



AGRA VENTURES LTD.

**Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2023 and 2022**

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

Notice to Readers

Under National Instrument 51-102, Part 4.3(3)(a), if an auditor has not performed a review of the interim 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 interim consolidated financial statements of Agra Ventures Ltd. for the three months ended March 31, 2023 and 2022 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These condensed interim consolidated financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these condensed interim consolidated financial statements.

AGRA VENTURES LTD.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Notes	March 31, 2023	December 31, 2022 (Audited)
ASSETS			
Current assets			
Cash		\$ 182,253	\$ 304,255
Amounts receivable	4	77,860	80,180
Inventory	20	134,118	77,891
Marketable Securities	9	450,000	575,347
Prepays and deposits	6	40,858	57,063
		885,089	1,094,736
Non-current assets			
Investments and joint venture	10, 11	27,524	-
TOTAL ASSETS		\$ 912,613	\$ 1,094,736
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	14, 19	\$ 1,298,730	\$ 1,203,576
Deposits	25	297,001	297,001
Loans payable	17	815,821	806,759
Convertible loan payable	16	17,176,370	17,725,819
Derivative liabilities	16	28	28
TOTAL LIABILITIES		19,587,950	20,033,183
SHAREHOLDERS' EQUITY			
Share capital	18	204,096,680	203,844,282
Reserves	18	23,683,191	25,066,524
Accumulated other comprehensive income		(13,215)	32,117
Deficit		(246,271,342)	(247,710,719)
Attributable to shareholders		(18,532,210)	(18,767,796)
Non-controlling interest	12	(170,651)	(170,651)
TOTAL SHAREHOLDERS' EQUITY		(18,675,337)	(18,938,447)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 912,613	\$ 1,094,736

Nature and continuance of operations (Note 1)

Convertible loan receivable (Note 13)

Commitments (Note 24)

Discontinued operations (Note 27)

Intangible assets and goodwill (Note 8)

Lease liabilities (Note 15)

Loans receivable (Note 5)

Property and equipment (Note 7)

Sale of subsidiaries (Note 26)

Subsequent events (Note 29)

Approved on behalf of the Board of Directors:

"Nick Kuzyk"

Director

"Fiona Fitzmaurice"

Director

AGRA VENTURES LTD.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Notes	Period ended	
		March 31, 2023	March 31, 2022
Sales		\$ 132,550	\$ 181,617
Cost of goods sold		(71,444)	(112,639)
		61,106	68,978
Expenses			
Amortization	7,8	-	65,465
Consulting and management	19	116,897	102,291
Corporate development		4,559	8,151
Finance and other costs	16, 17	607,600	739,144
Foreign exchange loss (gain)		(23,469)	50,548
Development and compliance		-	1,413
Due diligence		-	3,424
Insurance		19,356	17,605
Office and sundry		18,969	19,480
Other general and operating costs		19,337	46,365
Professional fees		68,807	179,440
Regulatory and transfer agent fees		26,373	31,768
Rent expense		-	29,195
Wages and salary		35,352	45,538
		(893,781)	(1,339,827)
Loss before other items		(832,675)	(1,270,849)
Other items			
Fair value movement on investments	10	-	(22,210)
Gain (loss) on debt settlement	14,16,18	895,333	(12,489)
Gain on modification of debt	16	-	4,259,863
Gain (loss) on sale of marketable securities	9	15,862	(157,121)
Unrealized loss on marketable securities	9	(50,000)	-
Government grants	17	-	7,767
Interest income	5	-	140,539
Royalty revenues	21	-	52,600
Gain on lease forgiveness	15	-	7,450
Write-off of inventory		-	(61)
Net income for the period for continuing operations		28,520	3,005,489
Net income (loss) for the period for discontinued operations	1, 11, 27	27,524	(1,584,170)
Net income for the period before other items		56,044	1,421,319
Other Comprehensive Income			
Foreign Exchange gain on translating foreign operations		(45,332)	20,871
Net and comprehensive income for the period		\$ 10,712	\$ 1,442,190
Net income attributable to:			
Shareholders of Agra Ventures Ltd.		\$ 56,044	\$ 1,421,319
Non-controlling interests	12	-	-
		\$ 56,044	\$ 1,421,319
Net and comprehensive income (loss) attributable to:			
Shareholders of Agra Ventures Ltd.		\$ 10,712	\$ 1,442,190
Non-controlling interests	12	-	-
		\$ 10,712	\$ 1,442,190
Net income per share – basic and diluted		\$ 0.00	\$ 0.11
Weighted average number of common shares outstanding		123,236,347	13,699,661

AGRA VENTURES LTD.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Share capital							
	Number of shares ¹	Amount	Share-based payments reserve	Warrants reserve	Non-controlling interest	Accumulated other comprehensive income	Deficit	Total
Balance at December 31, 2021	13,388,503	\$ 199,883,816	\$ 5,492,112	\$ 20,019,553	\$ (170,651)	\$ 67,126	\$ (206,243,336)	\$ 19,048,620
Net and comprehensive income for the period	-	-	-	-	-	20,871	1,421,319	1,442,190
Fair value of options expired	-	-	(467,354)	-	-	-	467,354	-
Shares for debt settlement (Note 18)	579,307	273,435	-	-	-	-	-	273,435
Balance at March 31, 2022	13,967,810	\$ 200,157,251	\$ 5,024,758	\$ 20,019,553	\$ (170,651)	\$ 87,997	\$ (204,354,663)	\$ 20,764,245
Balance at December 31, 2022	107,619,016	\$ 203,844,282	\$ 5,046,971	\$ 20,019,553	\$ (170,651)	\$ 32,117	\$ (247,710,719)	\$ (18,938,447)
Net and comprehensive loss for the period	-	-	-	-	-	(45,332)	56,044	10,712
Fair value of warrants expired	-	-	-	(1,383,333)	-	-	1,383,333	-
Shares for debt settlement (Note 18)	2,856,449	28,565	-	-	-	-	-	28,565
Conversion of debentures (Note 16 and 18)	22,383,332	223,833	-	-	-	-	-	223,833
Balance at March 31, 2023	132,858,797	\$ 204,096,680	\$ 5,046,971	\$ 18,636,220	\$ (170,651)	\$ (13,215)	\$ (246,271,342)	\$ (18,675,337)

On August 27, 2021, the Company consolidated its shares on a one hundred and fifty (150) pre-consolidated to one (1) post-consolidation share basis. These consolidated financial statements reflect the post-consolidated shares.

AGRA VENTURES LTD.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Period ended	
	March 31, 2023	March 31, 2022
Operating activities		
Net income for the period	\$ 56,044	\$ 1,421,319
Adjustments for:		
Accrued interest	576,279	727,988
Amortization (Notes 7 and 8)	-	65,465
Interest income (Note 5)	-	(140,539)
Gain on forgiveness of lease (Note 15)	-	(7,450)
Gain on debt settlement (Note 18)	(895,333)	12,489
Gain on modification of debt (Note 16)	-	(4,259,863)
Government grants	-	(7,767)
Fair value change on movement in investments (Note 13)	-	22,210
Loss on sale of marketable securities (Note 9)	(15,862)	-
Unrealized loss on marketable securities (Note 9)	50,000	-
Shares issued for interest expense (Note 19)	28,565	10,946
Share-based compensation (Note 18)	-	-
Foreign exchange loss (gain)	(23,469)	50,548
Write-off of amounts receivable (Note 4)	-	157,121
Changes in non-cash working capital items:		
Accounts receivable	2,320	(65,567)
Prepays and deposits	16,205	10,137
Inventory	(56,227)	10,587
Accounts payable and accrued liabilities	121,123	(344,879)
Net cash flows used in operating activities	(140,355)	(2,337,255)
Loss (gain) for the year from discontinued operations (Notes 1, 11, and 27)	(27,524)	1,584,170
Net cash used in operating activities from continued operations	(167,879)	(753,085)
Investing activities		
Proceeds from sale of marketable securities	91,209	-
Investment in Twenty One (Note 10)	-	(1,271,810)
Net cash flows provided by (used in) investing activities	91,209	(1,271,810)
Change in cash	(76,670)	(2,024,895)
Cash, beginning of year	304,255	3,093,357
Effect of change in foreign currency on cash	(45,332)	20,871
Cash, end of period	\$ 182,253	\$ 1,089,333
Supplemental cash flow information (Note 22)		

