 5, 2022; ii) increase the interest rate on the outstanding Principal from 8.5% per annum to 18.0% per annum from and after December 5, 2021; iii) remove the conversion right under the Debenture; and, iv) reaffirm the Company's obligations under the 2017 Debentures. As the Maturity Date of the 2017 Debentures has passed without payment of the amounts due at maturity, the Company is in default under the 2017 Debentures and will continue to be so until the Company pays the amounts due at maturity or reaches agreements with respect to the extension of the Maturity Date thereof. If the Company is not able to enter into Amending Agreements with all holders of the 2017 Debentures to extend the Maturity Date of the 2017 Debentures, the principal and interest of the 2017 Debentures not subject to such extensions will be due and payable and the holders of the 2017 Debentures may exercise rights to enforce the payment thereof. Upon expiry, $1,955 related to the conversion feature was reclassified from contributed surplus to deficit. As of July 31, 2022, $1,050 of the principal amount of the 2017 Debentures remains outstanding and presented within current liabilities.

13. On March 22, 2022, the Company provided an update on the status of the Transaction. Canada House announced that it was awaiting MTL and their auditor's completion of the MTL Financial Statements.

Cultivation and Sales Update

MTL has continued to work closely with Canada House's wholly-owned subsidiaries, ICM and Abba, to increase MTL' presence across Canada. MTL' Cookies n' Cream dried flower SKU outperformed expectations as an exclusive offering in Ontario and will see its distribution expanded alongside Sage & Sour, in dried flower and soon to be listed pre-roll formats, to 6 Provinces across Canada.

In addition, Abba and MTL have secured exciting new genetics testing in excess of 26% THC potency which are currently being cultivated at scale within MTL' low-cost facility. These new genetics will complement previously accepted SKUs being launched in 3 of Canada's largest recreational markets on Canada House's licenses (ICM and Abba).

Finally, MTL has agreed to fund capital expenditures related to the retrofit of ICM's licensed production facility located in Louiseville, Québec. The retrofit has been initiated and will be completed under the guidance of MTL and will convert the grow methodologies at the ICM facility to align with existing methodologies at MTL' existing 57,000 sq. ft. licensed facility. The retrofit of the ICM facility is being completed in two phases. The initial and second phases of the retrofit will result in incremental increases of ICM's annual production capacity of 5,000 kgs and 5,000 kgs respectively (10,000 kgs total).

Clinic and Medical Cannabis Update

Abba and CHC continue to grow their medical presence diligently and deliberately, driven by Abba's leading portfolio of medical cannabis products (which now includes topicals, suppositories and an even larger list of partners, brands and choices) and CHC's provision of leading cannabinoid therapy services. Abba's monthly medical cannabis sales have increased over 60% from summer of 2021 levels and have exceeded $500K monthly since Nov 2021. The recent launch of Abba's new bilingual shopping portal has led to increased functionality, higher satisfaction, and increased sales in Quebec. CHC has now exceeded 4,000 Veterans and Abba has reached 1,000 Veterans showing continued success in serving this important segment. Abba daily medical sales exceeded $40K per day for the first time in March 2022.

14. On May 12, 2022, the Company announced cancellation of 348,333 incentive stock options previously held by certain directors, officers, and employees of the Company.

15. On May 30, 2022, the Company filed on SEDAR a Notice of Change in Financial Year End pursuant to Section 4.8(2) of National Instrument 51-102 – *Continuous Disclosure Obligations* providing notice that it has determined to change its financial year end from April 30 to July 31. The Company has determined to change its financial year for reporting and planning purposes in order to better allow for allocation of internal resources dedicated to the audit function while the Company is progressing its previously announced reverse takeover transaction with MTL. The annual audited financial statements of the transition year will be 15 months and will include the period starting May 1, 2021, to July 31, 2022. The interim and annual reporting periods of the transition year will be changed based on the new fiscal year-end date.

16. On June 20, 2022 the Company filed on SEDAR an Amended Notice of Meeting and Record Date for its annual general and special meeting of shareholders to be held on August 23, 2022. May 20, 2022 was fixed as the record date for determining which shareholders will be entitled to receive notice of and to vote at the meeting.

17. On July 25, 2022, the Company announced amendment of meeting date for the Annual General and Special Meetings of security holders to August 23, 2022.

18. On July 26, 2022, the Company announced restatement of share exchange agreement for the acquisition of MTL over two tranches. The first stage of the Transaction provides for the acquisition by the Company of approximately 24.99% of the issued and outstanding shares of MTL in exchange for 49.99% of the issued and outstanding common shares ("**Common Shares**") of the Company (currently anticipated to be 22,779,340 Common Shares (pre-consolidation - 683,380,223) post-issuance. The second stage will result in the Company's acquisition of the remaining 75.01 % of the issued and outstanding shares of MTL in exchange for such number of Common Shares that when added to the Common Shares issued on the Initial Closing, is equal to 80.0% of the issued and outstanding Common Shares of the Company.

    The percentages of Common Shares noted above will be subject to anti-dilution adjustments in favour of the vendors of the MTL shares wherein additional Common Shares will be issued up to 49.99% of the Common Shares prior to the Subsequent Closing and up to 80.0% following the Subsequent Closing in the event of the issuance of Common Shares upon the conversion of the principal and accrued interest of the Company's $6.5 million convertible debenture (the "**Archerwill Debenture**") issued to Archerwill Investments Inc. ("**Archerwill**") on August 5, 2020 and any other convertible debentures of the Company outstanding prior to the Initial Closing.

    The parties have agreed to restructure the Transaction in this manner as MTL has to date not been able to deliver the required MTL Financial Statements in order for the Company to proceed to a shareholder meeting to approve the Transaction, as is required by the rules and policies of the Canadian Securities Exchange (the "**CSE**"). To reflect the parties' commitment to the Transaction and in light of the ongoing integration of the business of the Company with the business of MTL, the parties determined to proceed with the Initial Closing and the further integration of the two businesses while the necessary MTL Financial Statements and pro forma financial statements together with the related management's discussion and analysis are prepared to allow the Company to call and hold a special meeting of Shareholders to approve the Subsequent Closing.

    The Restated Agreement also provides for amendments to the criteria for the cash earnout payment of $5 million (the "**Earnout**") that may be payable under the Restated Agreement. Originally, the Earnout was conditional upon MTL and ICM (now employing the genetics and grow methodologies of MTL) achieving stand-alone revenue of $20M and production of 10,000 kilograms of merchantable dried flower in each of the first twelve months and the second twelve months following the closing of the Transaction. The Restated SEA provides for the Earnout to be achieved upon gross revenue from the production facilities of MTL and of ICM net of excise tax being at least $30,000,000 for each of the first twelve months and the second twelve months following the Subsequent Closing.

BUSINESS OVERVIEW

Canada House was incorporated on September 29, 1982 under the *Business Corporations Act* (British Columbia) and was continued under the *Canada Business Corporations Act* ("**CBCA**"). The registered office of the Company is located at 551 Rue Saint-Marc, Louiseville, Quebec, J5V 2L4, Canada.

The Company’s Common Shares are listed on the CSE under the trading symbol “CHV.” The Corporation is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario.

The Company is the parent company of wholly-owned subsidiaries: Abba, a licensed producer in Pickering,Ontario that produces high-quality medical-grade cannabis; CHC, which operates clinics across the country that work directly with primary care teams to provide specialized cannabinoid therapy services to patients suffering from simple to complex medical conditions; 690050 NB Inc. doing business as Knalysis Technologies ("**Knalysis**"), a provider of fully customizable, cloud-basedsoftware that links physician, provider, and patient to data that supports treatment with medical cannabis; ICM, a licensed producer in Louiseville, Quebec, that produces high-quality medical-grade cannabis. Canada House's goal is to become the leading cultivator of premium craft cannabis and provider of cannabinoid therapy, targeting the national medical cannabis markets, the recreational adult-use market in Quebec and across Canada, and Margaree, a medical cannabis clinic dedicated to Veterans in Nova Scotia.

Corporate Structure:

Abba, CHC, Knalysis, ICM and Margaree are each wholly-owned subsidiaries of Canada House.

Abba was incorporated under the *Business Corporations Act* (Ontario) in 2013 and is a licensed producer ("**Licensed Producer**") under the *Cannabis Act,* S.C. 2018, c.16 (the "**Cannabis Act**") and *Cannabis Regulations* (Canada) (the "**Cannabis Regulations**"). Abba also obtained a license to cultivate in Pickering,Ontario, in September 2017 and a sales license in December 2018. Abba has approximately 22,000 square feet in its indoor, controlled grow facility in Pickering, Ontario.

CHC was incorporated under the *Business Corporation Act* (New Brunswick) on October 7, 2013, as 672800NB Inc. and operated under the business name "Marijuana for Trauma" until changing its name to "CanadaHouse Clinics Inc." in October 2018. CHC owns and operates medicinal cannabis clinics. It provides services to assist its patients in selecting a licensed producer, identify appropriate strains, and consult and support patients regarding the use of medical cannabis inclusive of issuing a Medical Document (authorization to purchase medical cannabis).

The Company acquired Knalysis in January 2018. Knalysis creates tools for better cannabis health outcomes by its innovative software that seamlessly links physicians, providers, and patients, offering a global approach to reporting, monitoring and care. Its leadership team envisioned a need for health technology connecting every aspect of the medical marijuana field and has pioneered software to meet thisneed. Its products were developed with a national network of clinicians in the medical marijuana domain and are built to deliver better monitoring of symptoms, moods, and treatments for both physician and patient.

The Company acquired ICM on June 12, 2020. ICM was incorporated under the *Canada Business Corporations Act* on March 4, 2016 and obtained a standard cultivation licenseunder the ACMPR on January 12, 2018 and a standard processing license under the Cannabis Act on August21st, 2020. ICM owns and operates an approximately 64,000 square foot state-of-the-art indoor growfacility in Louiseville, Quebec, employing vertical, aeroponic production methodologies.

Business Strategy and Developments

Canada House believes a vertical integration strategy is well suited to the Canadian Cannabis Market, as itsharpens the focus on the above critical success factors and facilitates sustainable growth and profitabilitythrough strong relationships with its patients and internalizes profit margins throughout the supply chain by growing and selling product from both third parties and its own licensed producers that meet the needs of its patients. Key strategic initiatives are as follows:

1. *Build a strong medical cannabis veteran product portfolio offering both Abba and third-party products.*

   Abba now offers dried flower, vape pens, oils, edibles and topicals and plans to continue to add new, exciting, Cannabis 2.0 and other products aimed at both the medical and recreational markets. Abba's medical cannabis sales to veterans have increased significantly, and through an exclusive genetic licensing agreement with InPlanta Biotechnology Inc., Abba has successfully launched the VetStar Day™, and VetStar Night™ strains exclusively to its patients.

2. *Leverage its acquisition of ICM in Quebec to capitalize on rapidly growing Quebec cannabis market and SQDC opportunities.*

   As a result of the strategic acquisition of ICM, the Company has accessed the vast Quebec cannabis market through ICM's signed a letter of intent with the Société québécoise du cannabis ("**SQDC**").

   The Company will continue to enhance the grow methodologies deployed at ICM's 64,000 square foot production facility to increase its annual production capacity of low-cost dried flower. ICM has adjacent land of 450,000 square feet that can accommodate the construction of facilities which, when built, will provide an additional production capacity of up to 50,000 kg. This additional grow capacity further ensures the security of supply for Canada House's medical patients and better positions the Company to meet the growing demand from provincial distributors across Canada.

3. *Continue to add new SKU's to further leverage existing adult-use recreational channels.*

   Canada House, through its two Licensed Producers, continues to pursue additional provincial distribution, particularly as it relates to exciting new genetics Abba has secured which are testing in excess of 26% THC potency. These new genetics are currently being lent to MTL to cultivate at their low-cost facility and will complement previously accepted SKUs being launched in 3 of Canada's largest recreational markets on ICM and Abba's licenses. These genetics are deemed to be of tremendous value and a significant asset and contributor to the continued success of the Company.

Canada House Clinics Inc.

CHC's mission is to improve the quality of life for anyone suffering from post-traumatic stress disorder, chronic pain and/or other medical conditions. CHC is not in the business of growing or distributing cannabis and will not undertake these activities in the future. CHC provides education services to assist their patients in selecting a Licensed Producer, identify appropriate strains, and consult and support patients regarding the use of medical cannabis. Since its inception, CHC has directly supported thousands of veterans and civilians across Canada with comprehensive service and care. CHC currently has fourteen clinic locations,including both standalone and embedded locations inside third-party medical clinics. There are three clinics in Alberta, one in each of Prince Edward Island and Newfoundland, three clinics in New Brunswick, two clinics in Nova Scotia and four clinics in Ontario. CHC continues to provide a community environment for those engaged in the process of healing with a focus on support during the various steps of the program. Clients of CHC clinics are educated to understand the possible benefits of cannabinoid therapy, and, if appropriate, introduced to a professional who can write a cannabis prescription in order to meaningfully improve the quality of lives for veterans, first responders and civilians alike.

CHC continues to execute several initiatives to provide better service and support for their patients. Recently added multidisciplinary capabilities provide wellness services through registered professionals in the fields of massage, naturopathy and Psychotherapy. CHC healthcare staff produce a blog each month,which focuses on the efficacy of cannabis treatment for various conditions supported by fact-based research, client trends and feedback. CHC continues to make improvements to its Cannabis Patient Management ("**CPM**") software, including new physician services capabilities, embedded secure telemedicine, prescriber and client portals, digital treatment plans and reconciliation of licensed producerpayments. The CPM software not only allows for better service to existing clients, it also improves the efficiency of managing patient care. To this end, specific API integrations with partnered licensed producers have been created to allow for the registration of patients more securely, instantly and accurately. Incorporated treatment reporting has been added to the patient portal that will allow a better understanding of what treatments and products work best for a specific diagnosis. The data gathering can further be usedin the creation of an Artificial Intelligent function that will suggest a recommended treatment plan based on an individual's diagnosis. There are two clinics in Alberta, one in each of Prince Edward Island and Newfoundland, three clinics in New Brunswick, two clinics in Nova Scotia and five clinics in Ontario. Recently, new clinics have been embedded clinics where CHC places an educator into an existingmedical practice with its own patient flow.

In the interest of providing superior, comprehensive service to its clients, CHC has added Licensed Practical Nurses and other health workers to provide Cannabinoid Therapy Education ("**CTE**") to all clients, which is an integral part of the Company's vision in offering better health outcomes to those seeking alternative treatments towards improving their quality of life. CHC uses a combination of Physicians and Nurse Practitioners to issue medical documents, both in person and via telemedicine. Consultation fees are either billed back to a payor (e.g. provincial health plan) or paid by CHC (e.g. a Nurse Practitioner seeing a patient).

New clients must register online on CHC's website or walk into a clinic for a hard copy registration package. In order to register, clients must provide a referral or diagnosis and proof of identity. Once a client profile is created, all pertinent medical information is uploaded for CTE and Prescribers. The first appointment is then set up to provide the client with CTE in order to review their medical history and provide education with regards to their specific diagnoses and dosing recommendation. It is the client's ultimate responsibility to select the most appropriate cannabis strains and Licensed Producer and CTE's are first and foremost committed to connecting patients to Licensed Producers that are best suited to their needs.

Patient educators ("**Educators**") have not been made aware of the specific terms and conditions of any educational contracts with partnered Licensed Producers. Their recommendations to clients are based on the recommended treatment plan. Canada House attempts to standardize educational contracts across LP's.CHC and its Educators are committed to recommending products and Licensed Producers based on the cannabinoid and terpene profiles best suited for the diagnosis and conditions being treated. Patients can demand Licensed Producers that Canada House does not have a contract with, and Educatorsmay suggest products from an uncontracted Licence Holder if it is a better option for the patient and the Educator sufficiently understands the capabilities of that Licensed Producer.

On May 27, 2021, CHC acquired 100% of the issued and outstanding shares of Margaree for cash consideration of $500,000 and a three-year earn-out measured against Margaree's revenue during the earn-out period. Margaree is a medical cannabis clinic dedicated to Veterans in Nova Scotia. Margaree's patients will be served by the Halifax clinic of CHC. CHC has also committed to further increasing its contributions to veteran causes both through Not-for-Profit Post Traumatic Growth Association, and additional programs.

CHC focuses on Abba client growth and meanwhile maintains Licensed Producers to provide greater capacity and more care alternatives. As of July 31, 2022, in addition to Abba and ICM, CHC had sixteen agreements with Licensed Producers from which CHC patients could choose their medicine. CHC's clinics also provide Second Level Assessments for veteran clients who require an increased level of care. Abba has secured its amended sales license from Health Canada, enabling the sale of its own cannabis directly to CHC and otherpatients, as well as consumers.

Licensed Producers

Abba Medix Corp.

At full capacity, Abba can produce between 2,000 and 3,000 kg of premium cannabis annually. Abba has detailed policies and Standard Operating Procedures ("**SOPs**") and has licensed seed-to-sale software and equipment from Ample Organics. The Company believes that it can leverage the production capacity at this facility to support new revenue opportunities that monetize and de-risk its cultivation space while continuing to focus on its medical marketplace and medical fulfillment from this facility.

A summary of the dates and descriptions of the Abba licenses to date are as follows:

Date	Description
September 01, 2017 License No 10-MM0264/2017	Cannabis Cultivation LicenseSales or Provision of 1. dried marijuana 2. marijuana plants 3. marijuana seed Under ACMPR sub sec 22 (2)-limited This licensed producer may sell, provide, ship, transport and deliver substances authorized forsales or provision on this licensed to license dealersolely for the purpose of conducting analytical testing.
September 29, 2017 License No 10-MM0264/2017	Destruction room -included as Sub div C room Still under ACMPR sub sec 22 (2)-limited. This licensed producer may sell, provide, ship, transport and deliver substances authorized forsales or provision on this licensed to license dealersolely for the purpose of conducting analytical testing.
April 20, 2018 License No 10-MM0264/2018	Production of 1. Bottled cannabis oil production

	2. Cannabis in in its natural form/cannabisresin added additional subdivision C grow room and oil extraction room included in the license Sale is Still under ACMPR sub sec 22 (2)-limited. This licensed producer may sell, provide, ship, transport and deliver substances authorized forsales or provision on this licensed to license dealersolely for the purpose of conducting analytical testing.
July 20, 2018 License No 10-MM0264/2018	Selling seeds to Licensed Producers Still under ACMPR sub sec 22 (2)-limited. This licensed producer may sell, provide, ship, transport and deliver substances authorized for sales or provision on this licensed to license dealer solely for the purpose of conducting analytical testing.
July 31, 2018 License No 10-MM0264/2018	Production of Fresh CannabisSale Still governed by the section 22 (2) limited version
November 10, 2018 License No. LIC-MZPK573ALN-2018-1	Updated License under Cannabis regulations Standard cultivation license Standard Processing license (including sales of seeds and planting materials)
December 21, 2018 License No. LIC-MZPK573ALN-2018-1	Sales (Medical) -Dried cannabis License with condition.
August 30, 2019 License No. LIC-MZPK573ALN-2018-2	Amended Sales License - Abba can start legally selling its own branded dry flower and fresh cannabis.
August 21, 2020 License No. LIC-MZPK573ALN-2020	Amended sales license – Abba can start selling cannabis oil, concentrate, topical and edible products.

IsoCanMed Inc.

ICM has invested approximately $15 in a state-of-the-art 64,000-square-foot production facility, including its recently completed retrofit under the oversight of MTL to deploy MTL' proven cultivation methodologies. ICM's facility currently offers the potential for an annual production capacity of over 6,000 kg of low-cost dried flowers. ICM also owns adjacent land of 450,000 square feet that can accommodate the construction of facilities which, once built, will provide additional production capacity of 50,000 kg.

The increased production capacity from ICM will allow the Companyto increase the supply of medical cannabis products offered by its strong network of clinics, focus on services to veterans, and leverage its provincial agreements and distribution networks established withAGLC, BC Liquor Distribution Branch, SQDC, NCD, and CNB.

ICM holds the following licenses:

Date	Description
January 12, 2018 License No 10-MM0766/2018	Cannabis Cultivation LicenseSales or Provision of 1. dried marijuana 2. marijuana plants 3. marijuana seed Under ACMPR sub sec 22 (2)-limited This licensed producer may sell, provide, ship, transport and deliver substances authorized for sales or provision on this licensed to license dealer solely for the purpose of conducting analytical testing.
May 11, 2018 License No 10-MM0766/2018	Destruction room (ID), Trimming room (122) and Drying room (123) - included as Sub div C room. Still under ACMPR sub sec 22 (2)-limited. This licensed producer may sell, provide, ship, transport and deliver substances authorized forsales or provision on this licensed to license dealersolely for the purpose of conducting analytical testing.
November 8, 2018 License No. LIC-5EFG9AFN3H-2018	Updated License under Cannabis regulations Standard cultivation license
May 10, 2019 License No. LIC-5EFG9AFN3H-2018-1	Amended Standard cultivation license – Addition of mother rooms M2A/M2B
September 6, 2019 License No. LIC-5EFG9AFN3H-2018-2	Amended Standard cultivation license – Addition of clone room C2 ; addition of flowering rooms F4, F5, F6 ; Addition of room 125.
January 10, 2020 License No. LIC-5EFG9AFN3H-2018-3	Amended Standard cultivation license – Addition of room SC (trimming).
August 21, 2020 License No. LIC-5EFG9AFN3H-2018-4	Addition of Standard Processing Licence – ICM can start legally selling its ownbranded dry flower and fresh cannabis.

Corporate activities

In August 2021, the Company entered into a share exchange agreement with MTL. During the fifteen months ending July 31, 2022, the Company borrowed $1,000 from MTL at 3% interest per annum. The loan is unsecured and has no specific terms of repayment. In October 2021, the Company issued a $700 principal amount secured debenture which has a two-year term. On December 15, 2021, MTL and ICM entered into a loan agreement for ICM to borrow up to $4,139 from MTL. The loan was used for capital expenditures related to the retrofit of ICM's facility. As of July 31, 2022, the balance of the loan is $1,640 including $1,612 of principal and $27 of interest accrued at 8% per annum.

Going Concern Uncertainty

The consolidated financial statements 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 consolidated 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.

For the fifteen months period ended July 31, 2022 and the year ended April 30, 2021, the Company incurred a net loss of $11,093 and $11,365, and as at July 31, 2022, had an accumulated deficit of $68,899 and a working capital deficit of $9,317. Cash flow used in operations for the fifteen months period ended July 31, 2022 was $1,525. Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company will need to raise additional capital in order to fund its planned operations and meet its obligations. While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to do so in the future on terms favorable for the Company.

Selected Information Table

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's audited financial statements for the fifteen months period ended July 31, 2022 and the year ended April 30, 2021.

	As at and for the 15-months period Ended July 31, 2022 $000's	**As at and for the Year Ended April 30, 2021 $000's**	**As at and for the Year Ended April 30, 2020 $000's**
Revenue	30,175	11,880	5,334
Net revenue	26,666	10,560	5,310
Loss	(11,093)	(11,365)	(9,520)
Current assets	7,727	9,873	4,982
Non-current assets	26,322	27,119	9,446

Current liabilities	17,044	12,139	3,940
Non-current liabilities	20,758	17,980	5,414
Working capital (deficiency)	(9,317)	(2,266)	1,042
Deferred income tax liability	1,986	1,855	-
Share capital	48,685	48,685	39,241
Shareholders' equity (deficiency)	(3,753)	6,873	5,074
Loss per share - basic and diluted	$(0.49)	$(0.52)	$(0.03)

Quarterly Results

Quarter	**Revenues** **$000's** (Unaudited)	**Net loss** **$000's** (Unaudited)	**Net loss per share basic and diluted** **$** (Unaudited)
15-months ended July 31, 2022			
Quarter ended July 31, 2022	5,863	(1,296)	(0.06)
Quarter ended April 30, 2022	5,497	(2,146)	(0.09)
Quarter ended January 31, 2022	6,176	(1,699)	(0.07)
Quarter ended October 31, 2021	5,106	(3,377)	(0.15)
Quarter ended July 31, 2021	4,024	(2,575)	(0.11)
Year ended April 30, 2021			
Quarter ended April 30, 2021	2,898	(6,156)	(0.27)
Quarter ended January 31, 2021	2,872	(2,518)	(0.11)
Quarter ended October 31, 2020	2,263	(2,059)	(0.09)
Quarter ended July 31, 2020	2,527	(632)	(0.03)

RESULTS OF OPERATIONS

Revenues

During the quarter ending July 31, 2022, net revenue increased by $1,839 or 46%, from $4,024 during the quarter ending July 31, 2021, to $5,863. The increase for the quarter ending July 31, 2022,compared to July 31, 2021, is due to a $1,416 increase in Abba and ICM product revenues from the adult-use recreational market and medical sales market, a $154 increase in Abba and ICM license revenue and offset by a $41 decrease in CHC's referral revenue, and $310 of increase in the excise tax.

During the fifteen months ending July 31, 2022, net revenue increased by $16,106 or 153%, from $10,560 during the year ending April 30, 2021, to $26,666. The increase for the fifteen months period ending July 31, 2022,compared to April 30, 2021, is due to an $16,420 increase in Abba product revenues from the adult-use recreational market and medical sales market and a $383 increase in Abba's license revenue and a $1,492 increase in CHC's referral revenue as a result of the acquisition of Margaree and offset by $2,189 of increase in the excise tax.

Operating Expenses

Total operating expenses include general and administrative, sales and marketing, share-based compensation, right-of-use assets amortization and depreciation and amortization.

Total operating expenses for the three and fifteen months ended July 31, 2022, were $2,603 and $14,592 compared to $2,761 and $10,591 for the three months ended July 31, 2021 and twelve months ended April 30, 2021, a decrease of $158 or 6% for the three months period compared with July 31, 2021 and an increase of $4,001 or 38% compared with April 30, 2021. The change is mainly due to a $161 increase in sales and marketing from $311 for the three months ending July 31, 2021 to $472 for the three months ending July 31, 2022 and a increase of $1,419 from $506 for the year ended April 30, 2021 to $1,925 for the fifteen months ending July 31, 2022.

General and administrative for the three and fifteen months ended July 31, 2022, were $1,408 and $10,119, compared to $1,908 and $8,253 for three months ending July 31, 2021 and the year ended April 30, 2021.

It was a $500 or 26% decrease for the quarter ended July 31, 2022 and a $1,866 or 23% increase in general and administrative expenses for the fifteen months period ended July 31, 2022 compared with the year ended April 30, 2021.

The increase during fifteen months period ending July 31, 2022 compared with the year ended April 30, 2021 is mainly due to an increase of $739 or 12% increase in salaries, wages, and consulting fees. The sales ramp-up at Abba and ISO, which required more customer service, administration and finance staff, is the main contributor to the increase in salaries, wages and consulting fees.

General operating expenses increased from $268 to $653, an increase of $385 or 144%, for the quarter ended July 31, 2022, and increased from $1,280 from the year ended April 30, 2021 to $1,860 for the fifteen months period ending July 31, 2022, a increase of $580 or 45% during the year.

Professional fees increased from $341 for the year ended April 30, 2021 to $821 for the fifteen months period ended July 31, 2022. The increase is mainly due to additional audit fees incurred for the fifteen months period ending July 31, 2022, due to business growth and additional legal fees incurred to resolve issues related to the operation and constructive dismissal of former employee.

Finance, Transaction Costs and Other Expenses

During the three months ended July 31, 2022, Finance and transaction costs decreased by $41 or 5% to $867 from $908 compared with the three months ending July 31, 2021. The decrease is mainly due to less non- cash accretion expense on convertible debentures was recognized.

Finance and transaction costs increased by $1,766 or 65%, from $2,736 for the twelve months ending April 30, 2021, to $4,502 for the fifteen months ending July 31, 2022. The increase is mainly due to interest accrued on the promissory notes and non- cash accretion expense on convertible debentures.

CHANGE IN FINANCIAL POSITION

Consolidated cash flows for the fifteen months ending July 31, 2022 and the year ended April 30, 2021 were as follows:

	July 31, 2022	April 30, 2021
Cash flow used in operating activities	(1,525)	(3,355)
Cash flow used in investing activities	(2,158)	(664)
Cash flow provided by financing activities	2,298	4,087
Net change in cash	(1,385)	68

Operating Activities

For the fifteen months period ended July 31, 2022, and the year ended April 30, 2021, cash used in operating activities was $1,525 and $3,355 respectively, $1,830 or 55% lower in the fifteen months period ending July 31, 2022 compared to the year ended April 30, 2021. The decrease in the amount of cash used during the fifteen months period ending July 31, 2022, compared to the year ended April 30, 2021, is primarily related to the ramp-up of sales partially offset by the additional costs incurred.

Investing Activities

Cash used in investing activities in 2022 includes $681 of the cash consideration for the business acquisition and consideration payout and $2,431 of cash used in the purchase of property, plant and equipment offset by $954 of the government grant for the retrofit at ICM. For the fifteen months period ended July 31, 2022, and the year ended April 30, 2021, cash used in investing activities was $2,158 and $664 respectively, $1,494 or 225% higher in the fifteen months period ending July 31, 2022 compared to the year April 30, 2021.

Financing Activities

For the fifteen months period ended July 31, 2022, and the year ended April 30, 2021, net cash provided by the financing activities were $2,298 and $4,087, respectively. During the fifteen months period ending July 31, 2022, the Company borrowed $2,640 from MTL and issued a $700 debenture to a third-party lender. Cash used during the fifteen months period ending July 31, 2022 includes $757 of lease payments, $165 cash payments for interest on debentures, and $120 repayment of the debentures. During year ending April 30, 2021, $6,110 of net proceeds was raised from Archerwill Debenture. The Company paid $707 of lease payments, repaid $485 in promissory notes, paid $133 of interest on debentures, and repaid $2,818 of convertible debentures.

Consolidated Statement of Financial Position

As of July 31, 2022, the total assets were $34,049 compared to $36,992 as of April 30, 2021. The $2,943 decrease is primarily due to a $1,385 decrease in cash from $1,835 as of April 30, 2021, to $450 as of July 31, 2022, $608 decrease in biological assets, and $1,417 decrease in inventory. The decrease is partially offset by a $151 increase in prepaid expenses and deposits, and a $1,113 increase in trade and other receivables from $1,945 as of April 30, 2021, to $3,058 as of July 31, 2022. The $151 increase in prepaid expenses and deposits is mainly due to increase of ICM's Excise duty deposit with CRA due to increased sales volume.

The Company's current liabilities as of July 31, 2022, were $17,044 compared to $12,139 as of April 30, 2021. The increase in current liabilities is primarily due to a $3,229 increase in trade and other payables, an $1,440 increase of current portion of the borrowings as a result of the reallocation of non-current liability to current. and a $197 increase in consideration payables. As of July 31, 2022, working capital is a deficit of $9,317 compared to a working capital deficit of $2,266 as of April 30, 2021.

Issued and Outstanding Shareholders' Equity

Share Capital

(a) Authorized

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

(b) Issued and outstanding

	Note	Number of Shares	Share Capital $000's	Equity Component of Convertible Debentures $000's	Contributed Surplus $000's	Deficit $000's	Total Shareholders' Equity $000's
Balance as at May 1, 2020		**13,666,406**	**39,241**	**419**	**13,810**	**(48,396)**	**5,074**
Common shares issued pursuant to business acquisition		9,115,381	9,444	-	-	-	9,444
Convertible debenture		-	-	1,755	1,504	-	3,259
Share-based compensation		-	-	-	461	-	461
Net loss and comprehensive loss for the period		-	-	-	-	(11,365)	(11,365)
Balance as at April 30, 2021		**22,781,787**	**48,685**	**2,174**	**15,775**	**(59,761)**	**6,873**
Balance as at May 1, 2021		22,781,787	48,685	2,174	15,775	(59,761)	6,873
Share-based compensation		-	-	-	467	-	467
Net loss and comprehensive loss for the period		-	-	-	-	(11,093)	(11,093)
Expiry of conversion feature		-	-	-	(1,955)	1,955	-
Balance as at July 31, 2022		**22,781,787**	**48,685**	**2,174**	**14,287**	**(68,899)**	**(3,753)**

Share Based Compensation

The Company has established a stock 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 and the term, 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 options carry neither rights to dividends nor voting rights. 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 common shares that are outstanding unless the Board of Directors shall have increased such limit by a Board of Directors resolution. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares. 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 Company recognized $467 of share-based compensation expense during the year ended July 31, 2022 (April 30, 2021 – $461), with a corresponding amount recognized as a contributed surplus.

During the fifteen months period ended July 31, 2022, the Company did not issue any stock options, 80,000 stock options expired and 163,333 stock options were forfeited. On May 12, 2022, the Company announced cancellation of 348,333 incentive stock options previously held by certain directors, officers, and employees of the Company.

Related Party Transactions and Balances

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Technology Officer and equivalent and Directors.

