CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SWEET EARTH HOLDINGS CORPORATION

NINE MONTHS ENDED MARCH 31, 2023

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

SWEET EARTH HOLDINGS CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

		March 31, 2023	June 30, 2022
ASSETS		$	$
Cash		37,052	134,597
Receivables		4,270	3,644
Inventory	4	-	39,843
Prepaid expenses and deposits		3,996	66,566
Total current assets		45,318	244,650
Non-current assets			
Property and equipment	6	25,862	1,038,802
TOTAL ASSETS		71,180	1,283,452
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	1,059,339	917,892
Due to related parties	12	213,327	93,163
Current portion of lease liability	9	16,880	120,323
Total current liabilities		1,289,546	1,131,378
Non-current liabilities			
Lease liability	9	-	992,414
TOTAL LIABILIITES		1,289,546	2,123,792
SHARHOLDERS' EQUITY			
Share capital	10	13,495,891	13,495,891
Contributed surplus		903,062	903,062
Accumulated other comprehensive loss		(125,097)	(101,675)
Accumulated deficit		(15,492,222)	(15,137,618)
TOTAL SHAREHOLDERS' EQUITY		(1,218,366)	(840,340)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		71,180	1,283,452

Nature and continuance of operations (Note 1)
Commitments (Note 11)
Subsequent event (Note 17)

On behalf of the Board:

"Peter Espig" *"Chris Cooper"*

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

SWEET EARTH HOLDINGS CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

		Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
				$	$
Sales		15,672	24,344	34,550	75,856
Cost of sales		(944)	(2,054)	(2,525)	(56,169)
Gross profit		14,728	22,290	32,025	19,687
Operating Expenses					
Depreciation		35,006	64,304	100,444	196,105
Interest on lease		367	16,504	30,439	50,255
Repairs and maintenance		669	-	669	555
Utilities		9,818	6,424	20,638	19,587
Wages and Salaries		-	3,174	-	3,174
Operating costs		45,860	90,406	152,190	269,676
Net loss before administrative expenses		(31,132)	(68,116)	(120,165)	(249,989)
Administrative Expenses					
Advertising and promotion		-	(3,393)	-	16,111
Consulting fees	12	646	62,138	42,473	159,974
Management fees	12	55,125	73,500	165,375	165,375
Marketing and investor relations		2,209	18,848	9,695	129,795
Office and general		26,275	21,789	85,359	78,732
Professional fees		2,299	3,905	25,810	50,326
Share based payments	12	-	-	-	263,808
Travel		122	2,484	5,115	8,561
		86,676	179,271	333,827	872,682
Loss before other items		(117,808)	(247,387)	(453,992)	(1,122,671)
Other items					
Write-down of inventory		(41,390)	-	(41,390)	
Termination of right to use leases	6	(47,158)	-	140,778	-
Bank loan forgiven	8	-	47	-	28,400
Net loss for the period		(206,356)	(247,340)	(354,604)	(1,094,271)
Other comprehensive income (loss)					
Currency translation gain (loss)		(2,872)	10,550	(23,422)	8,227
Comprehensive loss for the period		(209,228)	(236,790)	(378,026)	(1,086,044)
Basic and diluted loss per share		(0.07)	(0.08)	(0.13)	(0.42)
Weighted average number of shares outstanding		2,802,956	2,802,956	2,802,956	2,614,699

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

SWEET EARTH HOLDINGS CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUIITY

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Number of shares	Share capital	Reserves	Obligation to issue shares/ Subscriptions Received	Accumulated Deficit	Other Accumulated Comprehensive Income (Loss)	Shareholders' Equity (Deficiency)
Balance, June 30, 2021	2,499,956	12,291,184	639,254	55,000	(11,990,739)	(113,737)	880,962
	-	-	-		-	-	
Share Issue	303,000	1,212,000	-	(55,000)	-	-	1,157,000
Share issue costs	-	(7,293)	-	-	-	-	(7,293)
Share based compensation	-	-	263,808	-	-	-	263,808
Net loss and comprehensive loss for the period	-	-	-	-	(1,094,271)	(8,227)	(1,086,044)
Balance, March 31, 2022	2,802,956	13,495,891	903,062	-	(13,085,010)	(105,510)	1,208,433
Net loss and comprehensive loss for the period	-	-	-	-	(2,052,608)	3,835	(2,048,773)
Balance, June 30, 2022	2,802,956	13,495,891	903,062	-	(15,137,618)	(101,675)	(840,340)

