Global Wellness Strategies Inc.

Consolidated Financial Statements

September 30, 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Wellness Strategies Inc.

Opinion

We have audited the consolidated financial statements of Global Wellness Strategies Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2021 and 2020, and the consolidated statements of changes in shareholders' deficit, loss and comprehensive loss, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020, 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 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 to the financial statements, which indicates that the Company has incurred a net loss and is not able to finance day to day activities through operations for the year ended September 30, 2021 and, as of that date, the Company's current liabilities exceeded its total assets. 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 Company'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 the information included in Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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.

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

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. 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 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 David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

February 2, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

Global Wellness Strategies Inc.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	**September 30, 2021 $**	September 30, 2020 $
Assets			
Current assets			
Cash		25,628	3,999
Total assets		**25,628**	**3,999**
Liabilities and shareholders' deficit			
Current liabilities			
Accounts payable and accrued liabilities	7	466,310	264,654
		466,310	**264,654**
Non-current liabilities			
Loan payable	9	76,537	-
Total liabilities		**542,847**	**264,654**
Shareholders' deficit			
Share capital	5	31,261,218	30,134,573
Reserves		6,559,158	6,529,801
Subscriptions received in advance	5	45,050	-
Commitment to issue shares	3	2,092,068	-
Deficit		(40,474,713)	(36,925,029)
Total shareholders' deficit		**(517,219)**	**(260,655)**
Total liabilities and shareholders' deficit		**25,628**	**3,999**

Nature of operations and going concern	1
Events after the reporting period	3,12

Approved on behalf of the Board of Directors on February 2, 2022:

"Meris Kott" **Director** *"Lindsey Perry Jr."* **Director**

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

Global Wellness Strategies Inc.

Consolidated Statements of Changes in Shareholders' Deficit

(Expressed in Canadian Dollars)

	Number of shares	Share capital	Reserves	Subscriptions received in advance	Commitment to issue shares	Deficit	Total shareholders' deficit
	#	$	$	$	$	$	$
October 1, 2019	12,854,237	29,679,528	6,869,055	-	-	(35,938,796)	609,787
Acquisition of Sunshine State Tea	1,125,000	270,000	-			-	270,000
Shares issued for services	771,323	185,045	-	-	-	-	185,045
Share-based payments	-	-	49,502	-	-	-	49,502
Re-allocated on cancellation of options	-	-	(388,756)	-		388,756	-
Loss and comprehensive loss for the year	-	-	-	-	-	(1,374,989)	(1,374,989)
September 30, 2020	14,750,560	30,134,573	6,529,801	-	-	(36,925,029)	(260,655)
October 1, 2020	14,750,560	30,134,573	6,529,801	-	-	(36,925,029)	(260,655)
Shares issued for services	2,294,124	253,113	-	-	-	-	253,113
Acquisition of KM	1,750,000	290,199	-	-	370,516	-	660,715
Acquisition of Shanti	3,472,222	583,333	-	-	1,721,552	-	2,304,885
Share-based payments	-	-	63,600	-	-	-	63,600
Subscriptions received in advance	-	-	-	45,050	-	-	45,050
Re-allocated on expiry of options	-	-	(34,243)	-	-	34,243	-
Loss and comprehensive loss for the year	-	-	-	-	-	(3,583,927)	(3,583,927)
September 30, 2021	**22,266,906**	**31,261,218**	**6,559,158**	**45,050**	**2,092,068**	**(40,474,713)**	**(517,219)**

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

Global Wellness Strategies Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	**September 30, 2021 $**	September 30, 2020 $
Expenses			
Bank charges		1,571	1,950
Interest expense	9	1,512	-
Consulting	5,7	327,918	295,630
Investor relations and marketing		225,336	-
Office and rent		9,878	3,539
Professional fees	7	212,078	54,666
Regulatory and filing		64,448	22,976
Share-based payments	3,5,7	3,029,200	319,502
Travel	7	10,037	-
Loss from operating expenses		**(3,881,978)**	(698,263)
Impairment of convertible loan receivables	4	-	(875,567)
Interest income		-	101,872
Gain (loss) on debt settlement	5	298,739	27,706
Unrealized gain on convertible loans receivable, net		-	69,709
Foreign exchange gain (loss)		(688)	(446)
Loss and comprehensive loss for the year		**(3,583,927)**	(1,374,989)
Loss per share			
Weighted average number of common shares outstanding			
- Basic #	6	**15,868,492**	13,834,623
- Diluted #	6	**15,868,492**	13,834,623
Basic loss per share $	6	**(0.23)**	(0.10)
Diluted loss per share $	6	**(0.23)**	(0.10)