Compensation expense for the Company's key management personnel for the fifteen months period ended July 31, 2022 and the year ended April 30, 2021 is as follows:

	July 31, 2022	April 30, 2021
Salaries and wages	2,114	1,819
Share-based compensation	266	342
General and administrative	88	-
	2,468	2,161

During the fifteen-month period ended July 31, 2022, the Company paid $188 of consulting fees to a shareholder and paid $28 of rent to a company owned by the same shareholder. As of July 31, 2022, the Company owes $136 (April 30, 2021 - $3) to a shareholder of the Company and owes promissory notes in the total amount of $12,500 payable (April 30, 2021 - $12,500) to three shareholders.

All related party transactions were in the normal course of operations, measured at the exchange amount.

Contingencies

(a) The Company and its subsidiary, Abba, were served with a Statement of Claim for damages for the alleged failure to pay invoices in the amount of $200 plus pre- and post-judgment interest. Pleadings have now closed, and the parties are in the process of scheduling examinations for discovery. Given that examinations for discovery have not yet occurred, it is too early in the process to have a reasonable expectation or evaluation of the Plaintiff's claim, but the Company believes the claim to be without merit.

(b) On April 15, 2021, Canada House's wholly owned subsidiary, ICM, was served with an application to initiate proceedings for damages for its alleged failure to pay invoices in the amount of $304 plus pre and post judgment interest. Prior to the Plaintiff initiating proceedings, ICM provided the Plaintiff with a list of deficiencies related to the Plaintiff's work installing the HVAC system at ICM's facility. The list of deficiencies includes the Plaintiff's supply and installation of a chiller which has not yet been put into operation by the Plaintiff. The Plaintiff and ICM discussed ICM's payment of the balance owing (approximately $305) on the total contract value of $2,300 when the Plaintiff had successfully remedied the outstanding deficiencies in its workmanship. In addition, at the request of the Plaintiff, ICM provided the Plaintiff with comments on the items it disputed in the Plaintiff's outstanding invoices. After receiving ICM's requested comments, the Plaintiff halted all communication and proceeded with this application.

ICM retained external counsel to appear on ICM's behalf and respond to the application. ICM's external counsel has filed a Defence and Counterclaim to the Plaintiff's application along with the expert report relied upon in same. At this time. the Plaintiff's defense to ICM's Counterclaim and any expert evidence to be relied upon by the Plaintiff have not been filed with the Court. Initial discoveries of the Parties related to the Plaintiff's claim and ICM's Counterclaim have been delayed.

(c) Prior to the maturity of the Company's outstanding Convertible Debentures dated December 5, 2017 (the "2017 Debentures"), the Company corresponded with the remaining holders of 2017 Debentures and proposed Convertible Debenture Amending Agreements (the "Amending Agreements") to: i) extend the Maturity Date of the 2017 Debentures to December 5, 2022; ii) increase the interest rate on the outstanding Principal from 8.5% per annum to 18.0% per annum from and after December 5, 2021; iii) remove the conversion right under the Debenture; and, iv) reaffirm the Company's obligations under the 2017 Debentures. The Company has not entered into Amending Agreements with all holders of the 2017 Debentures to extend the Maturity Date of the 2017 Debentures. The principal and interest of the 2017 Debentures not subject to such extensions is due and payable and the holders of the 2017 Debentures may exercise rights to enforce the payment thereof.

In the ordinary course of business and from time to time, the Company is involved in various other claims related to its ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these consolidated financial statements.

Commitments

As at July 31, 2022, the Company is committed under leases for equipment and office space for the following minimum annual rentals:

	$000's
2022	541
2023	467

2024	425
Thereafter	1,228
	2,661

Capital management

The Company defines the capital that it manages as the amounts it classifies in share capital, augmented by any amounts raised through the issuance of convertible debentures, promissory notes, borrowings and mortgage payable.

	July 31, 2022	April 30, 2021
Share capital, including equity component of convertible debentures	50,859	50,859
Convertible debentures	4,767	3,988
Promissory notes	10,866	11,006
Borrowings	3,926	446
Mortgage payable	2,000	2,000
	72,418	68,299

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and to maintain adequate levels of funding to support its ongoing initiatives and business development activities in order to provide returns for its shareholders.

The Company is an early-stage company and is dependent on raising further capital, primarily equity, to fund its capital expenditures and its operating expenses in excess of revenue until such time as it reaches cash break-even. As at July 31, 2022, the Company had raised, net of issuance costs, approximately $41,312 (April 30, 2021 - $40,612) by the issuance of common shares, warrants, convertible debentures and long-term debt. The Company may raise additional equity in the future, although there can be no assurance that the Company will be successful in doing so.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Statement of Compliance

These consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles in Canada for publicly accountable enterprises, as set out in the CPA Canada Handbook – Accounting, which incorporates International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The policies set out below have been consistently applied to all periods presented, unless otherwise noted.

These consolidated financial statements were approved and authorized for issuance in accordance with a resolution of the Board of Directors of the Company on November 28, 2022

Basis of Presentation

The Financial Statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Basis of Consolidation

These audited consolidated statements of the Company for July 31, 2022 comprise the results of the Company and its wholly-owned subsidiaries Abba, CHC, Knalysis, ICM, TLP, and Margaree,

Future Accounting Pronouncements

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months; provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, to 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 new guidance will be effective for annual periods beginning on or after January 1, 2022 and is to be applied to contracts that have unfulfilled obligations as at the beginning of that period. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

IFRS 3 – Business Combinations ("IFRS 3")

Amendments to IFRS 3 were issued in May 2020, and are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The amendments update references within IFRS 3 to the 2018 Conceptual Framework and require that the principles in IAS 27 - Provisions, Contingent Liabilities and Contingent

Assets be used to identify liabilities and contingent assets arising from business combination.

IAS 8 – Accounting policies, Changes in accounting estimates and Errors ("IAS 8")

Amendments to IAS 8 were issued in February 2021, IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendment replaces the definition of 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.

IAS 12 – Income Taxes ("IAS 12")

Amendments to IAS 12 were issued in May 2021, IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amends 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 and offset 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 periods beginning on or after January 1, 2023 and are to be applied retrospectively.

Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. As at July 31, 2022 and April 30, 2021, three customers represented 42% and 73% of the outstanding trade and other receivable balance, respectively. For the 15-month period ended July 31, 2022, three customers accounted for 77% of revenue (2021 – three customer accounted for 73% of revenue).

The Company does not hold any collateral as security, but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The aging of trade receivables is as follows:

	July 31, 2022	**April 30, 2021**
Not past due	**1,726**	1,627
1 to 30 days past due	**724**	94
31 to 60 days past due	**358**	196
Over 61 days past due	**226**	9
	3,034	1,926

As at July 31, 2022, the expected credit loss recognized was $14 (April 30, 2021 - $14).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital.

The Company is obligated to the following contractual maturities of undiscounted cash flows:

	Carrying Amount $000's	Total Contractual Cash Flow $000's	Year 1 $000's	Year 2 $000's	Year 3 $000's	Year 4 and Beyond $000's
Lease liability	2,288	2,661	541	467	425	1,228
Promissory notes	76	76	76	-	-	-
Promissory note - non-current	10,790	12,500	-	4,167	8,333	-
Trade and other payables	11,574	12,254	11,221	-	-	1,033
Convertible debentures	4,767	9,183	1,116	-	-	8,067
Borrowings	3,926	925	-	925	-	-
Due to related parties	3	3	3	-	-	-
Mortgage payable	2,000	2,346	2,345	-	-	-
	35,424	**39,948**	**15,303**	**5,559**	**8,758**	**10,328**

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.

Currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates.The Company is not exposed to foreign currency exchange risk as it has minimal financial instruments denominated in a foreign currency and substantially all of the Company's transactions are in Canadian dollars, which is also the Company's functional currency.

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 is not exposed to interest rate risk as at July 31, 2022 as the Company does not have any variable interest rate assets or liabilities.

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 those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks as of July 31, 2022.

Fair values

The carrying values of cash, trade and other receivables, loan receivable, trade and other payables, borrowings and convertible debentures approximate the fair values due to the short-term nature of these items or the interest rates and discount rates being at market. The risk of material change in fair value is not considered to be significant due to a relatively short-term nature. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy.The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilitiesin markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the useof unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the fifteen months period ended July 31, 2022, there were no transfers of amounts between levels.

Risk Factors

The following section on Risk Factors should be read in conjunction with the annual Management's Discussion and Analysis for the fifteen months period ended July 31, 2022.

a) Risk Factors Related to the ICM Acquisition

Acquisitions Generally

While the Company conducted substantial due diligence in connection with acquisitions generally, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of ICM for which the Company is not sufficiently indemnified pursuant to the provisions of the SEA. Any such unknown or undisclosed risks or liabilities could materially andadversely affect the Company's financial performance and results of operations. The Company could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits anticipated in the ICM acquisition. All of these factors could cause a delay the anticipated accretive effect of the ICM acquisition and cause a decrease in the market price of the common shares.

Failure to Realize Benefits of Acquisitions

The Company may not realize the anticipated benefits of the transaction or may not realize them in the time frame expected. The Company cannot provide assurance that it will be able to grow or even sustain the cash flow generated by acquisitions, including the recent acquisition of ICM in Quebec. Difficulties encountered as a result of the transaction may prove problematic to overcome such as, without limitation, the inability to integrate or retain key personnel, the inability to develop and retain business relationships with current customers, and difficulties with adoption or implementation of new business plans, standards, controls, processes and systems.

Dilution

Following completion of the ICM acquisition, the Company may issue equity securities to finance its activities, including future acquisitions. If the Company was to issue common shares, existing holders of such common shares may experience dilution in their holdings. Moreover, when the Company's intention to issue additional equity securities becomes publicly known, the Company's share price, as the case may be adversely affected.

b) Risks Related to the Operations of Abba, ICM, and to the Medical Cannabis Industry

Contagious Disease and Covid-19 (Coronavirus)

The Company's business could be adversely affected by the effects of a widespread global outbreak of contagious disease, including the recent outbreak of Covid-19 (Coronavirus), which has caused a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downtown. This Covid-19 outbreak may also cause staff shortages, reduced customer traffic and increased government regulation, all of which may negatively impact the business, financial condition and results of operations of the Company.

Cannabis Activities in the United States

The changing, uncertain, regulatory environment in the United States is a significant risk. The Company operates in the medical marijuana sectors in Canada and the United States only in jurisdictions where such activity is permitted and regulated by applicable laws, but there is a risk that third party service providers could suspend or withdraw services and regulators could impose certain restrictions on the issuer's ability to operate in the U.S. In June 2020, the Company terminated the contract with its only US customer, located in Pennsylvania and does not conduct business in the United States at the present time.

Cannabis Not an Approved Drug or Medicine

Dried cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but the courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner. Abba has now secured its amended sales license from HealthCanada, enabling the sale of its owns cannabis directly to patients and consumers.

Even though Abba has been successful in obtaining a License to Sell, such License will subject Abba to ongoing compliance and reporting requirements. Failure to comply with the requirements of the License or any failure to maintain the License could have a material adverse impact on the business, financial condition and operating results of the Group. Furthermore, the License will have an expiry date of approximately one year from the date it is granted. Upon expiration of the License, Abba would be required to submit an application for renewal to Health Canada containing information prescribed under the ACMPR and renewal cannot be assured.

Initial licensing requirements for recreational cannabis under the new Cannabis Act (Canada) (the "**Cannabis Act**") and its supporting Regulations came into force on October 17, 2018, with additional Regulations (Cannabis 2.0) for edibles, oils and extracts in October 2019. The market for cannabis (including medical cannabis) in Canada is regulated by the Cannabis Act and applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of cannabis, and physical security measuresto protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale.This approval process includes testing (and validation of testing) for microbial and chemical contaminantsto ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the Food and Drugs Act, and determining the percentage by weight of the two active ingredients of marijuana, delta-9- Tetrahydrocannabinol and cannabidiol.

Factors related to the Facility which may Prevent Realization of Business Objectives

Any adverse changes or developments affecting production at the Facility could have a material and adverse effect on the Company's business, financial condition and prospects. There is a risk that changes or developments could cause the Facility not to achieve its production targets on budget, or at all, as it can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

(a) delays in obtaining, or conditions imposed by, regulatory approvals;
(b) plant design errors;
(c) environmental pollution;
(d) non-performance by third party contractors;
(e) increases in materials or labour costs;
(f) construction performance falling below expected levels of output or efficiency;
(g) breakdown, aging or failure of equipment or processes;
(h) contractor or operator errors;
(i) labour disputes, disruptions or declines in productivity;
(j) inability to attract sufficient numbers of qualified workers;
(k) disruption in the supply of energy and utilities; or
(l) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

It is also possible that the ongoing costs of the Facility may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company, in which circumstancethe Company may curtail, or extend the timeframes for completing its business plans. This could have an adverse effect on the financial results of the Company.

c) Regulatory Risks

The Group operates in a new industry which is highly regulated and is in a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of themor be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. The Group's ability to grow, store and sell medical cannabis in Canada is dependent on the License to Sell from Health Canada and the need to maintain the License in good standing. Failure to comply with the requirements of the License or any failure to maintain this License would have a material adverse impact on the business, financial condition and operating results of the Group.

The Group will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of our operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Group's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations andfinancial condition of the Company.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Group's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Group's earnings and could make future capital investments or the Group's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannotbe reliably predicted.

The Group's business as a Licensed Producer represents a new industry and new market resulting from its regulated regime. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, a business involving an agricultural product and a regulated consumer product,the Group will need to continue to build brand awareness in the industry and market through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations.

These activities may not promote the Group's brand and products as effectively as intended. This new market and industry into which management is entering will have competitive conditions, consumer tastes,patient requirements and unique circumstances, and spending patterns that differ from existing markets.

Change in Laws, Regulations, and Guidelines.

The Group's proposed operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment. While to the knowledge of the Group's management, the Group is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Group may cause adverse effects to the Group's operations and the financial condition of the Group.

The risks to the business of the Group represented by regulatory issues are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical cannabis, perhaps allow others to opt out of the regulated supply system implemented through the ACMPR by growing their own medical cannabis, or potentially even legitimize illegal areas surrounding cannabis dispensaries. This could significantly reduce the addressable market for the Group's proposed products andcould materially and adversely affect the business, financial condition and results of operations for the Group.

While the impact of any of such changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected thatany such changes would have an effect on the Group's proposed operations that is materially different than the effect on similar sized companies in the same business as the Group.

In addition, the industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerousfactors that are beyond the Group's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Group's earnings and could make future capital investments or the Group's proposed operations uneconomic. The sudden start of legalization may result in dis-equilibriums between supply and demand causing rapid and sudden changes in prices and massive supply chain disruption. The impact of this potential development may be negative for the Company and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates.

Volatile Stock Price

The stock price of the Company is expected to be highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the medical cannabis industry. The Company cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Company's decisions related to future operations and will likely trigger major changes in the trading price of the Company's common shares.

Limited Operating History

While Abba was incorporated and began carrying on business in 2013, it is yet to generate any significant revenue. The Group is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Group will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

The Group has incurred losses in recent periods. The Group may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Group expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Group's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Risks Inherent in an Agricultural Business

The Group's business may, in the future, involve the growing of medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseasesand similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

The Group's medical cannabis growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Group and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of medical cannabis is the loss of important staff members. The Group is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of the Group will be dependent upon theability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Group's business, operating results or financial condition.

Insurance and Uninsured Risks

The Group's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Group maintains and intends to continue to maintain insurance to protect against certain risksin such amounts as it considers to be reasonable, the insurance markets are not favorable to the cannabis industry, including Directors and Officers insurance. In addition, insurance may not cover all the potential risks associated with its operations, including product liability claims. The Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Group is not generally available on acceptable terms. The Group might also become subject to liability for pollution or other hazards which may not be insured against or which the Group may elect not to insure against becauseof premium costs or other reasons. Losses from these events may cause the Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Reliance on a Single Facility

To date, the Group's proposed activities and resources have been primarily focused and will continue to be focused on the Facility for the foreseeable future. Adverse changes or developments affecting the Facility could have a material and adverse effect on the Group's business, financial condition and prospects.

In June 2020, the Company acquired ICM, a Licensed Producer in Quebec. This acquisition is intended to provide product mainly for the Quebec market, but can now provide an alternative to production in Pickering.

Difficulty to Forecast

The Group's must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Group.

Management of Growth

The Group may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Group to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Group to deal with this growth may have a material adverse effect on the Group'sbusiness, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Group to provide reliable financial reports and to help prevent fraud. Although the Group will undertake a number of procedures and will implement a number ofsafeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Group under Canadian securities law, the Group cannot be certain that such measures will ensure that the Group will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could ha rm the Group's results of operations or cause it to fail to meet its reporting obligations. If the Group or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Group's consolidated financial statements and materially adversely affect the trading price of the Group shares.

Litigation

The Group may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Group becomes involved be determined against the Group such a decision could adversely affect the Group's ability to continue operating and the market price the Group shares and could use significant resources. Even if the Group is involved in litigation and wins, litigation can redirect significant company resources.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

Limited Market for Securities

There can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Group.

Unfavorable Publicity or Consumer Perception

Management of the Group believes the medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception of the Group's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity thatare perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Group's proposed products and the business, results of operations, financial condition and cash flows of the Group. The Group's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Group, the demand for the Group's proposed products, and the business, results of operations,financial condition and cash flows of the Group. Further, adverse publicity reports or other media attentionregarding the safety, efficacy and quality of medical cannabis in general, or the Group's proposed productsspecifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

If licensed as a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. Although the Company has Product Liability insurance, the Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibitthe commercialization of the Company's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Ifany of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of theCompany. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal feesand other expenses.

Competition

The Federal Government has committed to the legalization of recreational cannabis in Canada, but regulatory changes are ongoing and the resulting impacts on recreational model for cannabis production and distribution may impact the medical cannabis market. The impact of this potential development may be negative for the Company and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates.

As a Licensed Producer, there is potential that the Company will face intense competition from other companies, some of which have operating histories, more financial resources, and more industry, manufacturing and marketing experience than the Company. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographicor other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Group.

Risk Factors Related to the United States

Investors are cautioned that in the United States, cannabis is largely regulated at the state level. To the

Company's knowledge, there are to date a total of 29 states, plus the District of Columbia, Puerto Rico and Guam that have legalized cannabis in some form, including Florida, Massachusetts and Ohio. Twelve states and Washington D.C. have legalized recreational cannabis in some form, including Massachusetts. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA and as such, violates federal law in theUnited States. Senators Elizabeth Warren and Cory Gardner have introduced a bipartisan Senate bill titled"Strengthening the Tenth Amendment Through Entrusting States (STATES) Act" that would lift the Controlled Substance Act's restrictions on cannabis in states that have written their own laws. However, there can be no assurances as to when this bill will pass, or if it will pass at all.

The United States Congress has passed appropriations bills in 2018 and each of the last three years that have not appropriated funds for prosecution of cannabis offenses of individuals who are in compliance withstate medical cannabis laws. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However,because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business even those that have fully complied with state law could be prosecuted for violations of federal law. And if Congressrestores funding, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the CSA's five-year statute of limitations.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Though the Company does not directly engage in activities that may be the subject of any such proceedings, its Knalysis division has a small portion of clientele that operates in Pennsylvania. The Company notes that revenue from such clientele currently does not comprisea material portion of the Company's consolidated revenues.

d) Going concern uncertainty risk

The consolidated financial statements 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 consolidated 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.

For the fifteen months period ended July 31, 2022 and April 30, 2021, the Company incurred a net loss of $11,093 and $11,365, and as at July 31, 2022, had an accumulated deficit of $68,899 and a working capital deficit of $8,690. Cash flow used in operations for the fifteen month period ended July 31, 2022 was $1,534. Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company will need to raise additional capital in order to fund its planned operations and meet its obligations. While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to do so in the future on terms favorable for the Company.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Management, including the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("**ICFR**") to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorizedacquisition, use or disposition of the Company's assets that could have a material effect on the Company'sFinancial Statements. Due to its inherent limitations, internal control over financial reporting and disclosuremay not prevent or detect all misstatements.

The CEO and CFO have evaluated whether there were changes to the ICFR during the fifteen months ended July 31, 2022 that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively referred to as "forward-looking information") which relate to future events or the Company's future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital requirements. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievementsexpressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to: fluctuations in thecurrency markets (such as the Canadian Dollar and the United States Dollar); changes in national and localgovernment, legislation, taxation, controls, regulations and political or economic developments in Canadaor other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of the production and distribution of medical cannabis (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; the presence of laws and regulations that may impose restrictions on the production and distribution of medical cannabis, including those currently enacted in Canada; employee relations; relationships with and claims by local communities; availability and increasing costs associated with operational inputs and labor; business opportunities that may be presented to, or pursued by, the Company; risks relating to the Company's ability to raise funds; and the factors identified under "Risk Factors" in this MD&A available under the Company's profile at www.sedar.com.

The forward looking information contained in this MD&A are based upon assumptions management believes to be reasonable including, without limitation: financing will be available for future working capital purposes and the completion of the construction of the Company's future production space; operating, and construction costs will not exceed management's expectations; all requisite regulatory andgovernmental approvals for construction projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favorable to the Company with respect to the medical cannabis industry; debt and equity markets and other applicableeconomic conditions will be favorable to the Company; the availability of equipment and qualified personnel to advance the Company's licensing and construction projects and; the execution of the Company's existing and future plans, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

All forward-looking-information contained in this MD&A is given as of the date hereof and is based uponthe opinions and estimates of management and information available to management as at the date hereof.The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

This MD&A was prepared as at November 28, 2022. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Chris Churchill-Smith	*(signed) Peili Miao* CPA, CGA
Chief Executive Officer	Chief Financial Officer

SCHEDULE D
FINANCIAL STATEMENTS OF MTL CANNABIS

Montreal Cannabis Médical Inc.

Condensed interim financial statements

For the three and nine months ended December 31, 2022 and 2021

[unaudited] [Expressed in Canadian dollars]

Montreal Cannabis Médical Inc.

Condensed interim statements of financial position
[expressed in Canadian dollars]

As at	Notes	**December 31, 2022 $**	March 31, 2022 $
ASSETS			
Current assets			
Cash		**979,748**	470,559
Trade and other receivables	3	**6,512,361**	6,918,695
Inventory	4	**7,358,612**	5,580,596
Biological assets	5	**1,659,012**	1,506,250
Prepaid expenses and deposits		**184,444**	165,928
		16,694,177	14,642,028
Non-current assets			
Right-of-use assets, net	6	**4,393,266**	5,078,755
Equipment, net	7	**3,582,893**	4,048,111
TOTAL ASSETS		**24,670,336**	23,768,894
LIABILITIES			
Current liabilities			
Trade and other payables		**7,366,030**	8,162,134
Income taxes payable		**894,796**	101,766
Lease obligations	6	**757,835**	649,724
Notes payable	8	**6,079,793**	2,041,820
Borrowings	9	**1,700,000**	1,500,000
		16,798,454	12,455,444
Non-current liabilities			
Lease obligations	6	**4,688,107**	5,226,263
Borrowings	9	**60,000**	52,652
Deferred tax liability		**1,250,929**	2,281,178
		22,797,490	20,015,537
SHAREHOLDERS' EQUITY			
Share capital	10	**100**	100
Contributed surplus		**111,430**	111,430
Retained earnings (deficit)		**1,761,316**	3,641,827
		1,872,846	3,753,357
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**24,670,336**	23,768,894

Contingencies 13

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

Montreal Cannabis Médical Inc .

Condensed interim statements of loss and comprehensive loss

[expressed in Canadian dollars, except number of shares]

	Notes	Three months ended December 31, 2022 $	Three months ended December 31, 2021 $	Nine months ended December 31, 2022 $	Nine months ended December 31, 2021 $
Revenue					
Product revenue		**8,695,241**	6,847,359	**20,533,045**	19,794,696
Less excise tax		**(1,972,421)**	(977,996)	**(4,157,311)**	(2,824,515)
		6,722,820	5,869,363	**16,375,734**	16,970,181
Cost of sales		**4,249,846**	2,272,802	**9,097,561**	6,509,729
Gross profit before fair value adjustments		**2,472,974**	3,596,561	**7,278,173**	10,460,452
Unrealized gain on biological assets	5	**1,247,445**	2,807,971	**4,934,096**	9,647,670
Realized gain on sale of inventory		**(1,415,015)**	(2,709,983)	**(5,985,619)**	(6,498,676)
Gross profit		**2,305,404**	3,694,549	**6,226,650**	13,609,446
Operating expenses					
General and administrative	12	**3,475,344**	1,121,112	**5,820,497**	2,523,520
Sales and marketing		**174,624**	612,091	**768,734**	2,053,956
Depreciation	6,7	**286,497**	170,458	**553,473**	503,220
		3,936,465	1,903,661	**7,142,704**	5,080,696
Operating (loss) income		**(1,631,061)**	1,790,888	**(916,054)**	8,528,750
Finance expense, net	9	**532,920**	319,284	**1,418,162**	963,315
Other loss (income)		**(185,286)**	(8,166)	**(216,486)**	(9,233)
(Loss) income before income taxes		**(1,978,695)**	1,479,770	**(2,117,730)**	7,574,668
Income tax (recovery) expense		**(237,219)**	392,139	**(237,219)**	2,007,287
Net (loss) income and comprehensive income for the period		**(1,741,476)**	1,087,631	**(1,880,511)**	5,567,381
Income per share - basic and diluted		**$ (174.15)**	$ 108.76	**$ (188.05)**	$ 556.74
Weighted average number of common shares outstanding - basic and diluted		**10,000**	10,000	**10,000**	10,000

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

Montreal Cannabis Médical Inc.

Condensed interim statements of changes in shareholders' equity

For the nine months ended December 31, 2022 and 2021

[expressed in Canadian dollars, except number of shares]

	Common shares		Contributed surplus	Retained earnings	Total
	#	$	$	$	$
Balance as at March 31, 2021	10,000	100	111,430	1,440,182	1,551,712
Net income	—	—	—	5,567,381	5,567,381
Balance as at December 31, 2021	10,000	100	111,430	7,007,563	7,119,093
Balance as at March 31, 2022	10,000	100	111,430	3,641,827	3,753,357
Net loss	—	—	—	(1,880,511)	(1,880,511)
Balance as at December 31, 2022	**10,000**	**100**	**111,430**	**1,761,316**	**1,872,846**

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

Montreal Cannabis Médical Inc.

Condensed interim statements of cash flows
[expressed in Canadian dollars]

For the nine months ended December 31,	Notes	2022 $	2021 $
Operating activities:			
Net (loss) income for the period		**(1,880,511)**	5,567,381
Add (deduct) items not affecting cash			
Deferred tax expense		**(1,030,249)**	2,007,287
Depreciation		**1,282,862**	1,451,460
Change in fair value adjustments on inventory sold		**5,985,619**	6,498,676
Change in fair value of biological assets		**(4,934,096)**	(9,647,670)
Provision for credit losses		**2,156,848**	—
Finance expense		**1,266,314**	847,259
		2,846,787	6,724,393
Changes in non-cash working capital items:			
Trade and other receivables		**(1,254,055)**	(2,797,368)
Inventory		**(7,668,818)**	(10,742,606)
Biological assets		**4,781,334**	10,078,537
Prepaid expenses and deposits		**(18,516)**	(19,541)
Trade and other payables		**(503,741)**	337,814
Income taxes payable		**793,030**	—
Cash flows (used in) provided by operating activities		**(1,023,979)**	3,581,229
Investing activities:			
Purchase of equipment		**(478,745)**	(1,892,045)
Change in loans receivable		**(496,459)**	(1,009,666)
Cash flows used in investing activities		**(975,204)**	(2,901,711)
Financing activities:			
Proceeds from notes payable		**5,995,000**	1,815,739
Proceeds from borrowings		**200,000**	—
Repayment of notes payable		**(2,494,881)**	(1,329,134)
Repayment of lease obligations		**(1,191,747)**	(1,168,143)
Cash flows provided by (used in) financing activities		**2,508,372**	(681,538)
Net change in cash during the period		**509,189**	(2,020)
Cash, beginning of the period		**470,559**	145,053
Cash, end of the period		**979,748**	143,033

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

1 Nature of business

Montreal Cannabis Médical Inc. (the "Company" or “MTL Cannabis”) was incorporated on April 27, 2017, under the Canada Business Corporations Act. The Company is a Health Canada licensed cultivator and processor. The Company received their license to cultivate and process cannabis on February 7, 2020. The Company also received their license to sell dried cannabis on February 22, 2022.

The Company’s head office and principal place of business is located at 4225 Autoroute Transcanadienne, Pointe-Claire, Québec, Canada, H9R 1B4.

2 Basis of preparation

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 March 31, 2022. 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 March 31, 2022.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 31, 2023.

Functional currency and presentation currency

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

Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates are based on management’s best knowledge of current events and actions 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 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 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.

In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1). The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants.

The amendments are effective for annual periods beginning on or after January 1, 2024. 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.

(expressed in Canadian dollars, except share amounts)

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.

New standards, amendments and interpretations adopted by the Company

IAS 37 Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (*"IAS 37"*), to 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 did not have an impact on the Financial Statements.

IFRS 3, Business Combinations ("IFRS 3")

Amendments to IFRS 3 were issued in May 2020, the amendments update references within IFRS 3 to the 2018 Conceptual Framework and require that the principles in IAS 37 - Provisions, Contingent Liabilities and Contingent Assets be used to identify liabilities and contingent assets arising from business combination. The amendments did not have an impact on the Financial Statements.

3 Trade and other receivables

The Company's trade and other receivables include the following:

	December 31, 2022	March 31, 2022
	$	$
Trade receivables	**7,526,320**	7,180,298
		—
SR&ED receivables	**74,780**	235,015
Less: expected credit losses	**(1,088,739)**	(496,618)
	6,512,361	6,918,695

The Company's loan receivables include the following:

	December 31, 2022	March 31, 2022
	$	$
Accrued interest	**40,048**	-
Advances	**2,947,332**	1,400,000
Allowance for credit losses	**(2,987,380)**	(1,400,000)
	-	-

(expressed in Canadian dollars, except share amounts)

4 Inventory

The Company's inventory consists of the following:

	December 31, 2022	March 31, 2022
	$	$
Harvested cannabis	**9,151,074**	7,554,103
Purchased cannabis	**712,268**	606,382
Carrying value	**9,863,342**	8,160,485
Less: provision	**(2,504,730)**	(2,579,889)
	7,358,612	5,580,596

During the three and nine months ended December 31, 2022, the Company expensed $4,249,846 and $9,097,561 respectively, of inventory (December 31, 2021 - $2,272,802 and $6,509,729). During the three and nine months ended December 31, 2022, the Company expensed $245,523 and $729,389, respectively, of inventoried depreciation costs to cost of sales (December 31, 2021 – $269,228 and $948,240). During the three and nine months ended December 31, 2022, the Company recorded $261,875 and $703,420, respectively, (December 31, 2021 – $136,101 and $136,101) of inventory write-downs that were included in cost of sales. During the three and nine months ended December 31, 2022, the Company recorded $140,540 of inventory impairment reversals that were included as a reduction to cost of sales (December 31, 2021 – $nil).

As of December 31, 2022, inventory includes $545,422 of inventoried depreciation costs (March 31, 2022 – $485,214).

5 Biological assets

Biological assets consist of cannabis on plants. The changes in the carrying value of biological assets are as follows:

	$
Balance – March 31, 2021	2,004,951
Production costs capitalized	4,110,586
Changes in fair values less costs to sell due to biological transformation	12,199,876
Transferred to inventory upon harvest	(16,809,163)
Balance – March 31, 2022	1,506,250
Production costs capitalized	3,168,441
Changes in fair values less costs to sell due to biological transformation	4,934,096
Transferred to inventory upon harvest	(7,949,775)
Balance – December 31, 2022	**1,659,012**

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price less costs to sell per gram.

The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The Company's method of accounting for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from initial cloning to the point of harvest.

(expressed in Canadian dollars, except share amounts)

The following table quantifies each significant unobservable input, and also provides the impact a 10% increase/decrease in each input would have on the fair value of biological assets:

		As at December 31, 2022		As at March 31, 2022	
	Assumption:	**Input**	**10% change**	**Input**	**10% change**
i	Weighted average of expected loss of plants until harvest [a]	9%	$16,133	16%	$29,318
ii	Expected yields (dry grams of cannabis per plant) [b]	624 grams	$166,349	668 grams	$150,625
iii	Weighted average number of growing weeks completed as a percentage of total growing weeks as at year-end	53%	$166,349	45%	$150,625
iv	Estimated selling price (per gram) [c]	$2.06 per gram dried flower	$250,997	$2.24 per gram dried flower	$222,161
v	After harvest cost to complete and sell (per gram)	$0.69 per gram dried flower	$84,648	$0.72 per gram dried flower	$71,536

[a] Weighted average of expected loss of plants until harvest represents loss via plants that do not survive to the point of harvest. It does not include any financial loss on a surviving plant.

[b] Expected average yields for cannabis plants vary based on the mix of strains and number of plants existing at each reporting date. As at December 31, 2022 and March 31, 2022, it was expected the Company's biological assets would yield 624 and 668 grams of dried flower per plant, respectively.

[c] The estimated selling price (per gram) represents the actual average sales price for the Company’s strains sold as bulk products.

