FORM 2A – LISTING STATEMENT
(the "Listing Statement")

Dated as at December 23, 2022

Atlas Global Brands Inc.
(the "Resulting Issuer")

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

TABLE OF SCHEDULES

GLOSSARY

The following is a glossary of terms used frequently throughout this Listing Statement. Certain additional terms are defined within the body of this Listing Statement and in such cases, will have the meanings ascribed thereto.

103K Tax Ruling	An application for a ruling by the Israeli Tax Authority that taxes payable in Israel with respect to Cambrosia Payment Shares issuable to a Cambrosia Shareholder or Cambrosia Entity Vendor resident in Israel may be deferred until the sale, transfer or other conveyance for cash of such Cambrosia Payment Shares.
ABCA	*Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended from time to time, including the regulations promulgated thereunder.
Affiliate	Unless specified otherwise, has the meaning ascribed to such term in NI 45-106.
AgMedica Amalco	The company resulting from the AgMedica Amalgamation.
AgMedica Amalco Preferred Shares	The "Class B Preferred Shares" in the capital of AgMedica Amalco to be issued in connection with the AgMedica Amalgamation.
AgMedica Amalgamation	The amalgamation of Subco 2 and AgMedica pursuant to Section 185 of the CBCA on the terms and conditions set forth in the Amalgamation and Share Exchange Agreement.
AgMedica Board	The board of directors of AgMedica as may be constituted from time to time.
AgMedica Class A Preferred Shares	The "Class A Preferred Shares" in the capital of AgMedica (including any such shares resulting from any exchange, reclassification or redesignation thereof).
AgMedica Class B Preferred Shares	The "Class B Preferred Shares" in the capital of AgMedica.
AgMedica Common Shares	The "Common Shares" in the capital of AgMedica.
AgMedica Dissent Rights	The rights of dissent of AgMedica Shareholders in respect of the AgMedica Amalgamation under Section 190 of the CBCA.
AgMedica Effective Time	12:01 a.m. on the Closing Date, or such other time as the parties to the Amalgamation and Share Exchange Agreement may mutually determine.
AgMedica Exchange Ratio	The quotient obtained by dividing: (a) 38,551,500 Resulting Issuer Shares; by: (b) the number of AgMedica Participating Shares outstanding immediately prior to the AgMedica Effective Time, shall include: (i) the AgMedica Participating Shares issued and outstanding as of the date hereof;

	(ii) any AgMedica Participating Shares issued pursuant to the exercise of the AgMedica Options in accordance with the AgMedica Stock Option Plan; (iii) any other AgMedica Participating Shares issued or issuable pursuant to any security that is convertible or exchangeable into AgMedica Participating Shares pursuant to an Internal Financing.
AgMedica Financial Statements	AgMedica's audited financial statements for the 15 month period ended December 31, 2021 and AgMedica's audited condensed interim financial statements for the nine month period ended September 30, 2022.
AgMedica Options	The outstanding options under the AgMedica Stock Option Plan.
AgMedica Participating Shares	The AgMedica Common Shares and the AgMedica Class A Preferred Shares.
AgMedica Shareholder Approval	The special resolutions of the AgMedica Shareholders approving the AgMedica Amalgamation and all matters related thereto that are considered necessary or desirable to facilitate completion of the transactions contemplated in the Amalgamation and Share Exchange Agreement and in connection with the Fundamental Change Transactions.
AgMedica Shareholders	The holders of AgMedica Shares.
AgMedica Shares	Collectively, the AgMedica Common Shares, the AgMedica Class A Preferred Shares and the AgMedica Class B Preferred Shares.
AgMedica Stock Option Plan	AgMedica's Stock Option Plan, approved by the board of directors of AgMedica on January 15, 2021.
AgMedica Subsidiaries	AgMedica's wholly-owned subsidiaries being, 5047346 Ontario Inc., Tavivat Naturals Inc., and 8050678 Canada Inc. and Unique Beverages (USA) Inc., which are wholly owned by Tavivat Naturals Inc., and AgMedica's partially-owned subsidiary, Wellworth Health Corp.
Alternative Transaction	Any transaction which would be or potentially could reasonably be in conflict with the Fundamental Change Transactions.
Arm's Length Transaction	A transaction which is not a related party transaction as defined under applicable securities laws.
Associate	Unless specified otherwise, has the meaning ascribed to such term in the *Securities Act* (British Columbia), as amended, including the regulations promulgated thereunder.
Atlas Amalco	The company resulting from the Atlas Amalgamation.
Atlas Amalgamation	The amalgamation of Subco 1 and Atlas pursuant to Section 181 of the ABCA on the terms of conditions set forth in the Amalgamation and Share Exchange Agreement.
Atlas Board	The board of directors of Atlas as may be constituted from time to time.

Atlas Class A Shares	The "Class A Common Shares" in the capital of Atlas.
Atlas Class B Shares	The "Class B Common Shares" in the capital of Atlas (including any such shares resulting from any exchange, reclassification or redesignation thereof).
Atlas Class C Shares	The "Class C Common Shares" in the capital of Atlas.
Atlas Debentures	The unsecured subordinated debentures issued by Atlas and outstanding as of the date of the Amalgamation and Share Exchange Agreement, in the aggregate principal amount of $1,605,000.
Atlas Effective Time	12:01 a.m. on the Closing Date, or such other time as the parties to the Amalgamation and Share Exchange Agreement may mutually determine.
Atlas Employee Benefit Trust	The employee benefit trust agreement dated September 11, 2018, between Atlas, as the company thereunder, Sheldon Croome, Jeffrey R. Gossain and Clinton Weir, as original trustees thereunder, establishing Atlas Employee Benefit Trust.
Atlas Exchange Ratio	The quotient obtained by dividing: (a) 38,551,500 Resulting Issuer Shares; by: (b) the number of Atlas Shares outstanding immediately prior to the Atlas Effective Time, shall include: (i) the Atlas Shares issued and outstanding as of the date hereof; (ii) Atlas Shares issued pursuant to the exercise of the Atlas Options in accordance with the Atlas Stock Option Plans; (iii) Atlas Shares issued pursuant to the Atlas Employee Benefit Trust; (iv) any other Atlas Shares issued or issuable pursuant to any security that is convertible or exchangeable into Atlas Shares pursuant to an Internal Financing.
Atlas Growers	Atlas Growers Ltd., a wholly owned subsidiary of Atlas.
Atlas Financial Statements	Atlas' audited annual financial statements for the years ended September 30, 2021 and 2020 and Atlas' unaudited interim financial statements for the nine month period ended June 30, 2022.
Atlas Options	The outstanding options under the Atlas Stock Option Plans.
Atlas Shareholder Approval	The special resolutions of the Atlas Shareholders approving the Atlas Amalgamation and all matters related thereto that are considered necessary or desirable to facilitate completion of the transactions contemplated in the

	Amalgamation and Share Exchange Agreement and in connection with the Fundamental Change Transactions.
Atlas Shareholders	The holders of Atlas Shares.
Atlas Shares	The Atlas Class A Shares, the Atlas Class B Shares and the Atlas Class C Shares.
Atlas Stock Option Plans	The 2018 Share Option Plan in respective of Atlas Options which vest on each of the first, second and third anniversary of the date of grant of such Atlas Options and the 2018 Share Option Plan in respect of Atlas Options which vest on each of the first, second, third, fourth and fifth anniversary of the date of grant of such Atlas Options, each dated January 16, 2018, and each as amended.
Atlas USA	The unanimous shareholders agreement among Atlas and the Atlas Shareholders party thereto dated January 15, 2018.
Audit Committee	The audit committee of the Board.
BCBCA	*Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as amended from time to time, including the regulations promulgated thereunder.
Board of Directors or Board	The board of directors of the Issuer or the Resulting Issuer, as the context requires.
Break Fee Event	The termination of the Amalgamation and Share Exchange Agreement by any party to the agreement as a result of a breach of provisions related to an Alternative Transaction by another party thereto and the execution by that other party of a agreement for consummation of an Alternative Transaction or the announcement party of an intention to enter into an Alternative Transaction.
Cambrosia AoA	The articles of association of Cambrosia dated January 13, 2022, as amended.
Cambrosia Board	The board of directors of Cambrosia as may be constituted from time to time.
Cambrosia Concurrent Investment	A private placement of Cambrosia Ordinary Shares for an aggregate subscription price of ILS15,000,000 (approximately $5,746,686.08).
Cambrosia Effective Time	12:01 a.m. on the Closing Date; provided that, for the purposes of the 103K Tax Ruling, the Cambrosia Effective Time shall be deemed to occur a moment in time following the Atlas Effective Time and the AgMedica Effective Time, or such other time as the parties to the Amalgamation and Share Exchange Agreement may mutually determine.
Cambrosia Entity Purchase Agreements	The certain purchase agreements between Cambrosia and the Cambrosia Entity Vendors in respect of the purchase of the Cambrosia Entity Shares, each as translated and each as amended.

Cambrosia Entity Shares	The shares in the capital of Cambrosia Purchased Entities to be acquired by Cambrosia in exchange for cash and Resulting Issuer Shares calculated in accordance with the Cambrosia Entity Purchase Agreements.
Cambrosia Entity Payment Shares	The Resulting Issuer Shares to be issued to the Cambrosia Entity Vendors from the Cambrosia RI Share Allotment pursuant to the Cambrosia Entity Purchase Agreements.
Cambrosia Entity Vendors	The sellers of the Cambrosia Entity Shares.
Cambrosia Exchange Ratio	The quotient obtained by dividing: (a) the Cambrosia RI Share Allotment, less the Cambrosia Entity Payment Shares: by: (b) the number of Cambrosia Ordinary Shares issued or issuable immediately prior to the Cambrosia Effective Time, which include: (i) the Cambrosia Ordinary Shares issued and outstanding as of the date of the Amalgamation and Share Exchange Agreement; (ii) the Cambrosia Ordinary Shares issued and outstanding as of the date of the Amalgamation and Share Exchange Agreement so converted from the Cambrosia Preferred Shares prior to the Cambrosia Effective Time; (iii) the Cambrosia Ordinary Shares to be issued pursuant to the Cambrosia Concurrent Investment; (iv) any other Cambrosia Ordinary Shares issued or issuable pursuant to any security that is convertible or exchangeable into Cambrosia Ordinary Shares pursuant to an Internal Financing; and (v) the number of Cambrosia Ordinary Shares issuable upon exercise of the Cambrosia Legacy Options immediately prior to the Cambrosia Effective Time).
Cambrosia Financial Statements	Cambrosia's audited annual financial statements for the period ended December 31, 2021 and Cambrosia's auditor reviewed interim financial statements for the nine month period ended September 30, 2022.
Cambrosia Legacy Option Shares	Means (i) prior to the Cambrosia Effective Time, 9,400,000 Cambrosia Ordinary Shares; and (ii) after the Cambrosia Effective Time, 9,400,000 Cambrosia Ordinary Shares multiplied by the Cambrosia Exchange Ratio.
Cambrosia Legacy Options	9,400,000 Cambrosia Options held by Jonathan Ben-Cnaan and subject to the Cambrosia Stock Option Plan.
Cambrosia Ordinary Shares	The ordinary shares in the capital of Cambrosia, with par value of ILS0.0001.

Cambrosia Payment Shares	The number of Resulting Issuer Shares as is equal to the Cambrosia RI Share Allotment less (a) the Cambrosia Legacy Option Shares (after the Cambrosia Effective Time), and (b) the Cambrosia Entity Payment Shares.
Cambrosia Preferred Shares	The "Preferred A Shares" or "Preferred Shares" (each defined in the articles of association of Cambrosia dated January 13, 2022, as amended) in the capital of Cambrosia, with par value of ILS0.0001.
Cambrosia Purchased Entities	Collectively, Cannabis Pharm Israel Ltd., Hafoz Secure Courier Ltd., Tlalim Pappo Ltd., Pharmacy Baron Ltd. and R.J. Regavim Ventures Ltd.
Cambrosia Shareholders	The holders of Cambrosia Shares.
Cambrosia Shares	The Cambrosia Ordinary Shares and the Cambrosia Preferred Shares.
Cambrosia Stock Option Plan	The 2021 Share Incentive Plan of Cambrosia, as amended.
CBD	Cannabidiol.
cannabis	Unless specified otherwise, has the meaning ascribed to such term in the *Cannabis Act*, S.C. 2018, c. 16.
CBCA	*Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended from time to time, including the regulations promulgated thereunder.
CCAA	*Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Closing	The closing of the Fundamental Change Transactions.
Closing Date	The date on which the Closing occurs, as agreed by the Issuer, AgMedica, Atlas and Cambrosia and the Cambrosia Shareholders.
Common Shares	The common shares without par value in the capital of the Issuer.
Companies Law	The Israeli Companies Law, 5759-1999, and all the regulations promulgated under it and any amendments thereto, or any statutory re-enactment or modification thereof, as shall be in force from time to time.
Companies Ordinance	The applicable sections of the Israeli Companies Ordinance [New Version], 5743-1983 that remain in effect, or any statutory re-enactment or modification thereof, as shall be in force from time to time.
company	Unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
Croome Separation Agreement	A separation agreement with Sheldon Croome pursuant to which Mr. Croome shall resign as Chief Executive Officer of Atlas Growers and as an officer and director of Atlas Amalco, in each case, effective as of the one month anniversary of the Closing Date (the "**Croome Separation Date**") which shall provide except any awards granted to Mr. Croome under the

	Resulting Issuer LTIP shall vest as to 100% on the Croome Separate Date and such awards shall continue to be exercisable until the earlier of the expiry of their original term and the 18 month anniversary of the Croome Separation Date, on terms satisfactory to the Resulting Issuer and Sheldon Croome, acting reasonably.
CSE	Canadian Securities Exchange.
CSE Policies	The rules and policies of the CSE in effect as of the date hereof.
Distribution	Any transfer of assets by Cambrosia to a shareholder in respect of such shareholder's shares, whether in cash or in any other way, including a transfer without valuable consideration, subject to certain exclusions.
Entitled Holder	A holder of Cambrosia Preferred Shares or founder (being either Tamir Gedo or Jonathan Ben-Cnaan) who holds at least three percent (3%) of the issued and outstanding shares of Cambrosia, on a fully diluted and as-converted basis.
Escrow Agreement	The escrow agreement pursuant to which the Payment Shares and certain other securities held by principals of the Resulting Issuer, will be deposited with the Transfer Agent, in accordance with the policies of the CSE and NP 46-201.
ESG	Environmental, social and governance.
EU GMP	European Union Good Manufacturing Practice.
executive officer	(i) the chair, (ii) the vice-chair, (iii) a vice-president in charge of a principal business unit, division or function, including sales, finance or production; (iv) an officer, including of a subsidiary, who performs a policy making functions; (v) or any other individual performing policy making functions of a company, including the Issuer, AgMedica, Atlas, Cambrosia or the Resulting Issuer.
Fundamental Change Transactions	The acquisition of all of the issued and outstanding AgMedica Shares, Atlas Shares and Cambrosia Ordinary Shares by the Issuer pursuant to the Amalgamation and Share Exchange Agreement, which transactions will redirect the Issuer's resources and change the nature of its business from that of a mining issuer to a cannabis issuer, all as more particularly described in this Listing Statement.
GACP	Good Agricultural and Collection Practices.
Group	AgMedica, Atlas, Cambrosia and the Cambrosia Purchased Entities.
IFRS	International Financial Reporting Standards.
ILS	New Israeli Shekel.
Initial Cambrosia Shareholders	Tamir Gedo and Jonathan Ben-Cnaan.
Insider	If used in relation to a company, means:

(a) a director or senior officer of a company;

(b) a director or senior officer of a company that is an Insider or subsidiary of a company;

(c) a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of a company; or

(d) a company itself if it holds any of its own securities.