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

(Expressed in Canadian Dollars)

	Note	**September 30, 2021 $**	September 30, 2020 $
Operating activities			
Loss for the year		(3,583,927)	(1,374,989)
Adjustments for:			
Share-based payments		3,029,200	319,502
Shares issued for services		253,113	185,045
Unrealized loss on convertible loans receivable		-	(69,709)
Accrued interest		1,512	(54,696)
Impairment of convertible loan receivables		-	875,567
Gain on debt settlement		(298,739)	(27,706)
Net change in non-cash working capital items	8	500,395	85,529
		(98,446)	(61,457)
Financing activities			
Proceeds from loan payable		75,025	-
Subscriptions received in advance		45,050	-
		120,075	-
Investing activities			
Interest income received on convertible notes		-	47,176
		-	47,176
Net change in cash		**21,629**	(14,281)
Cash, beginning of year		**3,999**	18,280
Cash, end of year		**25,628**	3,999
Supplemental cash flow information	8		

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

1. Nature of operations and going concern

Global Wellness Strategies Inc. (the "Company") was incorporated under the Business Corporation Act of Alberta on August 31, 1998 and was continued to British Columbia on January 30, 2006. The Company is in the business of a merchant bank focusing on medical cannabis non-THC, CBD, hemp and psychedelic MDMA-based drug development research in Canada and the United States and Australia. The Company's shares are publicly traded on the Frankfurt Exchange, OTCQB and Canadian Stock Exchange (the "CSE") under the symbol "GWS". The head office, principal address and records office of the Company is located at 100 - 1111 Melville St Vancouver, British Columbia V6E 3V6.

On January 22, 2021, the Company consolidated its issued and outstanding shares on a ratio of four (4) old common shares for every one (1) new post-consolidated common share (the "Share Consolidation"). All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this Share Consolidation. Additionally, the Company changed its name to Global Wellness Strategies Inc.

These consolidated financial statements (the "financial statements") have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2021, the Company is not able to finance day-to-day activities through operations and continues to incur losses. The continuing operations of the Company are dependent upon its ability to attain profitable operations and generate funds therefrom. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with equity financings and loans from directors and companies controlled by directors. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its condensed consolidated interim statement of financial position.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") for all periods presented.

These financial statements have been prepared on an historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts in these financial statements are presented in Canadian dollars, which is the functional currency of the Company. See Note 2(b) for details of the Company's subsidiaries and their functional currencies.

2. Significant accounting policies (continued)

(b) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Entity	Incorporation	Status	Functional Currency	Ownership Percentage
Ultra Invest Canada Inc. (“Ultra Invest”)	Canada	Inactive	Canadian	100%
Ona Power Oil & Gas Corp (“Ona”)	United States	Inactive	US Dollar	100%
Shanti Therapeutics PTY Ltd. (“Shanti”)	Australia	Active	Australian	100%
KaleidoMyco, LLC (“KM”)	United States	Active	US Dollar	51%

(c) Future changes in accounting policies

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2021 and have not been applied in preparing the financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

(d) Financial instruments

The Company classifies its financial assets or liabilities in the following categories: fair value through profit or loss (“FVTPL”) or amortized cost. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Non-derivative financial assets and liabilities

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Financial instruments are accounted for in accordance with IFRS 9, “Financial Instruments: Classification and Measurement”.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The following table shows the classification under IFRS 9:

Financial assets/ liabilities	Classification
Cash	Fair value through profit or loss
Accounts payable and accrual liabilities	Amortized cost
Loan payable	Amortized cost

2. Significant accounting policies (continued)

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument 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.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.
In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized costs. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on de-recognition are generally recognized in profit or loss.

2. Significant accounting policies (continued)

(e) Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the parent company's functional and presentational currency. The functional currency of Ultra Invest is the Canadian dollar, the functional currency of Ona and KM is the US dollar and the functional currency of Shanti is the Australian dollar.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded to the Company's foreign currency translation reserve. These differences are recognized in the profit or loss in the period in which the operation is disposed of.

(f) Impairment

Non-financial assets

Non-financial assets are reviewed quarterly by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the cash-generating unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

2. Significant accounting policies (continued)

(g) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of common shares, warrants or options are recognized as a deduction from equity, net of tax.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to measurement of common shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the warrants. Any fair value attributed to warrants is recorded to reserves.

(h) Share-based payment transactions

The Company has a stock option plan that provides for the granting of options to officers, directors, employees and consultants to acquire common shares of the Company.