1. NATURE OF OPERATIONS AND GOING CONCERN

Agra Ventures Ltd. (the “Company” or “Agra Ventures”) was incorporated on June 24, 2004 pursuant to the Business Corporations Act (British Columbia). The diversified Company is focused exclusively on the cannabis industry. The Company’s flagship asset includes its 70% equity interest in Propagation Services Canada, which operates within a 2,200,000 sq. ft. greenhouse complex in Delta, B.C. In addition, Agra Ventures’ wholly owned subsidiary AgraFlora Europe GmbH is a distributor of medical cannabis and test kits in Europe. The Company’s corporate office is located at Suite 810, 789 West Pender Street, Vancouver, British Columbia V6C 1H2. The Company trades on the Canadian Stock Exchange (the “CSE”) under the symbol “AGRA”. The Company also trades on the OTC Pink Sheets (“OTCPK”) under the symbol “AGFAF”.

These condensed interim consolidated 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. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. Further discussion of liquidity risk has been disclosed in Note 23. At March 31, 2023, the Company has working capital deficit of \$18,702,861 (December 31, 2022 – a working capital deficit of \$18,938,447), and an accumulated deficit of \$246,271,342 (December 31, 2022 - \$247,710,719).

The Company generates minimal cash flow from operations and therefore relies upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations to the extent such instruments are issuable under terms acceptable to the Company. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future. These conditions create a material uncertainty, which may cast significant doubt upon the Company’s ability to continue as a going concern. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements, and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the statement of financial position classifications used. These condensed interim consolidated financial statements have been prepared on a going concern basis, and do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

Discontinued operations

During the year ended December 31, 2022, the Company recognized an impairment of its 70% equity interest in the Propagation Services Canada, doing business as Boundary Bay Cannabis, (“PSC”) joint venture, as a result of the termination of the management agreement with the operator of PSC. Should the sale of the Company’s investment not follow, its intention is to consider abandoning its interest in the joint venture (Note 11). The sale or abandonment of the interest meets the definition of a discontinued operation per IFRS 5 *Non-current assets held for sale and discontinued operations*, the results of the discontinued operations for the periods ended March 31, 2023 and 2022 are disclosed in Notes 11 and Note 28.

2. BASIS OF PREPARATION

Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”).

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. BASIS OF PREPARATION (continued)

Basis of preparation (continued)

The condensed consolidated interim financial statements are presented in Canadian dollars and are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company's annual consolidated financial statements, except for the adoption of new accounting standards and/or estimates identified in Note 3. Given that certain information and disclosures, which are included in the annual audited consolidated financial statements, have been condensed or excluded in accordance with IAS 34, these financial statements should be read in conjunction with our annual audited consolidated financial statements as at and for the year ended December 31, 2022, including the accompanying notes thereto.

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on May 30, 2023.

Basis of Consolidation

A subsidiary is an entity the Company controls when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries:

	Ownership Interest 2023	Ownership Interest 2022	Jurisdiction
Potluck Potions and Edibles Inc.	80%	80%	Canada
Canutra Naturals Ltd.	100%	100%	Canada
11122347 Canada Corp d/b/a Canada Cap Corp	80%	80%	Canada
1180782 B.C. Ltd. d/b/a Delta Organic Cannabis Corp.	100%	100%	Canada
11353675 Canada Corp. d/b/a CanaBeer	80%	80%	Canada
11353705 Canada Corp. d/b/a Canada Gum Corp.	80%	80%	Canada
Trichome Canabrands Inc.	100%	100%	Canada
Sanna Health Corp.	100%	100%	Canada
AgraFlora Europe GmbH (formerly The Good Company)	100%	100%	Germany
11406426 Canada Corp. d/b/a Canada Formulations Corp	80%	80%	Canada
AgraFlora Holdings Corp. (Note 12)	100%	100%	Canada

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, have been eliminated in preparing the condensed interim consolidated financial statements.

Presentation and functional currency

The functional currency of the parent company is the Canadian dollar, which is also the presentation currency of the condensed interim consolidated financial statements. The functional currency is the Canadian dollar for the Company's Canadian subsidiaries, and the Euro is the functional currency for AgraFlora Europe GmbH.

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the closing rate (the exchange rate at the reporting date). Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the original transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in the profit or loss.

2. BASIS OF PREPARATION (continued)

Presentation and functional currency (continued)

The financial results and financial 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 recognized in accumulated other comprehensive income as foreign exchange gain on translating foreign operations. These differences are recognized in the profit or loss in the period in which the foreign operation is disposed.

Significant accounting judgments and estimates

The preparation of these condensed interim consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of these condensed interim consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies. The key sources of estimation uncertainty were the same as those applied to the Company's audited consolidated financial statements for the year ended December 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2022.

Equity accounted investments

Equity accounted investments are those entities in which the Company has significant influence, but does not have control over the financial and operating policies of the investees. Significant influence is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity. Joint arrangement entities are those over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint ventures are joint arrangements whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for by the equity method, whereby the original cost of the investment is adjusted for the Company's share of earnings or losses less dividends since significant influence was acquired. When net accumulated losses from an equity accounted investment exceed its carrying amount, the investment balance is reduced to \$nil and additional losses are not provided for unless the Company is committed to provide other financial support to the investee. The Company resumes accounting for its portion of income (loss) of the investment when the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended.

Profits or losses resulting from transactions between the Company and its associates are eliminated to the extent of the interest in the associate. The Company determines at each reporting date whether there is objective evidence that the investments in associates are impaired. The financial statements of associates are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity accounted investments (continued)

At March 31, 2023 and December 31, 2022, the Company accounts for the following entities using the equity method as the Company does not have control over these entities:

	Ownership Interest 2023	Ownership Interest 2022	Jurisdiction
Propagation Services Canada Inc. (Note 11)	70%	70%	Canada
Eurasia Infused Cosmetics Inc.	50%	50%	Canada

Future accounting standards

The Company continues to review changes to IFRS standards. There are no other pending IFRSs or IFRIC interpretations that are expected to be relevant to the Company's condensed interim consolidated financial statements.

4. AMOUNTS RECEIVABLE

	March 31, 2023	December 31, 2022
	\$	\$
Government sales tax recoverable	125	125
Other receivable	77,735	80,055
	77,860	80,180

During the year ended December 31, 2022, the Company wrote off \$1,862 of government sales tax recoverable on the basis that the amounts were denied by the Canada Revenue Agency.

During the year ended December 31, 2022, the Company wrote off \$223,837 of amounts receivable subsequent to the termination of a Share Purchase Agreement (Note 21).

5. LOANS RECEIVABLE

	\$
Loans receivable, December 31, 2021	14,950,797
Accrued interest	2,192,170
Provision on loan receivable	(17,142,967)
Total loans receivable, December 31, 2022 and March 31, 2023	-

On November 6, 2020, the Company entered into a definitive loan agreement with PSC. The loan agreement has a maximum facility amount of \$50,000,000, and includes previous advances made to PSC of \$38,604,344. The loan has an interest rate of nil per annum which increases to 10% per annum upon an event of default. The loan is secured by a General Security Agreement. The loan has no stated maturity date and is repayable monthly out of 50% of PSC's EBITDA until PSC's loan outstanding with Houweling Nurseries Property Ltd. ("HNL") is settled, after which the loan becomes repayable monthly out of 100% of PSC's EBITDA until the outstanding balance is settled.