The Company estimates the harvest yields for cannabis at various stages of growth. As of December 31, 2022 and March 31, 2022, it is expected that the Company’s biological assets will yield approximately 2,309,097 and 2,220,432 grams of dry cannabis flower, respectively, when harvested. The fair value adjustments on biological assets are presented separately on the statements of income and comprehensive income.

The Company's estimates, by their nature, are subject to changes that could result from volatility of market prices, unanticipated regulatory changes, harvest yields, loss of crops, changes in estimates and other uncontrollable factors that could significantly affect the future fair value of biological assets.

6 Leases

Right-of-use asset

Cost	**$**
Balance –March 31, 2021	6,676,829
Additions	157,304
Disposals	(178,234)
Balance – March 31, 2022	6,655,899
Additions	40,591
Balance – December 31, 2022	**6,696,490**
Accumulated depreciation	
Balance –March 31, 2021	660,817
Depreciation	963,694
Disposals	(47,367)
Balance – March 31, 2022	1,577,144
Depreciation	726,080
Balance – December 31, 2022	**2,303,224**
Net Balance – March 31, 2022	5,078,755
Net Balance – December 31, 2022	**4,393,266**

(expressed in Canadian dollars, except share amounts)

The Company's right-of-use assets consist of premises and vehicles. During the three and nine months ended December 31, 2022, the Company allocated $66,386 and $199,156, respectively, (December 31, 2021 – $66,386 and $199,156) of depreciation expense to the production of biological assets and inventory. During the three and nine months ended December 31, 2022, the Company allocated $10,446 and $28,204, respectively, (December 31, 2021 – $8,887 and $17,970) of depreciation expense to cost of sales.

Lease obligations

	$
Balance – March 31, 2021	6,385,907
Additions	157,304
Interest accretion	1,038,755
Lease repayments	(1,581,526)
Loss on early termination	35,875
Disposals	(160,328)
Balance – March 31, 2022	5,875,987
Additions	40,591
Interest accretion	721,111
Lease repayments	(1,191,747)
Balance – December 31, 2022	**5,445,942**
Current	**757,835**
Non-current	**4,688,107**

For its leased premises, the Company hypothecates all of its equipment and other moveable effects to its landlord up to the market value equivalent of one years' rent as security against the lease obligation.

7 Equipment

	Equipment and supplies	Computer Equipment	Leasehold Improvements	Total
	$	$	$	$
Cost				
Balance, March 31, 2021	5,514,647	13,432	—	5,528,079
Additions	792,195	28,400	16,500	837,095
Disposals	(553,780)	(20,008)	—	(573,788)
Balance, March 31, 2022	5,753,062	21,824	16,500	5,791,386
Additions	105,897	8,646	11,797	126,340
Balance, December 31, 2022	**5,858,959**	**30,470**	**28,297**	**5,917,726**
Accumulated depreciation				
Balance, March 31, 2021	974,578	3,083	—	977,661
Depreciation	891,335	4,071	1,375	896,781
Disposals	(127,961)	(3,206)	—	(131,167)
Balance, March 31, 2022	1,737,952	3,948	1,375	1,743,275
Depreciation	584,153	4,734	2,671	591,558
Balance, December 31, 2022	**2,322,105**	**8,682**	**4,046**	**2,334,833**
Carrying value				
Balance, March 31, 2022	4,015,110	17,876	15,125	4,048,111
Balance, December 31, 2022	**3,536,854**	**21,788**	**24,251**	**3,582,893**

During the three and nine months ended December 31, 2022, the Company allocated $86,303 and $565,009, respectively, (December 31, 2021 – $262,964 and $624,599) of depreciation expense to the production of biological assets and inventory.

(expressed in Canadian dollars, except share amounts)

8 Notes payable

The following table presents the notes payable for the Company:

	December 31, 2022	March 31, 2022
	$	$
Balance – Beginning of year	**2,041,820**	2,025,463
Advances	**5,995,000**	2,127,803
Interest expense	**537,854**	84,840
Repayments	**(2,494,881)**	(2,196,286)
Balance – End of year	**6,079,793**	2,041,820
Current	**6,079,793**	2,041,820
Non-current	**—**	—

Notes payable are due to certain shareholders and related parties of the Company. During the period, the Company received additional advances from existing noteholders of $5,995,000, under the same terms and conditions. The notes payable bear interest ranging from 0% to 5% per annum and are unsecured. As of December 31, 2022, $6,079,793 (2022 – $1,805,592) of notes payable were due on demand. The Company has pledged the following security for the loan: $500,000 of movable hypothecs, each encumbering 10% of the issued shares of the Company, corresponding to 1,000 shares held by certain shareholders of the Company. As at December 31, 2022, the Company was in compliance with the covenant. The notes payable are classified at amortized cost and accounted for using the effective interest rate method.

9 Borrowings

The following table presents the borrowings for the Company:

	December 31, 2022	March 31, 2022
	$	$
Biofloral Loan [i]	**1,700,000**	1,500,000
Canada Emergency Business Account Loan [ii]	**60,000**	52,652
Total borrowings	**1,760,000**	1,552,652

[i] Biofloral Loan

In July 2019, the Company entered into a $1,500,000 loan agreement with 9204-2761 Québec Inc. (“Biofloral”), an unrelated party**.** The loan matures in July 2022. In April 2022, Biofloral provided additional funding of $200,000, at the same terms, and due on demand. Both parties agreed to extend the terms beyond the maturity date of July 2022 on a month to month basis. The loan is secured against the Company’s equipment. The loan accrues interest at 7% for the first 24 months and 10% thereafter. The Company is required to remit monthly payments of interest with principal balance due at maturity. The loan is classified at amortized cost and accounted for using the effective interest rate method. During the three and nine months ended December 31, 2022, the Company incurred $42,840 and $126,438 of interest expense, respectively (December 31, 2021 – $37,808 and $99,822).

The company has pledged up to $1,850,000 of movable hypothec as security on the loan encumbering the totality of the tangible and intangible movable property of the Company. As part of the loan, the Company is required to remain under control of the Michel Clement Family Trust, an entity under control of the Company’s Chief Operating Officer, and the Richard Clement Family Trust, an entity under control of the Company’s CEO. As at December 31, 2022, the Company was in compliance with the covenant.

[ii] Canada Emergency Business Account Loan

The Company received $40,000 in May 2020 and $20,000 in December 2020 through the Canada Emergency Business Account program (“CEBA”). The loans are interest free. The CEBA was launched by the government of Canada in response to the global COVID-19 health crisis. If the loans are repaid in full by December 31, 2023, $20,000 of the loan will be forgiven. If the loan is not repaid by December 31, 2023, it will be converted into a 3-year term loan bearing interest at 5%, due December 31, 2025.

(expressed in Canadian dollars, except share amounts)

The loan was classified at amortized cost and accounted for using the effective interest rate method. The benefit of the government loan received at below market rate of interest is treated as a government grant. The loan is recognized at fair value using the Company's incremental borrowing rate of 17%. The difference between the initial carrying amount and the proceeds received of $20,229 was recognized as a government grant and is included in other income on the statements of income and comprehensive income. During the three and nine months ended December 31, 2022, the Company incurred $2,348 and $7,348 of interest expense, respectively (December 31, 2021 – $2,025 and $6,075).

Finance expense for the three and nine months ended December 31, 2022 and 2021 consists of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Interest on lease obligations	**234,618**	257,884	**721,111**	788,551
Interest on notes payable	**227,694**	21,567	**537,854**	68,867
Interest on borrowings	**45,197**	39,833	**133,786**	105,897
Other finance expenses	**25,411**	—	**25,411**	—
	532,920	319,284	**1,418,162**	963,315

10 Share capital

Authorized

The Company has authorized capital consisting of an unlimited number of common shares with no par value.

Issued and outstanding

	Common shares	
	#	**$**
Balance – December 31, 2022 and March 31, 2022	10,000	100

11 Income per share

The Company presents basic and diluted earnings per share ("EPS") data for its shares. Basic EPS is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting net income and the weighted average number of common shares outstanding, for the effects of all dilutive potential shares. For the period ended December 31, 2022 and 2021, the Company did not have any other potential dilutive instruments outstanding.

12 Nature of expenses

General and administrative expenses for the three and nine ended December 31, 2022 and 2021 consists of the following:

	For the three months ended December 31,		For the nine months ended December 31,	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Salaries, wages and benefits	**677,025**	617,939	**2,183,196**	1,742,495
General operating	**2,428,912**	216,032	**2,733,275**	494,143
Occupancy costs / (recovery)	**—**	(60,796)	**—**	(209,893)
Professional fees	**369,407**	347,937	**904,026**	496,775
	3,475,344	1,121,112	**5,820,497**	2,523,520

For the three and nine months ended December 31, 2022 the Company recognized through cost of sales $1,024,283 and $3,323,746, respectively, (December 31, 2021 – $940,581 and $2,652,300) of salaries, wages and benefits that was capitalized to the production of biological assets and inventory.

13 Commitments and contingencies

Commitments

In May 2022, the Company provided a financial guarantee in relation to a mortgage entered into by 9336-4644 Quebec Inc. (the "Lessor"), a company under common control. The Lessor owns the real estate of 4225 Transcanadienne Highway and 815 Tecumseh Ave and leases the premises to the Company for the purposes of conducting their business operations.

The Company has guaranteed all outstanding obligations of the Lessor, related to this mortgage, which includes any interest payments, accrued and unpaid interest and/or penalties in the occurrence of any default event. The Company is required to settle any outstanding obligations through cash payment. The mortgage is secured by the real estate, and total amounts outstanding and payable by the Lessor under the mortgage as at December 31, 2022 were $16,130,000.

As at December 31, 2022, the Company has recognized $nil amounts relating to this guarantee.

Contingencies

In the ordinary course of business, from time to time, the Company is involved in various claims related to operations, rights, commercial, employment or other claims. While the outcome of these matters may not be estimable at the reporting date, the Company makes provision, where possible, for the estimate outcome of such claims or proceedings.

Former employee

In April 2022, a former employee filed a claim against the Company for unjust dismissal. The amount being claimed is approximately $250,000. Management cannot estimate the magnitude of the liability at this time and as such has not recognized in a provision in these financial statements with respect to this matter.

14 Related party transactions

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

During the period ended December 31, 2022, the Company made sales to a related party totaling $14,027,457 (December 31, 2021 - $1,472,621) to a company that is owned 49.99% by the Chief Cultivation Officer and the Chief Operating Officer. As of December 31, 2022, the Company had an outstanding receivable balance of $6,272,726 (March 31, 2022 – $2,489,620). During the period ended December 31, 2022, an amount of $1,043,968 of trade receivables was converted into a loan receivable.

As of December 31, 2022, the Company had an outstanding loan receivable balance of $1,947,332 (March 31, 2022 – $406,904) from a company that is owned 49.99% by the Chief Cultivation Officer and recorded in trade and other receivables (note 3). The loan charges interest at a rate of 8% per annum and is due on demand.

As of December 31, 2022, the Company had an outstanding loan receivable balance of $1,040,048 (March 31, 2022 – $1,017,548) from a company that is owned 49.99% by the Chief Cultivation Officer and recorded in trade and other receivables (note 3). The loan charges interest at a rate of 3% per annum and is due on demand.

Compensation expense which consists of salaries and benefits for the Company's key management personnel for the period ended December 31, 2022, was $369,859 (December 2021 – $406,552).

During the period ended December 31, 2022, the Company made rental and lease payments totaling $1,150,488 (December 31, 2021 – $1,132,488) to a company that is controlled by the Chief Cultivation Officer and the Chief Operating Officer. As of December 31, 2022, the Company had an outstanding lease liability of $5,289,684 (March 31, 2022 – $5,738,686).

During the period ended December 31, 2022, the Company purchased $1,829,956 (2022 – $1,481,856) of equipment and services at market rates from a company that is controlled by the Chief Cultivation Officer and the Chief Operating Officer. As of December 31, 2022, the Company had an outstanding balance of $442,603 (March 31, 2022 – $2,074,919) recorded in trade and other payables.

During the period ended December 31, 2022, the Company was advanced $5,450,000 (2021 – $1,420,000) and repaid $2,189,525 (2022 – $1,077,000) of notes payable from a Company controlled by the Chief Cultivation Officer and the Chief Operating Officer. As of December 31, 2022, the Company had an outstanding balance payable of $5,132,613 (2022 – $1,417,290) recorded in notes payable (note 9). The balance payable is non-interest bearing and due on demand. As of June 30, 2022, the note is interest bearing at a rate of 17% per annum. Prior to this period the interest was non-interest bearing.

During the period ended December 31, 2022, the Company was advanced $545,000 (December 31, 2021 – $522,784) and repaid $55,356 (December 31, 2021 – $229,281) of notes payable from a Company controlled by the Chief Cultivation Officer and the Chief Operating Officer. As of December 31, 2022, the Company had an outstanding balance of $941,372 (March 31, 2022 – $382,495) recorded in notes payable (note 8). The balance payable is non-interest bearing and due on demand. As of June 30, 2022, the note is interest bearing at a rate of 17% per annum. Prior to this period the interest was non-interest bearing.

During the year ended March 31, 2020, the Company was advanced $400,975 from the Chief Cultivation Officer. During the period ended December 31, 2022, the Company repaid $nil (March 31, 2022 – $104,986). As of December 31, 2022, the Company had an outstanding balance of $5,807 (March 31, 2022 – $5,807) due to the Chief Cultivation Officer and recorded in notes payable (note 8). The balance payable is non-interest bearing and due on demand.

Montreal Cannabis Médical Inc.

Financial statements

For the years ended March 31, 2022 and 2021

[Expressed in Canadian dollars]

To the Shareholders of Montreal Cannabis Medical Inc.:

Opinion

We have audited the financial statements of Montreal Cannabis Medical Inc. (the "Company"), which comprise the statements of financial position as at March 31, 2022 and March 31, 2021, and the statements of net income and comprehensive income, changes in shareholders equity' and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and March 31, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the 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.

Responsibilities of Management for the Financial Statements

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

In preparing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

MNP S.E.N.C.R.L., s.r.l./LLP
1155, boulevard René-Lévesque Ouest, 23e étage, Montréal (Québec) H3B 2K2 1.888.861.9724 Tél. : 514.861.9724 Téléc. : 514.861.9446

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 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 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 financial statements, including the disclosures, and whether the 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Montréal, Québec

MNP LLP [1]

May 12, 2023

[1] FCPA auditor, public accountancy permit no. A122514

Montreal Cannabis Médical Inc.

Statements of financial position
[expressed in Canadian dollars]

As at	Notes	**March 31, 2022** $	March 31, 2021 $
ASSETS			
Current assets			
Cash		**470,559**	145,053
Trade and other receivables	4	**6,918,695**	2,243,022
Inventory	5	**5,580,596**	2,388,541
Biological assets	6	**1,506,250**	2,004,951
Prepaid expenses and deposits		**165,928**	16,898
		14,642,028	6,798,465
Non-current assets			
Right-of-use assets, net	7	**5,078,755**	6,016,012
Equipment, net	8	**4,048,111**	4,550,418
TOTAL ASSETS		**23,768,894**	17,364,895
LIABILITIES			
Current liabilities			
Trade and other payables		**8,162,134**	5,358,193
Income taxes payable		**101,766**	—
Lease obligations	7	**649,724**	522,768
Notes payable	9	**2,041,820**	2,025,463
Borrowings	10	**1,500,000**	—
		12,455,444	7,906,424
Non-current liabilities			
Lease obligations	7	**5,226,263**	5,863,139
Borrowings	10	**52,652**	1,544,474
Deferred tax liability	14	**2,281,178**	499,146
		20,015,537	15,813,183
SHAREHOLDERS' EQUITY			
Share capital	11	**100**	100
Contributed surplus		**111,430**	111,430
Retained earnings (deficit)		**3,641,827**	1,440,182
		3,753,357	1,551,712
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**23,768,894**	17,364,895

Contingencies	15
Subsequent events	19

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

Approved by:

“signed”
Michael Perron

Montreal Cannabis Médical Inc.

Statements of income and comprehensive income
[expressed in Canadian dollars, except number of shares]

For the years ended March 31,	Notes	2022 $	2021 $
Revenue			
Product revenue		**26,073,865**	14,015,987
Less excise tax		**(3,922,575)**	(657,934)
		22,151,290	13,358,053
Cost of sales		**11,180,573**	8,535,878
Gross profit before fair value adjustments		**10,970,717**	4,822,175
Fair value adjustments on biological assets	6	**12,199,876**	3,583,039
Fair value adjustments on sale of inventory		**(8,621,680)**	(3,065,583)
Gross profit		**14,548,913**	5,339,631
Operating expenses			
General and administrative	13	**5,839,052**	1,867,053
Sales and marketing		**2,509,869**	889,257
Depreciation	7,8	**666,490**	554,810
		9,015,411	3,311,120
Operating income		**5,533,502**	2,028,511
Finance expense, net	10	**1,286,899**	1,096,971
Other loss (income)		**161,160**	(55,451)
Income before income taxes		**4,085,443**	986,991
Income tax expense	14	**1,883,798**	272,008
Net income and comprehensive income for the year		**2,201,645**	714,983
Income per share - basic and diluted		**$ 220.16**	$ 71.50
Weighted average number of common shares outstanding - basic and diluted		**10,000**	10,000

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

Montreal Cannabis Médical Inc.

Statements of changes in shareholders' equity

For the years ended March 31, 2022 and 2021

[expressed in Canadian dollars, except number of shares]

	Common shares		**Contributed surplus**	**Retained earnings**	**Total**
	#	$	$	$	$
Balance as at March 31, 2020	10,000	100	111,430	725,199	836,729
Net income	—	—	—	714,983	714,983
Balance as at March 31, 2021	10,000	100	111,430	1,440,182	1,551,712
Net income	—	—	—	2,201,645	2,201,645
Balance as at March 31, 2022	**10,000**	**100**	**111,430**	**3,641,827**	**3,753,357**

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

Montreal Cannabis Médical Inc.

Statements of cash flows
[expressed in Canadian dollars]

For the year ended March 31,	2022 $	2021 $
Operating activities:		
Net income for the period	**2,201,645**	714,983
Add (deduct) items not affecting cash		
Deferred tax expense	**1,782,032**	272,008
Depreciation	**1,847,533**	1,164,738
Change in fair value adjustments on inventory sold	**8,621,680**	3,065,583
Change in fair value of biological assets	**(12,199,876)**	(3,583,039)
Expected credit losses	**1,896,618**	—
Other (income) loss	**197,366**	(20,229)
Finance expense	**1,131,773**	1,088,335
	5,478,771	2,702,379
Changes in non-cash working capital items:		
Trade and other receivables	**(5,172,291)**	(1,833,581)
Inventory	**(11,800,793)**	(3,345,188)
Biological assets	**12,698,577**	2,502,696
Prepaid expenses and deposits	**(122,080)**	3,291
Trade and other payables	**4,450,542**	2,921,465
Income taxes payable	**101,766**	—
Deferred revenue	**—**	(509,909)
Cash flows provided by operating activities	**5,634,492**	2,441,153
Investing activities:		
Proceeds on sale of equipment	**35,000**	—
Purchase of equipment	**(2,293,977)**	(1,411,546)
Issuance of loans receivable	**(1,400,000)**	—
Cash flows used in investing activities	**(3,658,977)**	(1,411,546)
Financing activities:		
Proceeds from notes payable	**2,127,803**	702,765
Proceeds from borrowings	**—**	60,000
Repayment of notes payable	**(2,196,286)**	(690,123)
Repayment of borrowings	**—**	(104,928)
Repayment of lease obligations	**(1,581,526)**	(1,150,452)
Cash flows used in financing activities	**(1,650,009)**	(1,182,738)
Net change in cash during the year	**325,506**	(153,131)
Cash, beginning of the year	**145,053**	298,184
Cash, end of the year	**470,559**	145,053

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

1 Nature of business

Montreal Cannabis Médical Inc. (the "Company" or “MTL Cannabis”) was incorporated on April 27, 2017, under the Canada Business Corporations Act. The Company is a Health Canada licensed cultivator and processor. The Company received its license to cultivate and process cannabis on February 7, 2020. The Company also received its license to sell dried cannabis on February 22, 2022.

The Company’s head office and principal place of business is located at 4225 Autoroute Transcanadienne, Pointe-Claire, Québec, Canada, H9R 1B4.

Impact of COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19,” had resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and social distancing, had caused material disruption to businesses globally, resulting in an economic slowdown. Governments and central banks had reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company’s business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. COVID-19 did not have a material impact on the operations or financial results of the Company for the years ended March 31, 2022 and 2021.

2 Basis of preparation

Statement of compliance

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The policies set out below have been consistently applied to all periods presented, unless otherwise noted.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 12, 2023.

Basis of measurement

These financial statements have been prepared on a historical cost basis, with the exception of certain financial instruments measured at fair value on initial recognition and biological assets which are measured at fair value less cost to sell. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services received.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value, but are not fair value, such as value in use in *IAS 36 Impairment of Assets*.

Functional currency and presentation currency

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

Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates are based on management's best knowledge of current events and actions 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.

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- Leases

  Measurement of right-of-use assets and lease liabilities require judgment in determining lease terms, such as assessing the likelihood of exercising extension options and determination of the appropriate discount rate. In the case where an incremental borrowing rate is used, the Company estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated. Renewal options are only included if management is reasonably certain that the option will be renewed.

- Inventories

  Inventories are valued at the lower of cost and net realizable value. The costs of inventory involve estimates in determining the allocation of fixed and variable production overhead. These estimates include determination of normal production capacity and nature of expenses to be allocated. In assessing the recoverability of final inventory values, management compares the inventory cost to estimated net realizable value. Management records a provision to inventory to the extent the cost of inventory exceeds the estimated net realizable value.

- Valuation of the fair value less costs to sell of biological assets

  In calculating the value of the biological assets, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, average or expected selling prices and list prices and expected yields for the cannabis plants.

- Depreciation and impairment of equipment

  Depreciation of equipment is dependent on estimates of useful lives and residual values, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent on estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

- Trade and other receivables

  The recognition of trade and other receivables and loss allowances requires the Company to assess credit risk and collectability. The Company considers historical trends and any available information indicating a customer could be experiencing liquidity or going concern problems and the status of any contractual or legal disputes with customers in performing this assessment. The Company's provision is based on its historical credit loss experiences, adjusted for forward-looking factors specific to the debtors and the economic environment, including the potential impact of the COVID-19 pandemic.

- Financial guarantee

  Financial guarantee contracts issued by the Company represent a financial liability initially recognized at fair value, which is determined using a valuation method that quantifies the economic benefit of the financial guarantee to the holder. Subsequently, the Company is required to determine the fair value in accordance with an expected credit loss model. Management judgment is required in determining the appropriate discount rates to present value the cash flows, which takes into consideration the credit risk of the guarantee holder and the expected value of any collateral attached with the loan arrangement.

3 Summary of significant accounting policies

[a] Revenue Recognition

The Company's accounting policy for revenue recognition under IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), is to follow a five-step model to determine the amount and timing of revenue to be recognized by applying the following steps:

i) identify the contract with a customer;
ii) identify the performance obligations in the contract;
iii) determine the transaction price;
iv) allocate the transaction price to the performance obligations in the contract; and
v) recognize revenue when (or as) the Company satisfies a performance obligation.

Revenue from the sale of cannabis is recognized when the Company transfers control of the good to the customer. This is generally considered to have occurred when products have been delivered to the location specified in the sales contract and accepted by the customer. The Company recognizes deferred revenue when proceeds are received but not earned. Revenue is recognized when the products are transferred to the customer and the Company's performance obligations have been fulfilled.

The Company recognizes revenue in an amount that reflects the consideration the Company expects to receive taking into account any variation that may result from rights of return and discounts.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company is acting as the principal or an agent in these transactions with resellers and involves judgment based on an evaluation of the terms of each arrangement. While none of the factors individually are considered presumptive or determinative, in reaching conclusions on gross versus net revenue recognition, management places the most weight on the analysis of whether the Company controls and are responsible for the condition of the goods until they are ultimately sold to the end customer.

Areas of judgment include identifying the customer per the definition within IFRS 15 and determining whether control has passed to the customer.

[b] Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

- Financial assets

  On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (''FVOCI''), or fair value through profit and loss (''FVTPL''). The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

  A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

  - It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

- Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial liabilities as either financial liabilities at FVTPL or amortized cost.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL are stated at fair value with changes being recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

- Financial liabilities and equity instruments

    - Classification as debt or equity

    Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The Company does not reclassify financial liabilities or equity after initial recognition due to a change in circumstance.

    - Equity instruments

    An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

    Repurchase of the Company’s own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

- Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics and management intent as outlined below:

Classification	
Cash	Amortized cost
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost

Notes payable	Amortized cost
Borrowings	Amortized cost
Financial guarantee	FVTPL

- Impairment of financial assets

  An expected credit loss ("ECL") model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade and other receivables. The Company applies the simplified approach to impairment for trade and other receivables by recognizing a loss allowance based on lifetime expected losses at each reporting date taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions. The Company has assessed the impairment of its trade and other receivables using the expected credit loss model, and no material difference was noted. The Company applies the general approach when assessing impairment for loans receivable based on the lifetime expected credit losses.

- Financial guarantee

  Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

  - The amount determined in accordance with the expected credit loss model under IFRS 9, Financial Instruments ("IFRS 9") and
  - The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15.

  The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

[c] Cash

Cash includes deposits held with major financial institutions.

[d] Biological assets

While the Company's biological assets are within the scope of *IAS 41 Agriculture*, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in *IAS 2 Inventories*. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies consumed throughout the growing process. Indirect labour for individuals involved in the growing and quality control process is also included, as well as depreciation on production equipment and overhead costs such as rent to the extent it is associated with the growing space. All direct and indirect costs of biological assets are capitalized as they are incurred, and they are all subsequently recorded within "cost of sales" in the statements of income and comprehensive income in the period that the related product is sold. Unrealized fair value gains on growth of biological assets are recorded in a separate line on the face of the statements of income and comprehensive income. Biological assets are measured at their fair value less costs to sell on the statements of financial position.

[e] Inventories

The direct and indirect costs of inventory initially include the fair value of the biological asset at the time of harvest. They also include subsequent costs such as materials, labour and depreciation expense on equipment involved in packaging, labeling and inspection. Cost is determined using the weighted average method. All direct and indirect costs related to inventory are capitalized as they are incurred and they are subsequently recorded within "cost of sales" in the statements of income and comprehensive income at the time cannabis is sold, except for realized fair value amounts included in inventory sold, which are recorded as a separate line on the face of the statements of income and comprehensive income. Inventory is measured at the lower of cost or net realizable value on the statements of financial position.

[f] Equipment

Equipment is measured at cost less accumulated depreciation and impairment losses. The cost of an item of equipment includes expenditures that are directly attributable to the acquisition or construction of the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in statements of income and comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs incurred are charged to the statements of income and comprehensive income.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other income in the statements of income and comprehensive income.

Depreciation is based on the estimated useful lives of the assets provided as follows:

Computer equipment	30% declining balance
Equipment and supplies	20% declining balance
Leasehold improvements	20% declining balance

An item of equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. The assets' residual values, useful lives and methods of depreciation and the depreciation charge are adjusted prospectively, if appropriate.

[g] Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration. The Company recognized a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are depreciated to the earlier of the end of useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of the consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from the change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, unless it has been reduced to zero.

[h] Impairment of long-lived assets

Long-lived assets, including equipment, are tested for impairment when there are indicators of impairment which are reviewed at each reporting date or earlier whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs of disposal, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in net loss equal to the amount by which the carrying amount exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

[i] Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

[j] Net Income per Share

Net income per share is calculated based on the income for the financial year and the weighted average number of common shares outstanding during the year. Diluted net income per share is calculated using the income for the financial year adjusted for the effect of any dilutive instruments and the weighted average diluted number of shares (ignoring any potential issue of common shares that would be anti-dilutive) during the year.

[k] Government Assistance

Government assistance is recognized when there is reasonable assurance it will be received and all related conditions will be complied with. When the government assistance relates to an expense item, it is recognized as a reduction of expense over the period necessary to match the government assistance on a systematic basis to the costs it is intended to subsidize. When the government assistance relates to depreciable assets the value of the grant is deducted from the carrying amount of the asset. The grant is recognized over the life of the depreciable asset as a reduction to depreciation expense.

Government assistance includes government loans received at a below market rate of interest and scientific research and experimental development ("SR&ED") tax credits. When loans are received at rates below market rates, the benefit is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9, Financial Instruments ("IFRS 9") and the proceeds received. The difference between the initial carrying amount and the proceeds received is recognized as a government grant and is included in other income on the statements of income and comprehensive income, as the grant conditions are satisfied.

New standards, amendments and interpretations 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, 2022, with earlier application permitted. In July 2020, the effective date was deferred to January 1, 2023. The Company is still assessing the impact of adopting these amendments on its financial statements.

In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1). The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants.

The amendments are effective for annual periods beginning on or after January 1, 2024. 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.

IAS 37 Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (*"IAS 37"*), to 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 new guidance will be effective for annual periods beginning on or after January 1, 2022 and is to be applied to contracts that have unfulfilled obligations as at the beginning of that period. The Company is still assessing the impact of these amendments on its financial statements.

(expressed in Canadian dollars, except share amounts)

IFRS 3, Business Combinations ("IFRS 3")

Amendments to IFRS 3 were issued in May 2020, and are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The amendments update references within IFRS 3 to the 2018 Conceptual Framework and require that the principles in IAS 27 - Provisions, Contingent Liabilities and Contingent Assets be used to identify liabilities and contingent assets arising from business combination. The Company is still assessing the impact of adopting these amendments on its financial statements.

4 Trade and other receivables

The Company's trade and other receivables include the following:

	March 31, 2022	**March 31, 2021**
	$	**$**
Trade receivables (Note 18)	**6,683,680**	1,756,910
Sales tax receivables	**—**	486,112
SR&ED receivables	**235,015**	—
	6,918,695	2,243,022

The Company's loan receivables during the year ended March 31, 2022 were as follows:

	March 31, 2022
	$
Balance, March 31, 2021	**—**
Advances	**1,400,000**
Allowance for credit losses	**(1,400,000)**
Balance, March 31, 2022	**—**

During the year ended March 31, 2022, the Company advanced proceeds of $1,000,000 to Canada House Cannabis Group Inc ("CHV"). The loan accrued interest at a rate of 3% per annum. The Company also entered into a loan agreement with IsoCanMed Inc. ("ICM") a wholly owned subsidiary of CHV and advanced total proceeds of $400,000. Neither CHV or ICM were able to make interest payments when due. As of March 31, 2022, the Company assessed the likelihood of realization of the CHV and ICM loans receivable, underlying collateral, and current and future economic trends and provided an allowance in full. The loss was recognized in the statement of loss and comprehensive loss in the financial statement line item 'General and administrative'. The loss is included within 'General operating costs' (Note 13).

5 Inventory

The Company's inventory consists of the following:

	March 31, 2022	**March 31, 2021**
	$	**$**
Harvested cannabis	**7,554,103**	1,996,919
Purchased cannabis	**606,382**	752,762
Carrying value	**8,160,485**	2,749,681
Less: provision	**(2,579,889)**	(361,140)
	5,580,596	2,388,541

During the year ended March 31, 2022, the Company expensed $11,180,573 of inventory (2021 - $8,535,878). Included in this amount is also an amount of $1,210,531 of inventoried depreciation costs (2021 – $609,278), and an inventory write-down of $2,579,889 (2021 - $361,140).

As of March 31, 2022, inventory includes $485,214 of inventoried depreciation costs (2021 – $216,148).

(expressed in Canadian dollars, except share amounts)

6 Biological assets

Biological assets consist of cannabis plants. The changes in the carrying value of biological assets are as follows:

	$
Balance – March 31, 2020	924,608
Production costs capitalized	2,490,998
Changes in fair values less costs to sell due to biological transformation	3,583,039
Transferred to inventory upon harvest	(4,993,694)
Balance – March 31, 2021	2,004,951
Production costs capitalized	4,110,586
Changes in fair values less costs to sell due to biological transformation	12,199,876
Transferred to inventory upon harvest	(16,809,163)
Balance – March 31, 2022	**1,506,250**

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price less costs to sell per gram.

The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The Company's method of accounting for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from initial cloning to the point of harvest.

The following table quantifies each significant unobservable input, and also provides the impact a 10% increase/decrease in each input would have on the fair value of biological assets:

		As at March 31, 2022		**As at March 31, 2021**	
	Assumption:	**Input**	**10% change**	**Input**	**10% change**
i	Weighted average of expected loss of plants until harvest [a]	16%	$29,318	33%	$98,877
ii	Expected yields (dry grams of cannabis per plant) [b]	668 grams	$150,625	753 grams	$200,488
iii	Weighted average number of growing weeks completed as a percentage of total growing weeks as at year-end	45%	$150,625	46%	$200,488
iv	Estimated selling price (per gram) [c]	$2.24 per gram dried flower	$222,161	$2.60 per gram dried flower	$306,147
v	After harvest cost to complete and sell (per gram)	$0.72 per gram dried flower	$71,536	$0.90 per gram dried flower	$105,659

[a] Weighted average of expected loss of plants until harvest represents loss via plants that do not survive to the point of harvest. It does not include any financial loss on a surviving plant.