	Number of shares	Share capital	Reserves	Obligation to issue shares/ Subscriptions Received	Accumulated Deficit	Other Accumulated Comprehensive Income (Loss)	Shareholders' Equity (Deficiency)
Balance, June 30, 2022	2,802,956	13,495,891	903,062	-	(15,137,618)	(101,675)	(840,340)
	-	-	-		-	-	
Net loss and comprehensive loss for the period	-	-	-	-	(354,604)	(23,422)	(378,026)
Balance, March 31, 2023	2,802,956	13,495,891	903,062	-	(15,492,222)	(125,097)	(1,218,366)

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

SWEET EARTH HOLDINGS CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the Nine Months Ended March 31, 2023	For the Nine Months Ended March 31, 2022
	$	$
Cash flows to operating activities		
Net loss for the year	(354,604)	(1,094,271)
Items not affecting cash		
Share based payments	-	263,808
Depreciation	100,444	196,105
Interest on lease	31,274	51,733
Loan forgiven	-	(28,352)
Termination of right to use leases	(140,779)	-
Write-down of inventory	41,390	-
Changes in non-cash working capital items		
Receivables	-	37,607
Due from or to related parties	120,164	(59,235)
Inventory	-	13,884
Prepaid expenses and deposits	46,462	(93,221)
Accounts payable and accrued liabilities	84,804	(182,279)
	(70,845)	(894,221)
Cash flows from financing activities		
Cash received on shares issued	-	1,149,707
Lease payments	(5,283)	(68,692)
	(5,283)	1,081,015
Effect of foreign exchange rate changes on cash	(21,417)	(44,516)
Change in cash for the period	(97,545)	142,278
Cash, beginning of year	134,597	84,830
Cash, end of period	37,052	227,108

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

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Supplemental disclosure with respect to cash flows (Note 15)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Sweet Earth Holdings Corporation (the "Company") was incorporated as 1168061 B.C. Ltd. under the Province of British Columbia Business Company Act on June 13, 2018. The name was changed to Sweet Earth Holdings Corporation on July 26, 2018 to reflect the Company's strategic decision to focus the business on becoming a major hemp cannabidiol ("CBD") cultivator and processor.

The Company's registered office is located at Suite 1300 – 1030 West Georgia Street, Vancouver BC V6E 2Y3.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. For the nine months ended March 31, 2023, the Company incurred a loss of $354,604 (2022 - $1,094,271) and had an accumulated deficit of $15,492,221 (June 30, 2022 - $15,137,618). These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed interim financial statements have been prepared in accordance with Interim Financial Reporting 34 ("IAS 34") as issued by the International Financial Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

The condensed interim consolidated financial statements have been prepared using the same accounting policies and methods as those used in the audited financial statements for the year ended June 30, 2022. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2022.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements were approved for issue by the Board of Directors on May 15, 2023.

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar, which is also the reporting currency of the Company. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21.

2. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

Basis of consolidation

These consolidated financial statements are comprised of the financial results of the Company and its subsidiaries, (noted above) which are the entities over which Sweet Earth Holdings Ltd. has control. The Company consolidates an entity when it has power over that entity, is exposed, or has rights, to variable returns from its involvement with that entity and has the ability to affect those returns through its power over that entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany balances and transactions were eliminated on consolidation. As noted above, the Company has three wholly owned subsidiaries - TSN and LLC., both domiciled in Oregon, USA and SE Spain, domiciled in Los Barrios Spain which was dissolved December 27, 2022. A fourth subsidiary company, Sweet Earth Colombia S.A.S was incorporated in Colombia, but to date, has had no operations.

Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Management must make significant judgments or assessments as to how financial assets and liabilities are categorized. The following are the critical estimates and judgments that management has made in applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

a) *Going concern*

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

b) *Functional currency*

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar, which is also the reporting currency of the Company. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21. An entity considers the following factors in determining the functional currency of entities under its control:

i) the currency that mainly influences sales prices for goods and services,
ii) the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, and
iii) the currency that mainly influences labour, material and other costs of providing goods or services.

The Company has determined that the function currency of TSN and LLC is the US dollar and for SE Spain is the European dollar (the "Euro").

2. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

Foreign current translation

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction or at an average rate. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Non-monetary items are translated using the historical rate on the date of the transaction. Exchange gains or losses arising on foreign currency translation are reflected in the statement of loss for the period.

The functional currency of the Company's wholly owned subsidiaries is noted above. The asset and liabilities arising from these operations are translated at the period end exchange rate and related revenues and expenses at the average exchange rate for the period. Resulting translation adjustments are accumulated as a separate component of accumulated other comprehensive income/loss in the statement of shareholders' equity.

Financial instruments

The Company follows IFRS 9, *Financial Instruments,* which applies uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The classification is based on two criteria: the Company's business objectives for managing the assets; and whether the financial instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI test"). Financial assets are required to be reclassified only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date.

Financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

<u>Financial assets</u>

The Company initially recognizes financial assets at fair value on the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Classification and measurement

Under IFRS 9, financial assets are initially measured at fair value. In the case of a financial asset not categorized as fair value through profit or loss ("FVTPL"), transaction costs are included. Transaction costs of financial assets carried at FVTPL are expensed in net income (loss). Subsequent classification and measurement of financial assets depends on the Company's business objective for managing the asset and the cash flow characteristics of the asset:

(i) Amortized cost – Financial assets held for collection of contractual cash flows that meet the SPPI test are measured at amortized cost. Interest income is recognized as other income (expense) in the consolidated financial statements, and gains/losses are recognized in net income (loss) when the asset is derecognized or impaired.

(ii) Fair value through other comprehensive income ("FVOCI") – Financial assets held to achieve a particular business objective other than short-term trading are designated at FVOCI. IFRS 9 also provides the ability to make an irrevocable election at initial recognition of a financial asset, on an instrument-by-instrument basis, to designate an equity investment that would otherwise be classified as FVTPL and that is neither held for trading nor contingent consideration arising from a business combination to be classified as FVOCI. There is no recycling of gains or losses through net income (loss). Upon derecognition of the asset, accumulated gains or losses are transferred from other comprehensive income ("OCI") directly to deficit.

(iii) FVTPL – Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL.

The Company measures cash and accounts receivable at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

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 derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The subsequent measurement of financial liabilities is determined based on their classification as follows:

(i) FVTPL – Derivative financial instruments entered into by the Company that do not meet hedge accounting criteria are classified as FVTPL. Gains or losses on these types of financial liabilities are recognized in net income (loss).

(ii) Amortized cost – All other financial liabilities are classified as amortized cost using the effective interest method. Gains and losses are recognized in net income (loss) when the liabilities are derecognized as well as through the amortization process.

The company measures accounts payable and accrued liabilities, due to related parties, bank loan payable, convertible debentures payable and lease payable at amortized cost.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ADOPTED OR EFFECTIVE

The Company has reviewed the impact of new and amended standards that are effective for annual periods beginning on or after July 1, 2022. It does not expect the impact on the financial statements to be material, although additional disclosure may be required.

4. INVENTORY

Finished goods inventory at March 31, 2023 was $nil (June 30, 2022 - $39,843)

5. GOODWILL AND THE ACQUISITION OF TSN AGRICORP LTD. (“TSN”) AND SWEET EARTH, LLC. (“LLC”)

On August 10, 2018, TSN purchased 100% of the membership interest of LLC for $1. On August 27, 2018, TSN and the Company signed a letter of intent, whereby each company would exchange 3,000 of its registered and issued common shares for the other company’s common shares. The 3,000 common shares of TSN represented 100% of their issued shares and, accordingly, the share exchange represented a purchase of TSN by the Company. The share exchange agreement was finalized on September 19, 2018 with an effective date of November 18, 2018.