As a result of executing the definitive loan agreement, the previous advances were considered extinguished and replaced with the new loan, which has been advanced to PSC at a below-market interest rate. The fair value of the loan on initial recognition of \$12,708,263 has been determined by discounting the estimated cash flows at a rate of 15%. The interest rate of 15% is determined based on market rates of interest for similar loan instruments.

5. LOANS RECEIVABLE (CONTINUED)

The difference between the original advances and the fair value of the new loan is \$25,896,081 which is included in the investment account and is considered a contribution to PSC (Note 11). The loan receivable is considered a performing loan, with no external credit rating.

The balance of the loan was \$14,950,797 as at December 31, 2021. During the year ended December 31, 2022, the Company recorded \$2,192,170 in interest income relating to the loan. The Company eliminated \$1,534,519 of inter-company interest income, reducing the interest income by \$1,534,519 to \$657,651 and reducing the investment in PSC by \$1,534,519.

During the year ended December 31, 2022, the Company recognized a provision on the loan receivable as a result of the discontinued operations of the PSC investment (Notes 1 and 11).

6. PREPAIDS AND DEPOSITS

	March 31, 2023	December 31, 2022
	\$	\$
Advances to third-party suppliers	3,436	285
Prepaid insurance	37,422	56,778
Total	40,858	57,063

During the year ended December 31, 2022, the Company recorded a write-off of \$25,350 prepaid expenses.

7. PROPERTY AND EQUIPMENT

Property and equipment are held by the Company and its subsidiaries.

	Furniture & equipment	Buildings	Computers	Right of use assets	Leasehold improvements	Land	Total
	\$	\$	\$	\$	\$	\$	\$
Cost:							
December 31, 2021	561,934	-	-	1,569,411	198,192	-	2,329,537
Termination of lease (Note 15)	-	-	-	(1,569,411)	-	-	(1,569,411)
December 31, 2022	561,934	-	-	-	198,192	-	760,126
March 31, 2023	561,934	-	-	-	198,192	-	760,126
Amortization:							
At December 31, 2021	(559,305)	-	-	(313,675)	(198,192)	-	(1,071,172)
Charge for the year	(2,611)	-	-	(39,242)	-	-	(41,853)
Effect of movements in exchange rates	(18)	-	-	-	-	-	(18)
Termination of lease (Note 15)	-	-	-	352,917	-	-	352,917
December 31, 2022	(561,934)	-	-	-	(198,192)	-	(760,126)
March 31, 2023	(561,934)	-	-	-	(198,192)	-	(760,126)
Net book value:							
December 31, 2022	-	-	-	-	-	-	-
March 31, 2023	-	-	-	-	-	-	-

The right-of-use assets related to a leased manufacturing facility in Ontario acquired upon acquisition of Sanna Health Corp. (“Sanna”) from prior years. The Ontario is reflected on the condensed interim consolidated statement of financial position as right-of-use assets, with an associated lease liability (Note 15). The discount rates applied to the leases is 9.85%.

7. PROPERTY AND EQUIPMENT (CONTINUED)

Year-ended December 31, 2022

During the year ended December 31, 2022, the Company terminated the Ontario lease and has derecognized the right-of use asset and lease liability associated with the lease (Note 15).

8. INTANGIBLE ASSETS AND GOODWILL

	Licenses \$	Total \$
Balance, December 31, 2021	905,932	905,932
Amortization	(103,671)	(103,671)
Impairment	(802,261)	(802,261)
Balance, December 31, 2022 and March 31, 2023	-	-

The Health Canada licenses arose as a result of acquisition of Sanna in prior years. The distribution licenses arose as a result of acquisition of The Good Company from prior years.

The Health Canada licenses that arose from the acquisition of Sanna are amortized on a straight-line basis over 10 years, resulting in amortization of \$103,671 for the year ended December 31, 2022.

During the year ended December 31, 2020, the Company impaired the Sanna Health Canada license to \$1,000,000 as a result of determining the recoverable value of the license to be \$1,000,000. Additionally, the Company received a deposit of \$297,001 towards the sale of the subsidiary on November 27, 2020 (Note 25). During the year ended December 31, 2022, the Company recorded impairment of \$802,261 on the licenses as a result of management's assessment that the value has declined to \$Nil.

As at March 31, 2023, the Sanna Health Canada license has a value of \$Nil (December 31, 2022 - \$Nil), and the AgraFlora Europe GmbH license has a value of \$Nil (December 31, 2022 - \$Nil).

9. MARKETABLE SECURITIES

At March 31, 2023, the Company held the following marketable securities:

Investee	Number of Shares/Warrants	Cost \$	Fair Value \$
Public Companies			
Cult Food Science Corp. – Warrants	2,757,575	-	-
Private Companies			
Pounce Technologies – Shares	4,500,000	500,000	450,000
		600,463	450,000

9. MARKETABLE SECURITIES (CONTINUED)

At December 31, 2022, the Company held the following marketable securities:

Investee	Number of Shares/Warrants	Cost \$	Fair Value \$
Public Companies			
Cult Food Science Corp. – Shares	2,511,576	100,463	75,347
Cult Food Science Corp. – Warrants	2,757,575	-	-
Private Companies			
Pounce Technologies – Shares	4,500,000	500,000	500,000
		600,463	575,347

Cult Food Science Corp.

On September 15, 2021, the Company subscribed to a private placement of 2,000,000 units (“Cult Unit”) of Cult Food Science Corp. (“Cult”) for total cash of \$500,000. Each Cult Unit consists of one common share of Cult and one transferable common share purchase warrant of Cult. Each warrant will entitle the holder to acquire one Cult share at a price of \$0.75 for a period of two years following the closing date of the private placement.

On November 1, 2021, the Company subscribed to a private placement of 757,575 units (“November Cult Unit”) of Cult for total cash of \$250,000. Each November Cult Unit consists of one common share of Cult and one transferable common share purchase warrant of Cult. Each warrant will entitle the holder to acquire one Cult share at a price of \$0.75 for a period of two years following the closing date of the private placement.

The Company assigned \$Nil value to the warrants as Cult was a private investment as of December 31, 2021. Cult commenced trading on the CSE on January 17, 2022.

During the year ended December 31, 2022, the Company sold 245,999 Cult shares with a cost of \$9,840 for proceeds of \$8,312 and realized a loss of \$1,528. At December 31, 2022, the fair value of the CULT investment was \$75,347 and the Company recorded an unrealized loss of \$664,813 on the investment during the year ended December 31, 2022.

During the period ended March 31, 2023, the Company sold 2,511,576 Cult shares with a cost of \$75,347 for proceeds of \$91,209 and realized a gain of \$15,862. At March 31, 2023, the fair value of the CULT investment was \$Nil.

Pounce Technologies Inc.

On November 23, 2021, the Company purchased 4,500,000 common shares of Pounce Technologies Inc., a private company, for total cash of \$500,000. The fair value of this investment at March 31, 2023 was \$450,000 (December 31, 2022 – \$500,000) and the Company recorded an unrealized loss of \$50,000 for the period ended March 31, 2023 (\$Nil for the year ended December 31, 2022).

10. INVESTMENTS

Investment in Twenty One Investment Holdings, Inc.

On February 8, 2022, the Company entered into a definitive share purchase agreement (the “Purchase Agreement”) with Twenty One Investment Holdings, Inc. (“Twenty One”), a privately held Delaware company, and all shareholders of Twenty One (the “Selling Shareholders”) to acquire up to 34% of the issued and outstanding shares of Twenty One. On February 9, 2022 (the “Closing Date”), the Company closed the acquisition of Twenty One Acquisition, the Company received 1,000,000 common shares of Twenty One for US\$1.00 per share for \$1,271,810 (US\$1,000,000). At the Closing Date, the Company held 15.38% of the outstanding common shares of Twenty One.