Options granted to employees and others providing similar services are measured on grant date at the fair value of the instruments granted. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in a grant with graded vesting is considered a separate grant with a different vesting date and fair value.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Over the vesting period, share-based payments are recorded as an operating expense with a corresponding increase in reserves. When options are exercised, the consideration received is recorded as share capital and the related share-based payments originally recorded to reserves are transferred to share capital. When an option is cancelled, or expires, the amount previously recognized in share-based payments is transferred to deficit.

2. Significant accounting policies (continued)

(I) Acquisitions

The acquisition method of accounting is used to account for acquisitions. The cost of an acquisition is measured as the aggregate fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

If the investee constitutes a business, as defined by IFRS, the acquisition is accounted for as a business combination whereby identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in net loss.

If the investee does not meet the definition of a business, the acquisition is accounted for as an asset acquisition, whereby the cost of the acquisition is allocated between the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. No goodwill can be recognized in an asset acquisition.

(j) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

(k) Loss per share

The Company presents basic and diluted loss per share ("LPS") data for its common shares. Basic LPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted LPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held, and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company for the years presented, except if their inclusion proves to be anti-dilutive.

(l) Use of estimates and critical judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

2. Significant accounting policies (continued)

(m) Use of estimates and critical judgments (continued)

(i) The determination of the fair value of share-based payments using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

(ii) The fair value of the convertible loan receivables is determined using a discounted cash flow technique which includes inputs that are not based on observable market data and inputs that are derived from observable market data. Where available, the Corporation seeks comparable interest rates and if unavailable, it uses those considered appropriate for the risk profile of a corporation in the industry.

(iii) The application of the Company's accounting policy for contingent consideration requires judgment in determining and measuring the fair value. This requires management to make certain estimates and assumptions about future events or circumstances, including but not limited to assumptions relating to assessing probabilities of the contingent consideration and timing of the contingent payments. Estimates and assumptions made may change if new information becomes available.

Judgments

(i) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

(ii) Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. Additionally, judgment is required to assess whether any amounts paid on the achievement of agreed upon milestones represents contingent consideration or compensation for post-acquisition services. Judgment is also required to assess whether contingent consideration arising from an acquisition should be classified as a liability or equity. Contingent consideration classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement by the Company is accounted for within shareholders' equity. Contingent consideration classified as a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 – Financial Instruments: Recognition and Measurement, or IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, with changes recorded to profit or loss.

Estimates are made as to the fair value of assets and liabilities acquired. In certain circumstances, such as the valuation of property and equipment, intangible assets and/or goodwill acquired, the Company may rely on independent third-party valuators. The determination of these fair values may involve a variety of assumptions, including revenue growth rates, expected operating income, and discount rates.

(Expressed in Canadian Dollar)

3. Acquisitions and investments

Sunshine State Tea Company, LLC ("SSTC")

On February 6, 2020, the Company entered into a Limited Liability Company Membership Interest Purchase Agreement (the "Agreement") with SSTC, a private Florida, United States company controlled by the Company's CEO, Meris Kott, to purchase 18% membership interest in SSTC. The assets in SSTC include formulas related to SSTC tea product line.

On April 1, 2020, the Company issued 1,125,000 common shares to Meris Kott, to acquire an 18% membership interest of SSTC. As additional consideration of the transaction, the Company shall loan the sum of $500,000 to SSTC for project and business development over the next 3 years, which the loan shall be repaid within 5 years from the date of the last funding and shall bear interest at 6% per annum. This acquisition has been accounted for as a asset acquisition as SSTC does not meet the definition of a business under *IFRS 3, Business Combinations*.

In accordance with *IFRS 2 – Share based payments*, the equity consideration on transfer was measured at fair value on the date of acquisition, which is the date control was obtained.

Consideration paid:	
1,125,000 common shares at $0.24 per share	$ 270,000

The fair value share consideration pertaining to the asset acquisition was $270,000. The consideration paid was recognized as share-based payments in the amount of $270,000 during the year ended September 30, 2020.

KaleidoMyco, LLC ("KM")

On April 5, 2021, and as amended on September 24, 2021, the Company entered into a Limited Liability Company Membership Interest Purchase Agreement and an Agreement Amendment (collectively the "Purchase Agreement") with KM, a private Florida, United States company, whereby the Company would purchase all the membership interest in KM in one tranche representing a 51% membership interest and the second (2) tranche representing a 49% membership interest. There were no specified assets acquired.

In consideration for the purchase of the membership interests of KM, the Company shall pay KM the following:

A. $850,000 ("Purchase Price") in common shares.
B. Bonus of $2,500,000 in common shares of the Company if the assets realize $2,000,000 in revenues in year two following closing.