The value of the goodwill represented the net liabilities of TSN and LLC at the November 18, 2018 plus the value of the consideration given of 3,000 common shares at $0.005 per share or $15.

During the year ended June 30, 2022, the Company recorded a foreign currency translation adjustment of $3,958 related to the goodwill and wrote-off $189,091.

(Expressed in Canadian dollars)

6. PROPERTY AND EQUIPMENT

	Building $	Computer $	Equipment $	Vehicle $	Leasehold Improvements $	Right to Use Assets $	Total $
Costs							
Balance, June 30, 2021	760,694	2,470	1,116,369	42,140	-	1,398,946	3,320,619
Additions	-	-	-	-	19,155	22,414	41,569
Impairment	(776,959)	-	(1,120,779)	(43,041)	-	-	(1,940,779)
Foreign currency translation	16,265	-	4,410	901	-	41,506	63,082
Balance, June 30, 2022	-	2,470	-	-	19,155	1,462,866	1,484,491
Write-down	-	-	-	-	-	(902,079)	(902,079)
Foreign currency translation	-	-	-	-	-	7,201	7,201
Balance, March 31, 2023	-	2,470	-	-	19,155	567,988	589,613
Depreciation							
Balance, June 30, 2021	-	1,071	222,342	8,428	-	290,883	522,724
Additions	-	823	84,060	3,228	4,789	140,052	232,952
Impairment	-	-	(307,340)	(11,836)	-	-	(319,176)
Foreign currency translation	-	-	938	180	-	8,071	9,189
Balance, June 30, 2022	-	1,894	-	-	4,789	439,006	445,689
Additions	-	576	-	-	4,789	95,080	100,444
Write-down	-	-	-	-	-	49,156	(22,860)
Foreign currency translation	-	-	-	-	-	(31,538)	40,478
Balance, March 31, 2023	-	2,470	-	-	9,578	551,704	563,751
Net Book Value, June 30, 2022	-	576	-	-	14,366	1,023,860	1,038,802
Net Book Value, March 31, 2023	-	-	-	-	9,578	16,284	25,862

On June 30, 2022, the Company decided to write down the value of building, equipment and vehicles no longer in use. The net book value of assets written down was $1,621,603 (2021 – $nil).

(Expressed in Canadian dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2023	June 30, 2022
	$	$
Accounts payable	829,230	637,725
Accrued liabilities	230,109	280,167
	1,059,339	917,892

8. BANK LOAN PAYABLE

The Company's US subsidiary, LLC., applied for and received a federal government small business administration bank loan under a program in support of relief from the Covid – 19 pandemic. The US government has indicated these loans will be forgiven if spent on qualified expenditures. On July 29, 2021, LLC received notice from the US Small Business Association that the loan has been forgiven and that no amount is owing.

9. LEASE LIABILITY

The Company has entered into two contractual arrangements that include right-to-use assets that relate to equipment used in its operations. Both arrangements have a zero-interest rate. The Company has other contractual arrangement described in *Note 11 Commitments*. For the property in Oregon, USA, the Company utilized a discounted rate of 5.95% and a term of 20 years to determine the value of this asset. In August, the terms of the lease were amended and treated as a new lease as the terms and scope were both changed and on December 19, 2022, two months notice was given to terminate the lease. For the property located in Cadiz, Spain, the Company utilized a discounted rate of 10% and a term of 5 years and was subsequently terminated after one year.

	March 31, 2023	June 30, 2022
	$	$
Lease liability consists of		
Equipment leases	9,561	50,071
Office leases	7,319	14,112
Agricultural property leases	-	1,048,554
	16,880	1,112,737
Less amounts due within one year	16,880	120,323
Long term portion	-	992,414

Future lease payments at March 31, 2023 are as follows:

	$
2023	17,188
Less imputed interest	(308)
Total	16,880

(Expressed in Canadian dollars)

10. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

There are 2,802,956 shares issued and outstanding as at March 31, 2023.