[b] Expected average yields for cannabis plants vary based on the mix of strains and number of plants existing at each reporting date.

[c] The estimated selling price (per gram) represents the actual average sales price for the Company's strains sold as bulk products.

The Company estimates the harvest yields for cannabis at various stages of growth. As of March 31, 2022 and 2021, it is expected that the Company's biological assets will yield approximately 2,220,432 and 2,540,109 grams of dry cannabis flower, respectively, when harvested. The fair value adjustments on biological assets are presented separately on the statements of income and comprehensive income.

The Company's estimates, by their nature, are subject to changes that could result from volatility of market prices, unanticipated regulatory changes, harvest yields, loss of crops, changes in estimates and other uncontrollable factors that could significantly affect the future fair value of biological assets.

(expressed in Canadian dollars, except share amounts)

7 Leases

Right-of-use asset

Cost	**$**
Balance –March 31, 2020	—
Additions	6,676,829
Balance – March 31, 2021	6,676,829
Additions	157,304
Disposals	(178,234)
Balance – March 31, 2022	**6,655,899**
Accumulated depreciation	
Balance –March 31, 2020	—
Depreciation	660,817
Balance – March 31, 2021	660,817
Depreciation	963,694
Disposals	(47,367)
Balance – March 31, 2022	**1,577,144**
Net Balance – March 31, 2021	6,016,012
Net Balance – March 31, 2022	**5,078,755**

The Company's right-of-use assets consist of premises and vehicles. During the year ended March 31, 2022, the Company allocated $265,541 (2021 – $121,811) of depreciation expense to the production of biological assets and inventory. During the year ended March 31, 2022, the Company allocated $35,734 (2021 – $nil) of depreciation expense to cost of sales.

Lease obligations

	$
Balance – March 31, 2020	—
Additions	6,676,829
Interest accretion	859,530
Lease repayments	(1,150,452)
Balance – March 31, 2021	6,385,907
Additions	157,304
Interest accretion	1,038,755
Lease repayments	(1,581,526)
Loss on early termination	35,875
Disposals	(160,328)
Balance – March 31, 2022	**5,875,987**
Current	**649,724**
Non-current	**5,226,263**

The following table sets out a maturity analysis of the leases payments payable, showing the undiscounted lease payments to be paid on an annual basis, reconciled to lease obligation.

	$
Less than one year	1,580,014
One to two years	1,604,014
Two to three years	1,628,014
Three to four years	1,331,635
Thereafter	3,560,483
Total undiscounted lease payments payable	9,704,159
Less: impact of present value	3,828,172
Balance – March 31, 2022	**5,875,987**

Expenses for the year ended March 31, 2022 relating to short-term leases were $nil (2021 – $195,000). The Company also received rental income of $221,939 during the year ended March 31, 2022 (2021 – $114,424) relating to the short-term rental of unused warehouse facilities, which has been included in general and administrative expenses on the statement of income and comprehensive income.

(expressed in Canadian dollars, except share amounts)

For its leased premises, the Company hypothecates all of its equipment and other moveable effects to its landlord up to the market value equivalent of one years' rent as security against the lease obligation.

8 Equipment

	Equipment and supplies	Computer Equipment	Leasehold Improvements	Total
	$	$	$	$
Cost				
Balance, March 31, 2020	2,166,986	7,908	—	2,174,894
Additions	3,347,661	5,524	—	3,353,185
Balance, March 31, 2021	5,514,647	13,432	—	5,528,079
Additions	792,195	28,400	16,500	837,095
Disposals	(553,780)	(20,008)	—	(573,788)
Balance, March 31, 2022	**5,753,062**	**21,824**	**16,500**	**5,791,386**
Accumulated depreciation				
Balance, March 31, 2020	231,760	1,186	—	232,946
Depreciation	742,818	1,897	—	744,715
Balance, March 31, 2021	974,578	3,083	—	977,661
Depreciation	891,335	4,071	1,375	896,781
Disposals	(127,961)	(3,206)	—	(131,167)
Balance, March 31, 2022	**1,737,952**	**3,948**	**1,375**	**1,743,275**
Carrying value				
Balance, March 31, 2021	4,540,069	10,349	—	4,550,418
Balance, March 31, 2022	**4,015,110**	**17,876**	**15,125**	**4,048,111**

During the year ended March 31, 2022, the Company allocated $841,718 (2021 – $728,911) of depreciation expense to the production of biological assets and inventory.

9 Notes payable

The following table presents the notes payable for the Company:

	March 31, 2022	March 31, 2021
	$	$
Balance – Beginning of year	**2,025,463**	1,893,647
Advances	**2,127,803**	702,765
Interest expense	**84,840**	119,174
Repayments	**(2,196,286)**	(690,123)
Balance – End of year	**2,041,820**	2,025,463
Current	**2,041,820**	2,025,463
Non-current	**—**	—

Notes payable are due to certain shareholders and related parties of the Company. The notes payable bear interest ranging from 0% to 5% per annum and are unsecured. As of March 31, 2022, $1,805,592 (2021 – $1,274,075) of notes payable were due on demand. The Company has pledged the following security for the loan: $250,000 of movable hypothecs, each encumbering 10% of the issued shares of the Company, corresponding to 1,000 shares held by the Michel Clement Family Trust and the David Bow family trust. The Michel Clement Family Trust is owned by Michel Clement, one of the majority shareholders, and the David Boy Family Trust is owned by David Bow who is a close personal friend of one of the majority shareholders. As part of the loan, the Company is required to remain under control of the Michel Clement Family Trust and the David Bow Family Trust to remain voting shareholders of the Company (the "Covenant"). As at March 31, 2022, the Company was in compliance with the Covenant. The notes payable are classified at amortized cost and accounted for using the effective interest rate method.

(expressed in Canadian dollars, except share amounts)

10 Borrowings

The following table presents the borrowings for the Company:

	March 31, 2022	March 31, 2021
	$	$
Biofloral Loan [i]	**1,500,000**	1,500,000
Canada Emergency Business Account Loan [ii]	**52,652**	44,474
Total borrowings	**1,552,652**	1,544,474

[i] Biofloral Loan

In July 2019, the Company entered into a $1,500,000 loan agreement with 9204-2761 Québec Inc. ("Biofloral"), an unrelated party**.** The loan matures in July 2022. The loan is secured against the Company's equipment. The loan accrues interest at 7% for the first 24 months and 10% thereafter. The Company is required to remit monthly payments of interest with principal balance due at maturity. The loan is classified at amortized cost and accounted for using the effective interest rate method. During the year ended March 31, 2022, the Company incurred $136,808 of interest expense (2021 – $104,928).

The Company has pledged up to $1,850,000 of movable hypothec as security on the loan encumbering the totality of the tangible and intangible movable property of the Company. As part of the loan, the Company is required to remain under control of the Michel Clement Family Trust, an entity under control of the Company's President, and the Richard Clement Family Trust, an entity under control of the Company's CEO. As at March 31, 2022, the Company was in compliance with the covenant.

[ii] Canada Emergency Business Account Loan

The Company received $40,000 in May 2020 and $20,000 in December 2020 through the Canada Emergency Business Account program ("CEBA"). The loans are interest free. The CEBA was launched by the government of Canada in response to the global COVID-19 health crisis. On January 12, 2022, the forgiveness repayment date on CEBA loans was extended to December 31, 2023, for eligible XEBA loan holders in good standing. If the loans are repaid in full by December 31, 2023, $20,000 of the loan will be forgiven. If the loan is not repaid by December 31, 2023, it will be converted into a 3-year term loan bearing interest at 5%, due December 31, 2025.

The loan was classified at amortized cost and accounted for using the effective interest rate method. The benefit of the government loan received at below market rate of interest is treated as a government grant. The loan is recognized at fair value using the Company's incremental borrowing rate of 17%. The difference between the initial carrying amount and the proceeds received of $20,229 was recognized as a government grant and is included in other income on the statements of income and comprehensive income. During the year ended March 31, 2022, the Company incurred $8,178 of interest expense (2021 – $4,703).

Finance expense for the years ended March 31, 2022 and 2021 consists of the following:

	2022	2021
	$	$
Interest on lease obligations	**1,038,755**	859,530
Interest on notes payable	**84,840**	119,174
Interest on borrowings	**144,986**	109,631
Other finance expenses	**18,318**	8,636
	1,286,899	1,096,971

11 Share capital

Authorized

The Company has authorized capital consisting of an unlimited number of common shares with no par value.

Issued and outstanding

	Common shares	
	#	$
Balance –March 31, 2021 and 2022	10,000	100

(expressed in Canadian dollars, except share amounts)

12 Income per share

The Company presents basic and diluted EPS data for its shares. Basic EPS is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting net income and the weighted average number of common shares outstanding, for the effects of all dilutive potential shares. For the years ended March 31, 2022 and 2021, the Company did not have any other potential dilutive instruments outstanding.

13 Nature of expenses

General and administrative expenses for the year ended March 31, 2022 and 2021 consists of the following:

	2022	2021
	$	$
Salaries, wages and benefits	**2,354,897**	701,613
General operating costs	**2,748,686**	451,803
Occupancy costs / (recovery)	**(260,213)**	449,467
Professional fees	**995,682**	264,170
	5,839,052	1,867,053

For the year ended March 31, 2022 the Company recognized through cost of sales $3,584,454 (2021 – $1,553,377) of salaries, wages and benefits that was capitalized to the production of biological assets and inventory.

14 Income taxes

The reconciliation of income tax expense for the year ended March 31, 2022 and 2021 consists of the following:

	2022	2021
	$	$
Income (loss) before income taxes	**4,085,443**	986,991
Statutory tax rate	**26.50%**	13.75%
Expected income tax provision (recovery)	**1,082,642**	135,710
Impact of difference in deferred tax rate	**188,740**	125,838
Tax rate changes and other adjustments	**298,920**	(112,510)
Non-deductible expenses	**200,252**	24,940
Change in deferred tax assets not recognized	**113,244**	98,030
Net income tax provision	**1,883,798**	272,008

Deferred income tax assets in excess of deferred income tax liabilities have not been recognized in respect of the following attributes because it is not probable that future taxable profit will be available against which the Company can use the benefits.

	March 31, 2022	March 31, 2021
	$	$
Non-capital loss carry forwards	**96,526**	1,290,454
SR&ED	**(21,116)**	27,087
Equipment	**(1,048,346)**	(1,083,138)
Biological assets and inventory	**(1,631,938)**	(734,735)
Reserve	**320,343**	—
CEBA Loan	**3,353**	1,186
Total deferred tax liabilities	**(2,281,178)**	(499,146)

The Company has non-capital loss carry forwards of approximately $839,349 (2021 – $4,648,791), which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, which expire between the years 2039 and 2041.

15 Commitments and contingencies

Commitments

During the year, the Company provided a financial guarantee in relation to a mortgage entered into by 9336-4644 Quebec Inc. (the "Lessor"), a company under common control. The Lessor owns the real estate of 4225 Transcanadienne Highway and 815 Tecumseh Ave and leases the premises to the Company for the purposes of conducting their business operations.

The Company has guaranteed all outstanding obligations of the Lessor, related to this mortgage, which includes any interest payments, accrued and unpaid interest and/or penalties in the occurrence of any default event. The Company is required to settle any outstanding obligations through cash payment. The mortgage is secured by the real estate, and total amounts outstanding and payable by the Lessor under the mortgage as at March 31, 2022 were $16,000,000.

As at March 31, 2022, the Company has recognized $nil amounts relating to this guarantee.

Contingencies

In the ordinary course of business, from time to time, the Company is involved in various claims related to operations, rights, commercial, employment or other claims. While the outcome of these matters may not be estimable at the reporting date, the Company makes provision, where possible, for the estimate outcome of such claims or proceedings.

Former employee

In April 2022, a former employee filed a claim against the Company for unjust dismissal. The amount being claimed is approximately $250,000. Management cannot estimate the magnitude of the liability at this time and as such has not recognized in a provision in these financial statements with respect to this matter.

16 Related party transactions

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

Compensation expense which consists of salaries and benefits for the Company's key management personnel for the year ended March 31, 2022, was $542,069 (2021 – $411,539).

During the year ended March 31, 2022, the Company made rental and lease payments totaling $1,513,984 (2021 – $1,681,982) to a company that is controlled by the Chief Executive Officer and the President.

During the year ended March 31, 2022, the Company purchased $2,393,338 (2021 – $3,500,201) of equipment and services at market rates from a company that is controlled by the Chief Executive Officer and the President.

During the year ended March 31, 2022, the Company was advanced $1,420,000 (2021 – $400,000) and repaid $1,077,000 (2021 – $130,559) of notes payable from a Company controlled by the Chief Executive Officer and the President. As of March 31, 2022, the Company had an outstanding balance payable of $1,417,290 (2021 – $222,490) recorded in notes payable (note 9). The balance payable is non-interest bearing and due on demand.

During the year ended March 31, 2022, the Company was advanced $522,784 (2021 – $302,765) and repaid $229,281 (2021 – $496,126) of notes payable from a Company controlled by the Chief Executive Officer and the President. As of March 31, 2022, the Company had an outstanding balance of $382,495 (2021 – $688,992) recorded in notes payable (note 9). The balance payable is non-interest bearing and due on demand.

During the year ended March 31, 2020, the Company was advanced $400,975 from the Chief Operating Officer. During the year ended March 31, 2022, the Company repaid $104,986 (2021 – $38,382). As of March 31, 2022, the Company had an outstanding balance of $5,807 (2021 – $362,593) due to the Chief Operating Officer and recorded in notes payable (note 9). The balance payable is non-interest bearing and due on demand.

(expressed in Canadian dollars, except share amounts)

During the year ended March 31, 2022, the Company was advanced $185,019 from the Chief Executive Officer. This amount was fully repaid during the year.

As of March 31, 2022, the Company had an outstanding balance of $2,074,919 (2021 – $2,160,832) recorded in trade and other payables due to related parties owned by the majority shareholders of the Company for equipment and services provided to the Company. As of March 31, 2022, the Company had an outstanding lease liability of $5,738,686 (2021 – $6,237,527) due to a related party.

17 Capital management

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic growth and to provide returns to its shareholders. The Company defines capital as the aggregate of its capital stock, and borrowings.

Total managed capital is as follows:

	March 31, 2022	March 31, 2021
	$	$
Borrowings	**1,552,652**	1,544,474
Notes payable	**2,041,820**	2,025,463
Share capital	**100**	100
	3,594,572	3,570,037

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances. The Company is not subject to any externally imposed capital requirements.

18 Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. As at March 31, 2022, 3 customers represented 93% of the outstanding receivable balance (2021 – 2 customers represented 100%). For the year ended March 31, 2022, 2 customers accounted for 79% of the Company's revenue (2021 – 2 customers represented 62%)

The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. '

The aging of trade receivables is as follows:

	March 31, 2022	March 31, 2021
	$	$
Current	**5,664,584**	1,531,283
31 – 60 days past due	**61,739**	74
61 – 90 days past due	**870,412**	220,404
Greater than 90 days past due	**583,563**	5,149
	7,180,298	1,756,910
Less: expected credit losses	**(496,618)**	—
	6,683,680	1,756,910

(expressed in Canadian dollars, except share amounts)

The expected credit losses were recognized in the statement of loss and comprehensive loss in the financial statement line item 'General and administrative'. The losses are included within 'General operating costs' (Note 13).

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and, if desired, the issuance of debt. The Company's trade and other payables are all due within 12 months from the date of these financial statements.

The Company is obligated to the following contractual maturities of undiscounted cash flows as at March 31, 2022:

	Carrying amount	Year 1	Year 2	Year 3	Year 4	Year 5 and over	Total
Trade and other payables	8,162,134	8,162,134	—	—	—	—	**8,162,134**
Notes payable	2,041,820	2,041,820	—	—	—	—	**2,041,820**
Borrowings	1,552,652	1,550,000	40,000	—	—	—	**1,590,000**
	11,756,606	**11,753,954**	**40,000**	**—**	**—**	**—**	**11,793,954**

The Company was obligated to the following contractual maturities of undiscounted cash flows as at March 31, 2021:

	Carrying amount	Year 1	Year 2	Year 3	Year 4	Year 5 and over	Total
	$	$	$	$	$	$	$
Trade and other payables	5,358,193	5,358,193	—	—	—	—	5,358,193
Notes payable	2,025,463	2,124,075	—	—	—	—	2,124,075
Borrowings	1,544,474	—	1,590,000	—	—	—	1,590,000
	8,928,130	7,482,268	1,590,000	—	—	—	9,072,268

Market risk

Market risk is the risk 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: foreign currency risk, interest rate risk and other price risk.

- Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is not exposed to foreign currency risk as at March 31, 2022.

- Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as at March 31, 2022 as there are no material long-term borrowings outstanding subject to variable interest rates.

- Other price risk

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

Fair values

The risk of material change in fair value is not considered to be significant. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.

- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the year, there were no transfers of amounts between levels and the Company did not have any financial instruments measured at fair value.

19 Subsequent events

Share Exchange Agreement

On August 30, 2022, MTL Cannabis completed the closing of the first tranche of its reverse takeover transaction (the "Transaction") with Canada House Cannabis Group.

With the closing of the first tranche of the Transaction (the "Initial Closing"), two shareholders of the Company acquired 49.99% of the issued and outstanding shares of Canada House Cannabis Group in exchange for 24.99% of the issued and outstanding shares of the Company.

The parties will proceed to satisfy the closing conditions to the second tranche of the Transaction, namely the preparation of the required audited annual and unaudited interim financial statements and related management's discussion and analysis of the Company in order for Canada House Cannabis Group to proceed to a shareholder meeting to approve the Transaction, as required by the rules and policies of the Canadian Securities Exchange. The definitive transaction agreement between the parties provides for Canada House Cannabis Group to acquire the remaining 75.01% of the issued and outstanding shares of the Company on the second tranche of the Transaction (the "Subsequent Closing") in exchange for such number of common Shares that when added to the common Shares issued on the Initial Closing, is equal to 80.0% of the issued and outstanding common shares of Canada House Cannabis Group.

The Transaction constitutes a reverse takeover of Canada House Cannabis Group and it is anticipated that following the Subsequent Closing, the Company will operate under the MTL Cannabis corporate name with shares trading on the CSE under a related ticker symbol.

Financial Guarantee

In May 2022, the Company amended its financial guarantee in relation to a mortgage entered into by 9336-4644 Quebec Inc. (the "Lessor"), a company under common control. The Lessor owns the real estate of 4225 Trans-Canadienne Highway and 815 Tecumseh Ave and leases the premises to the Company for the purposes of conducting the Company's business operations. The mortgage is secured by the real estate, and total amounts outstanding and payable by the Lessor under the mortgage as at March 31, 2022 were $16,000,000.

SCHEDULE E
MD&A OF MTL CANNABIS

Montreal Cannabis Médical Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used in this management's discussion and analysis of financial condition and results of operations ("MD&A"), unless the context indicates or requires otherwise, all references to the "Company", "MTL Cannabis", "we", "us" or "our" refer to Montreal Cannabis Médical Inc., as constituted on December 31, 2022.

This MD&A for the three and nine months ended December 31, 2022 and 2021 and for the fiscal years ended March 31, 2022 and 2021, should be read in conjunction with the Company's unaudited financial statements and the accompanying notes for the three and nine months ended December 31, 2022 and 2021, and the Company's audited financial statements and the accompanying notes for the fiscal years ended March 31, 2022 and 2021. The financial information presented in this MD&A is derived from the unaudited financial statements for the three and nine months ended December 31, 2022 and 2021, and the Company's audited financial statements for the fiscal years ended March 31, 2022 and 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are in Canadian dollars except where otherwise indicated.

This MD&A is dated as of June 28, 2023.

FORWARD-LOOKING INFORMATION

The information provided in this MD&A, including information incorporated by reference, may contain certain forward-looking statements and forward-looking information (collectively referred to as "forward-looking statements") within the meaning of applicable Canadian securities legislation about our current expectations, estimates and projections about the future, based on certain assumptions made by us in light of the Company's experience and perception of historical trends. Although we believe that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

This forward-looking information is identified by words such as "anticipate", "believe", "expect", "plan", "forecast", "future", "target", "project", "capacity", "could", "should", "focus", "proposed", "scheduled", "outlook", "potential", "may" or similar expressions and includes suggestions of future outcomes, including actions taken by the Company, or that the Company may take in the future, to adjust its capital structure; improvements to the Company's cultivation, manufacturing and standardization processes; potential future supply agreements; potential effects of regulations under the Cannabis Act (Canada) (together with the regulations thereunder (the "Cannabis Regulations"), the "Cannabis Act") and related legislation introduced by provincial governments; and future sales opportunities in other emerging medical markets. Readers are cautioned not to place undue reliance on forward-looking information as the Company's actual results may differ materially from those expressed or implied.

The Company has made certain assumptions with respect to the forward-looking statements regarding, among other things: the Company's ability to generate sufficient cash flow from operations and obtain financing, if needed, on acceptable terms or at all; general economic, financial market, regulatory and political conditions in which the Company operates; the expected yield from the Company's cultivation operations; purchaser interest in the Company's products; competition from other licensed producers; anticipated and unanticipated costs; government regulation of the Company's activities and products; the timely receipt of any required regulatory approvals; the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; the Company's ability to conduct operations in a safe, efficient and effective manner; and the Company's expansion plans and timeframe for completion of such plans.

Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: reliance on the license issued by Health Canada designating that, pursuant to the Cannabis Act, MTL Cannabis is authorized to cultivate and process cannabis under the Cannabis Act pursuant to its Cultivation License and Processing License; the limited operating history of the Company; the Company's ability to generate sufficient revenue to be profitable; the Company's ability to raise the capital necessary for it to execute its strategy; risks inherent in an agricultural business; rising energy costs; the Company's reliance on key persons; the Company's compliance with environmental, health and safety laws and regulations; insurance risks; failure of the Company to realize its cannabis production targets; interruptions in the supply chain for key inputs; demand for skilled labour, specialized knowledge, equipment, parts and components; the Company's reliance on its facility as its only property for cannabis cultivation; the Company's ability to manage *its growth; the Company's ability to successfully implement and maintain adequate internal controls over financial reporting or disclosure controls and procedures; the Company not having been required to certify that it maintains effective internal control over financial reporting or effective disclosure controls and procedures; results of litigation; conflicts of interest between the Company and its directors and officers; payment of dividends; the partial dependence of the Company's operations on the maintenance and protection of its information technology systems; unforeseen tax and accounting requirements; regulatory risks relating to the Company's compliance with the Cannabis Act; changes in laws, regulations and guidelines; the Company's ability to maintain the License; changes to the market price of cannabis; the ability of the Company to produce and sell cannabis supply; changes in government; changes in government policy; failure of counterparties to perform contractual obligations; the Company's ability to successfully develop new products or find a market for their sale; lack of certainty regarding the expansion of the cannabis market; ability of key employees of the Company to obtain or renew security clearances in the future; unfavorable publicity or consumer perception of the Company and the cannabis industry; the Company's ability to promote and sustain its brands; marketing constraints in the cannabis industry; product liability claims or regulatory actions; the shelf life of inventory; fair value adjustments to the Company's biological assets; impact of any future recall of the Company's products; increased competition in the cannabis market in Canada and internationally; the impact of any negative scientific studies on the effects of cannabis; reputational risks to third parties with whom the Company does business; the Company's ability to produce and sell its medical products outside of Canada; co-investment risks; failure to comply with laws and regulations; the Company's reliance on its own market research and forecasts; competition from synthetic production and new technologies; the Company's ability to transport its products; liability arising from any fraudulent or illegal activity; the existence and growth of the cannabis industry; product liability lawsuits; misconduct or other improper activities by employees, independent contractors, consults, commercial partners and vendors; failure to achieve market acceptance in the medical community; inability to establish sales and marketing capabilities; failure to comply with health and data protection laws; reliance on third parties to conduct clinical trials; loss of single-source suppliers; reliance on contract manufacturing facilities; inability to obtain or maintain sufficient intellectual property protection for the Company's products; third-party claims of intellectual property infringement; inability to protect the confidentiality of trade secrets; inability to protect trademarks and trade names; and other factors beyond the Company's control.*

The Company cautions that the foregoing list of important factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The forward-looking statements contained or incorporated by reference in this MD&A are made as of the date of this MD&A or as otherwise specified. Except as required by applicable securities law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors affecting those statements, whether as a result of new information, future events or otherwise or the foregoing lists of factors affecting this information.

All of the forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements.

OVERVIEW

The Company was incorporated on April 27, 2017, under the Canada Business Corporations Act. The Company's head office is located at 4225 Autoroute Transcanadienne, Pointe-Claire, Québec, Canada, H9R 1B4.

MTL Cannabis is a licensed cultivator and processor in Canada under the Cannabis Act (Canada) (together with the regulations promulgated thereunder (the "Cannabis Regulations"), the "Cannabis Act") and associated Cannabis Regulations, processor concentrated on respecting the cannabis culture and daily consumer by launching modern unique offerings into the Canadian market at a competitive price point.

Cannabis Licenses

The Company holds three licenses from Health Canada: (i) a Cultivation License (defined below); (ii) a Processing License (defined below); and (iii) a Sales License (defined below). The Company received its License under section 22(2) of the Access to Cannabis for Medical Purposes Regulations ("ACMPR") on February 7, 2020, authorizing MTL Cannabis to cultivate and process cannabis (the "Cultivation Licence").

On February 7, 2020, the Company also received its Standard Processing Licence (the "Processing Licence"). The Processing Licence allows the Company to produce cannabis, other than obtain it by cultivating, propagating or harvesting it (i.e. extract oils).

On February 22, 2022, the Company received its Sales License (the "Sales License") permitting the Company to sell its own production to provincially and territorially authorized provincial retailers.

SELECTED FINANCIAL HIGHLIGHTS

The following table presents selected financial information for the three and nine months ended December 31, 2022 and 2021:

	Three months ended December 31,				Nine months ended December 31,			
	2022	2021	Change		2022	2021	Change	
	$	$	$	%	$	$	$	%
Revenue	6,722,820	5,869,363	853,457	15%	16,375,734	16,970,181	(594,447)	-4%
Gross profit	2,305,404	3,694,549	(1,389,145)	-38%	6,226,650	13,609,446	(7,382,796)	-54%
General and administrative	3,475,344	1,121,112	2,354,232	210%	5,820,497	2,523,520	3,296,977	131%
Sales and marketing	174,624	612,091	(437,467)	-71%	768,734	2,053,956	(1,285,222)	-63%
Depreciation and amortization	286,497	170,458	116,039	68%	553,473	503,220	50,253	10%
Total operating expenses	3,936,465	1,903,661	2,032,804	107%	7,142,704	5,080,696	2,062,008	41%
Operating (loss) income	**(1,631,061)**	**1,790,888**	**(3,421,949)**	**-191%**	**(916,054)**	**8,528,750**	**(9,444,804)**	**-111%**

The following table presents selected financial information for the years ended March 31, 2022 and 2021:

	Year ended March 31,			
	2022	2021	Change	
	$	$	$	%
Revenue	22,151,290	13,358,053	8,793,237	66%
Gross profit	14,548,913	5,339,631	9,209,282	172%
General and administrative	5,839,052	1,867,053	3,971,999	213%
Sales and marketing	2,509,869	889,257	1,620,612	182%
Depreciation and amortization	666,490	554,810	111,680	20%
Total operating expenses	9,015,411	3,311,120	5,704,291	172%
Operating income	**5,533,502**	**2,028,511**	**3,504,991**	**173%**

OVERALL FINANCIAL PERFORMANCE

Three and nine months ended December 31, 2022

For the three and nine months ended December 31, 2022, revenue was $6,722,840 and $16,375,734, respectively, compared to $5,869,363 and $16,970,181, for the comparative periods in the prior year. This represents an increase of $853,457 or 15% for the three months ended December 31, 2022 and a decrease of $594,447 or 4% for the nine months ended December 31, 2022, compared to the equivalent periods in the prior year. For the three months ended December 31, 2022, revenue increased due to increased orders from provincial distributors and additional SKU offerings for dried flower and pre-roll products. For the nine months ended December 31, 2022, revenue decreased due to a stock-out period of inventory in the months of August 2022 and September 2022, resulting in lower sales.

For the three and nine months ended December 31, 2022, gross profit was $2,305,404 and $6,226,650, respectively, compared to $3,694,549 and $13,609,446 for the comparative periods in the prior year. This represents a decrease of $1,389,145 or 38% and $7,382,796 or 54% for the three and nine months ended December 31, 2022, compared to the equivalent periods in the prior year. The decrease in gross profit is primarily due to decreases in market selling prices coupled with increasing costs of production, resulting from increased licensing costs and increased purchases of dried flower from third-parties, as well as increased cost of labour and transport costs.

	As at December 31, 2022	As at March 31, 2022	Change	
	$	$	$	%
Cash	979,748	470,559	509,189	108%
Total assets	24,670,336	23,768,894	901,442	4%
Total liabilities	22,797,490	20,015,537	2,781,953	14%

The Company concluded the nine months ended December 31, 2022, with cash of $979,748 (March 31, 2022 - $470,559).

Year ended March 31, 2022

For the year ended March 31, 2022, revenue was $22,151,290 compared to $13,358,053 for the year ended March 31, 2021, an increase of $8,793,237 or 66%. The increase in revenue is primarily due to changes in distribution, as retail sales represent an increasing proportion of volume with a corresponding decrease in wholesale volume, as well as the introduction of additional consumer offerings for dried flower,pre-roll and hash-based products.

For the year ended March 31, 2022, gross profit was $14,548,913 compared to $5,339,631 for the year ended March 31, 2021, an increase of $9,209,282 or 172%. The increase in gross profit is primarily due to the increase in revenue during the year ended March 31, 2022.

	As at March 31,		Change	
	2022	**2021**		
	$	**$**	**$**	**%**
Cash	470,559	145,053	325,506	224%
Total assets	23,768,894	17,364,895	6,403,999	37%
Total liabilities	20,015,537	15,813,183	4,202,354	27%

The Company concluded the year ended March 31, 2022, with cash of $470,559 (March 31, 2021 - $145,053).

RESULTS OF OPERATIONS

REVIEW OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2022 AND 2021

The following table outlines our statements of income and comprehensive income for the three and nine months ended December 31, 2022 and 2021:

	Three months ended December 31,				**Nine months ended December 31,**			
	2022	2021	Change		**2022**	2021	Change	
	$	$	$	%	**$**	$	$	%
Revenue								
Product revenue	**8,695,241**	6,847,359	1,847,882	27%	**20,533,045**	19,794,696	738,349	4%
Less exercise tax	**(1,972,421)**	(977,996)	(994,425)	102%	**(4,157,311)**	(2,824,515)	(1,332,796)	47%
	6,722,820	5,869,363	853,457	15%	**16,375,734**	16,970,181	(594,447)	-4%
Cost of sales	**4,249,846**	2,272,802	1,977,044	87%	**9,097,561**	6,509,729	2,587,832	40%
Gross profit before fair value adjustments	**2,472,974**	3,596,561	(1,123,587)	-31%	**7,278,173**	10,460,452	(3,182,279)	-30%
Fair value adjustments on biological assets	**1,247,445**	2,807,971	(1,560,526)	-56%	**4,934,096**	9,647,670	(4,713,574)	-49%
Fair value adjustments on sale of inventory	**(1,415,015)**	(2,709,983)	1,294,968	-48%	**(5,985,619)**	(6,498,676)	513,057	-8%
Gross profit	**2,305,404**	3,694,549	(1,389,145)	-38%	**6,226,650**	13,609,446	(7,382,796)	-54%
Operating expenses								
General and administrative	**3,475,344**	1,121,112	2,354,232	210%	**5,820,497**	2,523,520	3,296,977	131%
Sales and marketing	**174,624**	612,091	(437,467)	-71%	**768,734**	2,053,956	(1,285,222)	-63%
Depreciation and amortization	**286,497**	170,458	116,039	68%	**553,473**	503,220	50,253	10%
Total operating expenses	**3,936,465**	1,903,661	2,032,804	107%	**7,142,704**	5,080,696	2,062,008	41%
Operating (loss) income	**(1,631,061)**	1,790,888	(3,421,949)	-191%	**(916,054)**	8,528,750	(9,444,804)	-111%
Finance expense, net	**532,920**	319,284	213,636	67%	**1,418,162**	963,315	454,847	47%
Other income	**(185,286)**	(8,166)	(177,120)	2169%	**(216,486)**	(9,233)	(207,253)	2245%
Income before income taxes	**(1,978,695)**	1,479,770	(3,458,465)	-234%	**(2,117,730)**	7,574,668	(9,692,398)	-128%
Income tax (recovery) expense	**(237,219)**	392,139	(629,358)	-160%	**(237,219)**	2,007,287	(2,244,506)	-112%
Net income and comprehensive income for the period	**(1,741,476)**	1,087,631	(2,829,107)	-260%	**(1,880,511)**	5,567,381	(7,447,892)	-134%

Revenue

Revenue increased from $5,869,363 to $6,772,820 or 15% and decreased from $16,970,181 to $16,375,734 or 4%, respectively, for the three and nine months ended December 31, 2022, compared to the equivalent periods in the prior year. The increase in revenue for the three months ended December 31, 2022 compared to the equivalent period in the prior year is related to from provincial distributors and additional SKU offerings for dried flower and pre-roll products. The decrease in revenue for the nine months ended December 31, 2022 compared to the equivalent period in the prior year is due to a stock-out period of inventory in the months of August 2022 and September 2022, resulting in lower sales.