Internal Financing	The issuance of shares or equity securities convertible or exchangeable into shares of a person's own capital for gross proceeds of up to $2.5 million.
Issue Price	$1.00 per share
Issuer Financial Statements	The Issuer's audited financial statements for the years ended December 31, 2021 and 2020 and the unaudited interim financial statements for the nine month period ended September 30, 2022.
Listing Date	The date on which the Resulting Issuer resumes trading on the CSE after the completion of the Fundamental Change Transactions.
M&A Event	Means (a) a consolidation, merger or reorganization of Cambrosia with or into, or a sale of all or substantially all of Cambrosia's issued and outstanding share capital, to any person, by means of one or a series of related transactions in which the shareholders of Cambrosia immediately prior to such transaction or transactions do not own, by virtue of their pre-transaction holdings in Cambrosia, a majority of the outstanding shares and the majority of the voting power of the surviving corporation immediately after such transaction or transactions; (b) any transaction or series of related transactions as a result of which at least 50% of the outstanding shares or voting power of Cambrosia (or of a subsidiary of Cambrosia if such subsidiary holds substantially all of the assets owned by Cambrosia on a consolidated basis) following such transaction or series of related transactions is held by a person or group of affiliated persons that held less than 50% of the outstanding or voting power of Cambrosia prior to such transaction or series of related transactions; or (c) the sale, lease, transfer or other disposition, in one transaction or series of related transactions, of all or substantially all of Cambrosia's assets (on a consolidated basis with its subsidiaries) or the grant by Cambrosia or any of its subsidiaries of an exclusive license over all or substantially all of their intellectual property on a consolidated basis, other than a sale or license to a wholly owned subsidiary of Cambrosia; in each case other than a transfer to a subsidiary wholly owned by Cambrosia or a reorganization for the purpose of change of domicile that does not affect the percentage ownership interest of the shareholders, or an issuance of securities by Cambrosia for a bona fide equity financing purposes.
Material Adverse Change	Any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or would reasonably be expected to have, a material adverse effect on any of the Issuer, Atlas, AgMedica, Cambrosia and the Cambrosia Purchased Entities, as applicable, on a consolidated basis.

Minister	The Minister of Health for the Government of Canada.
MCU	The Israeli Medical Cannabis Unit.
Name Change	The change of the Issuer's name from "Silver Phoenix Resources Inc." to "Atlas Global Brands Inc."
Named Executive Officer or NEO	In respect of any person, the (i) CEO, (ii) CFO, (iii) the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, or (iv) any additional individuals for whom disclosure would have been provided under paragraph (iii) above except that the individual was not serving as an executive officer, nor in a similar capacity, as at the end of the most recently completed financial year end.
Narcotics Convention	1961 Single Convention on Narcotic Drugs.
NI 45-106	National Instrument 45-106 *Prospectus Exemptions* as adopted by the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.
NI 52-110	National Instrument 52-110 *Audit Committees* as adopted by the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time
NP 46-201	National Policy 46-201 *Escrow for Initial Public Offerings* as adopted by the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.
Permitted Financing	Means an Internal Financing or the issuance of subscription receipts, convertible or exchangeable into Resulting Issuer Shares upon completion of the Fundamental Change Transactions for gross proceeds of in excess of $1 million to the Resulting Issuer and a price per Resulting Issuer Shares of not less than $1.
person	Broadly interpreted and includes any natural person, partnership, limited partnership, joint venture, syndicate, sole proprietorship, body corporate with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative.
Related Person	Has the meaning set forth at *Item 11 – Escrowed Securities*.
Resulting Issuer	The Issuer, following completion of the Fundamental Change Transactions and Name Change.
Resulting Issuer Shares	Common shares in the capital of the Resulting Issuer.
SEDAR	The System for Electronic Document Analysis and Retrieval as located on the internet at www.sedar.com.
Silver Phoenix Asset Purchase Agreement	The mineral claim purchase agreement dated and made for reference June 28, 2022 among the Issuer, 1369307 B.C. Ltd., a corporation existing under the laws of the Province of British Columbia, as purchaser, and

	William Murray, the registered holder of a certain mineral claim located in Revelstoke, British Columbia held in trust for the Issuer.
Subco 1	"2432998 Alberta Ltd.", a company incorporated under the laws of the Province of Alberta.
Subco 2	"14060407 Canada Inc.", a company incorporated under the federal laws of Canada.
THC	Delta-9-tetrahydrocannabinol.
Transfer Agent	Computershare Trust Company of Canada.

ITEM 1: GENERAL

1.A THE FUNDAMENTAL CHANGE TRANSACTIONS

This listing statement (the "**Listing Statement**") has been prepared in connection with an application by Silver Phoenix Resources Inc. (the "**Issuer**") in connection with its reverse take-over by AgMedica Bioscience Inc., a company existing under the *Canada Business Corporations Act* ("**AgMedica**"), Atlas Biotechnologies Inc., a company existing under the *Business Corporations Act* (Alberta) ("**Atlas**") and Cambrosia Ltd., a company existing under the laws of Israel ("**Cambrosia**"), which will constitute a "Fundamental Change" under Policy 8 of the CSE, and the proposed listing on the CSE of the Resulting Issuer Shares.

Following the Fundamental Change Transactions, the Issuer will be re-classified from a resource issuer to an industrial issuer operating in the cannabis industry, will change its name from "Silver Phoenix Resources Inc." to "Atlas Global Brands Inc." and will conduct the principal businesses of AgMedica, Atlas and Cambrosia.

The Fundamental Change Transactions are arm's length transactions from the Issuer.

The Fundamental Change Transactions will be effected in accordance with the terms of the amalgamation and share exchange agreement among the Issuer, AgMedica, Atlas, Cambrosia, the Initial Cambrosia Shareholders, Subco 1 and Subco 2, dated July 14, 2022, as amended by the first amendment to such agreement dated as of November 1, 2022 and the second amendment to such agreement dated December 19, 2022 (collectively, the "**Amalgamation and Share Exchange Agreement**").

The summary of certain provisions of the Amalgamation and Share Exchange Agreement below is in summary form and is qualified in its entirety by the full text of the Amalgamation and Share Exchange Agreement.

Overview

Pursuant to the Amalgamation and Share Exchange Agreement:

- The Issuer will complete a share consolidation such that prior to the issue of the 154,206,000 Resulting Issuer Shares as set forth below, the Issuer has no more than 3,500,000 Common Shares outstanding (the "**Silver Phoenix Consolidation**").

- The Issuer will have disposed of all of its assets in accordance with the terms of the Silver Phoenix Asset Purchase Agreement (the "**Silver Phoenix Disposition**").

- At the Atlas Effective Time, Subco 1 and Atlas will amalgamate and continue as one corporation pursuant to and in accordance with the provisions of Section 181 of the ABCA and Subco 1 and Atlas will cease to exist as entities separate from Atlas Amalco. Atlas Amalco will be named "Atlas Biotechnologies Inc." and it will be a wholly-owned subsidiary of the Resulting Issuer.

- Each Atlas Share will be exchanged for a total of 38,551,500 fully paid and non-assessable Resulting Issuer Shares at the Issue Price in accordance with the Atlas Exchange Ratio, and the Atlas Shares that are so exchange will be cancelled without any repayment of capital in respect thereof.

- At the AgMedica Effective Time, Subco 2 and AgMedica will amalgamate and continue as one corporation pursuant to and in accordance with the provisions of Section 181 of the CBCA and Subco 2 and AgMedica will cease to exist as entities separate from AgMedica Amalco. AgMedica Amalco will be named "AgMedica Bioscience Inc." and it will be a subsidiary of the Resulting Issuer.

- Each AgMedica Participating Share will be exchanged for a total of 38,551,500 fully paid and non-assessable Resulting Issuer Shares at the Issue Price in accordance with the AgMedica Exchange Ratio, and the AgMedica Participating Shares that are so exchanged will be cancelled without any repayment of capital in respect thereof.

- Each AgMedica Class B Preferred Share (other than AgMedica Class B Preferred Shares in respect of which dissent rights have been exercised in accordance with the CBCA) will be exchanged for an identical AgMedica Amalco Preferred Share having the same rights and restrictions and conditions attached to the AgMedica Class B Preferred Shares except the definition of "Liquidation Event" shall be amended to exclude therefrom the Fundamental Change Transactions.

- Cambrosia will complete the Cambrosia Concurrent Investment.

- At the Cambrosia Effective Time, each of the Cambrosia Shareholders (including the shareholders pursuant to the Cambrosia Concurrent Investment) shall sell, assign and transfer to the Issuer and the Issuer shall purchase from the Cambrosia Shareholders all of the Cambrosia Ordinary Shares that are beneficially owned by such Cambrosia Shareholders of record at the Cambrosia Effective Time.

- Concurrently with the Cambrosia Effective Time Cambrosia will use the proceeds of the Cambrosia Concurrent Investment to acquire the Cambrosia Purchased Entities in accordance with the terms and conditions of the Cambrosia Entity Purchase Agreements and the Issuer will issue Resulting Issuer Shares necessary to satisfy the share consideration under such agreements.

- As consideration for the Cambrosia Ordinary Shares and the shares of the Cambrosia Purchased Entities, the Resulting Issuer will issue or reserve for issuance an aggregate 77,103,000 Resulting Issuer Shares at the Issue Price to the Cambrosia Shareholders and to the Cambrosia Entity Vendors (the "**Cambrosia RI Share Allotment**") in accordance with the Cambrosia Exchange Ratio.

Pursuant to the Fundamental Change Transactions, the Resulting Issuer will issue an aggregate of 154,206,000 Resulting Issuer Shares (the "**Payment Shares**") at the Issue Price to the former shareholders of AgMedica, Atlas and Cambrosia (including the Cambrosia Entity Vendors) such that the former AgMedica Shareholders, Atlas Shareholders and Cambrosia Shareholders (including the Cambrosia Entity Vendors and the shareholders pursuant to the Cambrosia Concurrent Investment) will hold 24.5%, 24.5% and 49% of the issued and outstanding Resulting Issuer Shares, respectively, upon completion of the Fundamental Change Transactions.

Upon completion of the Fundamental Change Transactions, the Resulting Issuer will have 14 subsidiaries, being AgMedica Amalco, Atlas Amalco and Cambrosia and the AgMedica Subsidiaries, which will be owned by AgMedica Amalco, Atlas Growers, which will be owned by Atlas Amalco and the Cambrosia Purchased Entities, which will owned by Cambrosia. Schedule A sets for the corporate structure of the Resulting Issuer upon completion of the Fundamental Change Transactions.

Representations and Warranties

The Amalgamation and Share Exchange Agreement contains representations and warranties from each of the Issuer, Atlas, AgMedica, Cambrosia and the Cambrosia Shareholders typical of transactions in the nature of the Fundamental Change Transactions. All of the representations and warranties terminate on the earlier of the Closing Date and the date the Amalgamation and Share Exchange Agreement is terminated in accordance with its term.

Lock-Up

In addition to any resale restrictions, hold periods and corresponding legends imposed by applicable law, including the escrow requirements of the CSE, the Resulting Issuer Shares issued to the former Cambrosia Shareholders, Cambrosia Entity Vendors, Atlas Shareholders and AgMedica Shareholders, will be subject to resale restrictions restricting resale of the Resulting Issuer Shares held by each of them for a period of 36 months from the date such shares are listed on the CSE, and will be released in accordance with the following schedule:

Release Date	Amount
Listing Date	21% of the Payment Shares
6 months after the Listing Date	15% of the Payment Shares
12 months after the Listing Date	15% of the Payment Shares
18 months after the Listing Date	15% of the Payment Shares
24 months after the Listing Date	15% of the Payment Shares
30 months after the Listing Date	15% of the Payment Shares
36 months after the Listing Date	4% of the Payment Shares

Notwithstanding the foregoing, the number of Payment Shares released upon listing of the Resulting Issuer Shares on the CSE shall be increased proportionally, if and to the extent required to satisfy any public float requirements and distribution requirements of the CSE.

Conditions Precedent

Generally, it is a condition precedent to the obligations to each of the Issuer, Atlas, AgMedica and Cambrosia that the representations and warranties made by each of them and the Cambrosia Shareholders in the Amalgamation and Share Exchange Agreement that are qualified by the expression "material", "Material Adverse Change" or "Material Adverse Effect" be true and correct as of the date of the Amalgamation and Share Exchange Agreement and as of Closing as if made on and as of Closing (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties which are not so qualified shall be true and correct in all material respects as of the date of Amalgamation and Share Exchange Agreement and as of Closing as if made on and as of Closing (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date). No representation or warranty shall be deemed not to be true and correct if the facts or circumstances which make such representation or warranty untrue or incorrect are disclosed or referred to, or provided for, or stated to be exceptions under the Amalgamation and Share Exchange Agreement.

In addition, completion of the Fundamental Change Transactions are subject to certain other conditions precedent noted below. All conditions precedent, may be waived, as the case may be, with the consent of the applicable parties in writing, in accordance with the Amalgamation and Share Exchange Agreement.

Mutual Conditions in Favour of the Issuer, Atlas, AgMedica and Cambrosia

The respective obligations of the Issuer, Atlas, AgMedica and Cambrosia to complete the Fundamental Change Transactions are subject to the fulfillment of the following conditions at or before the Atlas Effective Time, AgMedica Effective Time or Cambrosia Effective Time, as applicable, or such other time as is specified below:

- the Issuer shall have obtained all necessary approvals of its shareholders in accordance with the provisions of the BCBCA and the requirements of any applicable regulatory authority, including the requirements of the CSE;

- the Atlas Shareholder Approval shall have been obtained in accordance with the provisions of the ABCA and the requirements of any applicable regulatory authority, including the requirements of the CSE;

- the AgMedica Shareholder Approval shall have been obtained in accordance with the provisions of the CBCA and the requirements of any applicable regulatory authority, including the requirements of the CSE;

- the holders of not more than 7.0% of all the issued and outstanding AgMedica Shares shall have exercised their AgMedica Dissent Rights (and shall not have lost or withdrawn such rights as of Closing) in respect of the AgMedica Amalgamation;

- Subco 1 and Subco 2 shall not have engaged in any business enterprise or other activity or have any assets or liabilities;

- all Cambrosia Shareholders that are not party to the Amalgamation and Share Exchange Agreement, shall have entered into a joinder agreement in respect of the Amalgamation and Share Exchange Agreement;

- each additional Cambrosia Shareholder (being those Cambrosia Shareholders that were not originally party to the Amalgamation and Share Exchange Agreement) who, according to the Cambrosia AoA, would be entitled to any distribution preference, pre-emptive rights or rights of first refusal, shall deliver a waiver wherein such additional Cambrosia Shareholder unconditionally and irrevocably waives any and all such rights, in each case as provided for in the Cambrosia AoA that might otherwise be applicable in connection with the entering into and the consummation of the Fundamental Change Transactions (including the Cambrosia Concurrent Investment);

- all of the conditions to complete the transactions contemplated by the Cambrosia Entity Purchase Agreements other than the cash payments to be made to the Cambrosia Entity Vendors and the issuance of the Resulting Issuer Shares to which the Cambrosia Entity Vendors are entitled pursuant to the Cambrosia Entity Purchase Agreements shall have been satisfied;

- the Atlas USA shall be terminated in accordance with its terms and without further liability to Atlas or the Resulting Issuer;

- the distribution of the Resulting Issuer Shares pursuant to the Fundamental Change Transactions shall be exempt from prospectus and registration requirements under applicable securities laws and, except with respect to persons deemed to be “control persons” of the Resulting Issuer under such securities laws and the Resulting Issuer Shares issuable to the Cambrosia Shareholders and the Cambrosia Entity Vendors, the Resulting Issuer Shares issuable under the Amalgamation and Share Exchange Agreement shall not be subject to any resale restrictions under applicable Canadian securities laws;

- receipt of all required regulatory, corporate, shareholder and third-party approvals, consents, assignments, waivers, permits, orders or approvals, necessary to permit the completion of the Fundamental Change Transactions (other than certain regulatory approvals in Israel) shall have been obtained and compliance with all applicable regulatory requirements and conditions necessary to complete the Fundamental Change Transactions, and including, the conditional approval of the Fundamental Change Transactions and the listing on the CSE of the Resulting Issuer Shares to be issued pursuant to the Fundamental Change Transactions;

- the Escrow Agreement will have been executed by each of the Related Persons, in a form and with terms and conditions satisfactory to the CSE;

- there shall have been no provision of applicable laws or any actions taken by any court or governmental entity that makes it illegal or restrains, enjoins or prohibits the Fundamental Change Transactions, results in a judgment or assessment of damages relating to the Fundamental Change Transactions that is materially adverse to the parties or that could reasonably be expected to impose any condition or restriction upon any of the parties which, after giving effect to the Fundamental Change Transactions, would so materially and adversely impact the economic or business benefits of the Fundamental Change Transactions as to render inadvisable the consummation of the Fundamental Change Transactions; and

- the Amalgamation and Share Exchange Agreement will not have been terminated.