(Expressed in Canadian Dollar)

3. Acquisitions and investments (continued)

KaleidoMyco, LLC ("KM") (continued)

The Purchase Price shall be tendered as follows:

(i) $437,500 in common shares upon closing, payable in two instalments representing a 51% of membership interest as follows:

  a. $87,500 in common shares (350,000 shares issued) with a fair value of $58,040 upon signing of definitive agreement;
  b. $350,000 in common shares (1,400,000 shares issued) with a fair value of $232,159.

(ii) $412,500 in common shares for the remaining 49% of the membership interest and has been recorded as a commitment to issue shares.

Earn-Out Consideration

As part of the consideration paid, the Company is required to issue additional common shares to KM upon the satisfaction of provisions applicable to one earn-out consideration (the "Earn-Out"), as follows:

- Earn-Out: The Company is required to issue $2,500,000 in common shares with a grant date fair value of $85,955 recorded as commitment to issue shares, upon KM realizing $2,000,000 in revenues in year two following closing or if KM is granted a formula products patent.

The Earn-Out is payable if, and only if, the applicable target has been met. The Earn-Out was recognized on the acquisition date as contingent consideration. The measurement of contingent consideration is impacted by estimated probabilities and the likelihood that the target will be met, which is payable in common shares, if such target is met. This estimated probability is subjective and is significantly impacted by various factors as of the acquisition date. As of the acquisition date, September 30, 2021, the Company estimated 5% probability of the Earn-Out being met and estimated fair value is determined to be $85,955. The Earn-Out is accounted for under IFRS 2 – Share based payments with no remeasurement in the subsequent period.

This acquisition has been accounted for as an asset acquisition as KM does not meet the definition of a business under *IFRS 3, Business Combinations*.

In accordance with *IFRS 2*, the equity consideration on transfer was measured at fair value on the date of acquisition, which is the date control was obtained.

Consideration incurred:		
1,750,000 common shares at $0.17 per share	$	290,199
Commitment to issue shares		284,561
Earn-out		85,955
Total consideration		660,715

During the year ended September 30, 2021, the Company recorded the consideration paid as share-based payments in the total amount of $660,715.

The shares to the shareholders of KM are subject to certain hold periods. The total consideration value was estimated using a commonly used option model that estimates the discount related to the lack of marketability of the shares from the contractual restrictions.

3. Acquisitions and investments (continued)

Shanti Therapeutics PTY Ltd. ("Shanti")

On September 27, 2021, the Company signed a Share Purchase Agreement to acquire 100% interest in Shanti Therapeutics Pty Ltd. ("Shanti"), and is focused on psychedelic MDMA-based drug development research. There were no specified assets acquired.

In consideration for the acquisition, the Company shall pay the following:

A. $2,500,000 ("Shanti Purchase Price") in common shares with a grant date fair value of $1,890,195; and
B. Contingent consideration of $2,500,000 in common shares with a grant date fair value of $414,690 recorded as commitment to issue shares, based on certain performance measures.

The Shanti Purchase Price shall be tendered as follows:

(i) $2,500,000 in common shares upon closing, payable in 4 instalments representing a 100% of interest as follows:
  a. $625,000 in common shares (3,472,222 shares issued) upon signing of definitive agreement;
  b. $625,000 in common shares on or before October 6, 2021;
  c. $625,000 in common shares on or before December 6, 2021; and
  d. $625,000 in common shares on or before February 6, 2022.

Contingent consideration:

As part of the consideration paid, the Company will issue common shares to Shanti upon the satisfaction of provisions applicable to four earn-out considerations (collectively the "Shanti Earn-Outs"). As follows:

- First Shanti Earn-Out – $625,000 in common shares upon the establishment of a medical advisory board and scientific board;
- Second Shanti Earn-Out – $625,000 in common shares upon the proof of concept trial registered with the trial authority;
- Third Shanti Earn-Out – $625,000 in common shares upon the clinical trial notification granted; and
- Fourth Shanti Earn-Out – $625,000 in common shares upon the ethics approval.

The Shanti Earn-Outs are payable if, and only if, applicable targets have been met. The measurement of the Shanti Earn-Outs is impacted by estimated probabilities and the likelihood that these items will be met, which is payable in common shares, if such targets are met. These estimated probabilities are subjective and are significantly impacted by various factors as of the acquisition date.

As of the acquisition date and September 30, 2021, the Company estimated the fair value of the First Shanti Earn-Out $262,292 with a 60% probability of the target being met, the fair value of the Second Shanti Earn-Out $87,247 with a 20% probability of the target being met, the fair value of the Third Shanti Earn-Out $43,493 with a 10% probability of the target being met, and the fair value of the Fourth Shanti Earn-Out $21,658 with a 5% probability of the target being met.