Cost of Sales

Cost of sales includes the cost of inventory sold and production costs expensed. Direct and indirect production costs include direct labor, processing, testing, packaging, quality assurance, security, inventory, shipping, depreciation of production equipment, production management and other related expenses.

Cost of sales increased from $2,272,802 to $4,249,846 or 87% and from $6,509,729 to $9,097,561 or 40%, respectively, for the three and nine months ended December 31, 2022, compared to the equivalent periods in the prior year. The increase in cost of sales for the three and nine months ended December 31, 2022, compared to the equivalent period in the prior year is due to increasing costs of production, resulting from increased licensing costs and increased purchases of dried flower from third-parties, as well as increased cost of labour and transport costs related to the changes in distribution and product offerings.

Fair value adjustments on biological assets

The Company capitalizes the direct and indirect costs incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. Capitalized costs include labour related costs, grow consumables, utilities, facilities costs, and an allocation of overhead costs related to the production facility and depreciation on production equipment. Capitalized costs are subsequently recorded within cost of sales in the statements of income and comprehensive income in the period that the related product is sold.

At each reporting period and at the point of harvest, the Company measures biological assets, at fair value less cost to sell up to the point of harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are separately recorded in the statement of income and comprehensive income for the related period.

Fair value adjustments on biological assets decreased from $2,807,971 to $1,247,445 or 56% and from $9,647,670 to $4,934,096 or 49%, respectively, for the three and nine months ended December 31, 2022, compared to the equivalent periods in the prior year. The decrease is primarily related to a decrease in fair value less cost to sell of bulk flower in the current period. The average for the prior period was $1.84 compared to $1.37 for December 31, 2022. In addition, the volume of plants at period end has increased significantly.

General and administrative

General and administrative expenses for the three and nine months ended December 31, 2022 and 2021 are comprised of:

	Three months ended December 31,				Nine months ended December 31,			
	2022	2021	Change		2022	2021	Change	
	$	$	$	%	$	$	$	%
Salaries, wages and benefits	**677,025**	617,939	59,086	10%	**2,183,196**	1,742,495	440,701	25%
General operating costs	**2,428,912**	216,032	2,212,880	1024%	**2,733,275**	494,143	2,239,132	453%
Occupancy costs	**—**	(60,796)	60,796	-100%	**—**	(209,893)	209,893	-100%
Professional fees	**369,407**	347,937	21,470	6%	**904,026**	496,775	407,251	82%
	3,475,344	1,121,112	2,354,232	210%	**5,820,497**	2,523,520	3,296,977	131%

Salaries, wages and benefits increased from $617,939 to $677,025 or 10% and from $1,742,495 to $2,183,196 or 25% respectively, for the three and nine months ended December 31, 2022, compared to the equivalent periods in the prior year. Salaries, wages and benefits, does not include salaries, wages and benefit costs that were capitalized to biological assets and inventory production. Before considering the impact of the allocation of salaries, wages and benefits to biological assets and inventory, the increase for the three and nine months ended December 31, 2022, as compared to the prior year, is due to increased headcount, driven by the growth of the Company.

General operating costs increased from $216,032 to $2,428,912 or 1024% and from $494,143 to $2,733,275 or 453% respectively, for the three and nine months ended December 31, 2022, compared to the equivalent periods in the prior year. For both periods,the increase in operating costs is primarily due to an increase in expected credit losses of $1,562,928 related to loans receivable and $592,120 related to trade receivables.

Occupancy costs decreased from ($60,796) to $nil or 100% and from ($209,893) to $nil or 100% respectively, for the three and nine months ended December 31, 2022, compared to the equivalent periods in the prior year. The decrease is primarily related to rental income relating to short-term rental of unused warehouse facilities offset by variable lease payments for facilities rented by the Company.

Professional fees increased from $347,407 to $369,407 or 6% and from $496,775 to $904,026 or 82% respectively, for the three and nine months ended December 31, 2022, compared to the equivalent periods in the prior year. The increase is driven by the growth of the Company.

Sales and marketing

Sales and marketing decreased from $612,091 to $174,624 or 71% and from $2,053,956 to $768,734 or 63% respectively, for the three and nine months ended December 31, 2022, compared to the equivalent periods in the prior year. The decrease is due a significant reduction in third-party commission expense resulting from the internalization of the sales function and a shift in distribution from wholesale to retail, whereby an increasing proportion of products are being sold directly to the provincial cannabis boards, rather than through a wholesale distributor whose compensation was based on a percentage of sales.

Depreciation and amortization

Depreciation and amortization expense increased from $170,458 to $286,497 or 68% and from $503,220 to $553,473 or 10% respectively, for the three and nine months ended December 31, 2022, compared to the equivalent periods in the prior year. The change is related to the decrease in allocation of depreciation expense to biological assets and inventory.

Finance expense

Finance expense for the three and nine months ended December 31, 2022 and 2021 consists of the following:

	Three months ended December 31,		**Nine months ended December 31,**	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Interest on lease obligations	**234,618**	257,884	**721,111**	788,551
Interest on notes payable	**227,694**	21,567	**537,854**	68,867
Interest on borrowings	**45,197**	39,883	**133,786**	105,897
Other finance expenses	**25,411**	—	**25,411**	—
	532,920	319,284	**1,418,162**	963,315

Other income

Other income increased from $8,166 to $185,286 or 2169% and from $9,233 to $216,486 or 2245% respectively, for the three and nine months ended December 31, 2022, compared to the equivalent periods in the prior year. The increase is primarily due to interest income on trade receivables that were in arrears, as well as current loans receivable that are presented in Trade and other receivables on the statement of financial position.

REVIEW OF OPERATIONS FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

The following table outlines our statements of income and comprehensive income for the years ended March 31, 2022 and 2021:

	Year ended March 31,			
	2022	2021	Change	
	$	$	$	%
Revenue				
Product revenue	**26,073,865**	14,015,987	12,057,878	86%
Less exercise tax	**(3,922,575)**	(657,934)	(3,264,641)	496%
	22,151,290	13,358,053	8,793,237	66%
Cost of sales	**11,180,573**	8,535,878	2,644,695	31%
Gross profit before fair value adjustments	**10,970,717**	4,822,175	6,148,542	128%
Fair value adjustments on biological assets	**12,199,876**	3,583,039	8,616,837	240%
Fair value adjustments on sale of inventory	**(8,621,680)**	(3,065,583)	(5,556,097)	181%
Gross profit	**14,548,913**	5,339,631	9,209,282	172%
Operating expenses				
General and administrative	**5,839,052**	1,867,053	3,971,999	213%
Sales and marketing	**2,509,869**	889,257	1,620,612	182%
Depreciation and amortization	**666,490**	554,810	111,680	20%
Total operating expenses	**9,015,411**	3,311,120	5,704,291	172%
Operating income	**5,533,502**	2,028,511	3,504,991	173%
Finance expense, net	**1,286,899**	1,096,971	189,928	17%
Other loss (income)	**161,160**	(55,451)	216,611	-391%
Income before income taxes	**4,085,443**	986,991	3,098,452	314%
Income tax expense	**1,883,798**	272,008	1,611,790	593%
Net income and comprehensive income for the year	**2,201,645**	714,983	1,486,662	208%

Revenue

Revenue increased from $13,358,053 to $22,151,290 or 86% for the year ended March 31, 2022, compared to the prior year. The increase in revenue is related to overall Company growth and expansion of product offerings and an increased proportion of sales volume through the retail channel.

Cost of Sales

Cost of sales includes the cost of inventory sold and production costs expensed. Direct and indirect production costs include direct labor, processing, testing, packaging, quality assurance, security, inventory, shipping, depreciation of production equipment, production management and other related expenses.

Cost of sales increased from $8,535,878 to $11,180,573 or 31% for year ended March 31, 2022, compared to the prior year. The increase in cost of sales is .due to an increase in sales volume, as well as increases in the costs of production, resulting from additional licensing costs and purchases of dried flower from third-parties, as well as increased cost of labour and transport costs related to the changes in distribution and product offerings.

Fair value adjustments on biological assets

The Company capitalizes the direct and indirect costs incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. Capitalized costs include labour related costs, grow consumables, utilities, facilities costs, and an allocation of overhead costs related to the production facility and depreciation on production equipment. Capitalized costs are subsequently recorded within cost of sales in the statements of income and comprehensive income in the period that the related product is sold.

At each reporting period and at the point of harvest, the Company measures biological assets, at fair value less cost to sell up to the point of harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are separately recorded in the statement of income and comprehensive income for the related period.

Fair value adjustments on biological assets increased from $3,583,039 to $12,199,876 or 240% for the year ended March 31, 2022, compared to the prior year as a result of an increase in production and sales during the year ended March 31, 2022.

General and administrative

General and administrative expenses for the year ended March 31, 2022 and 2021 are comprised of:

	For the year ended March 31,			
	2022	2021	Change	
	$	$	$	%
Salaries, wages and benefits	2,354,897	701,613	1,653,284	236%
General operating costs	2,748,686	451,803	2,296,883	508%
Occupancy costs	(260,213)	449,467	(709,680)	-158%
Professional fees	995,682	264,170	731,512	277%
	5,839,052	1,867,053	3,971,999	213%

Salaries, wages and benefits increased from $701,613 to $2,354,897 or 236% for the year ended March 31, 2022, compared to the prior year. Salaries, wages and benefits, does not include salaries, wages and benefit costs that were capitalized to biological assets and inventory production. Before considering the impact of the allocation of salaries, wages and benefits to biological assets and inventory, the increase for the year ended March 31, 2022, as compared to the prior year, is due to increased headcount, driven by the growth of the Company.

General operating costs increased from $451,803 to $2,748,686 or 508% for the year ended March 31, 2022, compared to the prior year. The increase in general operating costs is due to the growth of the Company.

Occupancy costs decreased from $449,467 to ($260,213) or 158% for the year ended March 31, 2022, compared to the prior year. The decrease is primarily related to rental income relating to short-term rental of unused warehouse facilities off set by variable lease payments for facilities rented by the Company.

Professional fees increased from $264,170 to $995,682 or 277% for the year ended March 31, 2022, compared to the prior year. The increase is driven by the growth of the Company.

Sales and marketing

Sales and marketing increased from $889,257 to $2,509,869 or 182% for the year ended March 31, 2022, compared to the prior year. The increase for the year ended March 31, 2022, is driven by growth of the Company.

Depreciation and amortization

Depreciation and amortization expense increased from $554,810 to $666,490 or 20% for the year ended March 31, 2022, compared to the prior year. The increase is primarily related to depreciation expense of right-of-use assets. For the year ended March 31, 2022, the Company recognized a full year of depreciation expense on a building lease compared to six months of depreciation expense recognized during the year ended March 31, 2021.

Other loss (income)

For the year ended March 31, 2022, total other loss was $161,160 compared to other income of $55,451 for the year ended March 31, 2021. The increase is primarily due to other income recognized in the year ended March 31, 2021, related to the benefit of below market interest rates on the Company’s borrowings and other freight, labour and miscellaneous revenue.

Finance expense

Finance expense for the years ended March 31, 2022 and 2021 consists of the following:

	2022	2021
	$	**$**
Interest on lease obligations	**1,038,755**	859,530
Interest on notes payable	**84,840**	119,174
Interest on borrowings	**144,986**	109,631
Other finance expenses	**18,318**	8,636
	1,286,899	1,096,971

FINANCIAL POSITION

As at	December 31, 2022	March 31, 2022	March 31, 2021	Change: December 2022 compared to March 2022		Change: March 2022 compared to March 2021	
	$	$	$	$	%	$	%
ASSETS							
Current assets							
Cash	979,748	470,559	145,053	509,189	108%	325,506	224%
Trade and other receivables	6,512,361	6,918,695	2,243,022	(406,334)	-6%	4,675,673	208%
Inventory	7,358,612	5,580,596	2,388,541	1,778,016	32%	3,192,055	134%
Biological assets	1,659,012	1,506,250	2,004,951	152,762	10%	(498,701)	-25%
Prepaid expenses and deposits	184,444	165,928	16,898	18,516	11%	149,030	882%
Total current assets	**16,694,177**	**14,642,028**	**6,798,465**	**2,052,149**	**14%**	**7,843,563**	**115%**
Non-current assets							
Right-of-use assets, net	4,393,266	5,078,755	6,016,012	(685,489)	-13%	(937,257)	-16%
Equipment, net	3,582,893	4,048,111	4,550,418	(465,218)	-11%	(502,307)	-11%
Total non-current assets	**7,976,159**	**9,126,866**	**10,566,430**	**(1,150,707)**	**-13%**	**(1,439,564)**	**-14%**
TOTAL ASSETS	**24,670,336**	**23,768,894**	**17,364,895**	**901,442**	**4%**	**6,403,999**	**37%**
LIABILITIES							
Current liabilities							
Trade and other payables	7,366,030	8,162,134	5,358,193	(796,104)	-10%	2,803,941	52%
Income taxes payable	894,796	101,766	—	793,030	779%	101,766	100%
Lease obligations	757,835	649,724	522,768	108,111	17%	126,956	24%
Notes payable	6,079,793	2,041,820	2,025,463	4,037,973	198%	16,357	1%
Borrowings	1,700,000	1,500,000	—	200,000	13%	1,500,000	100%
Total current liabilities	**16,798,454**	**12,455,444**	**7,906,424**	**4,343,010**	**35%**	**4,549,020**	**58%**
Non-current liabilities							
Lease obligations	4,688,107	5,226,263	5,863,139	(538,156)	-10%	(636,876)	-11%
Borrowings	60,000	52,652	1,544,474	7,348	14%	(1,491,822)	-97%
Deferred tax liability	1,250,929	2,281,178	499,146	(1,030,249)	-45%	1,782,032	357%
Total liabilities	**22,797,490**	**20,015,537**	**15,813,183**	**2,781,953**	**14%**	**4,202,354**	**27%**
SHAREHOLDERS' EQUITY							
Share capital	100	100	100	—	0%	—	0%
Contributed surplus	111,430	111,430	111,430	—	0%	—	0%
Retained earnings (deficit)	1,761,316	3,641,827	1,440,182	(1,880,511)	-52%	2,201,645	153%
Total shareholders' equity	**1,872,846**	**3,753,357**	**1,551,712**	**(1,880,511)**	**-50%**	**2,201,645**	**142%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**24,670,336**	**23,768,894**	**17,364,895**	**901,442**	**4%**	**6,403,999**	**37%**

Assets

For the period ended December 31, 2022 compared to the year ended March 31, 2022

Current assets

Current assets increased by $2,052,149 or 14%, primarily due to the following:

- Cash increased by $509,189 or 108% due to cash provided by financing activities offset by cash used in operating and investing activities.
- Trade and other receivables decreased by $ 406,334 or 6% despite a significant increase in revenues due to the collection of a large outstanding balance from one customer that was outstanding as at March 31, 2022;

- Inventory increased by $1,778,016 or 32%, primarily as a result of carrying cost per gram of dried flower equivalent increasing from $0.75 to $1.00 as a result of further processing costs attributable to the product mix shifting to dried flower extracts, such hash, kief and rosin.

- Biological assets increased by $152,762 or 10%, resulting from the change in the fair value measurement of plants as at December 31, 2022 and harvesting of plants during the period ended December 31, 2022, which are included in inventory.

Non-current assets

Non-current assets decreased by $1,150,707 or 13% due to the following:
- Right-of-use assets decreased by $685,489 or 13%, due to depreciation recorded during the period.
- Equipment decreased by $465,218 or 11%, due to additions of $126,340, offset by depreciation of $591,558. The nature of this equipment primarily relates to production equipment in the normal course of business

For the year ended March 31, 2022 compared to the year ended March 31, 2021

Current assets

Current assets increased by $7,843,563 or 115%, primarily due to the following:
- Trade and other receivables increased by $4,675,673 or 208%, primarily due to the increase in revenue, as well as an increase in trade receivables in arrears, with a related party, which have been partially provided for through a provision for estimated credit losses;
- Inventory and biological assets increased by $2,693,354 or 61%, due to (i) the change in the fair value measurement of plants as at March 31, 2022 and harvesting of plants during the year ended March 31, 2022, which are included in inventory; and (ii) the capitalization of certain expenditures, such as salaries and benefits, depreciation and amortization, and certain overhead costs to biological assets and inventory.

Non-current assets

Non-current assets decreased by $1,439,564 or 14% due to the following:
- Right-of-use assets decreased by $937,257 or 16%, due to depreciation recorded during the year.
- Equipment decreased by $502,307 or 11%, due to additions of $837,095, offset by net disposals of $442,621 and depreciation of $896,781. The nature of this equipment primarily relates to production equipment in the normal course of business

Liabilities

For the period ended December 31, 2022 compared to the year ended March 31, 2022

Current liabilities

Current liabilities increased by $4,343,010 or 35%, primarily due to the following:
- Income taxes payable increased by $793,030 or 779% due to increased profitability and the utilization of loss carry forward amounts were used up in FY 2022.
- Lease obligations increased by $108,111 or 17%, due to classification of lease obligation from non-current to current.
- Notes payable increased by 4,037,973 or 198% due to increase in advances during the period
- Borrowings increased by $200,000 or 13%, due to increase in advances during the period

Offset by:
- Trade and other payables decreased by $796,104 or 10%, primarily due to timing of invoices and payments.

Non-current liabilities

Non-current liabilities decreased by $1,561,057,808 or 21%, primarily due to the following:
- Lease obligations decreased by $538,156 or 10%, due lease payments made during the period offset by accretion of interest.
- Deferred tax liability decreased by $1,030,249) or 45% due to timing differences for property and equipment, right of use assets and biological assets and inventory

For the year ended March 31, 2022 compared to the year ended March 31, 2021

Current liabilities

Current liabilities increased by $4,549,020 or 58%, primarily due to the following:

- Trade and other payables increased by $2,803,941 or 52%, primarily due to timing of invoices and payments.
- Income taxes payable increased by $101,766 or 100% due to increased profitability and the utilization of loss carry forward amounts were used up in FY 2022.
- Lease obligations increased by $126,956 or 24%, due to classification of lease obligation from non-current to current.
- Borrowings increased by $1,500,000 or 100%, due to classification of borrowings from non-current to current.

Non-current liabilities

Non-current liabilities decreased by $346,666 or 4%, primarily due to the following:

- Lease obligations decreased by $636,876 or 11%, due lease payments made during the year offset by accretion of interest.
- Non-current portion of borrowings decreased by $1,491,822 or 97%, due to classification of borrowings from non-current to current
- Deferred tax liability increased by $1,782,032 or 357%, due to increased profitability and the utilization of loss carry forward amounts were used up in FY 2022.

Shareholders' equity

For the period ended December 31, 2022 compared to the year ended March 31, 2022

Shareholder's equity decreased by $1,880,511 or 50% due to comprehensive loss for the period ended December 31, 2022.

For the year ended March 31, 2022 compared to the year ended March 31, 2021

Shareholder's equity increased by $2,201,645 or 142% due to comprehensive income earned for the year ended March 31, 2022.

Liquidity, Capital Resources and Financing

The general objectives of our capital management strategy are to preserve our capacity to continue operating, provide benefits to our stakeholders and provide an adequate return on investment to our shareholders by continuing to invest in our future that is commensurate with the level of operating risk we assume. We determine the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and risks of the underlying assets. We are not subject to any externally imposed capital requirements.

The financial statements and this MD&A has 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. The financial statements and this MD&A 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 December 31, 2022, the Company had cash of $979,748 representing an increase of $509,189 from March 31, 2022.

As at March 31, 2022, the Company had cash of $470,559 representing an increase of $325,506 from March 31, 2021.

Given our existing cash and trade receivables, we believe there is sufficient liquidity to meet our current and short-term growth requirements in addition to our long-term strategic objectives.

For the nine months ended December 31, 2022 and 2021

Cash flows

	Nine months ended December 31,	
	2022	**2021**
	$	**$**
Cash	979,748	143,033
Net cash provided by (used in):		
Operating activities	(1,023,979)	3,581,229
Investing activities	(975,204)	(2,901,711)
Financing activities	2,508,372	(681,538)
Net (decrease) increase in cash	509,189	(2,020)

Cash Flows (used in) provided by Operating Activities

Cash used in operating activities for the nine months ended December 31, 2022, was $1,023,979 compared to cash provided by operating activities of $3,581,229 for the nine months ended December 31, 2021.

Cash Flows used in Investing Activities

Cash used in investing activities for the nine months ended December 31, 2022, was $975,204 compared to $2,901,711 for the nine months ended December 31, 2021. The decrease in cash used in investing activities is related to reduced purchases of equipment during the period and decrease in loans receivable issued.

Cash Flows provided by (used in) Financing Activities

Cash provided by financing activities for the nine months ended December 31, 2022, was $2,508,372 compared to cash used in financing activities of $681,538 for the nine months ended December 31, 2021. During the nine months ended December 31, 2022, the Company had total proceeds of $6,195,000 (2021 - $1,815,739) from notes payables and borrowings, offset by $3,686,628 (2021 - $2,997,277) repayments related to notes payable, borrowings and lease obligation.

For the years ended March 31, 2022 and March 31, 2021

Cash flows

	Year ended March 31,	
	2022	**2021**
	$	**$**
Cash	470,559	145,053
Net cash provided by (used in):		
Operating activities	5,634,492	2,441,153
Investing activities	(3,658,977)	(1,411,546)
Financing activities	(1,650,009)	(1,182,738)
Net (decrease) increase in cash	325,506	(153,131)

Cash Flows provided by Operating Activities

Cash provided by operating activities for the year ended March 31, 2022, was $5,364,492 compared to $2,441,153 for the year ended March 31, 2021.

Cash Flows used in Investing Activities

Cash used in investing activities for the year ended March 31, 2022, was $3,658,977 compared to $1,411,546 for the year ended March 31, 2021. The increase in cash used in investing activities is related to the purchase of equipment during the year and issuance of loans receivables.

Cash Flows used in Financing Activities

Cash used in financing activities for the year ended March 31, 2022, was $1,650,009 compared to $1,182,738 cash used in financing activities for the year ended March 31, 2021. During the year ended March 31, 2022, the Company had total proceeds of $2,127,803 (2021 - $762,765) from notes payables and borrowings, offset by $3,777,812 (2021 - $1,945,503) repayments related to notes payable, borrowings and lease obligation.

CONTRACTUAL OBLIGATIONS

We have no significant contractual arrangements other than those noted in our audited financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements other than those noted in our audited financial statements.

TRANSACTIONS WITH RELATED PARTIES

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

For the nine months ended December 31, 2022 and 2021

During the period ended December 31, 2022, the Company made sales to a related party totaling $14,027,457 (December 31, 2021 - $1,472,621) to a company that is owned 49.99% by Richard Clement, the ("Chief Cultivation Officer") and Michel Clement the ("Chief Operating Officer"). As of December 31, 2022, the Company had an outstanding receivable balance of $6,272,726 (March 31, 2022 – $2,489,620). During the period ended December 31, 2022, an amount of $1,043,968 of trade receivables was converted into a loan receivable.

As of December 31, 2022, the Company had an outstanding loan receivable balance of $1,947,332 (March 31, 2022 – $406,904) from a company that is owned 49.99% by the Chief Cultivation Officer and the Chief Operating Officer recorded in trade and other receivables. The loan charges interest at a rate of 8% per annum and is due on demand.

As of December 31, 2022, the Company had an outstanding loan receivable balance of $1,040,048 (March 31, 2022 – $1,017,548) from a company that is owned 49.99% by the Chief Cultivation Officer and the Chief Operating Officer and recorded in trade and other receivables. The loan charges interest at a rate of 3% per annum and is due on demand.

Compensation expense which consists of salaries and benefits for the Company's key management personnel for the period ended December 31, 2022, was $369,859 (December 2021 – $406,552).

During the period ended December 31, 2022, the Company made rental and lease payments totaling $1,150,488 (December 31, 2021 – $1,132,488) to a company (9336-4644 Quebec Inc.) that is controlled by the Chief Cultivation Officer and the Chief Operating Officer. As of December 31, 2022, the Company had an outstanding lease liability of $5,289,684 (March 31, 2022 – $5,738,686).

During the period ended December 31, 2022, the Company purchased $1,829,956 (2022 – $1,481,856) of equipment and services at market rates from a company that is controlled by the Chief Cultivation Officer and the Chief Operating Officer. As of December 31, 2022, the Company had an outstanding balance of $442,603 (March 31, 2022 – $2,074,919) recorded in trade and other payables.

During the period ended December 31, 2022, the Company was advanced $5,450,000 (2021 – $1,420,000) and repaid $2,189,525 (2022 – $1,077,000) of notes payable from a Company controlled by the Chief Cultivation Officer and the Chief Operating Officer. As of December 31, 2022, the Company had an outstanding balance payable of $5,132,613 (2022 – $1,417,290) recorded in notes payable. The balance payable is non-interest bearing and due on demand. As of June 30, 2022, the note is interest bearing at a rate of 17% per annum. Prior to this period the interest was non-interest bearing.

During the period ended December 31, 2022, the Company was advanced $545,000 (December 31, 2021 – $522,784) and repaid $55,356 (December 31, 2021 – $229,281) of notes payable from a Company controlled by the Chief Cultivation Officer and the Chief Operating Officer. As of December 31, 2022, the Company had an outstanding balance of $941,372 (March 31, 2022 – $382,495) recorded in notes payable. The balance payable is non-interest bearing and due on demand. As of June 30, 2022, the note is interest bearing at a rate of 17% per annum. Prior to this period the interest was non-interest bearing.

During the year ended March 31, 2020, the Company was advanced $400,975 from the Chief Cultivation Officer. During the period ended December 31, 2022, the Company repaid $nil (March 31, 2022 – $104,986). As of December 31, 2022, the Company had an outstanding balance of $5,807 (March 31, 2022 – $5,807) due to the Chief Cultivation Officer and recorded in notes payable. The balance payable is non-interest bearing and due on demand.

For the years ended March 31, 2022 and 2021

Compensation expense which consists of salaries and benefits for the Company's key management personnel for the year ended March 31, 2022, was $542,069 ($2021 – $411,539).

During the year ended March 31, 2022, the Company made rental and lease payments totaling $1,513,984 (2021 – $1,681,982) to a company that is controlled by the Chief Cultivation Officer and the Chief Operating Officer.

During the year ended March 31, 2022, the Company purchased $2,536,683 (2021 – $3,500,201) of equipment and services at market rates from a company that is controlled by the Chief Cultivation Officer and the Chief Operating Officer.

During the year ended March 31, 2022, the Company was advanced $1,420,000 (2021 – $400,000) and repaid $1,077,000 (2021 – $130,559) of notes payable from a Company controlled by the Chief Cultivation Officer and the Chief Operating

Officer. As of March 31, 2022, the Company had an outstanding balance payable of $1,417,290 (2021 – $822,490) recorded in notes payable. The balance payable is non-interest bearing and due on demand.

During the year ended March 31, 2022, the Company was advanced $522,784 (2021 – $302,765) and repaid $229,281 (2021 – $496,126) of notes payable from a Company controlled by the Chief Cultivation Officer and the Chief Operating Officer. As of March 31, 2022, the Company had an outstanding balance of $382,495 (2021 – $88,992) recorded in notes payable. The balance payable is non-interest bearing and due on demand.

During the year ended March 31, 2020, the Company was advanced $400,975 from the Chief Operating Officer. During the year ended March 31, 2022, the Company repaid $104,986 (2021 – $38,382). As of March 31, 2022, the Company had an outstanding balance of $5,807 (2021 – $362,593) due to the Chief Operating Officer and recorded in notes payable. The balance payable is non-interest bearing and due on demand.

As of March 31, 2022, the Company had an outstanding balance of $2,074,919 (2021 – $2,160,832) recorded in trade and other payables for equipment and services by a Company controlled by the Chief Cultivation Officer and the Chief Operating Officer. As of March 31, 2022, the Company had an outstanding lease liability of $5,738,686 (2021 – $6,237,527) due to a related party.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. As at December 31, 2022, 2 customers represented 86% of the outstanding receivable balance (March 2022 – 3 customers represented 93% and March 31, 2021 – 2 customers represented 100%). For the period ended December 31, 2022, 2 customers accounted for 68% of the Company's revenue (March 31, 2022 – 2 customers accounted for 79% and 2021 – 2 customers represented 62%).

The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The aging of trade receivables is as follows:

	December 31, 2022	**March 31, 2022**	**March 31, 2021**
	$	**$**	**$**
Current	**949,670**	**5,664,584**	1,531,283
1 – 30 days past due	**2,279,612**	**61,739**	74
31 – 60 days past due	**1,997,970**	**870,412**	220,404
Greater than 60 days past due	**2,299,068**	**583,563**	5,149
	7,526,320	**7,180,298**	1,756,910
Less: expected credit losses	**(1,088,739)**	**(496,618)**	—
	6,437,581	**6,683,680**	1,756,910

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and, if desired, the issuance of debt. The Company's trade and other payables are all due within 12 months from the date of these financial statements.

The Company is obligated to the following contractual maturities of undiscounted cash flows as at December 31, 2022:

	Carrying amount	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5 and over**	**Total**
Trade and other payables	7,366,030	7,366,030	—	—	—	—	7,366,030
Notes payable	6,079,793	6,079,793	—	—	—	—	6,079,793
Borrowings	1,760,000	1,790,000	—	—	—	—	1,790,000
	15,205,823	**15,235,823**	**—**	**—**	**—**	**—**	**15,235,823**

The Company is obligated to the following contractual maturities of undiscounted cash flows as at March 31, 2022:

	Carrying amount	Year 1	Year 2	Year 3	Year 4	Year 5 and over	Total
Trade and other payables	8,162,134	8,162,134	—	—	—	—	**8,162,134**
Notes payable	2,041,820	2,041,820	—	—	—	—	**2,041,820**
Borrowings	1,552,652	1,550,000	40,000	—	—	—	**1,590,000**
	11,756,606	**11,753,954**	**40,000**	**—**	**—**	**—**	**11,793,954**

Market risk

Market risk is the risk 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: foreign currency risk, interest rate risk and other price risk.

- Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is not exposed to foreign currency risk as at December 31, 2022.

- Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as at December 31, 2022 as there are no material long-term borrowings outstanding subject to variable interest rates.

- Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at December 31, 2022.

Fair values

The risk of material change in fair value is not considered to be significant. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the year, there were no transfers of amounts between levels and the Company did not have any financial instruments measured at fair value.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to note 2 and note 3 of the audited financial statements for a full discussion of our critical accounting policies and estimates.

OUTSTANDING SHARE DATA

The Company has authorized capital of an unlimited number of common shares with no par value. The Company's outstanding capital was as follows as at the date of this MD&A:

Common shares	10,000

SCHEDULE "B"

FAIRNESS OPINION

June 28, 2023

Canada House Cannabis Group Inc.
1773 Bayly Street
Pickering, Ontario L1W 2Y7

Attention: Dennis Moir, Chair of the Special Committee of the Board of Directors

Dear Sir:

Subject: Fairness Opinion

1.0 Introduction

1.01 Evans & Evans, Inc. ("Evans & Evans" or the "authors of the Opinion") was engaged by the Special Committee (the "Committee") of the Board of Directors (the "Board") of Canada House Cannabis Group Inc. ("Canada House" or the "Issuer") to prepare a Fairness Opinion (the "Opinion"). Canada House is a cannabis company whose shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "CHV". Canada House is contemplating a share exchange (the "Proposed Transaction"), as outlined in section 1.05 of this Opinion, with Montréal Cannabis Médical Inc. ("MTL" or the "Acquiror" and together with Canada House the "Companies'). MTL is a privately held company which is based in Montreal. The Companies both operate in the Canadian cannabis industry.

Trading in the Issuer's common shares has been halted since the Proposed Transaction was initially announced on August 9, 2021 ("Announcement Date") and is expected to remain halted until the closing of the Proposed Transaction. On August 30, 2022, the Companies closed on the first stage of the Proposed Transaction (the "Tranche One Closing"), resulting in the issuance of 22,749,340 common shares ("Common Shares") of Canada House to MTL shareholders in order to acquire 24.99% of the issued and outstanding shares of MTL. The Canada House Common Shares issued to MTL shareholders represents approximately 49.99% of the issued and outstanding shares of Canada House.

The purpose of the Opinion is to provide an independent opinion as to the fairness of the Proposed Transaction from a financial standpoint to the shareholders of Canada House (the "CHV Shareholders").