Silver Phoenix Conditions

In addition to the satisfaction of the representation and warranty conditions precedent discussed above, the obligation of the Issuer to complete the Fundamental Change Transactions is subject to the fulfillment of the following additional conditions at the Atlas Effective Time, AgMedica Effective Time or Cambrosia Effective Time, as applicable, or such other time as is specified below:

- there shall not have occurred a Material Adverse Change in respect of any of Atlas, AgMedica, Cambrosia and any of the Cambrosia Purchased Entities;
- each of Atlas, AgMedica and Cambrosia shall have complied in all material respects with their respective covenants in the Amalgamation and Share Exchange Agreement;
- the Cambrosia Shareholders shall have complied in all material respects with their respective covenants in the Amalgamation and Share Exchange Agreement;
- each of AgMedica and Atlas shall have delivered to the Issuer a duly completed and executed U.S. investor certificate from each holder the AgMedica Common Shares and the AgMedica Class A Preferred Shares and Atlas Shareholder, respectively, that is subject to U.S. securities laws;
- each of the Cambrosia Entity Vendors shall have delivered to the Issuer a certificate and acknowledgment in the form contemplated in the Amalgamation and Share Exchange Agreement as to its eligibility to receive the Payment Shares to which it is entitled and as to the application of any withholding tax;
- each of the Cambrosia Shareholders shall have delivered duly signed instruments of transfer, transferring their respective Cambrosia Shares in escrow to the Issuer's counsel to be released to the Issuer with effect at the Cambrosia Effective Time;
- Atlas shall have delivered to the Issuer a certificate of an officer of Atlas, certifying true and complete copies of the registers of the Atlas Shares outstanding immediately prior to the Atlas Effective Time;
- AgMedica shall have delivered to the Issuer a certificate of an officer of AgMedica, certifying true and complete copies of the registers of the AgMedica Shares outstanding immediately prior to the AgMedica Effective Time;
- Cambrosia shall have delivered a written direction to the Issuer pursuant to which Cambrosia irrevocably directs the Issuer to issue to the Cambrosia Entity Vendors, that number of Resulting Issuer Shares, from the Cambrosia RI Share Allotment, as is sufficient to satisfy Cambrosia's obligations in that regard under the Cambrosia Entity Purchase Agreements in form and substance acceptable to the Issuer, acting reasonably; and
- the Atlas Board, the AgMedica Board and the Cambrosia Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by each of them to permit the consummation of the Fundamental Change Transactions and the transactions to be completed by each of them pursuant to the terms of the Amalgamation and Share Exchange Agreement.

Conditions Precedent in Favour of Atlas, AgMedica, Cambrosia and the Cambrosia Shareholders

In addition to the satisfaction of the representation and warranty conditions precedent discussed above, the obligations of Atlas, AgMedica, Cambrosia and the Cambrosia Shareholders to complete the Fundamental Change Transactions is subject to the fulfillment of the following additional conditions at or before the Atlas Effective Time, AgMedica Effective Time or Cambrosia Effective Time, as applicable or such other time as is specified below:

- the Silver Phoenix Disposition shall have been completed in accordance with the terms of the Silver Phoenix Asset Purchase Agreement;

- the Issuer shall have procured duly executed resignation and mutual releases with effectiveness as of Closing, and such other documents as may be required to give effect to such resignations, in such form as approved by Atlas, AgMedica and Cambrosia, acting reasonably, from each director and officer of the Issuer;

- all outstanding warrants shall have been cancelled and all warrants outstanding thereunder prior to Closing shall have been terminated on or prior to Closing;

- the credit facility agreement dated June 1, 2020, as amended on January 1, 2021, between the Issuer and The Emprise Special Opportunities Fund (2017) Limited Partnership and the rent and services agreement between Emprise Management Services Corp. and the Issuer dated November 30, 2018 shall have been terminated on or prior to Closing on terms acceptable to the Issuer, Atlas, AgMedica and Cambrosia, acting reasonably;

- the Issuer shall have changed its name to "Atlas Global Brands Inc." with effect as of the Closing Date;

- the Silver Phoenix Consolidation shall have been effected immediately prior to the Closing Date;

- the officer of the Resulting Issuer and its subsidiaries shall have entered into employment agreements or consulting agreements, as the case may be, with the Resulting Issuer, AgMedica Amalco (in the case of Trevor Henry and Peter Van Mol) or Cambrosia (in the case of Jonathan Ben-Cnaan and Tamir Gedo) on terms acceptable to such officer and the Resulting Issuer, each acting reasonably; and

- each of Trevor Henry, Peter Van Mol, Chad Brian, Lori Lynn Verbeem and Nick Roberts shall have provided a duly executed waiver of his or her rights to any change of control or similar payment arising as a result of the Transaction on terms satisfactory to Atlas, AgMedica and Cambrosia, acting reasonably.

Atlas Conditions

In addition to the satisfaction of the representation and warranty conditions precedent discussed above, the obligations of Atlas to complete the Fundamental Change Transactions is subject to the fulfillment of the following additional conditions at or before the Atlas Effective Time or such other time as is specified below:

- there shall not have occurred a Material Adverse Change in respect of any of the Issuer, AgMedica, Cambrosia or any of the Cambrosia Purchased Entities;

- each of the Issuer, AgMedica and Cambrosia shall have complied in all material respects with their respective covenants in the Amalgamation and Share Exchange Agreement;

- the issued and outstanding AgMedica Class B Preferred Shares (other than AgMedica Class B Preferred Shares in respect of which holders of AgMedica Class B Preferred Shares have exercised dissent rights) shall be exchanged into an identical number of preferred shares in the capital of AgMedica Amalco having the same rights and restrictions and conditions as attached to the AgMedica Class B Preferred Shares as of the date of the Amalgamation and Share Exchange Agreement except the definition of liquidation event shall be amended to exclude therefrom the Fundamental Change Transactions (or equivalent), on terms acceptable to Atlas, acting reasonably;

- AgMedica's mortgages shall be amended to extend the maturity dates to dates that are not prior to the date that is 24 months from current maturity dates of August 8, 2022 and October 8, 2022 (the "**AgMedica Mortgage Extension**"), on terms acceptable to Atlas, acting reasonably;

- the Cambrosia Shareholders shall have complied in all material respects with their respective covenants in the Amalgamation and Share Exchange Agreement;

- the financial advisory agreement between AgMedica and Kronos Capital Partners Inc. shall have been amended to provide that (i) any fees payable thereunder shall be satisfied by the issuance of AgMedica

Participating Shares prior to the AgMedica Effective Time and exchanged for Resulting Issuer Shares in accordance with the AgMedica Exchange Ratio; and (ii) subject to resale restrictions set forth in a lock-up agreement in form and substance satisfactory to Atlas, acting reasonably;

- the Resulting Issuer shall have executed a board representation agreement with Sheldon Croome pursuant to which Mr. Croome shall be entitled to nominate one director to the board of directors of the Resulting Issuer until the first to occur of either (i) the five year anniversary of the Closing Date; or (ii) the date upon which Mr. Croome holds less than 0.5% of the issued and outstanding Resulting Issuer Shares, on a non-diluted basis;

- the Resulting Issuer shall have executed a board representation agreement with Jeffrey R. Gossain pursuant to which Mr. Gossain shall be entitled to nominate one director to the board of directors of the Resulting Issuer until the first to occur of either (i) the five year anniversary of the Closing Date; or (ii) the date upon which Mr. Gossain holds less than 0.5% of the issued and outstanding Resulting Issuer Shares, on a non-diluted basis;

- the Resulting shall have provided a fully executed Croome Separation Agreement; and

- the Board, the AgMedica Board and the Cambrosia Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by each of them to permit the consummation of the Fundamental Change Transactions and the transactions to be completed by each of them pursuant to the terms of the Amalgamation and Share Exchange Agreement.

AgMedica Conditions

In addition to the satisfaction of the representation and warranty conditions precedent discussed above, the obligations of AgMedica to complete the Fundamental Change Transactions is subject to the fulfillment of the following additional conditions at or before the AgMedica Effective Time or such other time as is specified below:

- there shall not have occurred a Material Adverse Change in respect of any of the Issuer, Atlas, Cambrosia or any of the Cambrosia Purchased Entities;

- each of the Issuer, Atlas, Cambrosia and the Cambrosia Shareholders shall have complied in all material respects with their respective covenants in the Amalgamation and Share Exchange Agreement;

- the Atlas Debentures shall have been amended such that as at the Atlas Effective Time: (i) there shall no more than $1,280,000 aggregate principal amount due under the Atlas Debentures, as amended; (ii) no Atlas Debentures, as amended, shall be convertible into Atlas Shares or Resulting Issuer Shares after the Atlas Effective Time; (iii) no more than $150,000 aggregate principal amount of Atlas Debentures shall become due prior to June 30, 2023; and (iv) no Atlas Debentures shall have an interest rate in excess of 15%. Atlas Debenture Amendments shall have been completed (the "**Atlas Debenture Amendments**");

- the Atlas Amalgamation shall be effective at the Atlas Effective Time; and

- the Board, the Atlas Board and the Cambrosia Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by each of them to permit the consummation of the Fundamental Changes Transactions and the transactions to be completed by each of them pursuant to the terms of the Amalgamation and Share Exchange Agreement.

Cambrosia Conditions

In addition to the satisfaction of the representation and warranty conditions precedent discussed above, the obligations of Cambrosia to complete the Fundamental Change Transactions is subject to the fulfillment of the following additional conditions at or before the Cambrosia Effective Time or such other time as is specified below:

- there shall not have occurred a Material Adverse Change in respect of any of the Issuer, Atlas, AgMedica, Cambrosia or the Cambrosia Purchased Entities;

- each of the Issuer, Atlas and AgMedica shall have complied in all material respects with their respective covenants in the Amalgamation and Share Exchange Agreement;

- the 103K Tax Ruling shall have been received by Cambrosia, in such form and substance acceptable to Cambrosia in its sole discretion, and such 103K Tax Ruling shall not have been withdrawn or rescinded and will remain in full force and effect as of the Closing Date;

- the Atlas Debenture Amendments shall have been completed;

- the amendment of the AgMedica Class B Preferred Shares to amend the definition of liquidation event to exclude therefrom the Fundamental Change Transactions shall have been completed on terms acceptable to Cambrosia, acting reasonably;

- the AgMedica Mortgage Extension shall have been completed on terms acceptable to Cambrosia, acting reasonably;

- the financial advisory agreement between AgMedica and Kronos Capital Partners Inc. shall have been amended to provide that (i) any fees payable thereunder shall be satisfied by the issuance of AgMedica Participating Shares prior to the AgMedica Effective Time and exchanged for Resulting Issuer Shares in accordance with the AgMedica Exchange Ratio; and (ii) subject to resale restrictions set forth in a lock-up agreement in form and substance satisfactory to Cambrosia, acting reasonably;

- the Atlas Amalgamation and the AgMedica Amalgamation shall have been completed; and

- the Board, the Atlas Board and the AgMedica Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by each of them to permit the consummation of the Fundamental Change Transactions and the transactions to be completed by each of them pursuant to the terms of the Amalgamation and Share Exchange Agreement.

No Alternative Transactions

Subject to compliance with applicable laws, unless and until the Amalgamation and Share Exchange Agreement is terminated pursuant to its terms, each of the Issuer, Atlas, AgMedica, Cambrosia and the Cambrosia Shareholders agrees not to solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any confidential information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Fundamental Change Transactions (including any financing other than an Internal Financing or a financing for subscription receipts, convertible or exchangeable into Resulting Issuer Shares upon completion of the Fundamental Change Transactions for gross proceeds of in excess of $1 million to the Resulting Issuer and a price per Resulting Issuer Shares of not less than $1.00), and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any offer, financing, shareholder proposal, "business combination" or "takeover bid," exempt or otherwise, within the meaning of applicable Canadian securities laws, for securities or assets of Atlas, AgMedica, Cambrosia or the Issuer, as applicable (other than, in the case of the Issuer in connection with the Silver Phoenix Disposition and in the case of the other parties, other than an Internal Financing or a financing for subscription receipts, convertible or exchangeable into Resulting Issuer Shares upon completion of the Fundamental Change Transactions for gross proceeds of in excess of $1 million to the Resulting Issuer and a price per Resulting Issuer Shares of not less than $1.00), nor to undertake any Alternative Transaction or negotiate any Alternative Transaction, including, without limitation, allowing access to any third-party to conduct due diligence, nor to permit any of its officers or directors to do so, except as required by statutory obligations. In the event that any party, including any of its officers or directors, receives any form of offer or inquiry in respect of an Alternative Transaction, such party shall forthwith (and in any event within one business day following receipt) notify the other party of such offer or inquiry and provide the other parties with such details as it may request.

The Amalgamation and Share Exchange Agreement may be terminated at any time prior to the Atlas Effective Time, by:

- mutual agreements of the parties to the Amalgamation and Share Exchange Agreement;

- any of the Issuer, Atlas, AgMedica or Cambrosia if any of the conditions precedent in their respective favour are not satisfied or waived and for which no cure has been obtained in accordance with the Amalgamation and Share Exchange Agreement, provided that the party seeking to terminate is not then in breach of any of the terms of the Amalgamation and Share Exchange Agreement;

- any of the Issuer, Atlas, AgMedica or Cambrosia if the Fundamental Change Transactions shall not have been completed by January 31, 2023, or such later date as the Issuer, Atlas, AgMedica and Cambrosia, may mutually agree in writing (the "**Completion Deadline**");

- any of the Issuer, Atlas, AgMedica or Cambrosia if a Break Fee Event occurs.

Any termination by a party in respect of the above shall be made by such party delivering a written notice to the other parties, prior to the earlier of the Closing Date and the Completion Deadline and specifying in reasonable detail the matter or matters giving rise to the termination event.