As at September 30, 2021, the estimated fair value of the Shanti Earn-Outs is determined to be $414,690. The Shanti Earn-Out is accounted for under IFRS 2 – Share based payments with no remeasurement in the subsequent period.

This acquisition has been accounted for as an asset acquisition as Shanti does not meet the definition of a business under *IFRS 3, Business Combinations*.

(Expressed in Canadian Dollar)

3. **Acquisitions and investments** (continued)

Shanti Therapeutics PTY Ltd. (“Shanti”)

In accordance with *IFRS 2*, the equity consideration on transfer was measured at fair value on the date of acquisition, which is the date control was obtained.

Consideration incurred:		
3,472,222 common shares at $0.17 per share	$	583,333
Commitment to issue shares		1,306,862
Earn out consideration		414,690
Total consideration	$	2,304,885

The common shares are subject to certain hold periods. The total consideration value was estimated using a commonly used option model that estimates the discount related to the lack of marketability of the shares from the contractual restrictions.

4. **Convertible loans receivable**

			Convertible loans receivable	
			Face value	**Fair value**
Balance, September 30, 2019		$	741,809	726,886
Biominerales Pharma Corp.				
	Loan balance		499,135	495,288
	Fair value adjustments		-	9,712
	Interest income received		(47,187)	-
	Interest income accrued		70,894	-
	Impairment of convertible receivable		(522,842)	(505,000)
			-	-
RxMM Health Capital Inc.				
	Loan balance		242,674	231,598
	Fair value adjustments		-	59,997
	Interest income accrued		30,988	-
	Impairment of convertible receivable		(273,662)	(291,595)
			-	-
Balance, September 30, 2020 and September 30, 2021		**$**	**-**	**-**

4. Convertible loans receivable (continued)

Biolog, Inc.

On August 21, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biolog, Inc. ("Biolog"), a private company incorporated in the State of Utah. The Company has agreed to advance up to USD$800,000 in tranches. Advances are secured by the assets of Biolog and bear interest at 14%, payable monthly, and the promissory note is due on September 1, 2020. On the Effective Date, the Company advanced $194,000. The note may be converted into common shares of Biolog at a price equal to a 10% discount to the valuation of Biolog immediately from any financing immediately prior to the date of conversion.

In addition, Biolog issued warrants equivalent to 20% of the amount of the note based upon its valuation as of the Effective Date which is stipulated to be USD$10,000,000. The option to settle the convertible note and warrants in common shares of Biolog represents an embedded derivative in the form of a call option to the Company. Biolog is a private company and its shares cannot be reliably valued using any market-derived indicators. Accordingly, the derivative asset was initially recognized by the Company at $nil value. As at September 30, 2021 and September 30, 2020, the fair value of the derivative asset remained the same.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been unable to review financial information of Biolog and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable remains impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount. This loan continues to be secured by the borrowers' assets. As at September 30, 2021, the loan was in default.

Biominerales Pharma Corp.

On August 27, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biominerales Pharma Corp. ("Biopharma"), a private company incorporated under the laws of the Province of Quebec. The Company has agreed to advance up to USD$196,184. Advances are secured by the assets of Biopharma and bears interest at 14% annually, payable monthly; and the promissory note is due on October 1, 2020. On the Effective Date, the Company advanced $255,000 under the note. The note may be converted into common shares of Biopharma at a price equal to a 10% discount to the price assigned to the common shares of Biopharma from any financing immediately prior to the date of conversion. The Company is not able to exert significant influence over the operations of Biopharma.

In addition, Biopharma issued 18,684 warrants, exercisable at a price of $2.10 per warrant, to acquire one Class A common share in the capital of Biopharma for a period of 24 months. The option to settle the convertible note and the stock warrants in Class A common shares of Biopharma represents an embedded derivative in the form of a call option. Biopharma is a private company and its shares cannot be reliably valued using any market-derived indicators. As at September 30, 2018, the Company had not received repayment of such note and management has assessed the high likelihood of collectability. Thus, the entire balance of convertible note receivable had been impaired.

On October 1, 2018, a further $250,000 was loaned to Biopharma under the same terms as the previously loaned $255,000. This loan continues to be secured by the borrowers' assets. During the year ended September 30, 2020, Biopharma has made monthly interest payments in accordance with the promissory note totaling $47,176.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has not been satisfied through the review of financial information of Biominerales and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable was impaired $505,000 as at September 30, 2020.

Subsequent to September 30, 2021, the Company extended the loan payable maturity date to October 31, 2022. Biopharma has not made monthly interest payments in accordance with the promissory note.