Pursuant to the Purchase Agreement, within six months of the Closing Date, the Company would purchase additional common shares of Twenty One (the “Additional Shares”) for an aggregate investment of at least US\$1,000,000 and up to US\$1,500,000 (the “Second Closing”) at a price of US\$1.00 per share. Following the Second Closing, the Company would hold between 28.57% and 34.48% of the outstanding common shares of Twenty One.

On August 10, 2022, the Company terminated the Purchase Agreement and has Nil% ownership of Twenty One. The Company recorded a write-off of \$1,288,600 on the investment as a result of the termination.

During the year ended December 31, 2022, the Company recorded a fair value gain on investment of \$16,790.

As at December 31, 2022 and March 31, 2023, the fair value of the investment is \$Nil and the Company has Nil% ownership of Twenty One.

11. PROPAGATION SERVICES CANADA INC.

In 2018, the Company acquired a 40% interest in PSC, a joint venture which has ownership of the Houweling Nurseries Ltd.’s Delta Propagation Facility (the “Facility”), consisting of 2,200,000 square feet of greenhouse space and 1,700,000 square feet of irrigation space. On April 25, 2019, the Company issued 20,588,235 common shares with a fair value of \$6,000,000 to acquire an additional 10% interest in PSC.

The Company entered into an earn-in agreement with Delta Organics Cannabis Corp. (“DOCC”) whereby DOCC could acquire an equity interest in the Company by committing \$40,000,000 for the furtherance of the Facility’s lease obligations, construction expenses, and operational expenses. As consideration, the Company granted DOCC the option to acquire up to 19.9% of the outstanding common shares of the Company and a 20% interest in class B non-voting shares of PSC pursuant to the terms of the agreement. DOCC had acquired 594,427 of the common shares of the Company for proceeds of \$40,000,000 and received 20% of class B non-voting shares in PSC.

In 2019, the Company acquired 100% of all the issued and outstanding common shares of DOCC, which gave the Company an additional 20% equity interest in PSC. The Company now has a 70% equity interest in PSC. During the year ended December 31, 2020, the Company entered into an amended and restated Shareholders Agreement with the shareholders of PSC. As a result, the Company’s level of influence in PSC went from significant influence to joint control. The interest in PSC continues to be accounted for under the equity method.

On November 6, 2020, the Company entered into a definitive Loan Agreement with PSC (Note 5). Prior to the definitive Loan Agreement, the Company made advances of \$38,604,344 to PSC. As the terms to this Loan Agreement were substantially different than those for previous advances made to PSC, the Company accounted for the modification as an extinguishment of the original advances made to PSC and the recognition of a new loan receivable. The difference between the fair value of the new loan receivable and the original advances was recognized as a contribution to PSC in the amount of \$25,896,081, leaving \$12,708,230 in loan receivable as of December 31, 2020 (Note 5).

11. PROPAGATION SERVICES CANADA INC. (CONTINUED)

Under equity accounting, the Company's share of PSC's income for the period ended March 31, 2023 totaled \$27,524 (March 31, 2022 – equity loss of \$1,584,170). The significant aspects of the losses in each period are discussed below.

During the period ended March 31, 2023, the operator of the Facility served notice that the management agreement will terminate. The Company is negotiating the sale of its interest in PSC, however, should the sale not proceed, the Company intends to consider abandoning the investment in PSC due to the termination of the management agreement. Thus, the Company considered PSC to be a discontinued operation as at December 31, 2022 and March 31, 2023 (Note 1). The Company impaired the investment in PSC to \$Nil as at December 31, 2022, recording an impairment of \$15,612,429 for the year ended December 31, 2022 as a result of the operations being halted and the operator's termination of the management agreement with PSC subsequent to the year ended December 31, 2022. Net income or loss from discontinued operations is further detailed in Note 27.

The table below provides a continuity of the PSC investment:

	March 31, 2023	December 31, 2022
	\$	\$
Opening balance	-	23,438,656
Adjustment of intercompany interest (Note 5)	-	(1,534,519)
Income (loss) on equity investment	27,524	(6,291,709)
Impairment on investment in joint venture	-	(15,612,428)
Ending balance	27,524	23,438,656

The tables below provide a summary of PSC's financial position and profit and loss:

	March 31, 2023	December 31, 2022
	\$	\$
Summary statements of financial position as at		
Current assets	2,257,848	1,740,512
Non-current assets	29,398,088	29,835,467
Total assets	31,655,936	31,575,979
Current liabilities	6,889,362	6,839,468
Non-current liabilities	29,122,784	29,183,253
Shareholders' equity (deficit)	(4,356,210)	(4,446,742)
Total liabilities and shareholders' equity	31,655,936	31,575,979

	March 31, 2023	March 31, 2022
	\$	\$
Summary statements of comprehensive loss for the periods ended		
Revenues ¹	857,230	534,130
Cost of goods sold ¹	(1,132)	(651,784)
Operating general and administration expenses ²	(816,729)	(2,181,633)
Other income (loss)	(50)	36,187
Net and comprehensive income (loss)	39,319	(2,263,100)

¹: Revenues for the period ended March 31, 2023 and 2022 include revenues for inventories produced by the Facility and costs of goods sold include the costs realized on the sale of inventories, and costs associated with packaging and selling the products.

²: Operating general and administrative expenses for the period ended March 31, 2023 and 2022 include general and administrative costs for running the facility, interest costs for operating assets and loans, and depreciation of property, plant and equipment. See Note 27 for break-down of costs.

³: Other losses for the period ended March 31, 2023 relate to foreign exchange on transactions. Other income for the period ended March 31, 2022 includes gains on disposal of capital assets, and gains/losses relating to foreign exchange and an unrealized fair value gain on biological assets.

11. PROPAGATION SERVICES CANADA INC. (CONTINUED)

Material amounts from above summary financial position and comprehensive loss	Period ended March 31, 2023 \$	Year ended December 31, 2022 \$
Cash and cash equivalents	442,027	839,896
Current financial liabilities (excluding trade and other payables and provisions)	1,287,130	1,448,687
Non-current financial liabilities	29,122,784	29,183,253
Depreciation and amortization	-	1,730,754
Income tax expense (recovery)	-	-
Interest expense	101,526	3,527,786

12. NON-CONTROLLING INTEREST

The net change in non-controlling interest (“NCI”) is as follows:

	11122347 \$	Potluck \$	Total \$
As at December 31, 2021 and 2022	(40,295)	(130,356)	(170,651)
Net and comprehensive loss attributable to NCI	-	-	-
As at March 31, 2023	(40,295)	(130,356)	(170,651)

13. LOAN RECEIVABLE

Valo Therapeutics Oy

On November 3, 2021, the Company purchased \$750,000 of Convertible Notes (“C Notes”) from Valo Therapeutics Oy (“Valo”), a company incorporated in Helsinki, Finland. Per the C Notes agreement, the C Notes should have been automatically converted to shares of Valo between the issuance date of the C Note and August 31, 2022 but was amended on June 27, 2022 (see below). If the C Notes were not automatically converted, the repayment date was stipulated as December 31, 2022 but was amended on June 27, 2022 (see below). The convertible loan receivable consists of a loan receivable component and a separate embedded derivative conversion feature, being the derivative asset. The convertible loan receivable was considered by management to be a performing loan with no external credit rating.

As at December 31, 2022, the C Note have not been automatically converted. On June 27, 2022, the Company entered into an Extension Agreement where the automatic conversion has been extended to March 31, 2023 and the repayment date of the C Note has been extended to June 30, 2023. As at the date of these condensed interim consolidated financial statements, the C Notes have not been automatically converted and the conversion feature of the C Notes has expired.