Break Fee and Expense Reimbursement

Under the Amalgamation and Share Exchange Agreement, upon the occurrence of certain events, a break fee may be payable by the party in breach.

If a Break Fee Event occurs, a break fee of $750,000 shall be payable as follows:

- if the Issuer is the party in breach, by the Issuer of an amount equal to $250,000 to each of Atlas, AgMedica and Cambrosia;

- if Atlas is the party in breach, by Atlas of an amount equal to $250,000 to each of the Issuer, AgMedica and Cambrosia;

- if AgMedica is the party in breach, by AgMedica of an amount equal to $250,000 to each of the Issuer, Atlas and Cambrosia; and

- if Cambrosia is the party in breach, by Cambrosia of an amount equal to $250,000 to the Issuer, Atlas and AgMedica.

Each party to the Amalgamation and Share Exchange Agreement is to pay for its own costs incurred in connection with the agreement and the Fundamental Change Transactions, including any legal and accounting fees, provided that in the event of termination for any reason by any party:

- the Issuer, Atlas and AgMedica shall reimburse Cambrosia for 75% of any legal fees and disbursements related to due diligence matters conducted by the legal counsel of Cambrosia, with such reimbursable amount to be shared equally between the Issuer, Atlas and AgMedica;

- each of Atlas, AgMedica and Cambrosia shall pay and/or reimburse each other such that all legal fees and disbursements incurred by any of Atlas, AgMedica and Cambrosia in respect of the Fundamental Change Transactions (except legal fees incurred with respect to the preparation of the Amalgamation and Share Exchange Agreement and those noted above in respect of due diligence matters, but including any filings fees paid to any governmental entity, including the CSE and Health Canada) shall be shared equally between Atlas, AgMedica and Cambrosia; and

- except in the case of termination where, at the time of termination, a condition to be fulfilled by the Issuer has not been fulfilled, or termination is as a result of a Material Adverse Change in respect of the Issuer, Atlas, Cambrosia and AgMedica shall reimburse the Issuer for 75% of all legal fees and disbursements in respect thereof (except legal fees incurred with respect to the preparation of the Amalgamation and Share Exchange Agreement and those otherwise provided for, but including any filings fees paid to any governmental entity, including the CSE and Health Canada), with such reimbursable amount to be shared equally as between Atlas, Cambrosia and AgMedica.

Such expense reimbursement provisions survive the termination of the Amalgamation and Share Exchange Agreement.

1.B GENERAL MATTERS

1.B.1. Effective Date of Information

All information in this Listing Statement is effective as of December 23, 2022 unless otherwise indicated.

All references within this Listing Statement to the Resulting Issuer, refer to the Resulting Issuer immediately following the completion of the Fundamental Change Transactions and include AgMedica Amalco, the AgMedica Subsidiaries, Atlas Amalco, Atlas Growers, Cambrosia and the Cambrosia Purchased Entities, unless otherwise indicated.

1.B.2. Forward-Looking Statements and Forward-Looking Information

This Listing Statement contains “forward-looking statements” and forward-looking information concerning anticipated developments and events that may occur in the future.

All statements, other than statements of historical fact, made by the Issuer that address activities, events or developments that the Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of the Issuer and assumptions concerning future events. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements.

In particular, this Listing Statement contains forward-looking statements pertaining to the following:

- the terms, conditions and completion of the Fundamental Change Transactions;
- obtaining all required regulatory approvals in connection with the Fundamental Change Transactions;
- the potential benefits of the Fundamental Change Transactions;
- the timing of the listing of the Resulting Issuer’s Shares on the CSE;
- the Resulting Issuer’s business strategies and objectives;

- Cambrosia's ability to identify and complete additional acquisitions;
- AgMedica's, Atlas' and Cambrosia's intentions to develop its business and operations;
- the Resulting Issuer's anticipated cash needs, needs for additional financing and proposed use of funds;
- the forecasted financial results of the Resulting Issuer, including the assumptions contained in such forecast, as set out under *Item 4.E – Narrative Description of the Business – Resulting Issuer - Available Funds*;
- expectations regarding the composition of the Resulting Issuer's board of directors and management team;
- expectations regarding the Resulting Issuer's ability to raise capital; and
- liquidity of the Resulting Issuer Shares following the Closing.

With respect to forward-looking statements listed above and contained in this Listing Statement, management of the Issuer has made assumptions regarding, among other things:

- the Issuer's, AgMedica's, Atlas' and Cambrosia's ability to satisfy the conditions to the Fundamental Change Transactions;
- the legislative and regulatory environment, particularly the regulatory requirements relating to the import of export of medical cannabis from Canada to Israel;
- predictable changes to market prices for the Resulting Issuer's, AgMedica's, Atlas' and Cambrosia's products and other predicted trends regarding factors underlying the market for the cannabis industry;
- the Resulting Issuer's ability to obtain additional financing on satisfactory terms;
- the Resulting Issuer's proposed directors and officers ability to obtain Health Canada clearance; and
- the global economic environment.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Listing Statement:

- The Resulting Issuer may fail to realize the benefits of the Fundamental Change Transactions.
- The Fundamental Change Transactions may not close.
- The forward-looking statements contained in this Listing Statement may prove to be incorrect.
- The unaudited pro forma consolidated financial information may not accurately represent the Resulting Issuer's financial condition for the period presented or following the completion of the Fundamental Change Transactions.
- AgMedica, Atlas and Cambrosia have a history of operating losses, and, as a result, the Resulting Issuer may not be able to achieve or maintain profitability.
- The Resulting Issuer may need additional capital, which it may not be able to raise on favorable terms, or at all, and the Resulting Issuer could have to allocate a substantial portion of its cash resources to the payment of its indebtedness, which would reduce the funds available for operations.

- Global economic conditions may affect operating results and access to capital.
- The Resulting Issuer may not be successfully able to consummate or integrate acquisitions, which may harm the Resulting Issuer's ability to develop and grow its business and operations.
- The Resulting Issuer is subject to risks inherent in foreign operations.
- Exchange rate fluctuations may adversely affect the Resulting Issuer's results and/or compliance with financial covenants.
- The Resulting Issuer Shares may experience high level of price and volume volatility and if an active market does not develop for the Resulting Issuer Shares, and liquidity may be limited.
- The Resulting Issuer is a holding company and is subject to risks attributable to the Group.
- The COVID-19 pandemic may materially impact the Resulting Issuer's operations and results.
- The Resulting Issuer may be subject to various potential conflicts of interest.
- The proposed senior management team of the Resulting Issuer has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of our business.
- The Resulting Issuer will have a substantial number of authorized but unissued shares which, if issued, could cause dilution.
- The Resulting Issuer may not pay dividends.
- The business and activities of the Group are heavily regulated and a failure to comply with the laws and regulations applicable to the Group's operations may lead to possible sanctions.
- Changes in laws, regulations and guidelines may have a material adverse effect on the Group's operations and results.
- The Group is reliant on licences and permits.
- An adverse determination by regulatory authorities in Israel with respect to the ownership of the Cambrosia Purchased Entities may adversely affect their licenses.
- The AgMedica Facility and the Atlas Facility are integral to AgMedica's and Atlas' business, respectively, and adverse changes to such facilities may impact the Resulting Issuer's business, financial condition and results of operation.
- Risks related to AgMedica's tax remittances.
- Reliance on third party suppliers and inflationary risk may impact the Group's ability to secure required supplies and services.
- The alteration or termination of any provincial or territorial government contracts could harm AgMedica's and Atlas' business.
- The Group's businesses in Israel are subject to geopolitical risks.
- Failure to adequately protect the Group's intellectual property could harm its businesses.

- Failure or deterioration of quality control systems could have a material adverse effect on the business, financial condition and operating results of the Resulting Issuer.
- The development of the Group's businesses and operating results may be hindered by applicable restrictions on sales and marketing activities.
- The Group is subject to risks related to operating in a relatively new industry.
- Volatility in cannabis supply and demand could impact the Group's operations and prospects.
- The Group may not be successful in developing new products.
- If any of the Group's operations or revenues are found to violate money laundering legislation, it could impact the Group's ability to distribute profits to the Resulting Issuer.
- If any of the Group is found to be in violation of anti-bribery laws, the Group could suffer severe penalties, reputational damage, and other consequences.
- The Group may face logistical problems, delays and increased costs to deliver products to customers due to reliance on secure third-party transportation services.
- The Group depends on highly-skilled personnel to operate its business and if the Group is unable to retain its current, or hire additional, personnel, its ability to develop its businesses could be harmed.
- Competition could render the Group's products uncompetitive.
- The cannabis industry and/or the Group may be subject to unfavorable publicity or consumer perception.
- The Group may fail to meet target production capacity.
- The Group is subject to the risk of information systems failure.
- The Group's business is subject to cybersecurity risks.
- The Group may be subject to product liability claims, regulatory action and litigation.
- The Group is reliant on international advisors and consultants.
- A recall of the Group's products could be harmful to its business.
- The Group may not have adequate insurance coverage.
- The Group may inadvertently undertake business in the United States of America.
- Other factors discussed under *Item 17 – Risk Factors* below.

Consequently, all forward-looking statements and information made in this Listing Statement and other documents of the Issuer, AgMedica, Atlas and Cambrosia are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Issuer, AgMedica, Atlas or Cambrosia.

Although the Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this Listing Statement and, other than as required by applicable securities laws, the Issuer assumes no obligation to update or revise them to reflect new events or circumstances.

To the extent any forward-looking information in this Listing Statement constitutes "future-oriented financial information" or "financial outlooks" within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the anticipated growth in the Resulting Issuer's margins and anticipated market penetration. The reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to the risks set out above. The Resulting issuer's actual financial position and results of operations may differ materially from AgMedica's, Atlas' and Cambrosia's current expectations and, as a result, the Resulting Issuer's revenue, expenses and other financial metrics may differ materially from the revenue, expenses and other financial metrics in this Listing Statement. Such information is presented for the purpose of assisting prospective investors in understanding the Resulting Issuer's financial performance objectives and may not be an indication of the Resulting Issuer's actual financial position or results of operations. No statement in this Listing Statement is intended to be nor may be construed as a profit forecast. Future-oriented financial information or financial outlooks in this Listing Statement include, but are not limited to, statements relating to: the Resulting Issuer's projections, anticipated use of capital generally; the Resulting Issuer's revenue model and strategy for asset optimization; and the Resulting Issuer's anticipated financial outlook, performance and results.

1.B.3. Accounting Principles

All financial information in this Listing Statement is prepared in accordance with International Financial Reporting Standards.

1.B.4. Information Concerning AgMedica, Atlas and Cambrosia

The information contained or referred to in this Listing Statement relating to AgMedica, Atlas and Cambrosia (including the Cambrosia Purchased Entities) has been furnished by AgMedica, Atlas and Cambrosia. In preparing this Listing Statement, the Issuer has relied upon AgMedica, Atlas and Cambrosia to ensure that the Listing Statement contains full, true and plain disclosure of all material facts relating to AgMedica, Atlas and Cambrosia. Although the Issuer has no knowledge that would indicate that any statements contained herein concerning AgMedica, Atlas and Cambrosia are untrue or incomplete, neither the Issuer nor any of its principals assumes any responsibility for the accuracy or completeness of such information or for any failure by AgMedica, Atlas or Cambrosia to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

1.B.5. Market and Industry Data

The industry data contained in this Listing Statement is based upon information from independent industry and other publications and the Issuer's, AgMedica's, Atlas' and/or Cambrosia's management's knowledge of, and experience in, the industry in which the Resulting Issuer will operate. None of the sources of industry data have provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Fundamental Change Transactions. Industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. The Issuer has not independently verified any of the data from third-party sources referred to in this Listing Statement or ascertained the underlying assumptions relied upon by such sources.

1.B.6. Currency and Exchange Rate Information

This Listing Statement contains references to Canadian dollars, referred to herein as “$” and the New Israeli Shekel, referred to herein as “ILS”.

The following table sets forth, for each period indicated, the high and low exchange rates, the average exchange rate, and the exchange rate at the end of the period, based on the rate of exchange of one Canadian Dollar in exchange for New Israeli Shekel published by the Bank of Israel.

	Year ended September 30		
	2022	**2021**	**2020**
High	ILS2.7274	ILS2.7199	ILS2.7274
Low	ILS2.4268	ILS2.4585	ILS2.4895
Average	ILS2.5630	ILS2.5914	ILS2.5884
Closing	ILS2.5922	ILS2.5351	ILS2.5697

As of December 23, 2022, the closing daily exchange rate as reported by the Bank of Israel was ILS1.00 = $0.3894 or $1.00 = ILS2.5675.

1.C CANNABIS REGULATORY FRAMEWORK IN CANADA

Summary of the Cannabis Act and Regulations

The *Cannabis Act* (Canada), S.C. 2018, c. 16 (the “**Cannabis Act**”) came into force on October 17, 2018, thereby legalizing the sale of certain cannabis products for adult recreational use in Canada. Prior to the Cannabis Act coming into force, only the sale of medical cannabis was legal in Canada.

The Cannabis Act provides a licensing and permitting regime for the cultivation, processing, importation, exportation, testing, packaging, labelling, sending, delivery, transportation, sale, possession, research, testing and disposal of cannabis for medical and adult-use, that are implemented by the *Cannabis Regulations*, SOR/2018-144 (the “**Cannabis Regulations**”)

In particular, the Cannabis Act:

- Places restrictions on the amount of cannabis that individuals can possess and distribute, and on public consumption and use, and prohibits the sale of cannabis unless authorized by the Cannabis Act.

- Permits individuals who are not considered young persons (i.e., persons who are 18 years of age or older) to cultivate, propagate, and harvest up to and including four cannabis plants for personal use, propagated from a seed or plant material authorized by the Cannabis Act. This age limit is subject to additional age restrictions that may be imposed by provincial regulators.

- Restricts (but does not strictly prohibit) the promotion of cannabis, cannabis accessories and services related to cannabis to consumers, including restrictions on branding and sponsorships and a prohibition on false or misleading promotion.

- Includes packaging and labelling requirements for cannabis and cannabis accessories, and prohibits the sale of cannabis or cannabis accessories that could be appealing to young persons, described in more detail below.

- Provides the designated minister with the power to recall any cannabis or class of cannabis if they believe on reasonable grounds that such a recall is necessary to protect public health or public safety.

- Establishes Health Canada's Cannabis Tracking and Licensing System (the "**CTLS**"), a national cannabis tracking system, to track high-level movements of cannabis and help prevent diversion from, and inversion into, the regulated supply chain.

- Provides powers to inspectors for the purpose of administering and enforcing the Cannabis Act and a framework for administrative monetary penalties and other enforcement actions.

Measures To Prevent Access To Cannabis By Young Persons

The Cannabis Act also includes several measures aimed at preventing youth from accessing cannabis, including imposing both age restrictions and prohibiting the packaging or labeling cannabis in a way that makes it appealing to youth, selling cannabis through self-service displays or vending machines, or promoting cannabis, except in narrow circumstances, where young persons cannot see the promotion.

Cannabis for Medical Purposes

Prior to October 17, 2018, cannabis was governed by the *Controlled Drugs and Substances Act* (Canada), S.C. 1996, c. 19 (the "**CDSA**"). Under the CDSA, the *Access to Cannabis for Medical Purposes Regulations*, SOR/2016-230 promulgated thereunder (the "**ACMPR**") set out a framework to provide individuals with access to cannabis for medical purposes and was the governing legislation in respect of the production, sale and distribution of medical cannabis and related oil extracts in Canada. Although the ACMPR were repealed, the regulatory framework applicable to cannabis for medical purposes was substantially reproduced within the Cannabis Act with minimal changes.