4. Convertible loans receivable (continued)

RxMM Health Capital Inc.

On October 1, 2018, the Company entered into a US$500,000 promissory note with RxMM Health (“RxMM”). The loan is secured by a general security agreement on assets of RxMM. The loan bears an interest at 14% compounded monthly and is repayable within 24 months. Furthermore, RxMM granted additional consideration to the Company providing an option to purchase common shares of RxMM equal to 20% of the amount of the loan based on a valuation agreed upon between RxMM and the Company. On October 9, 2018, the Company made a first tranche loan of $220,740 to RxMM. This loan continues to be secured by the borrowers’ assets.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been unable to review financial information of RxMM and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable has been impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount. This loan continues to be secured by the borrowers’ assets. As at September 30, 2021 and September 30, 2020, the loan was in default.

Mary’s Wellness Ltd.

On October 15, 2018, the Company entered into a $1,000,000 promissory note with Mary’s Wellness Ltd. (“MWL”). The loan was secured by a general security agreement on assets of MWL. The loan bore an interest rate of 12.5% per annum compounded monthly and was repayable by November 1, 2020. Furthermore, MWL granted additional consideration to the Company providing an option to purchase common shares of MWL equal to 20% of the amount of the loan based on a valuation agreed upon between MWL and the Company. On October 19, 2018, the Company made a first tranche loan of $100,000 to MWL. This loan was secured by the borrowers’ assets. The entire loan was converted on March 20, 2019 to a 5% equity interest in MWL.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been unable to review financial information of MWL and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable has been impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount. This loan continues to be secured by the borrowers’ assets. As at September 30, 2021 and September 30, 2020, the loan was in default.

Winterlife Inc.

On November 1, 2018, the Company entered into a USD$1,000,000 promissory note with Winterlife Inc. (“Winterlife”). The loan is secured by a general security agreement on assets of Winterlife made effective on November 1, 2018. The loan bears an interest rate of 14% per annum compounded monthly and is repayable by November 1, 2020. Furthermore, Winterlife granted additional consideration to the Company providing an option to purchase common shares of Winterlife equal to 20% of the amount of the loan based on a valuation agreed upon between Winterlife and the Company. On November 6, 2018, the Company made a first tranche loan of $100,080 to Winterlife.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been unable to review financial information of Winterlife and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable has been impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount. This loan continues to be secured by the borrowers’ assets. As at September 30, 2021 and September 30, 2020, the loan was in default.

5. Share capital

The authorized share capital of the Company consists of unlimited common shares without par value and unlimited preferred shares without par value. No preferred shares have been issued.

Transactions for the issue of share capital during the year ended September 30, 2021:

The Company issued a total of 1,690,000 common shares to settle debt with consultants for professional services rendered. The shares were issued with a fair value of $207,486. In connection with the shares issued for debt, the Company recognized a gain on debt settlement in an amount of $298,739.

The Company issued a total of 604,124 common shares for services rendered by a consultant and an officer of the Company. The shares issued with a fair value of $45,627 were recognized and included in consulting expenses.

As at September 30, 2021, the Company has not closed its financing and has received $45,050 in subscriptions.

On April 15, 2021, the Company issued 350,000 shares for consideration of membership interest in KM with a fair value of $58,040 (Note 3).

On June 30, 2021, the Company issued 1,400,000 shares for consideration of membership interest in KM with a fair value of $232,159 (Note 3).

On September 27, 2021, the Company issued 3,472,222 shares for consideration of the acquisition of Shanti with a fair value of $583,333 (Note 3).

(Expressed in Canadian Dollar)

5. Share capital (continued)

Transactions for the issue of share capital during the year ended September 30, 2020: (continued)

The Company issued a total of 771,323 shares to consultants for consulting services rendered: The fair value of shares issued were included in consulting expenses. In connection with the shares issued for services, the Company recognized a gain on contract settlement in an amount of $24,000.

On April 1, 2020, the Company issued 1,125,000 shares for consideration of an 18% membership interest in SSTC at a fair value of $270,000 (Note 3). Each common share is subject to a four month hold restriction.

On December 30, 2019, the Company entered into a debt settlement agreement whereby the Company issued a total of 46,324 common shares with a fair value of $12,044 to settle an amount owing of $15,750. In connection with the debt settlement, the Company recognized a gain of $3,706.