1.02 Unless otherwise noted, all monetary amounts referenced herein are Canadian dollars.

1.03 Canada House was incorporated on September 29, 1982 under the *Business Corporations Act* (British Columbia) and was continued under the *Canada Business Corporations Act* ("CBCA"). The Issuer is the parent company of three wholly-owned subsidiaries: (1) Abba

Medix Corp. ("Abba"), a licensed producer in Pickering, Ontario, that primarily operates a medical cannabis marketplace while leveraging its cultivation and license assets for third parties; (2) Canada House Clinics Inc. ("CHC"), which operates clinics across the country that work directly with primary care teams to provide specialized cannabinoid therapy services to patients suffering from simple to complex medical conditions and (3) IsoCanMed Inc. ("ICM"), a licensed producer in Louiseville, Quebec, that produces high-quality medical-grade cannabis. In addition, CHC is the sole shareholder of Margaree Health Group Incorporated ("Margaree"), a medical cannabis clinic dedicated to veterans in Nova Scotia. The operations of Margaree are being wound down as the Issuer transfers patients to CHC.

Abba was incorporated under the *Business Corporations Act* (Ontario) in 2013 and is a licensed producer ("Licensed Producer") under the *Cannabis Act*, S.C. 2018, c.16 (the "Cannabis Act") and Cannabis Regulations (Canada) (the "Cannabis Regulations"). Abba obtained a license to cultivate in Pickering, Ontario, in September 2017 and a sales license in December 2018. Abba has approximately 22,000 square feet in its indoor, controlled grow facility in Pickering, Ontario. Following the Tranche One Closing, production at the Abba facility was shut down and the Issuer entered into a lease to lease the facilities to an unrelated cultivation firm in exchange for a royalty and lease payments.

Abba has collaborated with CHC to create a medical cannabis portfolio catering to the needs of veterans having PTSD, pain and other injuries from service as veterans represent approximately 95% of medical sales for Abba. Abba refers patients to CHC for patient education and medical documentation.

Product offerings of Abba include dried flower, dried flower pre-rolls, oils as concentrated products and capsules, vapor inhalation products, topicals, suppository, concentrates, foods and beverages.

Abba has three revenue streams, with the primary revenue being the selling finished goods from Licensed Producers ("LP") from across Canada to medical patients. Secondary revenue sources for Abba include a licensing fee from MTL by selling MTL finished products to Société québécoise du cannabis, Quebec and Ontario Cannabis Store, Ontario and the royalty and rental revenues from the sublease noted above.

CHC was incorporated under the *Business Corporation Act* (New Brunswick) on October 7, 2013, as 672800NB Inc. and operated under the business name "Marijuana for Trauma" until changing its name to "Canada House Clinics Inc." in October 2018. CHC owns and operates medicinal cannabis clinics. CHC provides services to assist its patients in selecting a Licensed Producer, identifying appropriate strains, and consulting and supporting patients regarding the use of medical cannabis inclusive of issuing a Medical Document (authorization to purchase medical cannabis).

CHC operates 12 clinics across Canada, with one clinic in Alberta and the rest located in Ontario and the Maritime provinces, serving over 4,500 registered veterans. Active patients of CHC order over $40 million worth of cannabis annually from over 20 Licensed

Producers. CHC employs nurse practitioners and managers. A nurse practitioner can issue prescriptions to the patients for medical cannabis. CHC can also assist patients by providing online consultations. Revenues of CHC are generated from the intake and subsequent referrals of patients to Licensed Producers within Canada, including Abba.

In 2020, Canada House completed the acquisition of ICM, which was a privately owned cannabis company located in Louiseville, Quebec. ICM grows the best-in-class indoor cannabis in a 64,000 square foot ("ft^2") production facility, thus providing a significant increase in production capacity to meet the demands of Abba's registered patients and ICM's recreational distribution channels. Following the Tranche One Closing, MTL provided a loan to Canada House to retrofit a portion of the ICM facility. The ICM facility now operates under the guidance of MTL, using similar planting and cultivations techniques.

ICM generates revenue from the sale of wholesale products to MTL. ICM also receives revenue from MTL for selling finished goods (flower products only) in Société québécoise du cannabis, Quebec.

The Issuer acquired 690050 NB Inc. doing business as Knalysis Technologies ("Knalysis") in January 2018 and it was subsequently amalgamated with CHC. Knalysis was focused on providing clinic software to CHC, hence the rationale for the amalgamation.

On May 27, 2021, CHC acquired 100% of the issued and outstanding shares of Margaree for cash consideration of $500,000 and a three-year earn-out measured against Margaree's revenue during the earn-out period. Margaree is a medical cannabis clinic dedicated to Veterans in Nova Scotia. Margaree's patients will be served by the Halifax clinic of CHC. CHC has also committed to further increasing its contributions to veteran causes both through Not-for-Profit Post Traumatic Growth Association and additional programs.

Financial Overview[1]

In calendar 2022, the Issuer changed its fiscal year ("FY") end from April to July. As a result, the period the FY 2022 results in the following table are for 15 months. The Issuer's revenues and net loss before taxes are outlined in the following table.

	Six months	Fifteen months		Audited					
Canada House Cannabis Group Inc.	**ending**	**ending**		**For the fiscal years ending April 30,**					**Year ending**
Canadia Dollars '000s	**January-31-2023**	**July-31-2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**July-31-2015**
Net Revenues	**$13,800**	**$26,666**	**$10,560**	**$5,310**	**$4,875**	**$3,289**	**$6,207**	**$3,086**	**$0**
Gross Profit	$10,053	$7,168	$2,958	$3,385	$3,789	$3,289	$6,207	$3,086	$0
Gross Profit - %	*72.8%*	*26.9%*	*28.0%*	*63.7%*	*77.7%*	*100.0%*	*100.0%*	*100.0%*	*na*
Net Loss before Taxes	**$717**	**-$11,061**	**-$11,297**	**-$9,705**	**-$11,330**	**-$13,304**	**-$14,423**	**$690**	**-$8,882**

As can be seen from the previous table, the Issuer's revenues have been increasing, however Canada House, until FY 2023, operated at a loss. In the three months ended

[1] Net revenues are gross revenues less excise taxes.

January 31, 2023, the Issuer incurred a positive net profit for the first time. As of January 31, 2023, the Issuer's accumulated deficit was approximately $68.7 million.

During the quarter ending January 31, 2023, net revenue increased by $1,643,000 or 27%, from $6,176,000 during the quarter ending January 31, 2022, to $7,819,000. The increase for the quarter ending January 31, 2023 compared to January 31, 2022, is due to a $544,000 increase in Abba and ICM license revenue, a $329,000 increase in Abba and ICM product revenues from the adult-use recreational market and medical sales market, $20,000 increase in CHC's referral revenue, and a $750,0000 of decrease in the excise tax.

A summary of the Issuer's financial position is outlined in the table below. As can be seen from the summary below, Canada House has increased its debt load over the past three years. As of January 31, 2023 the Issuer had approximately $23 million in debentures, promissory notes, borrowings and mortgage debt. In considering the Issuer's financial position, in addition to the debt, Evans & Evans notes a working capital deficiency when compared to industry benchmarks[2].

Canada House Cannabis Group Inc. *Canadia Dollars '000s*	Six months ending January-31-2023	Fifteen months ending July-31-2022	Audited For the fiscal years ending April 30, 2021	2020	2019	2018
Cash and Cash Equivalents	**$460**	**$450**	**$1,835**	**$1,767**	**$3,427**	**$8,953**
Current Assets (Including Cash)	$11,218	$7,727	$9,873	$4,982	$5,461	$10,311
Current Liabilities (Including Debt & Leases)	$22,651	$17,044	$12,139	$3,940	$7,182	$3,641
Working Capital	**-$11,433**	**-$9,317**	**-$2,266**	**$1,042**	**-$1,721**	**$6,670**
Total Debt (Excluding Leases)	$23,006	$21,559	$17,440	$3,984	$722	$1,717

As of January 31, 2023, the Issuer's debt was primarily composed of:

- Approximately $2.0 million in loans from MTL which was used for the phase 1 retrofit of the ICM facility (the "ICM Retrofit Loan")
- Bank and other vendor loans totaling $2.4 million
- $4.0 million (book value) in convertible debentures issued in 2020 which have a face value of $6.5 million with the balance allocated to the conversion feature and warrants[3]
- $1.9 million in a mortgage on the ICM facility
- $0.9 million (book value) of debentures issued in 2017
- Approximately $11.7 million in promissory notes[4] (book value) related to the ICM acquisition (the "ICM Notes") which have a face value of $12.5 million with the difference being finance costs charged during the life of the ICM Notes. The Issuer has negotiated extensions on the promissory notes for rolling maturity dates in August of 2024 through to December of 2024.

[2] Working capital includes cash but excludes debt and leases.
[3] Approximately $1.3 million in interest has accrued on the convertible debentures as of January 31, 2023
[4] Approximately $400,000 in interest has been accrued on the ICM Notes

Share Capitalization

On August 25, 2022, the Issuer consolidated its common shares (the "Consolidation") on the basis of 30 pre-Consolidation Common Shares for each one post-Consolidation Common Shares. As noted above, trading in the Issuer's Common Shares has been halted since August of 2021.

Concurrent with the Tranche One Closing, MTL shareholders were issued 22,779,340 common shares of Canada House. As of the date of the Opinion 46,152,504 Common Shares are issued and outstanding.

In addition to the Common Shares issued and outstanding, the Issuer has 7,578,095 warrants and 1,265,000 options to acquire additional common shares issued and outstanding.

1.04 MTL was incorporated on April 27, 2017, under the CBCA. The Acquiror is a Health Canada licensed cultivator and processor. MTL received its license to cultivate and process cannabis on February 7, 2020 and a license to sell dried cannabis on February 22, 2022.

MTL is a privately owned company founded by Mitch and Rich Clement, located in Montreal, Quebec. MTL has a 57,000 square foot licensed facility and has an option to expand to 130,000 square feet in the existing two buildings. MTL can further expand to 300,000 square feet. In the existing facilities, MTL uses indoor facilities and a proprietary hydroponic growing methodology to grow cannabis. The Acquiror processes the cannabis using handcrafted techniques to produce high quality finished goods for the end customer. MTL produces over 10,000 kgs annually.

MTL grows cannabis "in house" in the MTL facility located in Pointe Claire, Quebec. This forms the major chunk of MTL's sales in recreational and international markets. MTL also purchases raw materials (i.e., flowers) from ICM. In order to maintain a buffer flower inventory MTL purchases raw materials from independent suppliers. MTL sells its products to nine provincial channels in Canada. Through sales of its products in these domestic recreational markets MTL has gained an exposure to 74.6% of the overall recreational cannabis markets of Canada. MTL exports its products to internationally to Germany, Israel, and Australia if capacity cannot be sold into Canadian markets.

Financial Results

MTL's FY ends on March 31. MTL's results for the nine months ended December 31, 2022 and the years ended March 31, 2020 and 2021 are summarized in the table below. Prior to FY 2023, MTL had been generating positive income from operations. MTL has been increasing its revenue and is on track for an approximately 17% increase in gross revenues in FY 2023. MTL management is forecasting significant growth in FY 2024 and a return to positive earnings before interest, taxes, depreciation and amortization ("EBITDA"). FY 2023 interim results have been impacted by higher than historical excise taxes, an increase in debt and an increase in cost of sales.

Canadia Dollars	For the 9 months Ended December 31, 2022	For the fiscal year ending March 31, 2022	2021
Net Revenues	**$16,375,734**	**$22,151,290**	**$13,358,053**
Gross Profit	$6,226,650	$14,548,913	$5,339,631
Gross Profit - %	*38.0%*	*65.7%*	*40.0%*
Net Income (Loss) before Taxes	**-$2,117,730**	**$4,085,443**	**$986,991**

Financial Position

As outlined in the following table, MTL's working capital position had declined as of December 31, 2022 when compared to the end of FY 2022. In addition, the Acquiror's debt increased in the nine months ended December 31, 2022 as summarized following the table. While the working capital position decreased, Evans & Evans did find that MTL's debt-free working capital ratios were above industry averages for the cannabis sector.

Canadia Dollars	As of December 31, 2022	For the fiscal year ending March 31, 2022	2021
Cash and Cash Equivalents	**$979,748**	**$470,559**	**$145,053**
Current Assets (Including Cash)	$16,694,177	$14,642,028	$6,798,465
Current Liabilities (Including Debt & Leases)	$16,798,454	$12,455,444	$7,906,424
Working Capital	**-$104,277**	**$2,186,584**	**-$1,107,959**
Total Debt (Excluding Leases)	$7,839,793	$2,094,472	$3,569,937

During nine months ended December 31, 2022, MTL received additional advances from existing noteholders of $5,995,000, under the same terms and conditions. The notes payable bear interest ranging from 0% to 5% per annum and are unsecured. As of December 31, 2022, $6,079,793 (2022 – $1,805,592) of notes payable were due on demand. As at December 31, 2022, MTL was in compliance with the covenants under the existing notes.

In July 2019, MTL entered into a $1,500,000 loan agreement with an unrelated party. The loan matures in July 2022. In April 2022, the lender provided additional funding of $200,000, at the same terms, and due on demand. Both parties agreed to extend the terms beyond the maturity date of July 2022 on a month to month basis. The loan is secured against MTL's equipment. The loan accrues interest at 7% for the first 24 months and 10% thereafter.

1.05 On August 30, 2022, Canada House announced the closing of the first tranche of its acquisition of MTL. With the closing of the first tranche of the Proposed Transaction (i.e., the Tranche One Closing), the Issuer acquired approximately 24.99% of the issued and outstanding shares of MTL in exchange for 49.99% of the issued and outstanding common shares of the Issuer. Following the completion of the Consolidation, the shareholders of

MTL were issued 22,779,340 common shares of Canada House (“Common Shares”) on the Tranche One Closing. The definitive transaction agreement between the parties (the “Agreement”) provides for Canada House to acquire the remaining 75.01 % of the issued and outstanding shares of MTL on the second tranche of the Proposed Transaction (the “Subsequent Closing”) in exchange for such number of Common Shares that when added to the Common Shares issued on the Tranche One Closing, is equal to 80.0% of the issued and outstanding common shares of Canada House.

The Proposed Transaction constitutes a “reverse takeover” of the Issuer, and it is anticipated that following the Subsequent Closing, Canada House will operate under the MTL corporate name with shares trading on the CSE under a related ticker symbol.

The initial Agreement, dated August 9, 2021, outlined a purchase price of 100% of MTL as follows:

(a) by the issuance of such number of Common Shares in the capital of the Issuer, as would constitute, on a pro forma basis immediately following the closing, 80% of the aggregate number of Common Shares on an issued and outstanding basis as of immediately following the Closing (the “Consideration Shares”) at a deemed price per pre-Consolidation Common Share of $0.035.

(b) a performance-based earnout payment of $5,000,000 (the “Earnout Consideration”), contingent on satisfaction of each of the following: (i) MTL gross revenue net of excise tax being at least $20,000,000 for each of the first twelve months and the second twelve months following the closing date, and (ii) production of dried flower cannabis of merchantable quality at the existing licensed facilities of the wholly-owned subsidiaries of Canada House and the MTL facilities exceeds 15,000 kilograms in each of the first twelve months or the second twelve months following the closing date.

The Earnout Consideration, if achieved, shall be paid in full to the MC Shareholders within ninety (90) days following the end of the twenty-four (24) month period commencing on the Closing Date by wire transfer of immediately available funds to the account, and as directed by, the MC Shareholders. The Purchaser will use commercially reasonable efforts to obtain financing, if required, in order to pay the Earnout when it becomes due and payable.

On May 8, 2023, the Companies agreed to a non-binding offer letter (the “Extension Agreement”) to amend the terms and conditions of the Restated Share Exchange Agreement[5] dated July 22, 2022. Included in the Extension Agreement was an agreement to extend the drop-dead date to November 14, 2023. The Extension Agreement also set out the terms by which the Companies would complete the Proposed Transaction, and if the Proposed Transaction does not complete how the Companies would deal with certain

[5] Such term as defined in the Canada House Information Circular

loans and licensing agreements entered into following the completion of the Tranche One Closing.

The Extension Agreement also amended the terms of the Earnout Consideration. The Earnout Consideration, if earned, will not be due and payable until the principal amount due under the ICM Retrofit Loan has been reduced to $5.0 million in aggregate, and upon then the Earnout Consideration shall be paid pro rata on a dollar-for-dollar basis as between payments made on the account of the Earnout Consideration and payments made on the then outstanding aggregate principal of the ICM Retrofit Loan.

As agreed in the Restated Share Exchange Agreement[6], the Second Restated Share Exchange Agreement continues to provide anti-dilution protection (the "Anti-Dilution Protection") in favour of the Vendors in respect of issuances of Common Shares upon the conversion of the principal and/or interest of the secured convertible debenture (the "Archerwill Debenture") in the principal amount of $6,500,000 issued by Canada House to Archerwill Investments Inc. ("Archerwill") on August 5, 2020 (as amended effective August 30, 2022). If the conversion right under the Archerwill Debenture is exercised, the Second Restated Share Exchange Agreement provides for an issuance of such number of Common Shares that when added to the Base Consideration Shares equals 80.0% of the issued and outstanding Common Shares on a pro forma basis, based on the issued and outstanding Common Shares as at the Tranche One Closing plus all shares issued to the Vendors pursuant to the Transaction and issued to Archerwill upon the conversion of principal and/or interest under the Archerwill Debenture. In addition, the Second Restated Share Exchange Agreement provides that in the event of the issuance of Common Shares upon the exercise of the Archerwill Prepayment Warrants, such anti-dilution protection will apply with respect to 50% of the Archerwill Prepayment Warrants with the dilution from the remaining 50% of the Archerwill Prepayment Warrants being borne by current Shareholders and by the Vendors on a pro rata basis.

Since entering into the Tranche One Closing, the Companies have begun to integrate their operations as follows:

- Leveraging the agreement Canada House had with a Licensed Produce in New Brunswick to provide MTL access to certain Canada House genetics for its operations which is a new revenue stream for Canada House;
- Shutting down of production at Abba's licensed facility, thereby moving recreational sales accountability to MTL and focusing Abba on the medical marketplace;
- Completing of the phase 1 retrofit of ICM's facility under the guidance and financial support of MTL;
- Training of ICM staff on MTL cultivation and growing methodologies;
- Entering into a licensing agreement to enable MTL to make use of certain Canada House sales licenses in provinces where MTL did not sell directly.

[6] Capitalized terms in this paragraph correspond to Canada House's Information Circular

1.06 The Committee retained Evans & Evans to act as an independent advisor to Canada House and to prepare and deliver the Opinion to the Committee to provide an independent opinion as to the fairness of the Proposed Transaction, from a financial point of view to the CHV Shareholders as at the date of the Opinion.

2.0 Engagement of Evans & Evans, Inc.

2.01 Evans & Evans was formally engaged by the Committee pursuant to an engagement letter signed May 9, 2023 (the "Engagement Letter") to prepare the Opinion.

2.02 The Engagement Letter provides the terms upon which Evans & Evans has agreed to provide the Opinion to the Committee. The terms of the Engagement Letter provide that Evans & Evans is to be paid a fixed professional fee for its services. In addition, Evans & Evans is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by Canada House in certain circumstances. The fee established for the Opinion is not contingent upon the opinions presented.

2.03 Evans & Evans has no present or prospective interest in Canada House or MTL, or any entity that is the subject of this Opinion, and we have no personal interest with respect to the parties involved.

3.0 Scope of Review

3.01 In connection with preparing the Opinion, Evans & Evans has reviewed and relied upon, or carried out, among other things, the following:

Canada House

- Reviewed the Issuer's website www.canadahouse.ca.
- Reviewed data on monthly patient visits for CHC Clinics for the period July 2019 to March 2023.
- Reviewed revenues by month for the period April 2022 to March 2023 for Abba as prepared by management.
- Reviewed the Issuer's management-prepared consolidated statements for the months of February and March 2023.
- Reviewed the Issuer's unaudited condensed interim consolidated financial statements for the six months ended January 31, 2023.
- Reviewed the Issuer's consolidated financial statements for the 15 months ended July 31, 2022 and the year ended April 30, 2021 as audited by Ernst & Young LLP, Licensed Public Accountants of Toronto, Ontario.

- Reviewed the Issuer's consolidated financial statements for the years ended April 30, 2019 to 2021 as audited by Ernst & Young LLP, Licensed Public Accountants of Toronto, Ontario.

- Reviewed the certificates of incorporation and articles of incorporation for the Issuer and its subsidiaries.

- Reviewed the Issuer's agreements related to the issuance of promissory notes and convertible debentures.

- Reviewed the Promissory Note Tolerance and Forbearance Agreements between Canada House and Gestion-R RB50 Inc.), Gestion Eric Bouvier Inc. and Gestion Erik Bertachhinic Inc. (together the "Gestion Group") dated July 21, 2022. The Issuer previously issued Promissory Notes to the Gestion Group.

- Reviewed the Waiver & Extension whereby the Gestion Group agreed not to enforce their security on the ICM facility pending the closing of the Proposed Transaction.

- Reviewed the Amending Agreements dated December 14, 2020 between the Issuer and the Gestion Group respecting the Promissory Notes.

- Reviewed the Promissory Notes between the Issuer and the Gestion Group dated June 12, 2020.

- Reviewed various supply and distribution agreements entered into by the Issuer.

- Reviewed the Issuer's Management's Discussion and Analysis for the three- and six-months ending January 31, 2023, the fifteen-month period ending July 31, 2022 and the year ending April 30, 2021.

- Reviewed the Brand License and Product Purchase Agreement between the Issue and MTL dated October 14, 2021. Under the agreement, MTL sells products to the Issuer and the Issuer sells to certain provincial licensed retailers. The agreement enables MTL to more rapidly generate sales in certain provinces through Canada House's existing sales licenses. The Issuer receives a fixed price per unit sold under the agreement as consideration.

- Reviewed the August 7, 2021 term sheet for amendments to the transaction documents between Canada House and Archerwill. On August 5, 2020, Canada House issued the Archerwill Debentures and the Archerwill Prepayment Warrants. Also reviewed the Warrant Amending Agreement dated July 22, 2022.

- Reviewed the Voting Support Agreements with securityholders in relation to the issuance of the Archerwill Debentures and the associated warrants.

- Reviewed the Investor Rights Agreement between the Company and Archerwill dated August 4, 2020.

- Reviewed the Issuer's press releases for the 24 months preceding the date of the Opinion.

Montreal Cannabis

- Reviewed MTL's website http://www.mtlcannabis.ca/.

- Reviewed MTL's summary financial forecast by quarter for FY 2024.

- Reviewed MTL's unaudited financial statements for the six months ended December 31, 2022 as prepared by management.

- Reviewed MTL's financial statements for the years ended March 31, 2021 and 2022 as audited by MNP LLP of Montreal, Quebec.

- Reviewed MTL's articles of incorporation.

Other Information

- Reviewed a management-prepared summary of the Companies and the markets which they target.

- Reviewed the Companies' licenses as issued by Health Canada.

- Reviewed a Term Sheet dated June 14, 2021 outlining the terms of the Proposed Transaction between the Companies.

- Reviewed the Share Exchange Agreement between the Issuer, MTL and the MTL shareholders dated August 9, 2021.

- Reviewed a Term Sheet dated June 28, 2022, between the Companies noting the only outstanding item contingent to closing the Proposed Transaction is the delivery of audited financial statements of MTL.

- Reviewed various loan agreements between the Issuer and MTL and /or certain MTL shareholders as summarized in section 1.04 of the Opinion.

- Reviewed the Extension Agreement dated for reference May 8, 2023 between the Companies.

- Reviewed stock market trading data and financial information on the following companies: Aurora Cannabis Inc.; BC Craft Supply Co. Ltd.; Canopy Growth Corporation; Christina Lake Cannabis Corp.; Craftport Cannabis Corp.; Flower One

Holdings Inc.; Greenway Greenhouse Cannabis Corporation; Lotus Ventures Inc.; New Leaf Ventures Inc.; Terranueva Corporation; The Hash Corporation; Transnational Cannabis Ltd.; Aurora Cannabis Inc.; Organigram Holdings Inc.; HEXO Corp.; Aleafia Health Inc.; Delta 9 Cannabis Inc.; Global Health Clinics Ltd.; Pathway Health Corp.; Avant Brands Inc.; and CanadaBis Capital Inc.

- Reviewed merger and acquisitions data related to cannabis companies.
- Reviewed information on the Companies' market from a variety of sources.

Limitation and Qualification

- Evans & Evans did not visit any of the Companies' respective facilities.

4.0 Market Overview

4.01 The global legal cannabis market was estimated to be US$22.1 billion in 2022 and is expected to grow at compound annual growth rate ("CAGR") of 25.5% from 2023 to 2030. The growth can be attributed to a rise in legalization and acceptance of cannabis for the purposes of recreation and medical treatment globally.[7]

The global medical cannabis market was estimated to be worth US$20.24 billion in 2023 and is expected to grow at a CAGR of 22.9% to US$54.75 billion by the year 2028.[8] The acceptance of cannabis in the for a medical treatment is one of the key reasons for the growth of this sector. Many countries which have legalized the use of cannabis with the intention to boost their economy as they take up the role of an exporter of medical cannabis products. They refuse imports and allow use of products which are cultivated domestically. Countries such as Australia, Israel, Germany and the Czech Republic are the largest importers of medical cannabis products in the world.[9] German imports of cannabis have increased each year from 1,780 kg in 2017 to 24,817 kg in 2022.[10] The medical cannabis market in Australia is set to outperform the Canadian market due to increased approval of patients and prescriptions.[11] The amount of flower approved for sale per month in Israel has increased steadily from 2,631 kg in March 2021 to 4,334 kg in January 2023.[12] The United Kingdom is the largest exporters of medical cannabis products, as it produces Sativex Oral Spray, which is the most widely approved Cannabidiol product in the world. Other prominent countries exporting cannabis products are Canada and Columbia for dry

[7] https://www.grandviewresearch.com/industry-analysis/legal-cannabis-market
[8] Global Medical Cannabis Market- Industry Forecast from 2023 to 2028,- https://www.marketdataforecast.com/market-reports/medical-cannabis-market
[9] Analysis and forecast of global medical cannabis markets- https://chamber.ca/wp-content/uploads/2022/11/Medical-Cannabis-Research_FINAL-June-27-2022-2.pdf
[10] https://mjbizdaily.com/germany-imports-record-amount-of-cannabis-but-growth-slows/
[11] https://mjbizdaily.com/australia-medical-cannabis-sales-might-surpass-canada-in-near-future/
[12] https://mjbizdaily.com/israel-medical-cannabis-patient-growth-slows-as-industry-awaits-major-reform/

flower and oil and creams, respectively. Netherlands exports a range of cannabis products to many countries throughout Europe.[9]

North America has played an important role in the legalized cannabis industry. North America contributes 55.6% of the sales in the medical cannabis market globally. The region of Asia -Pacific is exhibiting fast growth of the cannabis market and is expected to have a CAGR of 25.13% from 2023 to 2028.[8]

Recreational cannabis market is approximately worth US$1,780.45 million in 2022 and is expected to reach US$2902.66 by the year 2030, indicating a CAGR of 6.3%. Cannabis is now being largely accepted in food and beverages for recreational purposes.[13]

4.02 The North American cannabis market is the largest segment for medical cannabis worldwide. Canada has legalized use throughout the country, while Unites States has legalized cannabis in many states. There is a growth in the awareness among medical practitioners of use of cannabis in managing illnesses such as anxiety, chronic pain, epilepsy, etc. There is also an increasing acceptance among patients leading to a steady increase in the market for such products.

4.03 Canada has allowed legal access to medical marijuana since 1999, but the laws in Canada have continued to evolve with time. The *Access to Cannabis for Medicinal Purposes Regulations* ("ACMPR"), were established in August 2016 to allow licensed producers to produce and sell cannabis products for medicinal use and allowed individuals to grow their own cannabis for medical purposes. On October 17, 2018, the government of Canada legalized and strictly regulated the production, distribution, sale, import and export, and possession of cannabis for adults of legal age. By doing so Canada became the first industrialized nation to allow legal and regulated access to cannabis for non-medical or recreational purposes. In 2021, all regions of Canada showed high approval rate for legalization of cannabis, with the rate being highest in prairies region and lowest in the Atlantic region.[14]

Revenue of the Canadian cannabis market is projected to reach $4.93 billion by 2023 indicating a growth of 25.4 % year-over-year ("YOY").[15] The Canadian cannabis market is expected to grow at CAGR of 15.64% to reach $7.15 billion by 2027. The medical cannabis segment is expected achieve revenues of $0.81 billion in 2023 and reach e $1.32 billion by 2027, showing a CAGR of 12.9%.[16] Even though there has been a decline in the medical cannabis market, it represents 8% of the overall cannabis market in Canada and has witnessed a 20% increase in veteran spending in the medical cannabis space. This can be seen in the figure below.[17]

[13] https://www.databridgemarketresearch.com/reports/global-recreational-cannabis-market
[14] https://www.statista.com/topics/3194/medical-marijuana-in-canada/#topicOverview /
[15] https://www.statista.com/outlook/hmo/cannabis/canada?currency=CAD
[16] https://www.statista.com/outlook/hmo/cannabis/medical-cannabis/canada?currency=CAD
[17] https://mjbizdaily.com/shrinking-canadian-medical-cannabis-market-might-offer-lessons-for-us-germany/

VAC CANNABIS PROGRAM BY FISCAL YEAR (Mar 31st)	Vets	Change In Vets Enrolled	REIMBURSED AMOUNT	GRAMS REIMBURSED	Annual Growth VAC Program # of Vets	Annual Growth Spend for VAC Program Spend
2011-2012	37		$103,424	16,852		
2012-2013	68	31	$284,632	53,741		
2013-2014	112	44	$408,809	77,012		
2014-2015	628	516	$5,160,747	494,927		
2015-2016	1,762	1,134	$20,538,153	1,745,644		
2016-2017	4,474	2,712	$63,703,151	5,726,179	154%	210%
2017-2018 (Cuts Implemented)	7,298	2,824	$50,967,423	6,068,671	63%	-20%
2018-2019	10,466	3,168	$74,816,978	8,883,191	43%	47%
2019-2020	13,270	2,804	$85,151,847	10,152,284	27%	14%
2020-2021	15,369	2,099	$119,264,105	14,463,796	16%	40%
2021-2022	18,388	3,019	$153,780,985	19,351,466	20%	29%

The Canadian recreational market had $4.5 billion of sales in 2022, representing approximately17.9% YOY growth.[18] The recreational market continues to demonstrate growth over the first quarter of published data in FY2023, representing 13.2% growth over the same period of the previous year.

In the Canadian recreational market, dried flower, pre-rolls, and concentrates represent 40.1%, 29.3%, and 5.2% of sales, respectively.[19] Adult use flower sales were US$1.1 billion in 2020 and its sales are expected to peak in 2023. Adult use flowers are expected to command the biggest share of the legal cannabis market in Canada by 2025.

There were 379 businesses growing cannabis under cover in Canada in 2022. Ontario had 143 businesses growing cannabis as of December 2022, which is the highest in Canada.

Cannabis is now being prescribed as a treatment for variety of medical conditions and symptoms, such as cancer, diabetes, chronic pain, epilepsy, depression, arthritis, glaucoma, migraines, multiple sclerosis, Alzheimer's, acquired immunodeficiency syndrome (AIDS), amyotrophic lateral sclerosis (ALS), post-traumatic stress disorder (PTSD), Parkinson's, and Tourette's syndrome. Cannabis provides a safer alternative with relatively milder side effects as compared to other alternative therapies. It is also combined with conventional opioid treatment to reduce frequency and quantity of opioid treatments while providing relief to the patients.[20]

4.04 The Canadian cannabis sector has made a positive contribution to the national economy from the year 2018, when adult use of recreational cannabis was legalized. Cannabis has contributed billions to GDP and have created tens of thousands of jobs across the country.