The Cannabis Act included transitional provisions that transitioned all licenses held under the ACMPR regulatory framework to the new Cannabis Act.

Licences, Permits and Authorizations

The Cannabis Regulations establish six classes and various sub-classes of licences that authorize specific activities, namely: (1) cultivation (standard cultivation, micro-cultivation, nursery); (2) processing (standard processing, micro-processing); (3) sales (sale for medical purposes); (4) analytical testing; (5) research; and (6) and cannabis drug licence. Licensing requirements and authorized activities vary by class and sub-class, and authorized activities can also be narrowed by conditions described in individual licenses when they are issued by Health Canada. Health Canada is responsible for reviewing and approving all federal cannabis licence applications.

At the end of each term of the respective licenses, a license holder must submit an application for renewal to Health Canada containing information prescribed by the Cannabis Act.

After a cannabis licence is issued by Health Canada, the holder must comply with all applicable requirements of the Cannabis Act, including periodic inspections by Health Canada to ensure continued compliance.

Industrial Hemp

The *Industrial Hemp Regulations*, SOR/2018-145 (the "**Industrial Hemp Regulations**") to the Cannabis Act set out the regulatory framework for industrial hemp. Industrial hemp is defined under the Industrial Hemp Regulations as a cannabis plant – or any part of the plant – in which the concentration of THC is 0.3% (weight by weight) or less in the flowering heads and leaves.

Under this framework, a licence from Health Canada is required in order to conduct various activities with industrial hemp. These activities include the cultivation, sale, import, export, cleaning, preparing, and processing of certain parts of the industrial hemp plant. Not every activity that involves industrial hemp falls within the scope of the Industrial Hemp Regulations and may instead fall under the Cannabis Regulations. For example, the extraction of phytocannabinoids from the flowering heads, leaves and branches of the plant requires a processing license under the Cannabis Regulations.

Security Clearances

The Cannabis Act requires that certain people associated with cannabis licence holders, including individuals occupying a "key position" such as directors, officers, certain shareholders, employees and individuals identified by the Minister, hold a valid security clearance issued by the Minister. Granting of a security clearance is at the discretion of the Minister. Health Canada may refuse to grant a security clearance if it determines that the applicant could pose an unacceptable risk to public health and safety.

Cannabis Tracking and Licensing System and Reporting

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system. The purpose of this system is to track cannabis throughout the supply chain, to help prevent cannabis from being diverted to an illicit market or activity and to help prevent illicit cannabis from being a source of supply of cannabis in the legal market.

CTLS applies to: (i) holders of federally issued licences for cultivation, processing and sale of cannabis; (ii) public provincial and territorial bodies that are authorized to sell cannabis under a provincial and territorial act; and (iii) private distributors and retailers of cannabis. The information required to be reported pursuant to CTLS is extensive.

Cannabis Classes

The Cannabis Act differentiates between cannabis depending on its form (referred to as "classes" of cannabis in the Cannabis Act) and only permits the sale of specified classes of cannabis. Upon enactment of the Cannabis Act on October 17, 2018, the classes available for sale included dried cannabis, fresh cannabis, cannabis plants, cannabis seeds, and cannabis oil. On October 17, 2019, the second phase of classes of cannabis, specifically, edible cannabis, cannabis extracts, and cannabis topicals, were legalized for sale pursuant to certain amendments to the Cannabis Act. Edible cannabis, cannabis extracts, and cannabis topicals, subject to additional regulatory requirements that include supplemental marketing and advertising rules, further restrictions on labelling and packaging, rules relating to ingredients of edible cannabis products and cannabis extracts, limits on THC content, and added production facility requirements. Cannabis oil was subsumed into cannabis extracts and ceased to exist as a standalone class as of October 17, 2020.

Ingredients and THC Concentration in Extract, Edible and Topical Products

The Cannabis Regulations restrict the use of certain ingredients in cannabis extracts, edible cannabis and topical cannabis products. For example, (a) cannabis extracts must not contain ingredients that are sugars, sweeteners or sweetening agents, nor any ingredient listed in Column 1 of Schedule 2 to the *Tobacco and Vaping Products Act*, S.C. 1997, c. 13; (b) edible cannabis products must not contain any ingredients other than food and food additives; and (c) none of these cannabis products may contain ingredients that may cause injury to the health of the consumer when the product is used as intended or in a reasonably foreseeable way. The Cannabis Regulations also restrict THC content in products in certain instances on a per discrete unit basis.

Prescription Drugs Containing Cannabis

Health Canada is taking a scientific, evidenced-based approach for the oversight of prescription drugs containing cannabis, including prescription human drugs and prescription veterinary drugs. Under the current regulatory framework, health products, including prescription drugs, are subject to the *Food and Drugs Act* (Canada), R.S.C. 1985, c. F-27, and its regulations, and, if containing cannabis, may be additionally regulated by the Cannabis Act. For all of these products, pre-market approval from Health Canada is required.

Import / Export Permits for Medical or Scientific Purposes

Part 10 of the Cannabis Regulations sets out the process by which a cannabis licence holder may apply for an import or export permit in respect of cannabis for medical or scientific purposes, as set out in the Cannabis Regulations. A permit must be obtained for each shipment of cannabis. An application for an import or export permit must contain specific information including the name and address of the license holder, licence number and specifics of the particular shipment including intended use of the cannabis and specific shipment details. As part of the application, applicants are also required to provide a copy of the import permit issued by a competent authority in the jurisdiction of final destination and to make a declaration to the Minister that the shipment does not contravene the laws of the jurisdiction of the final destination or any country of transit or transshipment. Export permits are time limited and the Minister may include conditions that the export permit holder must meet in order to comply with an international obligation, or reduce any potential public health, safety or security risk, including the risk of the exported substance being diverted to an illicit market or use. Moreover, the jurisdiction of import may impose additional obligations on a Canadian exporter. Export permit holders must also comply with post-export reporting requirements in respect of the import/export of cannabis in reliance of a permit issued under the Cannabis Regulations.

Provincial / Territorial Legal Framework

The distribution and sale of cannabis for adult-use purposes is regulated under the individual authority of each provincial and territorial government, and regulatory regimes vary from jurisdiction to jurisdiction. In each of the provinces and territories, except for Saskatchewan, a provincial distributor is responsible for purchasing cannabis from producers and selling products to its regulated retail distribution channels.

The following table outlines certain details regarding the current regulatory regime by province and territory. The possession limit of 30 grams of dried cannabis or the equivalent in non-dried form remains unchanged in all jurisdictions.

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

Wholesale Distribution

In most provinces and territories, a provincial or territorial body acts as the wholesale distributor of adult-use cannabis. As a result, supply agreements are negotiated between these entities and cannabis licence holders resulting in a limited ability to compete on price.

Proposed Amendments to the Cannabis Act

In March 2022, the Canadian federal government published a public consultation proposing amendments to the cannabis regulatory regime in Canada which has now closed, which included:

- amendments that would exempt non-therapeutic research on cannabis involving human participants from the clinical trial requirements under the Food and Drug Regulations in circumstances where the research is conducted under a cannabis research licence issued under the Cannabis Regulations;
- a series of amendments to the Cannabis Regulations designed to support testing activities with cannabis;
- a change to the educational requirements of the head of laboratory position to expand the pool of eligible candidates; and
- an amendment to table setting out the equivalencies of different classes of cannabis in Schedule 3 to the Cannabis Act to increase the quantity of cannabis beverage equivalent to 1 g of dried cannabis, which would have the effect of increasing the public possession limit for cannabis beverages from 2,100 g (2.1 L) to 17,100 g (17.1 L).

1.D CANNABIS REGULATORY FRAMEWORK IN ISRAEL

Under the Dangerous Drug Ordinance, cannabis is characterized as a “dangerous drug” and therefore any use of cannabis or cannabis related products requires a license. Medical cannabis activities and products are permitted and regulated under the Israel Cannabis Laws, which were developed in accordance to the 1961 Single Convention on Narcotic Drugs, and as further amended in 1972.

Medical conditions which are approved for medical cannabis use include: Multiple Sclerosis, Parkinson’s Disease Epilepsy, and patient’s undergoing chemotherapy.

Commencing in 2011, the competent regulatory authority in Israel responsible for all matters concerning the oversight, control, licensing, regulation and accessibility of cannabis for medical purposes based on international standards is the Israeli Medical Cannabis Unit (MCU), governed by the Israeli Ministry of Health. Each participant is required to obtain strict certification to ensure compliance with MCU-standards; certification is required for the following categories: good agricultural practices, good storage practices, good manufacturing practices, and good distribution practices.

On June 26, 2016 the Israeli government issued Government Resolution No. 1587, Cannabis for Medical Purposes and Research (“**CMPR**”). After a pilot period, CMPR went into full effect on April 29, 2019, with the two fundamental goals of: (i) medicalization of the cannabis industry; and (ii) creating a standardize source of supply of cannabis for medical purposes. The CMPR has consolidated government regulations related to medical cannabis use with the purpose of enabling patient access to qualified sources of medical cannabis, while preserving public health.

Licensing

The entire value chain from the propagation of cannabis to the distribution of cannabis requires the operator to obtain a certain license, which include the following: (i) propagation license; (ii) growing license; (iii) manufacturing license; (iv) distribution license; and (v) pharmacy license. Licenses may also be granted for the operation of a cannabis destruction site, or operation of a cannabis testing lab. Licenses may be granted for a maximum period of three years, subject to any renewal provisions. License holders are required to maintain corporate separation between the value chain segments, with the exception of the propagation and cultivation process, but are permitted to own multiple distinct operators in any or all segments throughout the value chain.

The following steps are taken in order for a license holder to obtain the appropriate license: (i) the license holder must submit an initial request for preliminary approval to the MCU; (ii) the MCU will examine the applicant’s compliance with threshold conditions before the license holder is granted a temporary preliminary approval; (iii) the applicant will construct a site or facility on the basis of the preliminary approval, and once the facility has been completed, a representative of the Ministry of Health will examine the compliance with Good Security Practices; and (iv) subject to the site examination, the applicant will submit an application for final approval, which will be reviewed by other parties, including the Israeli Police.

The number of licenses issued in Israel is facilitated under the CMPR, whereby the Ministry of Health and the Israel Police department have the sole discretion to recommend against the granting of a licence if the number of license holders in Israel would in any way compromise public security, or have the discretion to revoke licences if the security requirements for a licence endanger public safety. License holders are required to maintain records and documentation of pesticides used at its facilities and waste management and contaminants. There are several compliance measures in effect to ensure amongst other things, that the license is used exclusively for the purpose it was granted for and the license holder does not undergo any change in ownership or management.

The following types of cannabis-related products are approved for distribution, unless approved by the MCU on a case-by-case basis: (i) dried and package cannabis with a total weight of cannabis in each package is 10 grams; (ii) dried cannabis rolled into cigarettes, with a total weight of cannabis in each packages is 10 grams; (iii) oil and cannabis extracts mixed with oil where the total volume of diluted cannabis extract is 10 millilitres.

Export and Import

In May 2020, the Israeli government granted final approval to permit the export of medical cannabis and medical cannabis related products. Authorization for export is heavily regulated – it requires approval by the Israeli Ministry of Health, the Israel Police department, and Israel Medical Cannabis – Good Manufacturing Practices and Israel Medical Cannabis Good Security Practices. Operators who wish to export their products must also abide by the applicable laws and regulations of the import country.

Legalization of Adult-Use Recreational Cannabis and CBD for Non-medical Purposes in Israel.

As previously stated, as of the date of this Listing Statement, adult-use recreational cannabis and CBD for non-medical use in Israel is illegal. In November 2020, an Israeli government committee responsible for advancing the cannabis market reform published a report supporting and recommending the legalization of adult-use recreational cannabis in Israel. The Israeli parliament dissolved thereafter without implementing the committee’s recommendations and all legislative initiatives were suspended.

However, the new government, formed on June 13, 2021, declared, and settled in a coalition agreement, its commitment to the legalization of adult-use recreational cannabis. Since the formation of the new government, several legislative initiatives were filed, including for the decriminalization of the possession of cannabis for individual recreational adult-use and the legalization of CBD for non-medical use. Although, these initiatives have not been accepted; they are viewed as first steps towards more comprehensive legislation legalizing adult-use recreational cannabis. As of March 9, 2022 new regulations have been inducted to decriminalize cannabis possession and personal use of cannabis.

Shareholders in an Israeli Cannabis Entity

Any company or individual, who are considered an Interested Party (as defined below) (including any individual who is actually involved in an activity which requires a license) involved in activities related to the cannabis field, including members of the board of directors, managers/executives, and shareholders, and interested parties in a shareholder of an Interested Party (up to the individual level), is subject to a prior approval from the MCU, as part of the licensing process (“**Approval**”). The Approval is subject, inter alia, to the following terms:

- Any Interested Party[1], as defined in the Israeli Securities Law 1968 (“**Interested Party**”), must be granted, in advance, a “recommendation” issued by the Authorized Officer of the Police Investigations and Intelligence Division (“Authorized Officer”) after an individual criminal background investigation process, followed by an approval of the MCU. The above individual investigation process performed by the Israeli

[1] **Interested Party** is defined in Section 1 of the Israeli Securities Law 1968 as: 1. any party holding 5% or more of the issued share capital/voting power of a corporation; 2. any party who may appoint one or more directors of the corporation or its general manager; 3. any party appointed as director or general manager of the corporation; 4. any corporation held by such person holding 25% or more of its issued share capital/voting power or that such person may appoint 25% or more of its directors.

Police is a prerequisite in the licensing process, for the purpose of finding any disqualifying information regarding such individual.

- For such investigation and approval process, related to foreign Interested Parties, and according to the MCU's guidelines, a foreign Interested Party is required to provide certain documents, inter alia, background criminal information certificate from any applicable country in which he holds a citizenship. In cases of criminal investigation or registration in the applicable criminal registry in relation to the foreign Interested Party, documents for a "Fit and Proper" assessment as required by economic enforcement authorities/entities, information regarding holdings in Israeli and/or foreign companies, control percentages, involvement in boards of directors, etc.

A cannabis licensed operator is not entitled to issue shares to any entity (who shall, consequently to such issuance, become an Interested Party), unless it has received a positive recommendation from the Authorized Officer and the MCU's approval. Any change of Cambrosia's Interested Parties, directors, managers, and authorized signatory's identities, require notification and approval of the MCU, prior to any such change.

A cannabis licensed operator shall not be entitled to appoint any director and/or general manager/CEO, prior to receipt of a proper recommendation of the above Authorized Officer and the MCU's approval.

In case an entity becomes an Interested Party in a cannabis licensed operator, by virtue of holding shares, or by virtue of an agreement between shareholders, prior to receiving the required approval from the MCU, the cannabis licensed operator must have the right, under its articles of association, to forfeit and/or make such shares deferred (which shall hence become "dormant"[2]), so that following forfeiture and/or deferral of such shares, the party in question, will not become an Interested Party (neither by virtue of holding nor by virtue of an agreement).

A party whose shares have been inactivated, to the extent such shares are inactivated, will always, have the right to sell or transfer the shares, in whole or in part, subject to the provisions of Procedure 107, the Dangerous Drug Ordinance and the applicable law.

The cannabis licensed operator's general manager is required to declare, at each annual general meeting, that the cannabis licensed operator holds and maintains all approvals required from the MCU, regarding the cannabis licensed operator, its directors, managers, and Interested Parties, as of the date of the annual general meeting, and that no change was made to the status of the cannabis licensed operator, its directors, managers, and Interested Parties from the approval date of the MCU.