During the year ended December 31, 2021, the fair value of the convertible debentures was determined to be \$742,194 and the fair value of the derivative asset was determined to be \$203,157. During the year ended December 31, 2022, the Company impaired the C Note to \$Nil as management assessed the collectability of the C Note is low and also a result of the expiration of the conversion feature, and recorded a provision of loan receivable of \$945,351. The value of the loan receivable remains \$Nil at March 31, 2023.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2023	December 31, 2022
	\$	\$
Accounts payable	937,391	945,691
Amount due to related parties (Note 19)	154,421	162,148
Accrued liabilities	206,918	95,737
	1,298,730	1,203,576

During the year ended December 31, 2022, the Company settled debts with Sanna's former President and CEO by issuance of shares and recorded a loss on debt settlement of \$12,489 (Note 18) and wrote off statute-barred accounts payable of \$247,400.

15. LEASE LIABILITIES

Ontario Lease

The Company acquired from Sanna a right-of-use asset for a leased manufacturing facility in Ontario. The Company recorded a right-of-use asset of \$1,569,411 and a lease liability of \$1,543,510 on acquisition date (Notes 7 and 12).

At the commencement date of the lease, the lease liability was measured as the present value of the future lease payments that were not paid at that date. These lease payments were discounted using the Company's incremental borrowing rate of 9.85%.

During the year ended December 31, 2022, the Company terminated the lease and recognized a gain on termination of \$159,614.

The following is a continuity schedule of the lease liability:

	\$
Balance, December 31, 2020	1,487,919
Interest expense on lease liabilities	136,615
Gain on lease forgiveness	(126,875)
Lease payments	(98,126)
Balance, December 31, 2021	1,399,533
Interest expense on lease liabilities	32,826
Lease payments accrued	(56,251)
Balance, prior to derecognition of lease	1,376,108
Derecognition of Right of Use Asset on termination of lease (Note 7)	(1,569,411)
Derecognition of Right of Use Asset Accumulated Depreciation on termination of lease (Note 7)	352,917
Gain on termination of lease for the year ended December 31, 2022	(159,614)
Balance, December 31, 2022 and March 31, 2023	-

16. CONVERTIBLE LOAN PAYABLE

	\$
Convertible loan payable, December 31, 2021	23,022,081
Accretion	3,224,407
Interest repayments	(2,620,758)
Gain on debt modification	(1,529,911)
Loan payable conversions (Note 18)	(4,370,000)
Convertible loan payable, December 31, 2022	17,725,819
Accretion	567,217
Interest repayments	(116,666)
Loan payable conversions (Note 18)	(1,000,000)
Convertible loan payable, March 31, 2023	17,176,370

During the year ended December 31, 2019, the Company closed a non-brokered private placement offering of 30,000 unsecured convertible loans for gross proceeds of \$30,000,000 from three arm's length parties. The loans bear interest at a rate of 10% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2019. The loans matured on December 31, 2020 and on February 11, 2021 were extended to be due on March 12, 2022. On March 12, 2022, the debentures were extended to March 12, 2023 and during the period ended March 31, 2023, the holders of the debentures granted the Company forbearance on the debentures until May 31, 2023 (Note 29).

The loans are convertible at the holder's option into: (i) that number of common shares of the Company calculated on the basis of the aggregate principal amount of the debentures being converted divided by the conversion price of \$0.30 per common share (the "Conversion Price"); and (ii) a cash payment equal to the additional interest amount that such holder would have received if it had held the loan from the date of conversion to the maturity date. Holders converting their debentures will receive accrued and unpaid interest thereon for the period from and including the date of the latest interest payment date to, but excluding, the date of conversion.

The Company accounted for the convertible loans issued for cash as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value and deducted from the face value of the debt to arrive at the liability component which is recorded at amortized cost and is being accreted to the face value over the term to maturity of the convertible loan at an effective interest rate of 15%.

At December 31, 2020, the fair value of the derivative liability was estimated to be \$28. The balance of the derivative liability remains \$28 as at December 31, 2021 and 2022 and March 31, 2023.

On February 11, 2021, the Company entered into an agreement (the "Term Sheet") with the loan holders to amend the convertible loans (the "Amended Loans"). The Amended Loans extend the maturity date from March 12, 2021 to an additional twelve months to March 12, 2022, in consideration for the conversion price of the Amended Loans being reduced to \$0.05. For all periods subsequent to December 31, 2020, the Amended Loans pay interest at 10% per annum, calculated and payable semi-annually.

16. CONVERTIBLE LOAN PAYABLE (CONTINUED)

On March 12, 2022, the Company extended the maturity date of the Amended Loans to March 12, 2023 (the “Second Amendment”) with all other terms being the same. Prior to the end of the Second Amendment, the maturity date of the Amended Loans was extended to May 31, 2023 with all other terms being the same, via a second forbearance that was granted by the debenture holders on April 25, 2023 (collectively, the “Second Amendments”). The fair value of the convertible loans of the debentures immediately prior to the Second Amendment was \$23,509,863, including accretion of \$487,782 up to the date of the Second Amendment. Upon recognition of the Second Amendments, the Company determined the fair value of the convertible loans to be \$21,930,501. This resulted in a gain on modification of debt of \$1,529,911 which was recognized in profit or loss during the year ended December 31, 2022. On April 5, 2022, the Company satisfied the aggregate interest of \$2,100,000 owing at December 31, 2021 by the issuance of 1,200,000 common shares with a fair value of \$468,000 and recognized a gain on debt settlement of \$1,632,000 during the year ended December 31, 2022 (Note 18).

During the year ended December 31, 2022, pursuant to the Second Amendments, the Company issued an aggregate of 84,580,670 common shares on conversion of the convertible loans with a fair value of \$3,128,719 pursuant to the conversion of \$4,370,000 of convertible debentures and also satisfied aggregate interest of \$520,758 on the conversions and recognized a gain on debt settlement of \$1,762,040 (Note 18).

During the period ended March 31, 2023, the Company issued an aggregate of 22,383,332 common shares with a fair value of \$223,833 pursuant to the conversion of \$1,000,000 of convertible debentures and also satisfied aggregate interest of \$119,166 on the conversions and recognized a gain on debt settlement of \$895,333 (Note 18).

During the period ended March 31, 2023, the Company recorded accretion of \$Nil (March 31, 2022 - \$487,782) on the convertible loans prior to the Second Amendment and accretion of \$567,217 (March 31, 2022 - \$196,809) on the convertible loans after the Second Amendments, for total accretion of \$567,217 (March 31, 2022 - \$684,591).

At March 31, 2023, the liability component was \$17,176,370 (December 31, 2022 - \$17,725,819).

Subsequent to the period end, the Company entered into an agreement with debenture holders to extend the maturity date of the Amended Loans for an additional twelve months from March 12, 2023 to March 12, 2024 and issued common shares to settle aggregate accrued interest (Note 29).

17. LOANS PAYABLE

CEBA Loans

The Canada Emergency Business Account (“CEBA”) loan originally launched on April 9, 2020 and was intended to support businesses during the COVID-19 pandemic. The value of the government loan received at below market rates of interest is treated as a government grant. Two of the Company’s subsidiaries applied for and received the first \$40,000 in funds, and the same three entities applied for the additional \$20,000 provided under the CEBA program. Only one subsidiary received the additional \$20,000 amounts in the year ended December 31, 2020. The loans are interest free if fully repaid on or before December 31, 2023. If 75% of the loans are repaid on or before December 31, 2023, then the remaining 25% of the loans will be forgiven. The full value of the grants has been spent in the course of business operations and the gain has been recognized in other income.