On April 24, 2023, the Company will consolidate its common shares on an eight to one basis.

There were no transactions for the nine months July 1, 2022 to March 31, 2023

The transactions during the year from July 1, 2021 to June 30, 2022 were as follows:

- On October 15, 2021, 303,000 share units were issued at a price of $4.00 each for total gross proceeds of $1,212,000. Each unit comprised one common share and one half of one common share purchase warrant with each whole warrant entitling the holder to purchase one additional share for a period of 36 months from the date of closing at a price of $5.00 per share. The Company incurred share issue costs of $7,293.

Stock options

Upon approval of the Company's shareholders, the Company has adopted an incentive rolling stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan up to a maximum of 20% of the un-issued and outstanding shares of the Company at any time, less shares required to be reserved with respect to options granted by the Company prior to the implementation of the Plan. Options granted under the Plan may have a maximum term of five (5) years. The exercise price of options granted under the Plan will not be less than the closing price of the Company's shares on the Exchange on the trading day immediately before the date of grant, less the discount permitted under the Exchange's policies.

The following stock options were granted in the past two years:

- 71,875 options were granted to directors and officers effective October 15, 2021. The option granted the recipient the right to purchase shares at a price of $4.00 for a period of 5 years. The cost of this grant as recorded in the statement of operations was $263,808 using the Black Scholes pricing model and inputs as follows: Expected life of options – 5 years; Annualized volatility – 154.06% Risk-free interest rate – .1.23%; and Dividend rate – 0%. The options vested upon grant.

The Black-Scholes valuation model was developed for use in estimating the fair value of traded options which are fully transferable and freely traded. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options. A summary of the status of the Company's outstanding stock options as at March 31, 2023 is as follows:

Options	Number of shares	Exercise price	Expiry Date
3,125	3,125	$8.00	July 1, 2025
61,875	61,875	$4.00	October 15, 2027
65,000	65,000		

The average remaining life of the options is 3.5 years.

(Expressed in Canadian dollars)

10. SHARE CAPITAL – (CONT'D)

Stock Options (cont'd)

The following is a summary of stock options transactions for the nine months ended March 31, 2023 and year ended June 30, 2022:

	Options Outstanding	Weighted Average Exercise Price
Balance, June 30, 2021, exercisable and outstanding	49,750	$ 8.00
Issued	71,875	$ 4.00
Cancelled	(56,625)	$ 8.71
Balance, March 31, 2023 and June 30, 2022, exercisable and outstanding	65,000	$ 4.16

Warrants

A summary of the status of the Company's outstanding warrants as at March 31, 2023 is as follows:

Warrants	Number of shares upon exercise	Exercise price	Expiry Date
303,000	303,000	$5.00	October 15, 2024

The weighted average life of the warrants is 2.3 years.

The following is a summary of warrant transactions for the nine months ended March 31, 2023 and the year ended June 30, 2022:

	Warrants Outstanding	Weighted Average Exercise Price
Balance, June 30, 2021	223,978	$10.00
Issued	303,000	$5.00
Expired	(223,978)	$10.00
Balance, March 31, 2023 and June 30, 2022	303,000	$5.00

Restricted Share Unit

The Company adopted a rolling restricted share unit plan (the "RSU Plan") effective November 18, 2021, to allow the Board, or an appointed committee of the Board, to grant restricted share units (the "Share Units") convertible to common shares to the Company's directors, officers, employees, or employees of any subsidiaries of the Company, or to any eligible consultants, or any eligible consultant companies, to a maximum of the number of common shares equal to 10% of the shares issued and outstanding from time to time.

At March 31, 2023, the Company did not have any Share Units issued and outstanding.