To the extent that any change is made in the ownership[3] of a cannabis licensed operator, and/or in the identity of the Interested Parties, directors, managers and authorized signatories of the cannabis licensed operator, prior to receiving such approval from the MCU, and in accordance with the language of Procedure 107, "the approval will be revoked" by the MCU.

[2] According to Section 308 of the Companies Law, a dormant share does not confer any rights.

[3] According to Procedure 107, Change of Ownership means: 1. transfer of shares, in any way, which exceeds 5% of the total amount of shares of the cannabis licensed operator; or 2. ownership of shares by shareholder exceeds 5% of the total amount of shares of the cannabis licensed operator.

ITEM 2: CORPORATE STRUCTURE

2.A ISSUER

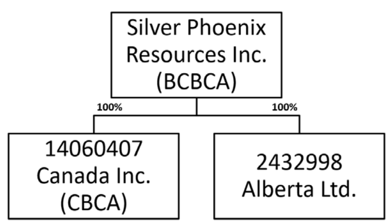
The Issuer was incorporated under the *Companies Act* (British Columbia) on February 14, 2003 as "Silver Phoenix Resources Inc." On February 27, 2006, the Issuer transitioned to the BCBCA and adopted its articles on September 18, 2007. On October 6, 2007, the Issuer filed a Notice of Alteration to amend the authorized share structure of the Issuer to consist of an unlimited number of Common Shares. On February 7, 2019 the Issuer restated its articles to replace the existing articles of the Issuer with new articles which have been modernized and reflect changes to corporate law in Canada. The most significant change that resulted from the Issuer adopting the new articles is that the Issuer will be able to complete certain alterations to its share structure by way of a directors' resolution.

The Issuer maintains a head office at 1600 - 609 Granville Street, P.O. Box 10068 Pacific Centre, Vancouver, British Columbia, V7Y 1C3 and the registered and records office of the Issuer is located at 2200-855 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

The Issuer is a reporting issuer in the provinces of British Columbia, Alberta, Manitoba and Ontario and the Common Shares are currently listed for trading on the CSE under trading symbol "SP" and are expected to recommence trading under the symbol "ATL" following the Resulting Issuer's requalification for listing in connection with the Fundamental Change Transactions.

The Issuer has two wholly-owned subsidiaries: Subco 1, which is governed by the ABCA, and Subco 2, which is governed by the CBCA. Subco 1 and Subco 2 were created for the sole purpose of completing the Fundamental Change Transactions and will amalgamate with Atlas and AgMedica, respectively, pursuant to the Fundamental Change Transactions.

Corporate Structure of Silver Phoenix



In connection with the Fundamental Change Transactions, the Issuer will change its name to "Atlas Global Brands Inc." The Corporate Structure of the Resulting Issuer following the completion of the Fundamental Change Transactions is set forth at Schedule A.

2.B AGMEDICA

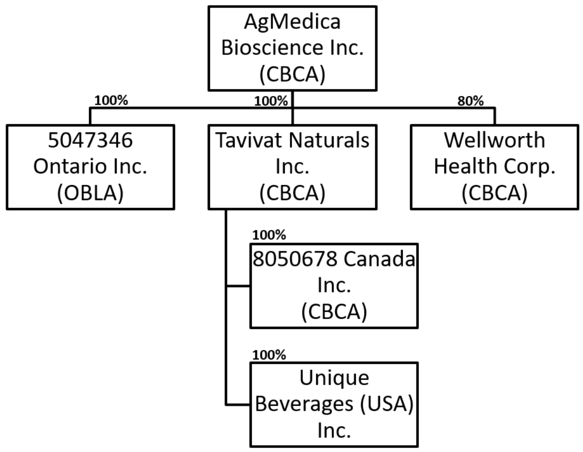
AgMedica was incorporated under the CBCA on November 22, 2013 under the name "8705127 Canada Inc.". AgMedica amended its articles to change its name to "AgriMed Botanicals Inc." on February 18, 2014, and to "AgMedica Bioscience Inc." on December 6, 2017. AgMedica also amended its articles on June 9, 2017 to increase the authorized number of AgMedica Class B Preferred Shares and to change the rights, privileges, restrictions and conditions attaching thereto, to subdivide the issued and outstanding AgMedica Common Shares on the basis of 1-to-145,478 and to amend the restrictions on transfer.

AgMedica maintains a head office and registered office at 104 – 566 Riverview Drive, Chatham, Ontario, N7M 0N2.

AgMedica has five subsidiaries all of which are wholly-owned, except for Wellworth Health Corp., which is 80% owned by AgMedica. AgMedica and the AgMedica Subsidiaries are governed by the CBCA, except for

5047346 Ontario Inc., which is governed by the *Business Corporations Act* (Ontario), and Unique Beverages (USA) Inc., which is governed by the Delaware General Corporation Law.

Corporate Structure of AgMedica



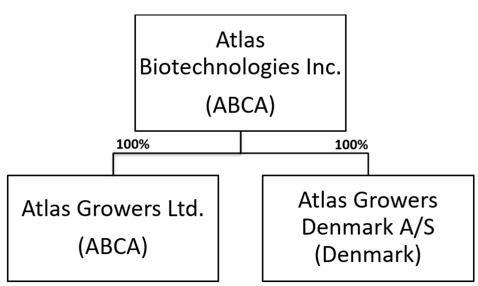
2.C ATLAS

Atlas was incorporated under the ABCA on December 1, 2017 under the name "Atlas Biotechnologies Inc.". Prior to incorporation of Atlas, Atlas' business was carried on by its subsidiary, Atlas Growers. On June 15, 2018, all shareholders of Atlas Growers exchanged their shares of Atlas Growers for shares of Atlas; all option holders of Atlas Growers exchanged their options to purchase shares in Atlas Growers for options to purchase shares in Atlas; and all holders of restricted share units of Atlas Growers exchanged the same for restricted shares units of Atlas. On March 3, 2018, Atlas amended and restated its articles to amend the restrictions on transfers. On December 20, 2022, Atlas amended its articles to create an unlimited number of Class C Common Shares.

Atlas maintains a head office and registered office is at 200-16011 116 Avenue NW, Edmonton, Alberta, T5M 3Y1.

Atlas has two wholly-owned subsidiaries, Atlas Growers, which is also governed by the ABCA, and Atlas Growers Denmark A/S, which is governed by the laws of Denmark. Atlas Growers Denmark A/S is inactive.

Corporate Structure of Atlas



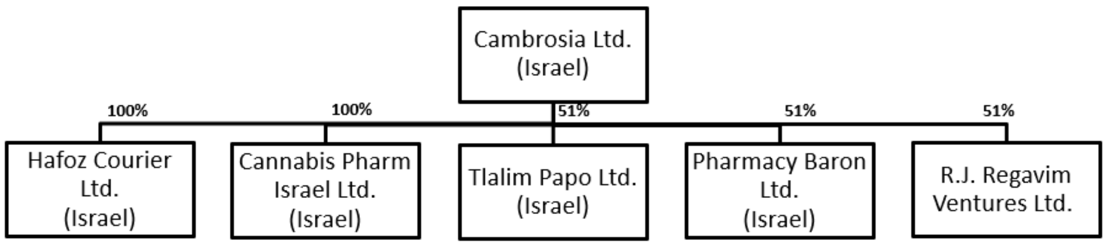
2.D CAMBROSIA

Cambrosia is a company incorporated under the laws of Israel on March 17, 2021 as "Cambrosia Ltd.". Cambrosia's AoA were amended on July 6, 2021 to effect a change in the authorized share capital by the creation of Cambrosia Preferred Shares, and again on January 13, 2022, mainly to effect a 100:1 share split, and the change of share par value from ILS0.01 to ILS0.0001.

Cambrosia maintains a registered and head office at 15 Israel Galili, Rishon LeZion, Israel.

Cambrosia does not currently have any subsidiaries. However, upon completion of the Fundamental Change Transactions, it will have at least a 51% interest in each of the Cambrosia Purchased Entities.

Corporate Structure of Cambrosia Upon Completion of the Fundamental Change Transactions



Cambrosia and the Cambrosia Purchased Entities are governed by the Companies Law. This governing legislation and/or Cambrosia's constating documents materially differs from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4 of the CSE in that the Companies Law imposes additional obligations and liabilities that are imposed on Cambrosia shareholders:

- under corporate governance principles of the Companies Law, shareholders of Cambrosia have the duty to act in good faith and refrain from abusing their power in the company, and they also have a general duty to refrain from discriminating against other shareholders, however, the threshold and substance of the duty of fairness remains undefined;

- each of (i) a controlling shareholder; (ii) a shareholder who knows that the manner in which he votes will be decisive in respect of a resolution of the general meeting or of a class meeting of the company; and (iii) a shareholder who, pursuant to the provisions of the articles of association of a company, has the power to appoint or to prevent the appointment of an office holder in a company or any other power vis-a-vis the company, has a duty to act fairly towards the company in addition to its duty to act in good faith as described above.

ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

3.A ISSUER

The Issuer was incorporated on February 14, 2003 under the *Company Act* (British Columbia). The Issuer is an exploration stage company engaged in acquiring, exploring, and developing mineral properties, principally located in British Columbia, Canada. The Issuer was listed and posted for trading on the CSE April 8, 2009, under the trading symbol "SP". The Issuer has two wholly-owned subsidiaries, 2432998 Alberta Ltd. and 14060407 Canada Inc. both with no operations and currently existing for the sole purpose of effecting the Fundamental Change Transactions.

The Issuer does not have revenues from any mineral properties and has not yet determined whether its remaining mineral property, the Big Showing Property, contains mineral reserves that are economically recoverable. The Issuer had limited operating activities during 2019, 2020 and 2021 with costs principally relating to the maintenance of the Issuer as a public company.

On February 14, 2003, the Issuer entered into an agreement to acquire a 100% interest in mineral claims comprising a total area of 1,000 hectares in the Revelstoke Mining Division of British Columbia (the "**Big Showing Property**"). As at December 31, 2021, the mineral claims were held for the Issuer in trust by William Murray, the former President of the Issuer. In fiscal years 2020 and 2021, the Issuer made a payment instead of exploration and development work to the Ministry of Finance to ensure that the claims remained in good standing.

On February 28, 2019, the Issuer completed a share consolidation on the basis of 1.45 old shares for 1 new share.

On June 1, 2020, the Issuer entered into a credit facility agreement (the "**Credit Agreement**") with The Emprise Special Opportunities Fund (2017) Limited Partnership ("**LP2017**") whereby LP2017 agreed to lend the Issuer up to an aggregate principal amount of $100,000. Any amounts advanced under this credit facility accrue simple interest calculated daily at a rate of 10% per annum and are due on demand. Subsequently, the Credit Agreement was amended on January 1, 2021 and LP2017 agreed to lend up to an aggregate principal amount of $250,000. As at June 30, 2022, the Issuer utilized $139,000 of the credit facility and there is currently $147,472 owing, including interest.

On January 28, 2021, 700,000 share purchase warrants were exercised at $0.375 per warrant for proceeds of $262,500.

On June 30, 2021, the Issuer completed a share consolidation on the basis 5 old shares for 1 new share basis.

On or about April 8, 2022, the Issuer entered a binding memorandum of understanding with respect to the Fundamental Change Transactions.

As a condition to the Fundamental Change Transactions, on June 28, 2022 the Issuer entered into an asset purchase agreement with 1369307 B.C. Ltd., a private company controlled by William Murray pursuant to which the Issuer will convey the Big Showing Property to 1369307 B.C. Ltd. for cash consideration of $40,000. In the event that the Fundamental Change Transactions do not close, the Issuer will not proceed with the sale of the Big Showing Property.

On July 14, 2022, the Issuer entered into the Amalgamation and Share Exchange Agreement, with respect to the Fundamental Change Transactions.

Prior to the completion of the Fundamental Change Transactions the Issuer will effect the Silver Phoenix Consolidation.

3.B AGMEDICA

3.B.1. Three Year History

In 2016, AgMedica purchased a 215,000 sq. ft. industrial building at 566 Riverview Drive, in Chatham, Ontario, of which 114,000 sq. ft. is a dedicated indoor growing facility (the "**AgMedica Facility**").

On June 15, 2018 AgMedica was issued a cannabis licence by Health Canada for standard cultivation, standard processing and sale for medical purposes (the "**AgMedica Licence**"). AgMedica's primary business was to build a medical cannabis service platform, employing health care practitioners, to provide assessment, education, prescription, fulfillment and on-going follow up through both a physical location and virtual kiosks located in pharmacies and health care offices across the country. If not renewed, the AgMedica Licence will expire on April 8, 2024.

On August 3, 2018, AgMedica received an amendment to the AgMedica Licence allowing for the production, distribution and sale of cannabis oil products.

Upon the legalization of adult-use cannabis in October 2018, AgMedica entered several provincial markets with the "Vertical" brand of premium cannabis, selling four strain varieties of cannabis flower.

In early 2019, following the launch of dried flower products, AgMedica subsequently launched a selection of "Vertical" branded pre-rolls.

Effective May 31, 2019, the AgMedica Licence was amended to allow for the sale of cannabis oil products, and in mid-2019 AgMedica launched a line of ingestible oils.

AgMedica's principal business activities were then the production, distribution and sale of dried cannabis flower, pre-rolled cannabis, soft get capsules and cannabis oil, through the following strategic relationships:

Herbolea S.r.l. ("**Herbolea**")	AgMedica owns 25% of Herbolea Biotech S.r.l ("Biotech") with the remaining 75% owned by Herbolea. Biotech holds intellectual property rights to technology relating to the extraction, preservation, and stabilization of phyto cannabinoids and terpenes from cannabis, hemp, and botanicals (the "Technology"). AgMedica had exclusive rights to this Technology in Canada and is currently finalizing the testing of this Technology at its licensed operating facility.
Mercury Morpheus Designs, SL ("**MMG**")	AgMedica had an exclusive license to use the MMG genetic strains of cannabis ("**MMG Strains**") within Canada, Germany, France, Belgium, Portugal, Israel, Chile, Barbados, and the Bahamas, for the limited purpose and scope of cultivating, growing, developing, marketing, and selling products derived from the MMG Strains
Nutrasource Diagnostics Inc. ("**Nutrasource**")	A consulting firm that assists AgMedica with its global strategy and planning, and provides operational clinical trial support to assign substantiated claims to cannabis products.
Med-C Biopharma Corp. ("**MedC**")	AgMedica currently owned 9% of MedC with the option to increase its interest to 20%. AgMedica and MedC are working towards the development of medicinal products for human and veterinary use. Clinical trials will be performed in Israel, where appropriate. AgMedica has the exclusive rights to commercialize therapeutics developed by MedC in Canada and a global right of first refusal with respect to commercialization outside of Israel.
Bio Therapeutic Molecules Inc. ("**BTMI**")	BTMI is a third-party external provider of research and development management services with focused expertise in the pharmaceutical, nutraceutical, medical plant and agricultural disciplines. The service agreement between BTMI and AgMedica included a share-based compensation which resulted in BTMI owing approximately 9.6% of outstanding AgMedica common

	shares. AgMedica continues to utilize BTMI's services for research and development.
O3 Holding GmbH ("**KD Pharma**")	AgMedica entered into an exclusive joint venture agreement with KD Pharma (the "**KD Pharma JV**"). The principal purpose of the KD - 6 - Pharma JV is to develop, market, distribute, and sell: (i) raw materials; (ii) dietary ingredients; (iii) active pharmaceutical ingredients; (iv) soft gel capsules; and (v) cannabis oil-based products, with or without Omega-3, derived from the extraction, isolation, and purification of phytochemical cannabis components.