17. LOANS PAYABLE (CONTINUED)

CEBA Loans (Continued)

The loans were recognized at fair value using a discount rate of 15.65% at initial recognition. The difference between this discounted value of \$76,732 and the proceeds received of \$160,000 was recognized as a gain on CEBA loans of \$83,268. The loan had accretion of \$Nil during the period ended March 31, 2023 (March 31, 2022 - \$2,346) and the Company recognized grants of \$Nil (March 31, 2022 – \$7,767). The balance of the loans at March 31, 2023 is \$71,680 (December 31, 2022 - \$71,680). The Company recognized the entire remaining deferred grants of \$23,746 during the year ended December 31, 2022, and the balance of deferred grants is \$Nil as at December 31, 2022 and March 31, 2023.

JJ Wolf Investments Ltd. Loans

On June 2, 2020, the Company received a loan from JJ Wolf Investments Ltd. (“JJ Wolf”) of \$350,000. The loan matured on June 2, 2022 and bears interest at 5% per annum, compounded monthly and payable on the maturity date. The Company discounted the loan at 10% and recorded an initial fair value of \$317,460 and a discount of \$32,540 to be amortized over the term of the loan. The loan was payable on demand at maturity on June 2, 2022 and accrued interest at 5% per annum. During the period ended March 31, 2023, the Company recorded accretion on the loan of \$4,886 (March 31, 2022 - \$4,375) and amortization on the gain of \$Nil (March 31, 2022 - \$4,145). At March 31, 2023 the loan is due on demand the balance of the loan is \$401,146 (December 31, 2022 - \$396,260) and the gain on loan is \$Nil (December 31, 2022 - \$Nil).

During the year ended December 31, 2021, the Company received an additional loan of \$308,000. The loan has the same terms as the June 2, 2020 loan. The Company discounted the loan at 10% and recorded an initial fair value of \$288,454 and recorded a discount on the loan of \$19,546 to be amortized over the term of the loan. The loan was payable on demand at maturity on June 2, 2022 and accrued interest at 5% per annum. During the period ended March 31, 2023, the Company recorded interest on the loan of \$4,176 (March 31, 2022 - \$3,850) and accretion of \$Nil on the gain (March 31, 2022 - \$3,435). At March 31, 2023 the loan is due on demand and balance of the loans is \$342,995 (December 31, 2022 - \$338,819) and the balance of the gain on loan is \$Nil (December 31, 2021 - \$7,169).

As at March 31, 2023, the Company has total loans payable to JJ Wolf of \$744,141 (December 31, 2021 - \$735,079).

18. SHARE CAPITAL

a) Common shares

Authorized:

Unlimited number of common shares without par value.

Issued:

On January 25, 2023, the Company issued 2,856,449 common shares with a fair value of \$28,565 to settle interest payments of \$28,565 with a creditor of the Company and recognized \$Nil gain or loss on debt settlement.

During the period ended March 31, 2023, pursuant to the Second Amendment, the Company issued an aggregate of 22,383,332 common shares on conversion of the convertible loans with a fair value of \$223,833 pursuant to the conversion of \$1,000,000 of convertible debentures and also satisfied aggregate interest of \$119,166 on the conversions and recognized a gain on debt settlement of \$895,333 (Note 16).

18. SHARE CAPITAL (CONTINUED)

a) Common shares (continued)

On February 9, 2022, the Company issued 552,609 common shares with a fair value of \$262,489 to the former President and CEO of Sanna (Note 24) and cash of \$200,000 to settle debts of \$450,000. The Company recorded a loss on debt settlement of \$12,489.

On March 17, 2022, the Company issued 26,698 common shares with a fair value of \$10,946 to settle interest payments of \$10,946 with a creditor of the Company and recognized \$Nil gain or loss on debt settlement.

On April 5, 2022, the Company satisfied the aggregate accrued interest on the convertible debentures of \$2,100,000 by the issuance of 1,200,000 common shares with a fair value of \$468,000 pursuant to the Second Amendment and recognized a gain on debt settlement of \$1,632,000 (Note 18).

On June 2, 2022, the Company issued 54,636 common shares with a fair value of \$5,190 to settle interest payments of \$5,190 with a creditor of the Company and recognized \$Nil gain or loss on debt settlement.

On August 11, 2022, the Company issued 240,420 common shares with a fair value of \$4,808 to settle interest payments of \$4,808 with a creditor of the Company and recognized \$Nil gain or loss on debt settlement.

On October 7, 2022, the Company issued 6,663,890 common shares on conversion of Restricted Share Units (“RSUs”). On conversion of the RSUs, the Company transferred \$66,639 from share-based payment reserves.

On October 25, 2022, the Company issued 911,590 common shares with a fair value of \$13,674 to settle interest owed to a creditor of the Company and recognized \$Nil gain or loss on debt settlement.

During the year ended December 31, 2022, pursuant to the Second Amendment, the Company issued an aggregate of 84,580,670 common shares on conversion of the convertible loans with a fair value of \$3,128,719 pursuant to the conversion of \$4,370,000 of convertible debentures and also satisfied aggregate interest of \$520,758 on the conversions and recognized a gain on debt settlement of \$1,762,040 (Note 16).

During the year ended December 31, 2022, the Company issued a total of 1,785,953 common shares with a fair value of \$297,108 to settle debts.

b) Warrants outstanding

	Number of warrants	Weighted average exercise price \$
At December 31, 2021 and December 31, 2022		
Warrants expired	2,329,154	17.08
	(44,444)	75.00
At March 31, 2023	2,284,710	15.96

During the period ended March 31, 2023, 44,444 warrants with an exercise price of \$75 expired without being exercised. On expiry of the warrants, \$1,383,333 was transferred out of reserves.

The weighted average remaining life of the warrants outstanding is 1.88 years (December 31, 2022 – 2.33 years).

18. SHARE CAPITAL (CONTINUED)

c) Stock options outstanding

Under Company's 2015 Stock Option Plan, the Company may grant options to directors, officers, employees, and consultants, provided that the maximum number of options that are outstanding at any time shall not exceed 20% of the issued and outstanding common shares of the Company. The exercise price of each option is based on the market price of the Company's common shares at the date of grant less applicable discount. The options may be granted for a maximum of ten years and vesting is determined by the Board of Directors.

Grant Date	Expiry date	Number of options	Exercise price \$
October 31, 2018	October 31, 2023	8,333	21.30
May 21, 2019	May 21, 2024	14,667	69.00
May 30, 2019	May 30, 2024	6,667	58.50
August 1, 2019	August 1, 2024	19,000	46.50
July 11, 2019	May 17, 2024	27,267	48.75
April 30, 2020	April 30, 2025	633,333	11.25
Balance at March 31, 2023		709,267	16.27

	Number of options	Weighted average exercise price \$
At December 31, 2020 and December 31, 2021	816,601	16.27
Options expired	(107,334)	11.02
At December 31, 2022 and March 31, 2023	709,267	15.39

The weighted average remaining life of the options outstanding is 1.98 years (December 31, 2022 – 2.23 years). All of the options granted were exercisable as at March 31, 2023 and December 31, 2022.

On January 6, 2020, the Company granted 667 stock options to consultants of the Company with an exercise price of \$22.50 per option expiring January 6, 2022. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of \$2,451 assuming an expected life of 2 years, an exercise price of \$22.50, a stock price of a \$9.86 on the grant date, risk-free interest rate of 1.63%, an expected dividend rate of 0.00%, and an expected annual volatility of 108%. During the year ended December 31, 2022, all 667 stock options expired without being exercised.

On January 30, 2020, the Company granted 100,000 stock options to consultants of the Company with an exercise price of \$22.50 per option expiring January 30, 2022. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of \$416,888 assuming an expected life of 2 years, an exercise price of \$22.50, a stock price of \$10.65 on the grant date, a risk-free interest rate of 1.47%, an expected dividend rate of 0.00%, and an expected annual volatility of 110%. The options vest over a one-year period. During the year ended December 31, 2022, all 100,000 stock options exercised without being exercised.