(Expressed in Canadian dollars)

11. COMMITMENTS

a) Upon the purchase of TSN, the Company took over a lease of 23 acres in Appleton Oregon at the rate of $48,000 US ($65,603 CDN) per year, paid annually at the beginning of each renewal period. Starting July 1, 2019, the Company recognized the lease as a right to own asset as the lease was renewable at the Company's option. In August 2019, the lease was amended to include the use of buildings on the premises. Lease payments are now $6,250 US ($8,542 CDN) per month. On December 19, 2022, the Company provided two months' notice to terminate the lease.

b) Effective July 1, 2021, the Company leased office space in Vancouver, BC. The lease is for 30 months at $848 per month. The lease has been recorded as a right-to-use asset.

12. RELATED PARTY

The Company considers officers and members of the Board of Directors as related parties. Key Management costs for the nine months ended March 31, 2023 is $165,376 (2022 - $280,074). Payments and accruals were made to the following officers and directors, or to companies controlled by these officers and directors:

	For the Nine months Ended	
	March 31, 2023	March 31, 2022
	$	$
Management fees to CEO and director	94,500	94,500
Management fees to CFO and director	70,875	70,875
Share based compensation	-	114,699
Total	165,375	280,074

Due to related parties represents fees due to officers and directors at March 31, 2023 of $213,327 (June 30, 2022 – $93,163). The amounts are non-interest bearing, due on demand and bear no specific terms of repayment.

13. MANAGEMENT OF CAPITAL

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to pursue the Company's objectives. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In the management of capital, the Company includes its cash balances and components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or adjust the amount of cash and cash equivalents and investments.

At this stage of the Company's development, in order to maximize ongoing development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

(Expressed in Canadian dollars)

14. FINANCIAL RISK MANAGEMENT

International Financial Reporting Standards establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to $100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At March 31, 2023, management considers the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at March 31, 2023, the Company had a cash balance of $37,052 (June 30, 2022 - $134,597) to settle current liabilities of $1,289,546 (June 30, 2022 - $1,131,378). So far, the Company's sole source of funding has been the issuance of equity securities. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. The Canadian dollar equivalent of the amounts denominated in foreign currencies at March 31, 2023 and June 30, 2022 are as follows:

	USD	EUROS
March 31, 2023	$	$
Financial assets	2,770	4,270
Financial liabilities	538,024	5,602
June 30, 2022		
Financial assets	8,038	5,940
Financial Liabilities	1,445,982	107,241

14. FINANCIAL RISK MANAGEMENT – (CONT'D)

(Expressed in Canadian dollars)

Financial risks – (cont'd)

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company is not currently subject to price risk as it is not listed on a public stock exchange.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended March 31, 2023, the significant non-cash transactions were as follows:

a) Included in accounts payable is $112,648 of lease liabilities.

b) Applied to accounts payable was $16,108 transferred from prepaid expenses and deposits.

During the nine months ended March 31, 2022, the significant non-cash transactions were as follows:

a) Plant and equipment additions of $22,414 are included in lease liability.
b) The Company purchased equipment on an instalment basis. As at March 31, 2021, $235,490 of the purchase price was unpaid and included in accounts payable ($232,432 as at June 30, 2021)
c) Included in accounts payable and accrued liabilities is $49,921 in lease payments

17. SEGMENT INFORMATION

For the nine months ended March 31, 2023, the Company has one reportable segment, being the sale of hemp pre-roll products. In 2022, the Company had one reportable segment, being the cultivation and processing of hemp cannabidiol ("CBD") in the state of Oregon, USA and in Cadiz, Spain. The Company's non-current assets by geographic location at March 31, 2023 and year ended June 30, 2022 are as follows:

June 30, 2022	Canada $	USA $	Spain $
Equipment	576	-	-
Leasehold improvements	14,366	-	-
Right-to-use assets	13,448	958,384	52,028
	28,390	958,384	52,028

March 31, 2023	Canada $	USA $	Spain $
Equipment	-		-
Leasehold improvements	9,578		-
Right-to-use assets	6,724	9,560	-
	16,302	9,560	-

18. SUBSEQUENT EVENT

On April 24, 2023, the Company will consolidate its common shares on an eight to one basis.