The purpose of these strategic relationships was to develop disruptive technologies that assist cannabis production targeted at the food and pharmaceutical sectors.

On August 30, 2019, AgMedica received an additional amendment to the AgMedica Licence resulting in expanded cultivation capacity at the AgMedica Facility.

In October 2019, AgMedica began exporting medical cannabis into international markets, with an initial shipment to Australia.

On December 2, 2019, the Ontario Superior Court of Justice – Commercial List granted an order to AgMedica and the AgMedica Subsidiaries pursuant to the CCAA to allow them to restructure their business and affairs (the "**CCAA Order**"). Such restructuring included: (i) a recapitalization transaction whereby AgMedica issued 445,000,000 AgMedica Class A Preferred Shares to eight confidential individual investors at a price per share of $0.01 per share to raise the aggregate amount of $4,450,000; (ii) the execution of a secured debt facility with AgriRoots Capital Management Inc. in the maximum principal amount of $10,000,000; (iii) the payment to affected creditors with a claim of $1,000 or less of an amount equal to the lesser of $1,000 and the amount of their claim; and (iv) the issuance or payment to affected creditors with a claim exceeding $1,000, at their option, of (a) the lesser of $1,000 and the amount of their claim, (b) their *pro rata* portion of 5,000,000 AgMedica Class B Preferred Shares, which are entitled to an annual return of capital based on the free cash flow of AgMedica until redemption (see *Item 10.B.1 – Description of Capital Structure – AgMedica – General Description of Capital Structure*), or (c) their *pro rata* portion of 61,965,221 AgMedica Common Shares at a conversion rate of $0.01, after which any shortfall would be satisfied with a *pro rata* portion of AgMedica Class B Preferred Shares. AgMedica and the AgMedica Subsidiaries were discharged from CCAA on October 9, 2020.

Pursuant to the CCAA Order, AgMedica issued an aggregate of 65,939,200 AgMedica Common Shares, 445,000,000 AgMedica Class A Preferred Shares and 4,999,933 AgMedica Class B Preferred Shares and executed a second mortgage in the principal amount of $16,000,000 (the "**AgriRoots Mortgage**") registered in favour of 2596690 Ontario Inc. against the AgMedica Facility in connection with a loan from 2596690 Ontario Inc., registered in second priority to the Hillmount Mortgage (as defined below).

Upon completion of the CCAA proceedings, four of the five directors were no longer directors of AgMedica, with only Trevor Henry continuing. In addition, 8 of 12 members of executive management were removed or resigned.

At the time of the CCAA Order approximately 99% of the cannabis products sold by AgMedica were for domestic recreational consumption, with the remaining 1% sold for domestic and international medicinal use. Following exit from CCAA, AgMedica changed its focus to supplying medical cannabis to international markets. To this end, its efforts following exit from CCAA have been focused on obtaining an EU GMP (European Union Good Manufacturing Practices) certification.

In the summer of 2020, AgMedica expanded its brand line to capitalize on the emerging value segment of the market with the launch of "Five Founders", a low cost offering targeting consumers seeking quality cannabis at a low cost, and complementing the more premium position of to Vertical brand.

Initially, Five Founders was launched in pre-roll and milled flower formats and then further expanded to include ingestible oils in December 2020. Upon the introduction of the Five Founders ingestible oils, AgMedica chose to discontinue the more premium Vertical extracts range.

To drive greater brand awareness and distribution, AgMedica signed a collaboration agreement in December 2020 that introduced a third-party field sales team representing AgMedica and supporting its distribution objectives in key provinces, namely Alberta, Ontario, Manitoba and Saskatchewan.

On September 30, 2020, concurrently with the AgriRoots Mortgage, AgMedica granted a first mortgage in the principal amount of $3,000,000 (the "**Hillmount Mortgage**") registered in favour of Hillmount Capital Mortgage Holdings Inc. ("Hillmount") against AgMedica Facility.

On March 15, 2021, the AgMedica Facility received initial GACP certification and was re-certified in March 2022. The GACP certification is recognized by the World Health Organization as the safety and quality standard for the appropriate cultivation and harvesting of medicinal plants.

With the onboarding of additional capacity at the AgMedica Facility, AgMedica successfully launched its second offering of a premium flower strain, "Strawberry Cake", under the Vertical brand in August 2021. Strawberry Cake, a unique cultivar in the market, was launched in both flower and pre-roll formats, including AgMedica's first large format flower (28 g) product offering.

AgMedica relaunched the Five Founders brand in the spring of 2022, introducing new imagery and new products including "Hazy Glaze" milled flower, large format pre-rolls and a high concentration CBD oil.

In March 2022, AgMedica was granted the Israeli Medical Cannabis Standard for propagation and cultivation (IMC-GAP) in March 2022, which is a recognized and accepted program under the MCU.

On July 14, 2022 AgMedica received EU GMP certification for flower. The EU GMP certification is recognized as the highest certification available to companies in the pharmaceutical space and encompasses the production, handling, storage and packaging of plant materials.

On August 22, 2022, AgMedica extended the AgriRoots Mortgage for an additional 24 months, commencing September 1, 2022. The AgriRoots Mortgage has a principal amount owing of $11,050,000. The terms of the loan extension, includes in a $400,000 lender commitment fee and a $200,000 broker fee, whereby 50% of the balance is due at signing and 50% is to be paid over the next 12 months. The 50% due at signing has been added to the principal amount of the AgriRoots Mortgage, which is now $11,350,000.

On August 30, 2022, AgMedica extended the Hillmount Mortgage for an additional 24 months, commencing November 1, 2022. The Hillmount Mortgage has a principal amount outstanding of $3,000,000. The terms of the loan extension, included a $60,000 renewal fee and a change in the interest rate for the Hillmount Mortgage to the greater of 9.5% or 5.0% plus the RBC Prime Lending Rate.

On November 8, 2022, AgMedica received EU GMP certification for oil.

3.B.2. Trends, Commitments, Events or Uncertainties

For a description of the risks and uncertainties which could impact AgMedica's business, please see *Item 17 – Risk Factors.*

3.C ATLAS

3.C.1. Three Year History

In September 2018, Atlas completed the construction of a 38,000 sq. ft. indoor growing facility located at 56322 Range Rd 25 in Gunn, Alberta (the "**Atlas Facility**").

Atlas was issued a cannabis licence authorizing the cultivation, processing, and sales of cannabis on October 12, 2018 expiring September 1, 2026 and a licence for the sale of cannabis for medical purposes on July 10, 2020 expiring July 10, 2023 (together, the "**Atlas Licence**"). Since then, Atlas has received all necessary sales amendments, removing restrictions on sale of any class of cannabis products including dried flower, pre-rolls, vapes, edibles, topicals and other extracts.

On June 6, 2018, Atlas Growers entered into a lease agreement for the use of approximately 3,700 sq. ft. of office space at the premises municipally known as Suites 2170 and 2180, 10123 – 99th Street Edmonton, AB T5J 3H1 (the "**Atlas Office Lease**"). On February 2, 2022, Atlas agreed to renew the Atlas Office Lease, beginning on November 1, 2022 on a month-to-month basis.

In July 2019, Atlas completed the acquisition of an indoor mushroom farm in Odense, Denmark through a lease to own arrangement. Atlas received its cultivation license from the Danish Medicines Agency in September 2019 and finalized initial design for the retrofit of a 100,000 sq. ft. EU GMP facility. However, due to market volatility, the COVID-19 pandemic, and the slow pace of regulatory changes in Denmark that would have enhanced the ability to export product, Atlas decided to leave Denmark and sold the facility back to the previous owner.

During the financial year ended September 30, 2019, Atlas entered into two loan agreements with Agriculture Financial Services Corporation (the "**AFC Loan Agreement**") in the aggregate amount of $9,400,000. The loan is secured by a mortgage in the amount of $15,000,000 on the Atlas Facility and by a security interest on all present and after acquired personal property of Atlas and Atlas Growers. Atlas Growers has guaranteed this loan, and each of Sheldon Croome and Jeffrey R. Gossain have personally guaranteed up to $700,000 of the loan. The interest rate on the loan is 4.150%, payments in the amount of $124,951.22 are due monthly and the loan matures on November 1, 2025. On November 29, 2022, Agriculture Financial Services Corporation waived Atlas' breach of financial covenants under the AFC Loan Agreement with respect to maintaining: (i) a minimum debt service ratio of 1.30:1, (ii) a minimum current ratio of 1.50:1; and (iii) maximum debt to equity ratio of 1:1.

Also, during the financial year ended September 30, 2019, Atlas issued 1,123,851 Atlas Class B Shares for gross proceeds of $5,296,367.

During the financial year ended September 30, 2020, Atlas issued $875,000 in convertible debentures, received $577,000 by way of a loan and issued 13,334 Atlas Class B Shares for gross proceed of $577,000.

During the financial year ended September 30, 2021, Atlas received $50,000 in demand loans, $800,000 in convertible debentures, issued 4,301,667 Atlas Class B Shares for gross proceeds of $6,725,001 and converted 280,000 in convertible debentures and accrued interest into 140,000 Atlas Class B Shares.

On November 1, 2021, the Atlas Facility became certified in GACP.

On February 27, 2022, Atlas also received its Control Union Medical Cannabis Standard (CU885303 CUMCS 01-2022) and Israeli Medical Cannabis (CU 885303 IMC-GAP 01-2022) certifications allowing exports to Israel. These certifications each expire on February 26, 2023.

During the financial year ended September 30, 2022:

- Atlas converted $745,160 in convertible debentures and accrued interest into 952,283 Atlas Class B Shares and the remaining convertible debentures were amended to remove the conversion feature;
- received $200,000 in demand loans;
- Atlas entered into surrender agreements with respect to 1,291,411 options issued to individuals dating back to 2017. Pursuant to the surrender agreement, the eligible options were surrendered by the options holders in exchange for Atlas Class B Shares on a net exercise basis using the difference between the exercise price and a fair market value of $6.00 per share. The total agreements resulted in the issuance of 1,036,891 Atlas Class B Shares.

On December 9, 2022, Atlas completed a private placement, issuing 931,208 Atlas Class B Shares for aggregate gross proceeds of $605,285.20.

3.C.2. Trends, Commitments, Events or Uncertainties

For a description of the risks and uncertainties which could impact Atlas' business, please see *Item 17 – Risk Factors.*

3.D CAMBROSIA

3.D.1. Three Year History

Cambrosia was incorporated in March 2021 in Israel to:

- evaluate prospective acquisition targets, negotiate acquisition agreements to acquire companies in Israel who are part of the cannabis value chain;
- seek prospective merger partners in other countries, including Canada, in order to combine with, and together form an integrated cannabis company with global reach in emerging markets;
- identify a publicly traded shell in Canada as a platform for the combination of Cambrosia, acquisition targets and licenced cannabis producers in Canada; and
- to raise capital for the foregoing.

In addition to the Amalgamation and Share Exchange Agreement, in 2022, Cambrosia entered into conditional agreements to purchase the Cambrosia Purchased Entities (representing its initial presence in that market) consistent with its overall business strategy to identify acquisition targets in Israel across the cannabis value chain (see *Item 3.D.2 – General Development of the Business – Cambrosia – Acquisitions and Dispositions*).

Cambrosia continues to actively evaluate additional potential strategic acquisitions in the cannabis sector, all designed to be synergistic to the combined business of the Resulting Issuer. The companies reviewed are based in Israel and Canada. Following the Closing, the Resulting Issuer intends to advance some of these potential acquisitions, and to consider additional acquisitions in other countries as well.

3.D.2. Acquisitions and Dispositions

Cannabis Pharm Israel Ltd. and Hafoz Secure Courier

In connection with the Fundamental Change Transactions, Cambrosia has entered into a share purchase agreement on November 9, 2021, as amended in June 2022 (the "**Cannabis Pharm and Hafoz Agreement**") to acquire all of the issued and outstanding shares in Cannabis Pharm Israel Ltd. ("**Cannabis Pharm**") and Hafoz Secure Courier Ltd. ("**Hafoz**"), for aggregate consideration of ILS16,000,000 (approximately $6,129,798.48), payable in cash and Resulting Issuer Shares on the Closing Date. No valuation has been obtained under applicable Canadian securities laws in respect of this acquisition.

Cannabis Pharm is a "trading house for cannabis products", which holds a valid license from the MCU pursuant to the Dangerous Drugs Ordinance (new version), 5733-1973 of Israel, for the storage, sale, and distribution of medical cannabis products. Hafoz is a cannabis transportation and distribution company, licensed by the MCU to distribute and transport cannabis products. Cannabis Pharm's licence expires on March 27, 2023 and Hafoz's licence expires on July 15, 2023.

Under the terms of the Cannabis Pharm and Hafoz Agreement, Cambrosia committed that until the lapse of five years from the date of closing of the transaction ("**Participation Period**"), the vendor will be entitled to a fee equal to 50% of the operating profit of Cannabis Pharm and Hafoz, according to their consolidated financial statements, to be paid within 14 days of the approval of such consolidated financial statements, and in any event no later than June 30, of each calendar year.

During the Participation Period (and in any event, until the date of submission of the last financial statement for the last year for which the vendor will be entitled to a payment) Cambrosia has committed to: (a) keep all financial and business records, and all necessary documents required for the purpose of determining the Vendor's eligibility for payment, as well as to allow the vendor a reasonable access to such documents; (b) Cambrosia will not enter into or complete a transaction that will result in a direct change of control in Cannabis Pharm and Hafoz, including by way of sale of assets, merger, sale or issue of securities that has the potential to breach the agreements of the parties according to the said transaction; (c) the financial statements will be prepared and edited in accordance with generally accepted accounting principles; (d) the annual growth rate of the general and administrative expense of Cannabis Pharm and Hafoz (combined) will not exceed 25% of the rate of annual increase in Cannabis Pharm and Hafoz' revenues (combined); and (e) Cambrosia and its affiliates will conduct all of their cannabis trading, storage and distribution activities exclusively through Cannabis Pharm and Hafoz. Following the closing of the transaction, Cambrosia will sell the imported cannabis to Cannabis Pharm and Hafoz, at cost plus 50% of Cambrosia's "Cost Price".

For this purpose, "**Cost Price**" shall mean the cost of purchasing the product, shipping it to Israel, customs clearance, payment of applicable taxes, duties and levies, as well as any other costs that Cambrosia shall bear until the product is released and leaves the port, but for the avoidance of doubt does not include transportation in Israel and the cost of packaging for retail sale. The transportation of the products from the port to the Cambrosia Purchased Entities' warehouses will be carried out by Cannabis Pharm and Hafoz.

The above mentioned transaction was conditioned upon the satisfaction by December 31, 2022 (however, the parties will be entitled to reach a written agreement on extending such date for completion), of all the conditions precedent specified in the agreement, that is: (a) the receipt of all necessary approvals according to any applicable law; (b) obtaining the 103K Tax Ruling; (c) the receipt of all necessary approvals according to any agreement; and (d) the receipt of approval of the stock exchange for the allocation and listing of the Payment Shares according to the agreement.

It should also be noted that the parties agreed, that as part of the closing of the transaction, inter alia, (a) Cannabis Pharm and Hafoz will enter into a lease agreement in connection with a logistics property owned by a related company of the vendors, used by Cannabis Pharm and Hafoz for their day-to-day operations, all in accordance with the terms and conditions as stipulated in the acquisition agreement; and (b) a consulting agreement with Mr. Ofek Asraf ("**Ofek**") shall take effect at the closing of the transaction, according to such agreement, Ofek will provide Cannabis Pharm and Hafoz with consulting and management services for a period of 3 years commencing at the closing, in consideration for a monthly payment in a total amount of ILS33,000 plus VAT, against the issuance of a tax invoice.