On January 31, 2020, the Company granted 6,667 stock options to consultants of the Company with an exercise price of \$15.00 per option expiring January 31, 2022. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of \$47,888 assuming an expected life of 2 years, an exercise price of \$15.00, a stock price of \$13.32 on the grant date, a risk-free interest rate of 1.43%, an expected dividend rate of 0.00%, and an expected annual volatility of 109%. During the year ended December 31, 2022, all 6,667 stock options expired without being exercised.

On April 30, 2020, the Company granted 633,333 stock options to consultants of the Company with an exercise price of \$11.25 per option expiring April 30, 2025. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of \$2,144,456 assuming an expected life of 2 years, an exercise price of \$11.25, a stock price of \$8.25 on the grant date, a risk-free interest rate of 0.38%, an expected dividend rate of 0.00%, and an expected annual volatility of 116%.

18. SHARE CAPITAL (CONTINUED)

c) Stock options outstanding (continued)

During the year ended December 31, 2022, an amount of \$467,354 was transferred from option reserve to accumulated deficit for options expired.

d) Restricted Share Units

Under Company's May 25, 2022 Restricted Share Unit Plan, the Company may grant RSUs to directors, officers, employees, and consultants, provided that the maximum number of options that are outstanding at any time shall not exceed 20% of the issued and outstanding common shares of the Company. The RSUs may be granted for a maximum of ten years and vesting is determined by the Board of Directors.

On October 7, 2022, the Company granted 8,885,187 Restricted Share Units to Directors and Officers of the Company for a total fair value of \$88,852. All of the RSUs vest immediately and expire 5 years after the grant date.

	Number of Restricted Share Units
At December 31, 2021	-
Issued	8,885,187
Converted ¹	(6,663,890)
At December 31, 2022 and March 31, 2023	2,221,297

¹: The RSUs were all converted on October 7, 2022, the market value of the shares issued was \$66,639, which was \$0.10 per share.

As at March 31, 2023, Restricted Share Units are outstanding are as follows:

Expiry Date	Number Issued #	Issued and exercisable #
October 7, 2027	2,221,297	2,221,297
	2,221,297	2,221,297

e) Escrowed shares

As at March 31, 2023 and December 31, 2022, Nil shares were held in escrow.

19. RELATED PARTY TRANSACTIONS

Related parties include key management personnel and others considered to have significant influence or control over the Company's operations. The Company has identified the directors and senior officers as key management personnel. The following table lists the compensation costs paid directly to, or to companies controlled by, key management personnel for the periods ended March 31, 2023 and 2022:

Period ended March 31, 2023		Consulting and Management Fees \$
Consulting fees paid/accrued to a private company controlled by the CFO		27,120
Consulting fees paid/accrued to a private company controlled by the CEO		72,450
Consulting and Directors fees paid/accrued to a private company controlled by a Director		7,000
		106,570
Period ended March 31, 2022		Consulting and Management Fees \$
Consulting fees paid/accrued to a private company controlled by the CFO		13,560
Consulting fees paid/accrued to a private company controlled by the former CEO		67,800
		81,360

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. At March 31, 2023, \$154,421 (December 31, 2022 - \$162,148) is owing to related parties for unpaid fees which are included in accounts payable and accrued liabilities. Refer also to Note 16.

20. INVENTORY

The Company's inventory consists of raw materials and finished goods, the break-down is as follows:

	March 31, 2023	December 31, 2022
	\$	\$
Raw materials	133,487	77,271
Finished goods	631	620
	134,118	77,891

During the year ended December 31, 2022, the Company wrote-off inventories of \$18,160 due to damage or obsolescence.

21. ROYALTY REVENUES

On November 27, 2020, the Company signed a Share Purchase Agreement (“SGSCC Agreement”) with an arm’s length third party (the “Purchaser”) where the Company will sell 100% of its wholly-owned subsidiary, Sustainable Growth Strategic Capital Corp. (“SGSCC”) for cash consideration of approximately \$1,000,000. Pursuant to the SGSCC Agreement, the Company also entered into a Royalty Agreement with the Purchaser (the “Royalty Agreement”) (see Note 27).

The Royalty Agreement states that, commencing on the date when the Purchaser acquires all of the outstanding shares of SGSCC (the “Effective Date”), the Company will receive 5% of net sales from applicable operations, including all cannabis related products. The term of the Royalty Agreement is 10 years from the Effective Date.

The Purchaser shall make royalty payments each month throughout the term of the Royalty Agreement, including a minimum non-refundable royalty of \$10,000 to be paid to the Company.

During the period ended March 31, 2023, the Company received royalty revenues of \$Nil (March 31, 2022 – \$30,000) from the Purchaser.

On November 27, 2020, SGSCC signed a Contract Manufacture and Supply Agreement (the “Supply Agreement”) with Farma C Group Inc. (“Farma C”). Under the Supply Agreement, Farma C intends to pay 10% of net sales earned to SGSCC for products manufactured in the facility and will have a minimum payment of \$10,000 per month commencing December 1, 2021.

On April 2, 2022, SGSCC terminated the Supply Agreement and has not accrued any additional royalty revenues subsequent to the termination.

During the period ended March 31, 2023, SGSCC accrued royalty revenues of \$Nil (March 31, 2022 – \$30,000) pursuant to the Supply Agreement.

As at December 31, 2022, the Company wrote off all of the amounts receivable relating to the SGSCC Agreement subsequent to the termination (Note 4).

22. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash financing and investing activities along with other cash flow information during the periods ended March 31, 2023 and 2022 are as follows:

	March 31, 2023	March 31, 2022
	\$	\$
Shares issued for debt settlement	28,565	273,435
Shares issued for conversion of debentures (Note 20)	223,833	-
Interest paid on loans	607,344	703,762
Taxes paid	-	-

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Classification of financial instruments

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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).

The Company's cash is measured using level 1 inputs and marketable securities are measured using level 2 inputs.

For the Company's derivative liabilities at level 3, the fair value was determined on a binomial lattice methodology considering both expected values with and without the conversion features of the derivative liabilities. The inputs used were the stock price on the valuation date, the risk-free rate, and a risk-adjusted discount rate, dividend yield, stock volatility and trading restrictions.

For the Company's convertible loan receivable at level 3 as of December 31, 2022, management assessed the collectability of the convertible loan receivable as low and impaired the convertible loan to \$Nil as the collectability of debt component was assessed to be low, and convertibility feature has expired.

At December 31, 2022, the Company's loans receivable had carrying values that approximate their recoverable amounts. During the year ended December 31, 2022, the Company recognized a provision on the loan receivable from PSC of \$17,142,967 as a result of the discontinued operations of the PSC investment and impaired the loan receivable to \$Nil (Notes 1, 5 and 11).

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at March 31, 2023 and December 31, 2022:

	As at March 31, 2023		
	Level 1	Level 2	Level 3
Cash	\$ 182,253	-	-
Marketable securities	-	\$ 450,000	-
Derivative liabilities (Note 16)	-	-	\$ 28
	As at December 31, 2022		
	Level 1	Level 2	Level 3
Cash	\$ 304,255	-	-
Marketable securities	\$ 75,347	\$ 500,000	-
Convertible loan receivable (Note 13)	-	-	-
Derivative asset (Note 13)	-	-	-
Derivative liabilities (Note 16)	-	-	\$ 28

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

b) Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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. Financial instruments that potentially subject the Company to credit risk consist primarily of cash, convertible loan receivable and loans receivable. The Company's maximum exposure to credit risk associated with those financial instruments is \$182,253, being the face value of those instruments at March 31, 2023 (December 31, 2022 - \$304,255). The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada.

The Company actively manages its exposure to credit risk, reducing the amount and duration of credit exposures, through close monitoring of relevant accounts. The Company's management of credit risk has not changed materially from that of the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company must raise funds to meet commitments associated with financial instruments and with the construction of its cannabis facilities in Ontario and British Columbia. The Company manages liquidity risk by maintaining adequate cash balances.