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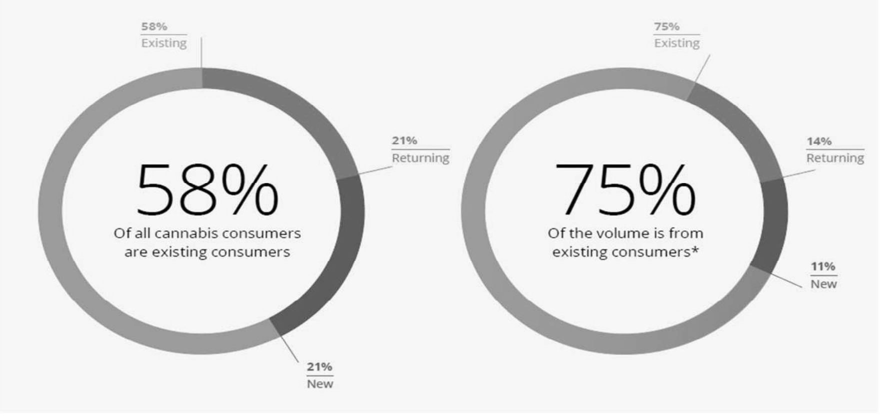
[18] https://mjbizdaily.com/canadian-adult-use-cannabis-sales-jump-nearly-18-in-2022-hitting-ca4-5-billion/#:~:text=Canada's%20cannabis%20consumers%20spent%204.52,released%20Tuesday%20by%20Statistics%20Canada.
[19] https://www.newcannabisventures.com/canadian-cannabis-sales/
[20] https://www.expertmarketresearch.com/reports/medical-cannabis-market

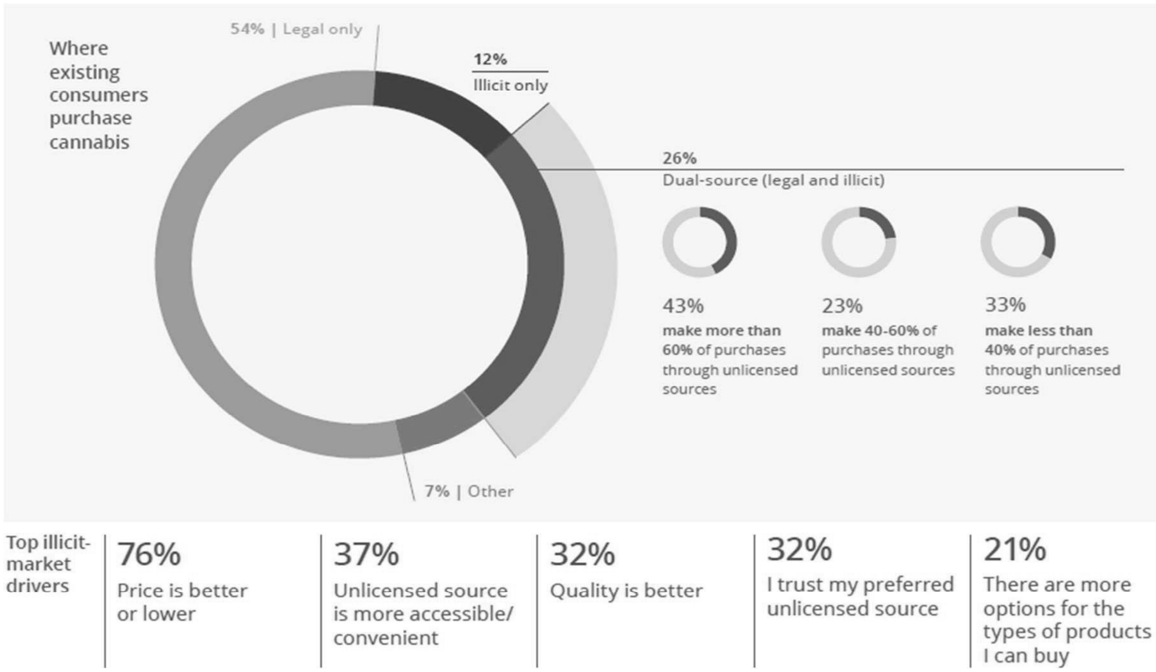
In the period between 2018 and 2021, the total medicinal and recreational sales were $11 billion. Recreational sales accounted for 67.8% of the total sales. The industry had to make considerable investments in real estate, infrastructure, and technology in order to be prepared for growth. Capital expenditures in the range of $29 billion were done between 2018 and 2021 as production facilities were being erected across the country. Between legalization and 2021, the cannabis sector has overall contributed $43.5 billion to the Canadian GDP either directly, indirectly or through induced economic activity. Cannabis sector has generated government tax revenues of $15.1 billion to the government coffers. This sector is responsible for generating 93,000 jobs annually and 31,000 jobs in Ontario alone.[21]

The number of registered cannabis consumers was 247,548 in March 2022 and fell by 6% to 232,105 in September 2022[22]. The existing consumers which are only 58% of the total population of the consumers, account for 75% of the total consumption of the cannabis products. The returning and new consumers account for 14% and 11% of the total sales volume, respectively, even though they 21% each of the total number of consumers. [23]As can be seen in the figure below:



Even though Canada's legal cannabis market has made significant progress in curtailing illegal activity it has been known that there is still a large market of illegal sellers. Approximately 54% of the consumers purchase cannabis from legal sources almost a quarter of the consumers still purchase from both legal and illegal source. The primary reason for such activity is price. Some of the other reasons for some customers preferring unlicensed sources are convenience and easy access, better quality, better range of products and in some cases are more trusted by the consumers.

[21] An industry makes it's mark- the economic and social impact of Canada's cannabis sector- Deloitte
[22] https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/medical-purpose.html
[23] 2021- Cannabis consumer report- Seeding new opportunities-listening to Canada's cannabis consumer- Deloitte



Consumer interest and preferences are ever evolving, therefore, to remain competitive businesses must invest in optimizing their product portfolios and in ensuring that they have processes in place which allow them to continually foster innovation.

4.05 According to a December 2022 article in MJBizDaily[24], 2022 was a difficult year in Canada for cannabis investors. According to the article, 14 companies operating in the cannabis space applied for creditor protection under the *Companies Creditors Arrangement Act* ("CCAA") between January 1 and December 22, 2022. A partner in the restructuring and insolvency group at Canadian law firm Cassels Brock & Blackwell said the cannabis sector CCAA trend started in 2020 and appears to be accelerating.

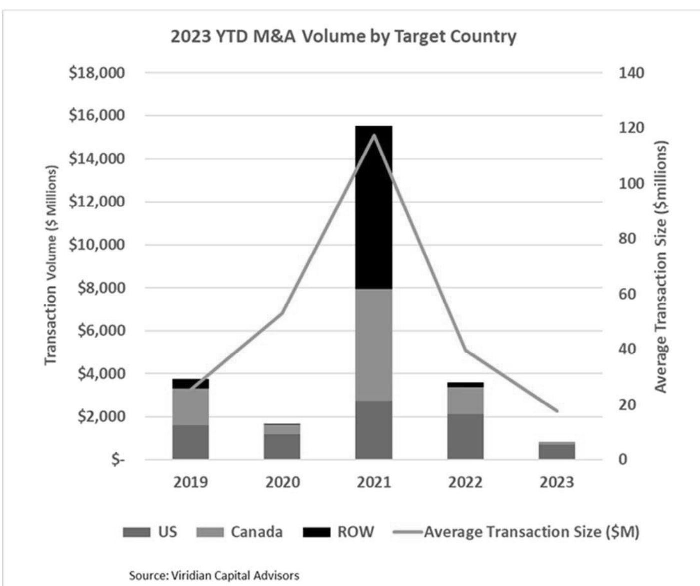
On December 8, 2022, The Flowr Corporation ("Flowr") announced that its subsidiary, The Flowr Canada Holdings ULC, has entered into a binding agreement with Avant Brands K1 Inc, formerly, 1000343100 Ontario Inc. ("Avant") pursuant to which Avant will acquire all of the shares of The Flowr Group (Okanagan) Inc. ("Flowr Okanagan"), and certain other assets of Flowr, comprising substantially all of the assets of the company, for total consideration of $5,115,000 plus the amount of the closing debt loan and the assumed liabilities. The transaction is the result of the sale and investment solicitation process (the "SISP") conducted under the company's announced CCAA proceedings. Avant acted as the company's interim lender to fund the CCAA proceedings and other working capital requirements, and also acted as the stalking horse bidder under the SISP. In the 12-months ended September 30, 2022, Flowr had revenues of approximately $12.5 million, implying a multiple of 0.4x trailing 12-month revenues.

[24] https://mjbizdaily.com/struggling-cannabis-companies-turn-to-canadian-insolvency-law-ccaa/

It was reported in April 2023, CannTrust Holdings Inc. ("CannTrust") which was renamed Phoena Holdings Inc. ("Pheona"), received bankruptcy protection under the CCAA for the second time and is being wound up. CannTrust received $16.7 million from Marshall Fields International B.V, of which $11.2 million was to acquire 90% equity interest in CannTrust and $5.5 million as secured credit facility to CannTrust during its first round under CCAA.[25] But Pheona was unable to revive the business and lost $24.8 million in 2022 with only $13.2 million in sales. Pheona had $77 million in debt and had not made payments on a $22.5 million revolving credit facility since November 2022. Pheona stated in its court application that the company no longer has the resources to continue trying and the investors are unwilling to take further losses.[26]

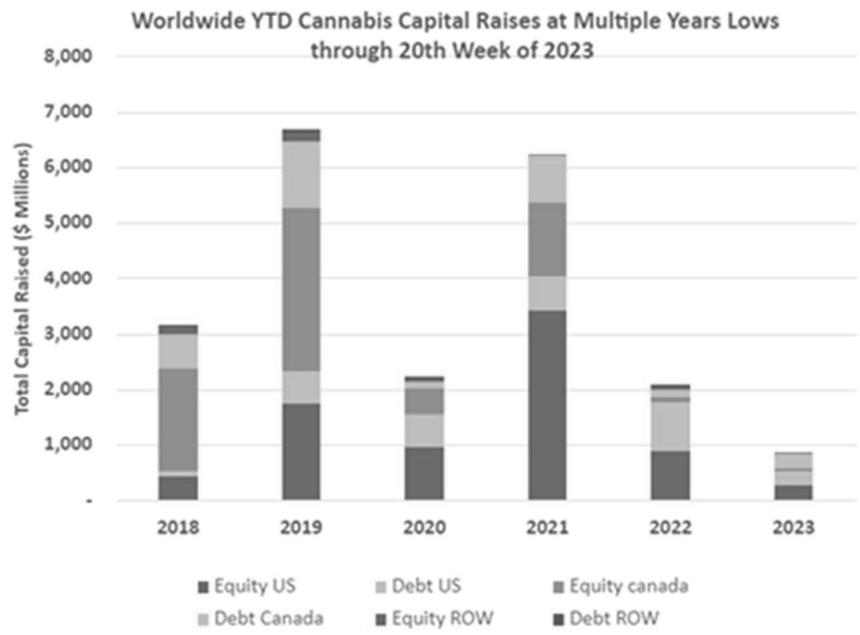
4.06 The Canadian cannabis industry did not see any significant Mergers and Acquisition ("M&A") activity in 2022. Retailers saw the bulk of the transactions as this part of the industry is hypercompetitive in nature, while legal marijuana producers have frequently filed for creditor protection after being unable to agree to any merger deals.[27]

There has been a further slowdown in M&A transactions in 2023, as 49 transactions have closed year-to-date ("YTD") as of the end of May 2023, totaling an amount of US$870.4 million, as compared to ninety-one transactions amounting to US$3,595.3 million in the corresponding period in 2022. The average transaction size of US$17.8 million in YTD 2023 has been lowest in recent years.[28]



[25] https://www.prnewswire.com/news-releases/canntrust-completes-cad-17-million-financing-exits-ccaa-301502521.html
[26] https://ustoday.news/the-cannabis-carnage-continues-as-the-former-canntrust-regains-ccaa-protection-and-seeks-liquidation/
[27] https://www.bnnbloomberg.ca/private-equity-to-drive-cannabis-mergers-and-acquisitions-in-2023-hexo-ceo-1.1857323
[28] Viridian Capital Advisors- Viridian Cannabis Deal Tracker

4.07 Fund raising in the cannabis industry in the US and Canada has been at a multi-year low in 2023. The first twenty weeks of 2023 witnessed only US$870.31 million as compared to US$2,064.11 million in the same period of 2022. Debt represented 60.1% of the total capital raised, which has been the highest in any comparable period since 2018. Fund raising by public companies has only been 60.1% of total funds raised year to date as compared to 76.4% in the previous year.[28]



5.0 Prior Valuations

5.01 The Companies have represented to Evans & Evans that there have been no formal valuations or appraisals relating to the Companies or any affiliate or any of its material assets or liabilities made in the preceding three years which are in the possession or control of the Companies.

6.0 Conditions and Restrictions

6.01 The Opinion is intended for placement on Canada House's file. The Opinion may be included in any materials provided to the CHV Shareholders. The Opinion may be filed with the court in respect of approving the Proposed Transaction.

6.02 The Opinion may not be issued to any international stock exchange and/or regulatory authority beyond the CSE and the securities commissions in the provinces in which Canada House is a reporting issuer.

6.03 The Opinion may not be issued and/or used to support any type of value with any other third parties, legal authorities, nor stock exchanges, or other regulatory authorities, nor any tax authority. Nor can it be used or relied upon by any of these parties or relied upon in any legal proceeding and/or court matter (other than relating to the approval of the Proposed Transaction).

6.04 Any use beyond that defined above is done so without the consent of Evans & Evans and readers are advised of such restricted use as set out above.

6.05 The Opinion should not be construed as a formal valuation or appraisal of Canada House, MTL or any of their securities or assets. Evans & Evans has, however, conducted such analyses as we considered necessary in the circumstances.

6.06 In preparing the Opinion, Evans & Evans has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the financial data publicly available. Evans & Evans has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information. Publicly available information deemed relevant for the purpose of the analyses contained in the Opinion has also been used.

The Opinion is based on: (i) our interpretation of the information which Canada House, as well as its representatives and advisers, have supplied to-date; (ii) our understanding of the terms of the Proposed Transaction; and (iii) the assumption that the Proposed Transaction will be consummated in accordance with the expected terms.

6.07 The Opinion is necessarily based on economic, market and other conditions as of the date hereof, and the written and oral information made available to us until the date of the Opinion. It is understood that subsequent developments may affect the conclusions of the Opinion, and that, in addition, Evans & Evans has no obligation to update, revise or reaffirm the Opinion.

6.08 Evans & Evans denies any responsibility, financial, legal or other, for any use and/or improper use of the Opinion however occasioned.

6.10 Evans & Evans is expressing no opinion as to the price at which any securities of Canada House or Canada House will trade on any stock exchange at any time.

6.11 Evans & Evans is expressing no opinion as to whether any alternative transaction might have been more beneficial to the CHV Shareholders.

6.12 Evans & Evans reserves the right to review all information and calculations included or referred to in the Opinion and, if it considers it necessary, to revise part and/or its entire Opinion and conclusion in light of any information which becomes known to Evans & Evans during or after the date of this Opinion.

6.13 In preparing the Opinion, Evans & Evans has relied upon a letter from management of Canada House and MTL confirming to Evans & Evans in writing that the information and management's representations made to Evans & Evans in preparing the Opinion are accurate, correct and complete, and that there are no material omissions of information that would affect the conclusions contained in the Opinion.

6.14 Evans & Evans has based its Opinion upon a variety of factors. Accordingly, Evans & Evans believes that its analyses must be considered as a whole. Selecting portions of its analyses or the factors considered by Evans & Evans, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. Evans & Evans' conclusions as to the fairness, from a financial point of view, to the CHV Shareholders of the Proposed Transaction were based on its review of the Proposed Transaction taken as a whole, in the context of all the matters described under "Scope of Review", rather than on any particular element of the Proposed Transaction or the Proposed Transaction outside the context of the matters described under "Scope of Review". The Opinion should be read in its entirety.

6.15 Evans & Evans was not requested to, and we did not, solicit indications of interest or proposals from third parties regarding a possible acquisition of or merger with Canada House or an investment into Canada House. Our opinion also does not address the relative merits of the Proposed Transaction as compared to any alternative business strategies or transactions that might exist for Canada House, the underlying business decision of Canada House to proceed with Proposed Transaction, or the effects of any other transaction in which Canada House will or might engage.

6.16 Evans & Evans expresses no opinion or recommendation as to how any shareholder of Canada House should vote or act in connection with the Proposed Transaction, any related matter or any other transactions. We are not experts in, nor do we express any opinion, counsel or interpretation with respect to, legal, regulatory, accounting or tax matters. We have assumed that such opinions, counsel or interpretation have been or will be obtained by Canada House from the appropriate professional sources. Furthermore, we have relied, with Canada House's consent, on the assessments by Canada House and its advisors, as to all legal, regulatory, accounting and tax matters with respect to Canada House and the Proposed Transaction, and accordingly we are not expressing any opinion as to the value of Canada House's tax attributes or the effect of the Proposed Transaction thereon.

6.17 Evans & Evans and all of its Principal's, Partner's, staff or associates' total liability for any errors, omissions or negligent acts, whether they are in contract or in tort or in breach of fiduciary duty or otherwise, arising from any professional services performed or not performed by Evans & Evans, its Principal, Partner, any of its directors, officers, shareholders or employees, shall be limited to the fees charged and paid for the Opinion. No claim shall be brought against any of the above parties, in contract or in tort, more than two years after the date of the Opinion.

7.0 Assumptions

7.01 In preparing the Opinion, Evans & Evans has made certain assumptions as outlined below.

7.02 With the approval of Canada House and as provided for in the Engagement Letter, Evans & Evans has relied upon, and has assumed the completeness, accuracy and fair presentation of, all financial information, business plans, forecasts and other information, data, advice, opinions and representations obtained by it from public sources or provided by the Companies or their affiliates or any of their respective officers, directors, consultants, advisors or representatives (collectively, the "Information"). The Opinion is conditional upon such completeness, accuracy and fair presentation of the Information. In accordance with the terms of the Engagement Letter, but subject to the exercise of its professional judgment, and except as expressly described herein, Evans & Evans has not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information.

7.03 Senior officers of the Companies represented to Evans & Evans that, among other things: (i) the Information (other than estimates or budgets) provided orally by, an officer or employee of the Companies or in writing by the Companies (including, in each case, affiliates and their respective directors, officers, consultants, advisors and representatives) to Evans & Evans relating to the Companies, their affiliates or the Proposed Transaction, for the purposes of the Engagement Letter, including in particular preparing the Opinion was, at the date the Information was provided to Evans & Evans, fairly and reasonably presented and complete, true and correct in all material respects, and did not, and does not, contain any untrue statement of a material fact in respect of the Companies, their affiliates or the Proposed Transaction and did not and does not omit to state a material fact in respect the Companies, their affiliates or the Proposed Transaction that is necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided; (ii) with respect to portions of the Information that constitute financial estimates or budgets, they have been fairly and reasonably presented and reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the Companies or their associates and affiliates as to the matters covered thereby and such financial estimates and budgets reasonably represent the views of management of the Companies; and (iii) since the dates on which the Information was provided to Evans & Evans, except as disclosed in writing to Evans & Evans, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Companies or any of their affiliates and no material change has occurred in the Information or any part thereof which would have, or which would reasonably be expected to have, a material effect on the Opinion.

7.04 In preparing the Opinion, we have made several assumptions, including that all final or executed versions of documents will conform in all material respects to the drafts provided to us, all of the conditions required to implement the Proposed Transaction will be met, all consents, permissions, exemptions or orders of relevant third parties or regulating authorities will be obtained without adverse condition or qualification, the procedures being followed to implement the Proposed Transaction are valid and effective and that the disclosure provided or (if applicable) incorporated by reference in any documents provided to shareholders with respect to Canada House and the Proposed Transaction will be accurate in all material respects and will comply with the requirements of applicable law. Evans & Evans also made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Evans & Evans and any party involved in the Proposed Transaction. Although Evans & Evans believes that the assumptions used in preparing the Opinion are appropriate in the circumstances, some or all of these assumptions may nevertheless prove to be incorrect.

7.05 The Companies and their related parties and their principals had no contingent liabilities, unusual contractual arrangements, or substantial commitments, other than in the ordinary course of business, nor litigation pending or threatened, nor judgments rendered against, other than those disclosed by management in public disclosure documents that would affect the evaluation or comment.

7.06 As at January 31, 2023 and December 31, 2022 all assets and liabilities of the Canada House and MTL, respectively, have been recorded in their accounts and financial statements and follow International Financial Reporting Standards.

7.07 Based on representations made by management, Evans & Evans has assumed the Proposed Transaction will be completed on the terms outlined in the Agreement and Extension Agreement and all amendments thereto provided to Evans & Evans.

7.08 There were no material changes in the financial position of the Companies between the date of their respective financial statements and the date of the Opinion unless noted herein.

7.09 Representations made by the Companies as to the number of shares outstanding and the share structure of the Companies are accurate.

8.0 Analysis of Canada House

8.01 In assessing the fairness of the Proposed Transaction, Evans & Evans considered the following analyses and factors with respect to the market value of Canada House, amongst others: (1) guideline company analysis; (2) mergers and acquisition analysis; and (3) other considerations. A review of the Issuer’s trading price was not undertaken as the stock has been halted since August of 2021. In addition, the Issuer has not conducted any equity financings in the past 24 months.

8.02 Evans & Evans reviewed the financial position of Canada House as of the date of the Opinion as discussed in more detail in section 1.03 of this Opinion. Canada House is in a negative working capital position, the debt-free working capital as a percentage of revenues is below industry averages and the Issuer has approximately $23 million in debt, which begins to mature in December of 2023. To date the Issuer has been able to negotiate extensions with debtholders to-date, but there is no assurance the Issuer will be able to continue to meet its obligations.

Since the initial closing, the Issuer's revenues and EBITDA have improved. As outlined in section 1.05 above, MTL has worked with ICM to improve production at its facility. Given the Companies have been working together, it is not possible to separate what impact the relationship with MTL has had on the improving financial results of Canada House.

8.03 Evans & Evans assessed the reasonableness of the ratios implied by the Proposed Transaction by considering an appropriate multiple of enterprise value ("EV") to trailing 12-month ("TTM") and current fiscal year ("CFY") revenues and EBITDA for the Issuer.

Evans & Evans identified 21 guideline companies as outlined in Table 1.0 below. As shown in Table 1, the identified guideline companies had EV to TTM revenue ranging from 0.79x to 131.82x with a median of 1.95x.

Evans & Evans focused its analysis on the 20 companies outlined in Table 2, which had EVs to TTM revenues ranging from 0.79x to 35x, with an average of 5.38x and a median of 1.95x. EV to EBITDA multiples ranged from 5.33x to 10.59x as few public Licensed Producers have positive EBITDA. Evans & Evans is of the view, a revenue multiple slightly below the median is appropriate for Canada House.

Table 1.0 – Identified Guideline Companies

Table 1 - Identified Guideline Public Companies

Company Name	Exchange: Ticker	Market Capitalization	Enterprise Value	TTM Revenue	CFY Revenue	TTM EBITDA	CFY EBITDA	NFY EBITDA	EV/ TTM Revenue	EV / CFY Revenue	EV / TTM EBITDA	EV / CFY EBITDA	EV / NFY EBITDA
Aurora Cannabis Inc.	TSX:ACB	291.8	244.7	211.6	176.0	-183.6	-3.4	21.2	1.16 (x)	1.39 (x)	n/a	n/a	11.54 (x)
BC Craft Supply Co. Ltd.	CNSX:CRFT	1.1	8.7	0.1	n/a	n/a	n/a	n/a	131.82 (x)	n/a	n/a	n/a	n/a
Canopy Growth Corporation	TSX:WEED	752.8	1175.6	441.0	427.4	-412.7	-305.6	-159.1	2.67 (x)	2.75 (x)	n/a	n/a	n/a
Christina Lake Cannabis Corp.	CNSX:CLC	9.2	14.1	10.3	n/a	-1.3	n/a	n/a	1.36 (x)	n/a	n/a	n/a	n/a
Craftport Cannabis Corp.	CNSX:CFT	2.7	6.6	0.2	n/a	-3.3	n/a	n/a	35.24 (x)	n/a	n/a	n/a	n/a
Flower One Holdings Inc.	CNSX:FONE	2.4	89.8	55.5	n/a	-17.1	n/a	n/a	1.62 (x)	n/a	n/a	n/a	n/a
Greenway Greenhouse Cannabis Corporation	CNSX:GWAY	31.4	38.9	4.6	n/a	-1.3	n/a	n/a	8.49 (x)	n/a	n/a	n/a	n/a
Lotus Ventures Inc.	CNSX:J	3.6	5.9	1.6	n/a	-5.0	n/a	n/a	3.58 (x)	n/a	n/a	n/a	n/a
New Leaf Ventures Inc	CNSX:NLV	4.9	4.4	2.0	n/a	-3.7	n/a	n/a	2.24 (x)	n/a	n/a	n/a	n/a
Terranueva Corporation	CNSX:TEQ	1.4	5.1	0.2	n/a	-1.9	n/a	n/a	22.83 (x)	n/a	n/a	n/a	n/a
The Hash Corporation	CNSX:REZN	1.4	1.6	0.8	n/a	-1.3	n/a	n/a	1.96 (x)	n/a	n/a	n/a	n/a
TRANSNATIONAL CANNABIS LTD	OTCPK:TRCN.F	0.1	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Aurora Cannabis Inc.	TSX:ACB	291.8	244.7	211.6	176.0	-183.6	-3.4	21.2	1.16 (x)	1.39 (x)	n/a	n/a	11.54 (x)
Organigram Holdings Inc.	TSX:OGI	212.5	140.7	166.4	170.8	0.1	22.7	26.4	.85 (x)	.82 (x)	1481.24 (x)	6.20 (x)	5.33 (x)
HEXO Corp.	TSX:HEXO	73.5	228.4	148.1	111.5	-142.7	-3.8	17.0	1.54 (x)	2.05 (x)	n/a	n/a	13.42 (x)
Aleafia Health Inc.	TSX:AH	18.1	57.8	38.5	44.0	-7.1	-1.1	-1.4	1.50 (x)	1.31 (x)	n/a	n/a	n/a
Delta 9 Cannabis Inc.	TSX:DN	8.9	53.2	67.7	71.5	-12.3	-6.9	-1.9	.79 (x)	.74 (x)	n/a	n/a	n/a
Global Health Clinics Ltd.	CNSX:MJRX	0.8	1.3	0.1	n/a	-1.3	n/a	n/a	10.37 (x)	n/a	n/a	n/a	n/a
Pathway Health Corp.	TSXV:PHC	4.7	8.1	10.1	n/a	-6.7	n/a	n/a	.80 (x)	n/a	n/a	n/a	n/a
Avant Brands Inc.	TSX:AVNT	38.6	50.3	23.0	n/a	-5.7	n/a	n/a	2.19 (x)	n/a	n/a	n/a	n/a
CanadaBis Capital Inc.	TSXV:CANB	32.2	35.9	18.4	n/a	3.4	n/a	n/a	1.950 (x)	n/a	10.59 (x)	n/a	n/a
								Minimum	.79 (x)	.74 (x)	10.59 (x)	6.20 (x)	5.33 (x)
								Average	11.71 (x)	1.49 (x)	745.92 (x)	6.20 (x)	10.45 (x)
								Median	1.95 (x)	1.39 (x)	745.92 (x)	6.20 (x)	11.54 (x)
								Maximum	131.82 (x)	2.75 (x)	1481.24 (x)	6.20 (x)	13.42 (x)

Table 2 – Selected Guideline Companies – Canada House

Table 2 - Selected Guideline Public Companies (1) - Canada House

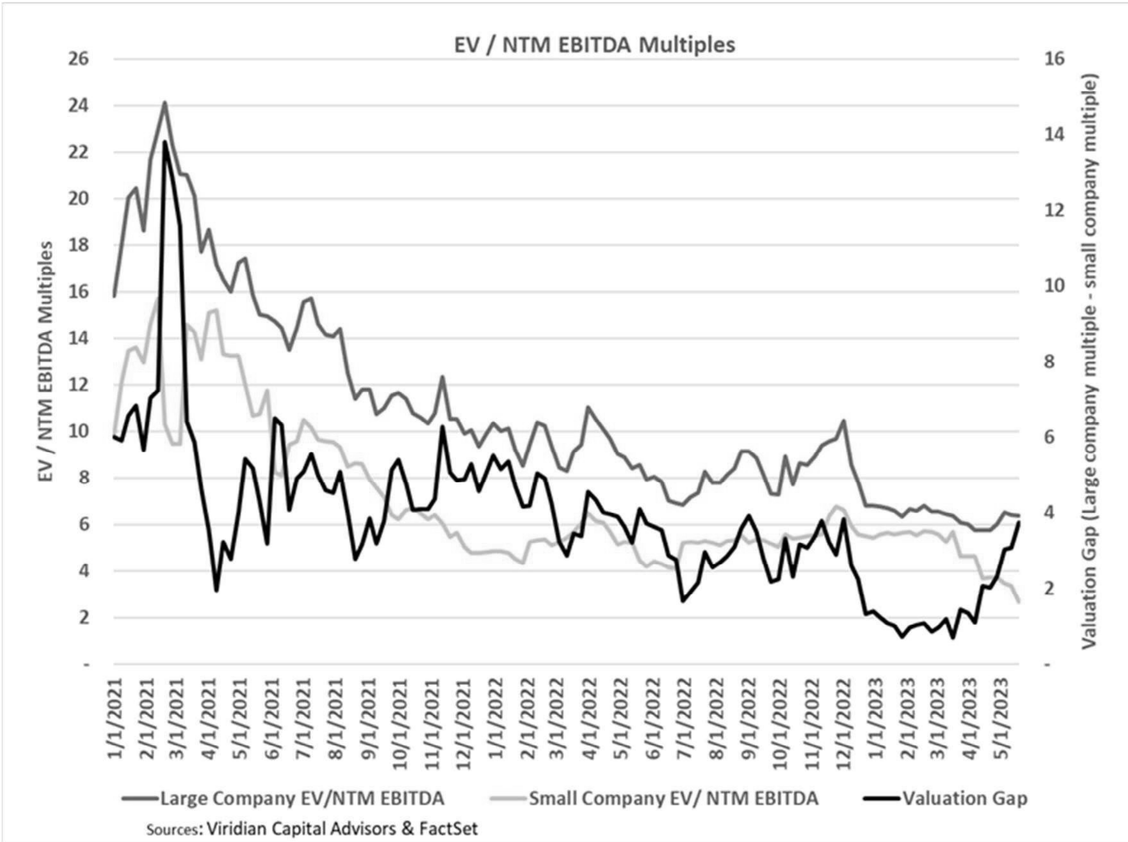
Company Name	Exchange: Ticker	Market Capitalization	Enterprise Value	TTM Revenue	CFY Revenue	TTM EBITDA	CFY EBITDA	NFY EBITDA	EV/ TTM Revenue	EV / CFY Revenue	EV / TTM EBITDA	EV / CFY EBITDA	EV / NFY EBITDA
Aurora Cannabis Inc.	TSX:ACB	291.8	244.7	211.6	176.0	-183.6	-3.4	21.2	1.16 (x)	1.39 (x)	n/a	n/a	11.54 (x)
Canopy Growth Corporation	TSX:WEED	752.8	1175.6	441.0	427.4	-412.7	-305.6	-159.1	2.67 (x)	2.75 (x)	n/a	n/a	n/a
Christina Lake Cannabis Corp.	CNSX:CLC	9.2	14.1	10.3	n/a	-1.3	n/a	n/a	1.36 (x)	n/a	n/a	n/a	n/a
Craftport Cannabis Corp.	CNSX:CFT	2.7	6.6	0.2	n/a	-3.3	n/a	n/a	35.24 (x)	n/a	n/a	n/a	n/a
Flower One Holdings Inc.	CNSX:FONE	2.4	89.8	55.5	n/a	-17.1	n/a	n/a	1.62 (x)	n/a	n/a	n/a	n/a
Greenway Greenhouse Cannabis Corporation	CNSX:GWAY	31.4	38.9	4.6	n/a	-1.3	n/a	n/a	8.49 (x)	n/a	n/a	n/a	n/a
Lotus Ventures Inc.	CNSX:J	3.6	5.9	1.6	n/a	-5.0	n/a	n/a	3.58 (x)	n/a	n/a	n/a	n/a
New Leaf Ventures Inc	CNSX:NLV	4.9	4.4	2.0	n/a	-3.7	n/a	n/a	2.24 (x)	n/a	n/a	n/a	n/a
Terranueva Corporation	CNSX:TEQ	1.4	5.1	0.2	n/a	-1.9	n/a	n/a	22.83 (x)	n/a	n/a	n/a	n/a
The Hash Corporation	CNSX:REZN	1.4	1.6	0.8	n/a	-1.3	n/a	n/a	1.96 (x)	n/a	n/a	n/a	n/a
TRANSNATIONAL CANNABIS LTD	OTCPK:TRCN.F	0.1	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Aurora Cannabis Inc.	TSX:ACB	291.8	244.7	211.6	176.0	-183.6	-3.4	21.2	1.16 (x)	1.39 (x)	n/a	n/a	11.54 (x)
Organigram Holdings Inc.	TSX:OGI	212.5	140.7	166.4	170.8	0.1	22.7	26.4	.85 (x)	.82 (x)	1481.24 (x)	6.20 (x)	5.33 (x)
HEXO Corp.	TSX:HEXO	73.5	228.4	148.1	111.5	-142.7	-3.8	17.0	1.54 (x)	2.05 (x)	n/a	n/a	13.42 (x)
Aleafia Health Inc.	TSX:AH	18.1	57.8	38.5	44.0	-7.1	-1.1	-1.4	1.50 (x)	1.31 (x)	n/a	n/a	n/a
Delta 9 Cannabis Inc.	TSX:DN	8.9	53.2	67.7	71.5	-12.3	-6.9	-1.9	.79 (x)	.74 (x)	n/a	n/a	n/a
Global Health Clinics Ltd.	CNSX:MJRX	0.8	1.3	0.1	n/a	-1.3	n/a	n/a	10.37 (x)	n/a	n/a	n/a	n/a
Pathway Health Corp.	TSXV:PHC	4.7	8.1	10.1	n/a	-6.7	n/a	n/a	.80 (x)	n/a	n/a	n/a	n/a
Avant Brands Inc.	TSX:AVNT	38.6	50.3	23.0	n/a	-5.7	n/a	n/a	2.19 (x)	n/a	n/a	n/a	n/a
CanadaBis Capital Inc.	TSXV:CANB	32.2	35.9	18.4	n/a	3.4	n/a	n/a	1.95 (x)	n/a	10.59 (x)	n/a	n/a
								Minimum	.79 (x)	.74 (x)	10.59 (x)	6.20 (x)	5.33 (x)
								Average	5.38 (x)	1.49 (x)	745.92 (x)	6.20 (x)	10.45 (x)
								Median	1.95 (x)	1.39 (x)	745.92 (x)	6.20 (x)	11.54 (x)
								Maximum	35.24 (x)	2.75 (x)	1481.24 (x)	6.20 (x)	13.42 (x)

In assessing the reasonableness of the above, we considered the following:

- There are a limited number of directly comparable public companies, when one considers differentiating factors such as size and market niche.
- No company considered in the analysis is identical to Canada House.
- An analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning the differences in the financial and operating characteristics of Canada House, the Proposed Transaction and other factors that could affect the trading value and aggregate transaction values of the companies to which they are being compared.