Stock options

The Company has adopted a stock option plan (the "Plan") whereby the Company may from time to grant to directors, Officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company's common shares issued and outstanding at the time of granting stock options. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

A summary of the status of the Company's stock options and changes is as follows:

	Year ended September 30, 2021		Year ended September 30, 2020	
	Options #	Weighted average exercise price $	Options #	Weighted average exercise price $
Options outstanding, beginning of year	487,500	0.47	337,500	1.74
Granted	250,000	0.255	422,500	0.34
Expired/cancelled	(21,250)	2.04	(272,500)	1.84
Options outstanding, end of year	**716,250**	**0.35**	487,500	0.47

(Expressed in Canadian Dollar)

5. Share capital (continued)

Stock options (continued)

As at September 30, 2021 the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Expiry date
75,000	75,000	0.68	September 6, 2024
25,000	25,000	0.68	November 19, 2024
328,750	328,750	0.32	May 14, 2025
37,500	37,500	0.32	May 20, 2025
250,000	250,000	0.255	February 24, 2026
716,250	**716,250**		

The following table summarizes information about the stock options outstanding as at September 30, 2021:

Number of options outstanding #	Weighted average remaining life (years)	Weighted average exercise price $
716,250	**3.81**	**0.35**

On November 19, 2019, the Company granted 25,000 options to a Director of the Company. Each option is exercisable into one common share of the Company for $0.68 per share and expires November 19, 2024. These options had a fair value on grant of $5,500 using the Black-Scholes option pricing model with the following assumptions: i) exercise price: $0.68; ii) share price: $0.34; iii) term: 5 years; iv) volatility: 100%; v) risk-free rate: 1.45%.

On May 14, 2020, the Company granted 360,000 options to Officers, Directors, and consultants of the Company. Each option is exercisable into one common share of the Company for $0.32 per share and expires May 14, 2025. These options had a fair value on grant of $42,600 using the Black-Scholes option pricing model with the following assumptions: i) exercise price: $0.32; ii) share price: $0.18; iii) term: 5 years; iv) volatility: 100%; v) risk-free rate: 0.36%.

On May 20, 2020, the Company granted 37,500 options to Officers, Directors, and consultants of the Company. Each option is exercisable into one common share of the Company for $0.32 per share and expires May 20, 2025. These options had a fair value on grant of $5,100 using the Black-Scholes option pricing model with the following assumptions: i) exercise price: $0.32; ii) share price: $0.20; iii) term: 5 years; iv) volatility: 100%; v) risk-free rate: 0.41%.

On February 24, 2021, the Company granted 250,000 options to Officers, Directors, and consultants of the Company. Each option is exercisable into one common share of the Company for $0.255 per share and expires February 24, 2026. These options had a fair value on grant of $63,600 using the Black-Scholes option pricing model with the following assumptions: i) exercise price: $0.255; ii) share price: $0.26; iii) term: 5 years; iv) volatility: 204%; v) risk-free rate: 0.73%.

Additionally, during the year ended September 30, 2021, 21,250 stock options, exercisable at $2.04 each have expired. The original fair value of the expired options was $34,243 and was charged to share-based payments expense and credited to reserves. As a result of the options expired, $34,243 was reversed from reserves and credited to deficit.

(Expressed in Canadian Dollar)

5. Share capital (continued)

Warrants

As an incentive to complete private placements, the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements.

Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model.

A summary of the status of the Company's warrants as at September 30, 2021 and September 30, 2020, and changes during the year then ended is as follows:

	Years ended September 30, 2021		Year ended September 30, 2020	
	Warrants #	Weighted average exercise price $	Warrants #	Weighted average exercise price $
Warrants outstanding, beginning of year	3,214,395	1.29	5,992,575	1.32
Private placement warrants expired	(3,214,395)	1.29	(2,778,180)	1.36
Warrants outstanding, end of year	-	-	3,214,395	1.29

6. Loss per share

The calculation of basic and diluted loss per share for the year ended September 30, 2021 was based on the loss attributable to common shareholders of $3,583,927 (2020 - $1,374,989) and a weighted average number of common shares outstanding of 15,868,492 (2020 – 13,834,623).

All options and warrants were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

(Expressed in Canadian Dollar)

7. Related party payables and transactions

A number of key management personnel and directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. There were no loans to management personnel or Directors, or entities over which they have control or significant influence, during the years ended September 30, 2021 or September 30, 2020.

Meris Kott, the Company's President and CEO receives a monthly consulting fee and incentive stock options. All other key management personnel and directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on thirty days notice. Key management personnel and directors participate in the Company's stock option plan.

Stock options were granted during the year ended September 30, 2021 to Directors and Officers which had a fair value on grant date of $50,880 (2020 - $31,000).

The Company transacted with the following related parties:

(a) 1060606 BC Ltd. ("106 BC Ltd.") is a consulting firm over which the CEO of the Company has significant influence and ownership. Charges are for consulting, travel, office rent and administration.