The Company's expected source of cash flow in the upcoming year will be through equity financing. Cash on hand at March 31, 2023 and expected cash flows for the next 12 months are sufficient to fund the Company's ongoing operational needs for the coming year. The Company will need additional funding through equity or debt financing, or a combination thereof, to complete its facilities. The Company's management of liquidity risk has not changed materially from that of the prior year.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates, foreign exchange rates, and commodity and equity prices. The Company's exposure to and management of market risk has not changed materially from that of the prior year.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. For the Company, interest rate risk consists of two components: to the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities the Company is exposed to a change in fair value of the financial instruments. Assuming all other variables remain constant, a 1% (March 31, 2022 – 1%) change in the interest rate would result in approximately increase of \$6,322 (March 31, 2022 – increase of \$29,244) in interest expense in the consolidated statement of comprehensive loss.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

b) Financial risk management (Continued)

Market risk (Continued)

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currencies. One of the Company's subsidiary's business is primarily conducted in Euros. As such, the Company is exposed to foreign currency risk in fluctuations among the Canadian dollar and the Euro. Assuming all other variables remain constant, a 15% (March 31, 2022 – 15%) weakening or strengthening of the Euro against the Canadian dollar would result in approximately \$948 (March 31, 2022 - \$7,790) foreign exchange loss or gain in the consolidated statement of comprehensive loss. The Company has not hedged its exposure to currency fluctuations.

The Company has not entered into any foreign currency hedging contracts to mitigate foreign currency risk.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate or foreign currency risk). The Company is exposed to risk of loss of those investments in the amount recorded on the consolidated statement of financial position, should those investments become listed on a stock exchange and suffer a decline in fair value, and or fail to have a market develop where those investments can be sold.

During the period ended March 31, 2023, the Company had investments with entities that had shares listed on a stock exchange. Based upon the Company's investment portfolio at March 31, 2023, a Nil% (March 31, 2022 – 79%) increase or decrease in the fair value of the securities held would result in an increase/decrease to profit or loss of approximately \$Nil (March 31, 2022 - \$100,000).

(d) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from last year.

The capital structure of the Company consists of shareholders' deficit, which totaled \$18,675,337 at March 31, 2023 (December 31, 2022 – deficit of \$18,938,447). The availability of new capital will depend on many factors including positive stock market conditions, and the experience of management. The Company is not subject to any external covenants on its capital.

24. COMMITMENTS AND CONTINGENCIES

Legal Claims

The Company had legal claims related to Sanna's past termination of its former President and CEO before Sanna was acquired by the Company. The former President and CEO was claiming accrued and unpaid amounts of \$137,976, total damages of \$1,300,000, and entitlement to 6,000,000 restricted share units and 6,800,000 fully-vested shares (with a strike price of \$0.16) in Sanna, as well as punitive damages of \$250,000. During the year ended December 31, 2022, the Company settled outstanding legal claims totalling \$450,000 with the former President and CEO through the issuance of common shares and payment of cash (Notes 14 and 18).

24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Release of Claims

On March 17, 2021, an arm's length consultant (the "Consultant") acknowledged receipt and sufficiency of the payment of \$27,500 ("settlement amount") from the Company and/or AAA Heidelberg Inc., and the issuance of 2,467 common shares of the Company (issued in the prior year). The Consultant released the Company and AAA Heidelberg Inc. and their respective officers, directors, shareholders, agents from any and all claims, liens, demands, contracts, debts, actions, and causes of action that the Consultant has, shall, or may have in connection with:

- i) the design and construction of a medical marijuana facility;
- ii) the agreement for consulting, construction and design services; and
- iii) the Claim for Lien registered by the Consultant against the Project Lands on April 16, 2020.
- iv)

25. DEPOSITS

On November 27, 2020, the Company signed the SGSCC Agreement (Note 21). As at December 31, 2020, the Company received a deposit of \$297,001 deposit towards the sale. The sale transaction has not closed as at December 31, 2022 and March 31, 2023.

26. SALE OF SUBSIDIARIES

During the year ended December 31, 2022, the Company recovered \$382,669 from the sale of SUHM Investments Inc. on April 6, 2021.

27. DISCONTINUED OPERATIONS

As at December 31, 2022 and March 31, 2023, the Company's 70% equity interest in the PSC joint venture was impaired as a result of the termination of the management agreement by the operator of PSC (Notes 1 and 11). Should a sale of the investment not follow, the Company's intention is to consider abandoning its interest in the joint venture.

The Company accounts for the PSC joint venture under the equity method, the investment was impaired during the year ended December 31, 2022 to \$Nil and the investment continuity is disclosed in Note 11.

Revenue, expenses and gains or losses relating to the discontinuance of PSC have been eliminated from the profit or loss from the Company's continuing operations and are shown as a single line in the Consolidated Statements of Comprehensive Loss. As a result, the Company's prior period has been restated to present PSC as a discontinued operation.

27. **DISCONTINUED OPERATIONS (CONTINUED)**

	For the period ended March 31, 2023 \$	For the period ended March 31, 2022 \$
Revenues	857,230	534,130
Cost of goods sold	(1,132)	(423,454)
Gross profit	856,098	110,676
Amortization	-	391,270
Insurance	-	20,292
Management fees	-	12,147
Security	55,251	61,613
Office expenses	658,904	1,026,506
Professional fees	-	66,621
Total operating expense	715,203	1,578,449
Income (loss) from operations – PSC	140,895	(1,467,773)
Finance costs	(101,526)	(831,553)
Other income	-	36,187
Foreign exchange gain (loss)	(50)	39
Total other expense	(101,576)	(795,327)
Income (loss) from discontinued operations	39,319	(2,263,100)
Income tax (expense) recovery	-	-
Net income (loss) from operations – PSC	39,319	(2,263,100)
Agra's share of net loss from discontinued operations – 70%	27,524	(1,584,170)
Net income (loss) from discontinued operations attributable to non-controlling interests	-	-
Net income (loss) from discontinued operations attributable to Shareholders of Agra Ventures Ltd.	27,524	(1,581,170)

28. **SEGMENTED INFORMATION**

The Company has one reportable segment, being the sale of cannabis-related products, in two geographic locations being Canada and Germany.

Selected segmented financial information is as follows:

Period ended March 31,	2023 \$	2022 \$
Sales		
Germany	132,550	181,418
Canada	-	199
Total	132,550	181,617

Sales are attributed to the country in which they are made. As at March 31, 2023 and March 31, 2022 \$Nil of the Company's long-term assets are located in Germany and the remaining long-term assets are located in Canada.

29. SUBSEQUENT EVENTS

On May 2, 2023, the Company issued 3,079,774 common shares with an approximate fair value of \$15,399 to settle interest owed to a creditor.

On May 19, 2023, the Company received 1,642,540 common shares of Organigram Holdings Inc. (“OGI”) relating to the sale of its subsidiary SUHM Investments Inc. in prior years as part of the Final Earnout Milestone Payment of the sale (Note 26). The OGI shares have a fair value of approximately \$1,084,076.

On May 30, 2023, the Company entered into an agreement with debenture holders to extend the maturity of the Amended Loans for an additional twelve months from March 12, 2023 to March 12, 2024 (Note 16). The Company satisfied the aggregate accrued interest on the convertible loans by issuing 24,000,000 common shares with an approximate fair value of \$120,000.

On May 30, 2023, as a condition of the extension of the Amended Loans the Company will consolidate all of its issued and outstanding share capital on the basis of twenty-five (25) pre-consolidation common shares of the Company for one (1) post-consolidation share of the Company (the “Consolidation”). The Consolidation is expected to be effective within 30 days of the date of these condensed interim consolidated financial statements.