Given the above-noted factors and our analysis of the observed multiples of selected public companies, Evans & Evans considered this approach with the mergers and acquisition analysis in making the final determination of the fairness of the Proposed Transaction.

8.04 Evans & Evans also conducted a review of various transactions involving cannabis companies. Overall, Evans & Evans found transaction multiples for the identified transactions ranged from 5.0x to 7.0x next fiscal year ("NFY") EBITDA multiples. As can be seen from the following chart, EBITDA multiples in the cannabis industry have declined, particularly for companies with less market capitalizations of less than $300 million. Small capitalization companies have seen their EV to next 12-month ("NTM") EBITDA multiples drop to within 2.0x to 4.0x. Given Canada House's improving operating results, Evans & Evans considered multiples in the range of 4.0x to 5.0x CFY EBITDA as appropriate for Canada House.



8.05 In reviewing the value of Canada House based on a review of guideline public companies and the mergers and acquisition analysis, Evans & Evans found the ratios implied by the Proposed Transaction were supportive as of the date of the Opinion.

8.06 As noted above, as of the date of the Opinion, the Issuer has approximately $23 million in debt which reduces the value of the equity. Further, in considering the Proposed Transaction, given the Issuer's debt, a significant portion of the current equity value was driven by the 24.99% interest in MTL.

9.0 Analysis of MTL

9.01 In assessing the fairness of the Proposed Transaction, Evans & Evans considered the following analyses and factors with respect to the value of MTL amongst others: (1) guideline company analysis; (2) M&A analysis; and (3) other considerations.

9.02 Evans & Evans reviewed the financial position of MTL as of the date of the Opinion as discussed in section 1.04 of this Opinion. As noted earlier, MTL was in a stronger working capital position relative to Canada House and had less debt. MTL has historically had positive EBITDA and is projecting both EBITDA and revenues to grow materially in FY 2024. Evans & Evans reviewed the Acquiror's monthly results and found MTL is on track to meet is CFY projections and to continue to grow.

9.03 Evans & Evans assessed the market value of MTL based on a review of the guideline companies as outlined in Table 1.0 above. Evans & Evans focused its analysis on the 18 companies as outlined in Table 3.0 below. In selecting the guideline companies for MTL, Evans & Evans removed any companies with material investments in clinic networks. Overall, Evans & Evans considered EV / TTM revenue and EV to CFY revenue multiples for MTL near the median.

Evans & Evans is of the view that appropriate EV to TTM and NFY EBITDA multiples of 6.0x to 5.0x, respectively were appropriate for MTL.

Table 3 – Identified Guideline Companies – MTL

Table 3 - Selected Guideline Public Companies - MTL

Company Name	Exchange: Ticker	Market Capitalization	Enterprise Value	TTM Revenue	CFY Revenue	TTM EBITDA	CFY EBITDA	NFY EBITDA	EV/ TTM Revenue	EV / CFY Revenue	EV / TTM EBITDA	EV / CFY EBITDA	EV / NFY EBITDA
Aurora Cannabis Inc.	TSX:ACB	291.8	244.7	211.6	176.0	-183.6	-3.4	21.2	1.16 (x)	1.39 (x)	n/a	n/a	11.54 (x)
BC Craft Supply Co. Ltd.	CNSX:CRFT	1.1	8.7	0.1	n/a	n/a	n/a	n/a	131.82 (x)	n/a	n/a	n/a	n/a
Canopy Growth Corporation	TSX:WEED	752.8	1175.6	441.0	427.4	-412.7	-305.6	-159.1	2.67 (x)	2.75 (x)	n/a	n/a	n/a
Christina Lake Cannabis Corp.	CNSX:CLC	9.2	14.1	10.3	n/a	-1.3	n/a	n/a	1.36 (x)	n/a	n/a	n/a	n/a
Craftport Cannabis Corp.	CNSX:CFT	2.7	6.6	0.2	n/a	-3.3	n/a	n/a	35.24 (x)	n/a	n/a	n/a	n/a
Flower One Holdings Inc.	CNSX:FONE	2.4	89.8	55.5	n/a	-17.1	n/a	n/a	1.62 (x)	n/a	n/a	n/a	n/a
Greenway Greenhouse Cannabis Corporation	CNSX:GWAY	31.4				-1.3	n/a	n/a					
			38.9	4.6	n/a				8.49 (x)	n/a	n/a	n/a	n/a
Lotus Ventures Inc.	CNSX:J	3.6	5.9	1.6	n/a	-5.0	n/a	n/a	3.58 (x)	n/a	n/a	n/a	n/a
New Leaf Ventures Inc	CNSX:NLV	4.9	4.4	2.0	n/a	-3.7	n/a	n/a	2.24 (x)	n/a	n/a	n/a	n/a
Terranueva Corporation	CNSX:TEQ	1.4	5.1	0.2	n/a	-1.9	n/a	n/a	22.83 (x)	n/a	n/a	n/a	n/a
The Hash Corporation	CNSX:REZN	1.4	1.6	0.8	n/a	-1.3	n/a	n/a	1.96 (x)	n/a	n/a	n/a	n/a
TRANSNATIONAL CANNABIS LTD	OTCPK:TRCN.F	0.1	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Aurora Cannabis Inc.	TSX:ACB	291.8	244.7	211.6	176.0	-183.6	-3.4	21.2	1.16 (x)	1.39 (x)	n/a	n/a	11.54 (x)
Organigram Holdings Inc.	TSX:OGI	212.5	140.7	166.4	170.8	0.1	22.7	26.4	.85 (x)	.82 (x)	1481.24 (x)	6.20 (x)	5.33 (x)
HEXO Corp.	TSX:HEXO	73.5	228.4	148.1	111.5	-142.7	-3.8	17.0	1.54 (x)	2.05 (x)	n/a	n/a	13.42 (x)
Delta 9 Cannabis Inc.	TSX:DN	8.9	53.2	67.7	71.5	-12.3	-6.9	-1.9	.79 (x)	.74 (x)	n/a	n/a	n/a
Avant Brands Inc.	TSX:AVNT	38.6	50.3	23.0	n/a	-5.7	n/a	n/a	2.19 (x)	n/a	n/a	n/a	n/a
CanadaBis Capital Inc.	TSXV:CANB	32.2	35.9	18.4	n/a	3.4	n/a	n/a	1.95 (x)	n/a	10.59 (x)	n/a	n/a
								Minimum	.79 (x)	.74 (x)	10.59 (x)	6.20 (x)	5.33 (x)
								Average	13.03 (x)	1.52 (x)	745.92 (x)	6.20 (x)	10.45 (x)
								Median	1.96 (x)	1.39 (x)	745.92 (x)	6.20 (x)	11.54 (x)
								Maximum	131.82 (x)	2.75 (x)	1481.24 (x)	6.20 (x)	13.42 (x)

In assessing the reasonableness of the above, we considered the following:

- There are a limited number of directly comparable public companies, when one considers differentiating factors such as size and market niche.
- No company considered in the analysis is identical to MTL.
- An analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning the differences in the financial and operating characteristics of MTL, the Proposed Transaction and other factors that could affect the trading value and aggregate transaction values of the companies to which they are being compared.

9.04 Evans & Evans also considered M&A multiples. Evans & Evans considered multiples in the range of 5.0x to 6.0x CFY EBITDA as appropriate for MTL.

10.0 Fairness Conclusions

10.01 In considering fairness, from a financial point of view, Evans & Evans considered the Proposed Transaction from the perspective of the CHV Shareholders as a group and did not consider the specific circumstances of any particular shareholder, including with regard to income tax considerations.

10.02 Based upon and subject to the foregoing and such other matters as we consider relevant, it is our opinion, as of the date of the Opinion, that the Proposed Transaction is fair, from a financial point of view, to the CHV Shareholders. In arriving at this conclusion, Evans & Evans considered the following qualitative and quantitative factors:

1. The relative ownership positions of Canada House and MTL are supported by merger & acquisition multiples and the guideline public company analysis.

2. Canada House has significant debt on its balance sheet, with maturities beginning in December of 2023. This debt is significantly reducing the value of the Issuer's equity. In addition, the Issuer's debt-free net working capital is below industry averages which also impacts the value of the equity. As a combined entity with MTL, revenues and EBITDA would be better able to support the combined debt level.

3. As noted above, MTL has worked with ICM to retrofit its facility and improve its production yields. There is no assurance the Issuer would have been able to make these improvements without the operational and financial support of MTL.

4. Canada's House contract and relationship with a third-party Licensed Producer in New Brunswick has been helpful to MTL. The majority of the products now sold by MTL are the genetics granted or purchased via royalty agreement from Canada Houses relationship. There is no assurance MTL would continue to use these genetics if the Proposed Transaction did not move forward.

5. MTL brings to the CHV Shareholders diversification with respect to its sources of revenues. Canada House is reliant on the medicinal market, while MTL focuses on the much larger, but more competitive, recreational market. Diversification of the revenue sources may bring about share appreciation.

6. Consolidation is expected in the Canadian market as access to debt and equity continues to be a challenge to source for Licensed Producers. Combined with MTL, the Issuer may be a more attractive acquisition target and be better able to compete with larger players in the market.

7. MTL is projecting significant EBITDA growth and has additional capacity available. There is no assurance Canada House, without MTL, will be able to service its existing debt and / or refinance such debt.

11.0 Qualifications & Certification

11.01 The Opinion preparation was carried out by Michael Evans and thereafter reviewed by Jennifer Lucas.

Mr. Michael A. Evans, MBA, CFA, CBV, ASA, Principal, founded Evans & Evans, Inc. in 1988. For the past 37 years, he has been extensively involved in the financial services and management consulting fields in Vancouver, where he was a Vice-President of two firms, The Genesis Group (1986-1989) and Western Venture Development Corporation (1989-1990). Over this period, he has been involved in the preparation of over 3,500 technical and assessment reports, business plans, business valuations, and feasibility studies for submission to various Canadian stock exchanges and securities commissions as well as for private purposes.

Mr. Michael A. Evans holds: a Bachelor of Business Administration degree from Simon Fraser University, British Columbia (1981); a Master's degree in Business Administration from the University of Portland, Oregon (1983) where he graduated with honors; the professional designations of Chartered Financial Analyst (CFA), Chartered Business Valuator (CBV) and Accredited Senior Appraiser. Mr. Evans is a member of the CFA Institute, the Canadian Institute of Chartered Business Valuators ("CICBV") and the American Society of Appraisers ("ASA").

Ms. Jennifer Lucas, MBA, CBV, ASA, Managing Partner, joined Evans & Evans in 1997. Ms. Lucas possesses several years of relevant experience as an analyst in the public and private sector in British Columbia and Saskatchewan. Her background includes working for the Office of the Superintendent of Financial Institutions of British Columbia as a Financial Analyst. Ms. Lucas has also gained experience in the Personal Security and Telecommunications industries. Since joining Evans & Evans Ms. Lucas has been involved in writing and reviewing over 2,000 valuation and due diligence reports for public and private transactions. Ms. Lucas holds: a Bachelor of Commerce degree from the University of Saskatchewan (1993), a Masters in Business Administration degree from the University of British Columbia (1995). Ms. Lucas holds the professional designations of Chartered Business Valuator and Accredited Senior Appraiser. She is a member of the CICBV and the ASA.

11.02 The analyses, opinions, calculations and conclusions were developed, and this Opinion has been prepared in accordance with the standards set forth by the Canadian Institute of Chartered Business Valuators.

11.03 The authors of the Opinion have no present or prospective interest in Canada House, MTL or any entity that is the subject of this Opinion, and we have no personal interest with respect to the parties involved.

Yours very truly,

Evans & Evans

EVANS & EVANS, INC.

SCHEDULE "C"

STOCK OPTION PLAN

CANADA HOUSE CANNABIS GROUP INC.

AMENDED AND RESTATED STOCK OPTION PLAN

Effective Date: February 29, 2000 and amended and restated on April 2, 2015.

1. Purpose of the Plan

The purpose of the Plan is to provide the Participants with an opportunity to purchase Common Shares and benefit from the appreciation thereof. This proprietary interest in the Corporation will provide an increased incentive for the Participants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation and its Subsidiaries to attract and retain individuals of exceptional skill.

2. Defined Terms

2.1 Where used herein, the following terms shall have the following meanings:

(a) "Acceleration Right" means the Participant's right, in certain circumstances, to exercise their outstanding Option as to all or any of the Common Shares in respect of which such Option has not previously been exercised and which the Participant is entitled to exercise, including in respect of Common Shares not otherwise vested at such time;

(b) "Board" means the board of directors of the Corporation;

(c) "Common Shares" means the Common Shares of the Corporation or, in the event of an adjustment contemplated by Article 8 hereof, such shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;

(d) "Corporation" means Saratoga Electronic Solutions Inc., and includes any successor corporation thereof;

(e) "Exchange" means the Canadian Securities Exchange or, if the Common Shares are not then listed and posted for trading on the Canadian Securities Stock Exchange, then on any stock exchange in Canada on which such shares are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board;

(f) "Exercise Notice" means the notice in writing signed by the Participant or the Participant's legal personal representatives addressed to the Corporation specifying an intention to exercise all or a portion of the Option;

(g) "Expiry Time" means the time at which the Options will expire, being 4:00 p.m. (Toronto time) on a date to be fixed by the Board at the time the Option is granted, which date will not be more than five years from the date of grant;

(h) "Investor Relations Activities" has the meaning ascribed thereto in National Instrument 45-106 *Prospectus and Registration Exemptions*;

(i) “Market Price” means the market price permitted as an Option Price under the policies of the Exchange;

(j) “Option” means an option to purchase Common Shares from treasury granted by the Corporation to a Participant, subject to the provisions contained herein;

(k) “Option Price” means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted herein;

(l) “Participants” means the directors, officers and employees of, and consultants to, the Corporation or its Subsidiaries (provided such consultants have performed and/or continue to perform services for the Corporation on an ongoing basis or are expected to provide a service of value to the Corporation, in either case pursuant to a written contract requiring the consultant to spend a significant amount of time and attention on the business of the Corporation or its Subsidiaries), as defined by the relevant Exchange and, subject to compliance with the applicable requirements of the Exchange, the Personal Holding Companies of such persons, to whom an Option has been granted by the Board pursuant to the Plan and which Option or a portion thereof remains unexercised;

(m) “Personal Holding Company” means a company of which all of the voting shares are beneficially owned, directly or indirectly, by a director, officer or employee of, or consultant to, the Corporation or its Subsidiaries, and such entity shall be bound by the Plan in the same manner as if the Options were held directly;

(n) “Plan” means this Stock Option Plan of the Corporation, as the same may be amended or varied from time to time;

(o) “Related Person” has the meaning ascribed thereto in National Instrument 45-106 *Prospectus and Registration Exemptions*;

(p) “Subsidiary” means any corporation that is a subsidiary of the Corporation, as such term is defined under the *Canada Business Corporations Act*, as such provision is from time to time amended, varied or re-enacted; and

(q) “Take-Over Bid” has the meaning ascribed thereto in the Securities Act (Ontario), as such provision is from time to time amended, varied or re-enacted.

3. Administration of the Plan

3.1 The Board shall administer this Plan. Options granted under the Plan shall be granted in accordance with determinations made by the Board pursuant to the provisions of the Plan as to: the Participants to whom and the time or times at which the Options will be granted; the number of Common Shares which shall be the subject of each Option; any vesting provisions attaching to the Option; and, the terms and provisions of the respective stock option agreements, provided however, that each director, officer, employee or consultant shall have the right not to participate in the Plan and any decision not to participate therein shall not affect the employment by or engagement with the Corporation. The Board shall ensure that Participants under the Plan are eligible to participate under the Plan, and, for Options granted to employees, consultants or management company employees, shall represent and confirm that the Optionee is a bona fide employee, consultant or management company employee (as defined in the policies of the Exchange).

3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board (the "Committee"). Such committee shall be comprised of two or more members of the Board who shall serve at the pleasure of the Board. Vacancies occurring on the Committee shall be filled by the Board.

3.3 The Committee (or the Board where the Committee has not been constituted) shall have the power to delegate to any member of the Board or officer so designated (the "Administrator"), with the power to determine which Participants are to be granted Options and to grant such Options, the number of Common Shares purchasable under each Option, the Option Price and the time or times when and the manner in which Options are exercisable, and the Administrator shall make such determinations in accordance with the provisions of this Plan and with applicable securities and stock exchange regulatory requirements, subject to final approval by the Committee or Board.

4. Granting of Option

4.1 Participants may be granted Options from time to time. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time. Each Option granted hereunder shall be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Participant, in such form as the Board shall approve from time to time. Each such agreement shall recite that it is subject to the provisions of this Plan.

4.2 The aggregate number of Common Shares of the Corporation allocated and made available to be granted to Participants under the Plan shall not exceed 10% of the issued and outstanding Common Shares of the Corporation as at the date of grant (on a non-diluted basis). Common Shares in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional shares may be purchased or issued hereunder.

4.3 The Corporation shall at all times, during the term of the Plan, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of the Plan.

4.4 Any grant of Options under the Plan shall be subject to the following restrictions:

(a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to Related Persons may not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis) unless disinterested shareholder approval is obtained;

(b) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to a Related Person may not exceed 5% of the issued and outstanding Common Shares (on a non-diluted basis) unless disinterested shareholder approval is obtained;

(c) the aggregate number of securities, calculated on a fully diluted basis, issued within 12 months to Related Persons may not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis) unless disinterested shareholder approval is obtained; and

(d) the aggregate number of securities, calculated on a fully diluted basis, issued within 12 months to a Related Person and the associates of the Related Person, may not exceed 5% of the issued and outstanding securities of the issuer (on a non-diluted basis) unless disinterested shareholder approval is obtained.

4.5 All Options granted pursuant to this Plan shall be subject to rules and policies of the Exchange and any other regulatory body having jurisdiction.

4.6 A Participant who has been granted an Option may, if otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option if the Board so determines.

5. Option Price

5.1 Subject to applicable Exchange approval, the Option Price shall be fixed by the Board at the time the Option is granted to a Participant. In no event shall the price be less than the Market Price. The Market Price is the greater of the closing price per Common Share on the Exchange on (a) the last trading day preceding the date of grant, and (b) the date of grant; or if the Common Shares are not listed on any stock exchange, a price determined by the Board; provided that, if the Board, in its sole discretion, determines that the closing price on the last trading day preceding the date of grant would not be representative of the market price of the Common Shares, then the Board may base the price on the greater of the closing price and the weighted average price per share for the Common Shares for five (5) consecutive trading days ending on the last trading day preceding the date of grant on which there was a closing price on the Exchange; the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the Exchange during the said five (5) consecutive trading days, by the total number of Common Shares so sold.

6. Term of Option

6.1 The term of the Option shall be a period of time fixed by the Board, not to exceed five years from the date of grant, and unless the Board determines otherwise, Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are herein contained or as the Board may from time to time impose or, as may be required by the Exchange, or under applicable securities law.

6.2 Each Option and all rights thereunder shall be expressed to expire at the Expiry Time, but shall be subject to earlier termination in accordance with Section 11 hereof.

6.3 Subject to any specific requirements of the Exchange, the Board shall determine the vesting period or periods within the Option term, during which a Participant may exercise an Option or a portion thereof.

6.4 An Option and any Common Shares issuable upon the exercise thereof may be subject to resale restrictions under securities laws.

7. Exercise of Option

7.1 Subject to the provisions of the Plan and the terms of any stock option agreement, an Option or a portion thereof may be exercised, from time to time, by delivery to the Corporation's principal office in Toronto, Ontario of the Exercise Notice. The Exercise Notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Option or a portion thereof, and specify the number of Common Shares in respect of which the Option is then being exercised, and shall be accompanied by the full purchase price of the Common Shares which are the subject of the exercise. Such Exercise Notice shall contain the Participant's undertaking to comply, to the satisfaction of the Corporation, with all applicable requirements of the Exchange and any applicable regulatory authorities.

8. Adjustments in Shares

8.1 If the outstanding shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through a re-organization, plan of arrangement, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of shares optioned and the exercise price per share, as regards previously granted and unexercised Options or portions thereof, and as regards Options which may be granted subsequent to any such change in the Corporation's capital.

8.2 Determinations by the Board as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. The Corporation shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.

9. Accelerated Vesting

9.1 In the event that certain events such as a liquidation or dissolution of the Corporation or a re-organization, plan of arrangement, merger or consolidation of the Corporation with one or more corporations, as a result of which the Corporation is not the surviving corporation, or the sale by the Corporation of all or substantially all of the property and assets of the Corporation to another corporation prior to the Expiry Time, are proposed or contemplated, the Board may, notwithstanding the terms of this Plan or any stock option agreements issued hereunder, exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time. If the Board, in its sole discretion, determines that the Common Shares subject to any Option granted hereunder shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Corporation, to exercise such Options to the extent specified and permitted by the Board, and within the time period specified by the Board, which shall not extend past the Expiry Time.

9.2 An Option may provide that whenever the Corporation's shareholders receive a Take-Over Bid, and the Corporation supports this bid, pursuant to which the "offeror" would, as a result of such Take-Over Bid being successful, beneficially own in excess of 50% of the outstanding Common Shares of the Corporation, the Participant may exercise the Acceleration Right. The Acceleration Right shall commence on the date of the mailing of the Board circular recommending acceptance of the Take-over Bid and end on the earlier of:

(a) the Expiry Time; and

(b) (i) in the event the Take-Over Bid is unsuccessful, on the expiry date of the Take-Over Bid; and (ii) in the event the Take-Over Bid is successful, on the tenth (10th) day following the expiry date of the Take-over Bid.

9.3 At the time of the termination of the Acceleration Right, the original vesting terms of the Options shall be reinstated with respect to the Common Shares issuable thereunder which were not acquired by the holders of such Options pursuant to the terms thereof. Notwithstanding the foregoing, the Acceleration Right may be extended for such longer period as the Board may resolve.

10. Decisions of the Board

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Corporation who are eligible to participate under the Plan.

11. Ceasing to be a Director, Officer, Employee or Consultant

11.1 Subject to the terms of the applicable stock option agreements and subject to sections 11.4 hereof, in the event of the Participant ceasing to be a director, officer, employee, consultant or management company employee (as defined in the policies of the Exchange) of the Corporation or a Subsidiary for any reason other than death, including the resignation or retirement of the Participant or the termination by the Corporation or a Subsidiary of the employment of the Participant, prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such of the Common Shares in respect of which the Option has not previously been exercised (and as the Participant would have been entitled to exercise) at any time up to and including (but not after) the earlier of the Expiry Time and a date that is ninety (90) days following the effective date of such resignation or retirement or a date that is ninety (90) days following the date notice of termination of employment is given by the Corporation or a Subsidiary, whether such termination is with or without reasonable notice, and subject to such shorter period as may be otherwise specified in the stock option agreement, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.2 In consideration of the Option hereby granted, in the event of the resignation or retirement of the Participant or the termination of employment by the Corporation without cause, the Participant hereby covenants not to sue the Corporation for damages arising from the loss of rights granted hereunder and releases the Corporation from any damages.

11.3 Notwithstanding the foregoing, in the event of termination for cause, such Option (including an Option held by a Participant's Personal Holding Company) shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause is given to the Participant by the Corporation or a Subsidiary and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

11.4 In the event the Participant is engaged in Investor Relations Activities and ceases to provide such Investor Relations Activities to the Corporation or a Subsidiary for any reason, including the termination by the Corporation, a Subsidiary or the Participant of such services, prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) shall cease and terminate on the thirtieth (30th) day following the date notice of termination of such Investor Relations Activities is given by the Corporation, a Subsidiary or the Participant, and subject to such shorter period as may be otherwise specified in the stock option agreement, or at the Expiry Time, whichever occurs first, and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

11.5 In the event of the death of a Participant on or prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such of the Common

Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to purchase), by the legal personal representatives of the Participant at any time up to and including (but not after) a date one (1) year from the date of death of the Participant, unless otherwise specified in the stock option agreement or up to the Expiry Time, whichever occurs first, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.6 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.

12. Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange.

13. Amendment or Discontinuance of Plan

The Board may amend or discontinue the Plan at any time without the consent of the Participants, provided that such amendment shall not alter or impair any Option previously granted under the Plan except as permitted herein, and that such amendment or discontinuance has been approved by the Exchange, and where necessary, by the shareholders.

14. Participants' Rights

14.1 A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares, upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

14.2 Nothing in the Plan or any Option shall confer upon any Participant any rights to continue in the employ of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any such Subsidiary to terminate the employment of the Participant at any time; nor shall anything in the Plan or any option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Subsidiary to extend the employment of any Participant beyond the time such Participant would normally retire pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any contract of employment with the Corporation or any Subsidiary.

15. Approvals

15.1 The Plan shall be subject, if applicable, to the approval of the Exchange or other regulatory body having jurisdiction at that time and, if so required thereby, to the approval of the shareholders of the Corporation.

15.2 Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

16. Government Regulation

16.1 The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:

(a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;

(b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and

(c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

16.2 In this regard, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares and for the listing of such Common Shares on the Exchange, in compliance with applicable securities laws. If any shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such shares shall terminate and the Option Price paid to the Corporation will be returned to the Participant.

17. Costs

The Corporation shall pay all costs of administering the Plan.

18. Interpretation

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario.

19. Compliance with Applicable Law

If any provision of the Plan or any Option contravenes any law or any order, policy, by-law or regulation of any regulatory body or the Exchange, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

SCHEDULE "D"

CHARTER OF THE AUDIT AND RISK MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS

The mandate, the functions and the responsibilities of the Audit and Risk Management Committee, are the following:

I. PURPOSE

1. The Audit and Risk Management Committee provides recommendations to the Board of Directors of the Corporation. Its primary function is to assist the Board in fulfilling its responsibilities towards the Shareholders of the Corporation and the financial community with respect to financial disclosure and controls.

2. The external auditors report to the Audit and Risk Management Committee.

II. DUTIES AND RESPONSIBILITIES

1. The Audit and Risk Management Committee oversees the integrity of the financial statements and review the financial reports and other financial disclosure of the Corporation which the Corporation may provide to any government, regulatory authority, or the public.

2. The Audit and Risk Management Committee recommends the appointment of the external auditors, review and assess their performance, ascertain their qualifications and independence, and maintain open communication lines between the external auditors, financial management, the executive officers and the directors of the Corporation.

3. The Audit and Risk Management Committee oversees the methods used for preparation of financial information, the application of internal controls and the rules for management of the business and financial risk, as well as compliance with the requirements of the Canadian Securities Exchange (Regulations).

4. The Audit and Risk Management Committee oversees the Corporation's compliance with the regulatory requirements of Health Canada and other governing bodies of the Canadian cannabis industry.

III. STRUCTURE AND ORGANIZATION

1. The Audit and Risk Management Committee shall be composed of at least three directors of the Corporation, the majority of whom shall not be employees, "control persons", officers of the Corporation or a person that is connected with any of the foregoing.

The Committee members and the president of the Committee are appointed by the Board of Directors. The Board of Directors may at any time, in its discretion, remove a member from the Audit and Risk Management Committee by resolution.

All the members of the Audit and Risk Management Committee must be "financially literate", that is, must have knowledge in financial matters to the satisfaction of the Board of Directors. The president of the Audit and Risk Management Committee must be an independent director.

2. The Committee shall meet at least four times a year and may convene additional meetings if circumstances require. All Audit and Risk Management Committee members are expected to attend each meeting, in person or via telephone or video-conference. The Committee may invite members of management, auditors or others to attend the meetings and provide pertinent information, if necessary. The quorum is a majority of the Committee.

3. The Committee must maintain open means of communication with the external auditors, financial management, the executive officers, the Quality Assurance Manager and the directors of the Corporation.

4. The Committee is empowered to investigate all questions that are brought to its attention and to consult advisors if, in its opinion, it is necessary.

5. The Committee shall be responsible for reviewing and recommending the following for approval by the Board:

(a) The financial statements (annual and quarterly), the management's discussion and analysis and all other documents relating to the financial results of the Corporation to be filed with regulatory authorities such as securities commissions, prior to their filing or disclosure;

(b) All documents containing or incorporating by reference the annual audited financial statements or the unaudited interim results (such as prospectuses or press releases announcing financial results) prior to their disclosure.

IV. GENERAL

1. Meet regularly with the external auditor, management and internal accountants in separate meetings to discuss questions raised by the Committee or others.

2. Keep minutes of all meetings. Report these proceedings and all recommendations to the Board of Directors at its next meeting.

3. Review this Charter annually and recommend such amendments to the Board of Directors as it may deem advisable.

4. Be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from financial statements and periodically assess the adequacy of these procedures.

V. RECRUITMENT OF EXTERNAL AUDITOR

1. Recommend the selection of the external auditors to the Board of Directors, assess their independence and performance, and approve the audit fees and any other remuneration to be paid to them.

2. Study the independence of the external auditor. To this end, the Committee must look into the nature of the services furnished by the external auditor and the remuneration charged and all other questions that the Committee deems appropriate.

3. The external auditor is to be at the disposal of the Board of Directors at least once a year.

4. Pre-approve all permitted non-audit services provided to the Corporation or its affiliates by the external auditor.

VI. SUPERVISION OF THE QUALITY AND INTEGRITY OF THE PRACTICES REGARDING ACCOUNTING, AUDIT AND PUBLICATION OF FINANCIAL INFORMATION OF THE CORPORATION

1. Review the hiring policies regarding partners, associates and employees, past and present, of the present or former external auditors.

2. Oversee the work of the external auditor in the preparation and issuing of the auditor's report and other audit services. The Audit and Risk Management Committee will be responsible for the resolution of disagreements between management and the external auditors on financial reporting.

3. Review the financial statements, the management reports and the annual and interim earnings press releases concerning the results of the Corporation in cooperation with the management and the external auditor before the Corporation publicly discloses this information. The Committee should consider the quality of financial information and all other questions that it deems valid.

4. Review, in cooperation with the external auditors and management, the auditing objective, scope and limitations of the external auditors for the present and following year.

5. Review the annual report of the external auditor on the quality and effectiveness of the accounting controls, internal controls and controls of the computerized systems of the Corporation.

6. Establish procedures for the receipt, retention and treatment of complaints by employees, or other internal or external sources, concerning questionable accounting, internal accounting controls or auditing. These complaints must be treated in a confidential and anonymous way.

7. Review and approve all related party transactions entered into.

VII. PUNCTUALITY

1. Punctually review, in cooperation with management, all legal and statutory questions that could have an important effect on the financial statements and conformity policies or programs.

2. Review, in cooperation with management, and approve the operations by which members of management or the Board of Directors make disclosure in accordance with the requirements of the Regulation.

3. Supervise the compliance program and analyze periodically the relevance of making improvements to it and make suggestions in this respect to management.

4. Ensure that all other functions prescribed by law, statutes or internal regulations of the Corporation or by the Board of Directors are followed.

5. Review the fees for services rendered and related expenses and for any newly approved services since the preceding meeting and analyze updated account projections.

6. Review the insurance coverage of the Corporation annually to ensure that assets are properly covered, including, and without limitation, the liability insurance of senior executives and directors.

VIII. EMPOWERMENT

The Committee is empowered to:

1. Communicate directly with the external auditors.

2. Engage independent attorneys or other counselors that it deems necessary to the exercise of its functions and notify the Board on the range of the financing required for the remuneration of these counselors.

IX. DEFINITIONS

In accordance with National Instrument 52-110-*Audit Committees*:

Financially literate:
Refers to an individual who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can be expected to be raised by the Corporation's financial statements.

Control Person:
Means any person that holds or is one of combination of persons that hold a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation or more than 20% of the outstanding voting securities of the Corporation, except where there is evidence showing that the holding of those securities does not affect materially the control of the Corporation.

Amended and ratified by the Board of Directors on November 15, 2019