(c) Stephen Brohman is the Company's CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA"), a firm in which he has significant influence. DBM CPA provides the Company with professional services.

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	Transactions Year ended September 30, 2021	Transactions Year ended September 30, 2020	**Balances outstanding September 30, 2021**	Balances outstanding September 30, 2020
	$	$	**$**	$
106 BC Ltd.				
- consulting services	120,000	120,000	89,991	89,991
DBM CPA	42,000	35,425	76,525	32,425
Meris Kott	-	-	128,150	17,150
	162,000	155,425	**294,666**	139,566

All related party balances are unsecured and are due within thirty days without interest.

The transactions with the key management personnel and Directors are included in operating expenses as follows:

(a) Consulting and travel expenses
- Includes Meris Kott fee related to consulting, administrative and travel related expenses.

(b) Professional fees
- Includes the accounting services of the Company's CFO, Stephen Brohman, charged to the Company by DBM CPA.

(Expressed in Canadian Dollar)

8. Supplemental cash flow information

Changes in non-cash operating working capital during the year ended September 30, 2021 and September 30, 2020 were comprised of the following:

	September 30, 2021	September 30, 2020
	$	$
Receivables and prepayments	-	(19,470)
Accounts payable and accrued liabilities	500,395	104,999
Net change	**500,395**	85,529

During the year ended September 30, 2021 and September 30, 2020 there were no non-cash financing or operating activities, additionally, no amounts paid on account of interest or income taxes.

9. Loan Payable

On March 25, 2021 ("Effective Date"), the Company signed an unsecured Balloon Promissory Note (the "Loan") with an arm's length party, whereby the Company received an amount of $75,025. The Loan bears interest at 4% annually and is due on March 24, 2024 (the "Maturity Date"). Following the Maturity Date, both principal and accrued interest shall bear interest at the rate of 8% annually. The Loan may be repaid at any time in whole or in part without penalty. As at September 30, 2021, the accrued interest on the Loan was $1,512 and the total Loan payable was $76,537.

10. Financial risk management

Capital management

The Company is a merchant bank and considers items included in shareholders' equity (deficit) as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at September 30, 2021 is comprised of shareholders' deficit of $517,219 (2020 - $260,655). There were no changes to the Company's management of capital during the year ended September 30, 2021.

The Company currently has no source of revenues except for interest received from convertible loans. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to borrow or raise additional financing from equity markets.

(Expressed in Canadian Dollar)

10. Financial risk management (continued)

Financial instruments - fair value

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, contingent consideration, and loan payable.

The carrying value of accounts payable and accrued liabilities and loan payable approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $	Total $
September 30, 2021				
Cash	25,628	-	-	25,628
	25,628	**-**	**-**	**25,628**
September 30, 2020				
Cash	3,999	-	-	3,999
	3,999	-	-	3,999

The Company's contingent consideration were measured using Level 3 inputs. See Note 3 for details of the Level 3 inputs. Changes in the contingent consideration during the year ended September 30, 2021 was as follows:

Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, foreign exchange risk, and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

(Expressed in Canadian Dollar)

10. Financial risk management (continued)

b) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

c) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

Historically, the Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

11. Income taxes

The provision for income tax, both current and deferred, differs from the amount calculated by applying the combined expected federal and provincial rate to profit before taxes. The reasons for these differences are as follows:

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

		2021		2020
Loss for the year	$	(3,583,927)	$	(1,374,989)
Expected income tax (recovery)	$	(968,000)	$	(371,000)
Change in statutory, foreign tax, foreign exchange rates and other		(38,000)		(3,000)
Permanent differences		818,000		324,000
Share issue cost		(8,000)		(8,000)
Change in unrecognized deductible temporary differences		196,000		58,000
Total income tax recovery	**$**	**-**	**$**	**-**

As of September 30, 2021, the Corporation has approximately the following tax pools available as a deduction from future income at the prescribed tax rates. These tax pools are subject to confirmation by income tax authorities:

	2021	Expiry Date Range	2020	Expiry Date Range
Temporary Differences				
Share issue costs	24,000	2041 to 2043	18,000	2040 to 2043
Allowable capital losses	147,000	No expiry date	147,000	No expiry date
Non-capital losses available for future periods	4,869,000	2026 to 2041	2,905,000	2026 to 2040

As of September 30, 2021, the Company has non-capital losses approximately of $4,869,000 available to carry forward to reduce future years' taxable income.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. Events after the reporting period

On October 14, 2021, the Company issued 1,360,000 common shares with a fair value of $350,000 as settlement pursuant to consultancy agreements and bonus issuance to service providers.