Tlalim Pappo Ltd.

In connection with the Fundamental Change Transactions, Cambrosia has entered into a share purchase agreement on September 2, 2021, as amended in May 2022 (the "**Tlalim Agreement**") to acquire a 51% interest in Tlalim Pappo Ltd. ("**Tlalim Pharmacy**"), a pharmacy licenced by the MCU to dispense medical cannabis (which licence expires on December 9, 2023) for aggregate consideration of ILS9,870,000 (approximately $3,781,319.44), payable in cash and Resulting Issuer Shares on the Closing Date. No valuation has been obtained under applicable Canadian securities laws.

Under the terms of the definitive agreement, the current management of the pharmacy (including the vendor) will continue to be employed by it in accordance to an employment agreement that shall take effect at the closing of the acquisition transaction, which stipulates, inter alia, that Cambrosia and/or Tlalim Pharmacy will not cease vendor's employment at Tlalim Pharmacy for a period of ten years (except for "Cause", as defined in such employment agreement) and without prejudice to Cambrosia's right to change his position in the pharmacy after two years from the date of transaction completion. Cambrosia is committed to offer preferential commercial terms, including preferential availability and a 20% discount in comparison to prices offered to third-party pharmacies. Cambrosia will operate a central sales and customer service, through which customers of the pharmacy will be able to order cannabis, which will be delivered to them from the pharmacy, by Cambrosia's distribution subsidiary (Hafoz).

A shareholder agreement is in place, pursuant to which Cambrosia and the 49% shareholders have a mutual right of first refusal on the sale of their shares. The 49% shareholders have a “tag along” right, Cambrosia has a “bring along” right, and both parties have preemptive rights to participate in future issuance of shares, to preserve their percentage ownership. The parties have also agreed on a dividend policy of 80% of Tlalim Pharmacy's profit, all subject to applicable law. In addition, it was agreed by the parties that the vendor's approval will be required for certain resolutions, such as the issuance of shares at a price per share reflecting a substantial discount of more than 50%, merger and/or liquidation, change of dividend policy, related party transactions, change of signatory rights, etc.

Following the approval by the board of directors of Cambrosia of the audited financial statements of the pharmacy for 2024, Cambrosia shall have a right, for the following 30 days, to acquire the remaining 49% of the shares, at a price equal to 3X the average earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”) of the pharmacy for 2022, 2023 and 2024.

Should Cambrosia not exercise its right, the 49% shareholders shall have a right, for the following 30 days, to require Cambrosia to purchase their shares, at a price equal to 2X the average EBITDA of the pharmacy for 2022, 2023 and 2024.

A director of Cambrosia, David Pappo, is the principal of Tlalim Pharmacy and a Cambrosia Entity Vendor.

The above mentioned transaction was conditioned upon the satisfaction by December 31, 2022 of all the conditions precedent specified in the agreement, including: (a) the receipt of all necessary approvals according to any applicable law; (b) obtaining the 103K Tax Ruling; (c) the receipt of all necessary approvals according to any agreement; and (d) the receipt of approval of the stock exchange for the allocation and listing of the Payment Shares according to the agreement.

Pharmacy Baron Ltd.

In connection with the Fundamental Change Transactions, Cambrosia has entered into a share purchase agreement on September 2, 2021, as amended in May 2022 (the “**Pharmacy Baron Agreement**”) to acquire a 51% interest in Pharmacy Baron Ltd. (“**Baron Pharmacy**”) a pharmacy licenced by the MCU to dispense medical cannabis (which licence expires on November 2, 2024) for aggregate consideration of ILS12,967,500 (approximately $4,968,010.11), payable in cash and Resulting Issuer Shares on the Closing Date. No valuation has been obtained under applicable Canadian securities laws in respect of this acquisition.

Under the terms of the definitive agreement, the current management of the pharmacy (including the vendor) will continue to be employed by it in accordance to an employment agreement that shall take effect in the closing of the acquisition transaction, which stipulates, inter alia, that Cambrosia and/or Baron Pharmacy will not cease vendor's employment at Baron Pharmacy for a period of ten years (except for "Cause", as defined in such employment agreement) and without prejudice to Cambrosia's right to change his position in the pharmacy after two years from the date of transaction completion. Cambrosia is committed to offer preferential commercial terms, including preferential availability and a 20% discount in comparison to prices offered to third-party pharmacies. Cambrosia will operate a central sales and customer service, through which customers of the pharmacy will be able to order cannabis, which will be delivered to them from the pharmacy, by Cambrosia’s distribution subsidiary (Hafoz).

A shareholder agreement is in place, pursuant to which Cambrosia and the 49% shareholders have a mutual right of first refusal on the sale of their shares. The 49% shareholders have a “tag along” right, Cambrosia has a “bring along” right, and both parties have preemptive rights to participate in future issuance of shares, to preserve their percentage ownership. The parties have also agreed on a dividend policy of 80% of Baron Pharmacy's profit, all subject to applicable law. In addition, it was agreed by the parties that the vendor's approval will be required for certain resolutions, such as the issuance of shares at a price per share reflecting a substantial discount of more than 50%, merger and/or liquidation, change of dividend policy, related party transactions, change of signatory rights, etc.

Following the approval by the board of directors of Cambrosia of the audited financial statements of Pharmacy Baron for 2024, Cambrosia shall have a right, for the following 30 days, to acquire the remaining 49% of the shares, at a price equal to 3X the average EBITDA of the pharmacy for 2022, 2023 and 2024.

Should Cambrosia not exercise its right, the 49% shareholders shall have a right, for the following 30 days, to require Cambrosia to purchase their shares, at a price equal to 2X the average EBITDA of the pharmacy for 2022, 2023 and 2024.

The above mentioned transaction was conditioned upon the satisfaction by December 31, 2022 of all the conditions precedent specified in the agreement, including, (a) the receipt of all necessary approvals according to any applicable law; (b) obtaining the 103K Tax Ruling; (c) the receipt of all necessary approvals according to any agreement; and (d) the receipt of approval of the stock exchange for the allocation and listing of the Payment Shares according to the agreement.

R.J. Regavim Ventures Ltd.

In connection with the Fundamental Change Transactions, Cambrosia has entered into a share purchase agreement on September 2, 2021, as amended in May 2022 (the "**Regavim Agreement**") to acquire a 51% interest in R.J. Regavim Ventures Ltd. ("**Regavim Pharmacy**"), a pharmacy, in the process of obtaining a licence to dispense medical cannabis, for aggregate consideration of ILS1,312,500 (approximately $502,835.03), payable in Resulting Issuer Shares on the Closing Date. No valuation has been obtained under applicable Canadian securities laws in respect of this acquisition.

Under the terms of the definitive agreement, the current management of the pharmacy (including the vendor) will continue to be employed by it in accordance to an employment agreement that shall take effect in the closing of the acquisition transaction, which stipulates, inter alia, that Cambrosia and/or Regavim Pharmacy will not cease vendor's employment at Regavim Pharmacy for a period of ten years (except for "Cause", as defined in such employment agreement) and without prejudice to Cambrosia's right to change his position in the pharmacy after two years from the date of transaction completion. Cambrosia is committed to offer preferential commercial terms, including preferential availability and a 20% discount in comparison to prices offered to third-party pharmacies. Cambrosia will operate a central sales and customer service, through which customers of the pharmacy will be able to order cannabis, which will be delivered to them from the pharmacy, by Hafoz.

A shareholder agreement is in place, pursuant to which Cambrosia and the 49% shareholders have a mutual right of first refusal on the sale of their shares. The 49% shareholders have a "tag along" right, Cambrosia has a "bring along" right, and both parties have pre-emptive rights to participate in future issuance of shares, to preserve their percentage ownership. The parties have also agreed on a dividend policy of 80% of Regavim Pharmacy's profit, all subject to applicable law. In addition, it was agreed by the parties that vendor's approval will be required for certain resolutions, such as the issuance of shares at a price per share reflecting a substantial discount of more than 50%, merger and/or liquidation, change of dividend policy, related party transactions, change of signatory rights, etc.

Following the approval by the board of directors of Cambrosia of the audited financial statements of pharmacy for 2024, Cambrosia shall have a right, for the following 30 days, to acquire the remaining 49% of the shares, at a price equal to 3X the average EBITDA of the pharmacy for 2022, 2023 and 2024.

Should Cambrosia not exercise its right, the 49% shareholders shall have a right, for the following 30 days, to require Cambrosia to purchase their shares, at a price equal to 2X the average EBITDA of the pharmacy for 2022, 2023 and 2024.

The above mentioned transaction was conditioned upon the satisfaction by December 31, 2022 of all the conditions precedent specified in the agreement, including: (a) the receipt of all necessary approvals according to any applicable law; (b) obtaining the 103K Tax Ruling; (c) the receipt of all necessary approvals according to any agreement; and (d) the receipt of approval of the stock exchange for the allocation and listing of the Payment Shares according to the agreement.

3.D.3. Trends, Commitments, Events or Uncertainties

For a description of the risks and uncertainties which could impact Cambrosia's business, please see *Item 17 – Risk Factors*.

ITEM 4: NARRATIVE DESCRIPTION OF THE BUSINESS

4.A ISSUER

The Issuer was incorporated on February 14, 2003 under the *Company Act* (British Columbia). The Issuer is an exploration stage company engaged in acquiring, exploring, and developing mineral properties, principally located in British Columbia, Canada. The Issuer was listed and posted for trading on the CSE April 8, 2009, under the trading symbol "SP". The address of the Issuer's corporate office and principal place of business is 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3, and its registered and records office is located at 2200 – 885 West Georgia Street, Vancouver, BC V6C 3E8. The Issuer has two wholly-owned subsidiaries, 2432998 Alberta Ltd. and 14060407 Canada Inc. both with no operations and currently existing for the sole purpose of effecting the Fundamental Change Transactions.

The Issuer does not have revenues from any mineral properties and has not yet determined whether its remaining mineral property, the Big Showing Property, contains mineral reserves that are economically recoverable.

The Issuer had limited operating activities during 2019, 2020 and 2021 with costs principally relating to the maintenance of the Issuer as a public company. As of the date of this Listing Statement, the Issuer did not have employees or consultants.

4.B AGMEDICA

Overview

AgMedica is licensed to cultivate, process and sell medical and adult-use cannabis, cannabis-derived extracts and derivative cannabis products under the provisions of the Cannabis Act. AgMedica's domestic Canadian cannabis operations are comprised of the AgMedica Facility held through its wholly-owned subsidiary, 5047346 Ontario Inc.

AgMedica has also distributed cannabis flower and extracts internationally to Australia, Israel, Denmark and the United Kingdom.

AgMedica's foundational principle is to maintain a clear understanding of its desired product outcomes and to purposefully assemble the appropriate inputs to exceed the expectations of the end user. AgMedica's objective is to become the leading name in high-end cannabis solutions and value-added products. The basis of its strategy emanates from its high-end, EU-GMP facility that is built upon proprietary, data-driven growing and extraction technology designed and executed by its highly experienced and knowledgeable team based in Chatham, Ontario, Canada.

Products

AgMedica currently produces, markets and distributes its medical cannabis products under the AgMedica brand and its adult-use brands under the Vertical and Five Founders brands. Vertical, AgMedica's premium, adult-use brand, is designed to appeal to consumers seeking very high THC strains produced to a "craft" standard. Five Founders is AgMedica's value, adult-use brand, targeting consumers seeking quality cannabis at a low cost.

The AgMedica portfolio includes the following dried flower strains, milled flower and high cannabinoid oil products.

INCLINIUM / COLD CREEK KUSH
THC: 20-26% / CBD: <1%

Inclinium™ (also known as Cold Creek Kush) is bred from MK Ultra x Chemdawg 91. Inclinium is an indica dominant THC enriched strain, with an earthy, woodsy, herbaceous aroma.

SUPER LEMON GLUE
THC: 20-26% / CBD: <1%

Super Lemon Glue is bred from Super Lemon Haze x Gorilla Glue #4. Super Lemon Glue is a sativa dominant THC enriched medical strain and consists of sweet aromas of fruit and citrus, and a flavourful taste.

STRAWBERRY CAKE
THC: 20-26% / CBD: <1%

Strawberry Cake is bred from Chronic x White Widow x Cheese. This indica dominant strain has a unique sensory profile that contains citrusy, fruity and piney flavour and aroma.

SHERBERT GLUE
THC: 20-26% / CBD: <1%

Sherbert Glue is bred from Sherbert Dab x Gorilla Glue #4, and is a very well balanced strain with near equal 50% indica and 50% sativa genetics. Delivers a powerful full-bodied effect with an earthy aroma and sweet, citrusy flavour profile.

COOKIES HAZE
THC: 20-26% / CBD: <1%

Cookies Haze is a sativa dominant THC enriched strain that is bred from crossing an Afghani mother with Super Silver Haze. This strain features a sweet and fruity flavour profile.

SOUR TANGIE
THC: 17-23% / CBD: <1%

Sour Tangie is bred from Sour Diesel x Tangie. Sour Tangie is a sativa dominant THC enriched medical strain.

KOSHER KUSH
THC: 20-26% / CBD: <1%

Kosher Kush is bred from Kosher Kush x OG Kush. This strain is an indica dominant strain with hints of rich, tangy, earth and fruit.

FRUIT PUNCH
THC: 20-26% / CBD: <1%

Fruit Punch is bred from Skunk x Haze x Northern Lights. Fruit Punch is a sativa dominant THC enriched medical strain, containing sweet, fruity, and tropical flavours.

BUBBLEGUM 47
THC: 17-23% / CBD: <1%

BubbleGum 47 is bred from AK-47 x Bubble Gum. BubbleGum 47 is an indica dominant hybrid strain, with a fruity and sweet flavour profile.

HAZY GLAZE
THC: 17-22% / CBD: <1%

Hazy Glaze is the combination of fruity and citrusy aromas. This indica dominant, single strain flower comes milled and ready-for-use.

THC BLEND
THC: 17-22% / CBD: <1%

THC Blend is the combination of high quality whole flower cannabis, delivering a consistent mid-to-high level THC potency.

30:1 THC
OIL DROPS
THC: 28-32 mg/ml
CBD: <1 mg/ml

15:24 BALANCED
OIL DROPS
THC: 15-18 mg/ml
CBD: 23-26 mg/ml

1:20 CBD
OIL DROPS
THC: <1 mg/ml
CBD: 20-24 mg/ml

4:100 CBD
OIL DROPS
THC: 4-6 mg/ml
CBD: 100-108 mg/ml

30:1
HIGH CANNABINOID
THC OIL
THC: 30 mg/ml
CBD: <1 mg/ml

15:24
HIGH CANNABINOID
BALANCED OIL
THC: 15 mg/ml
CBD: 24 mg/ml

1:20
HIGH CANNABINOID
CBD OIL
THC: 1 mg/ml
CBD: 20 mg/ml

3:100
HIGH CANNABINOID
HIGH CBD OIL
THC: 3 mg/ml
CBD: 100 mg/ml

Production

The AgMedica Facility is a purpose-built cannabis facility at which AgMedica cultivates crop using a three or four vertical tiered system. This system allows precise control growing conditions for each plant and maximizing production per square foot within each grow room. The AgMedica Facility offers the ability to cultivate year-round, resulting in slightly more than five flowering room turns per year.

AgMedica has six active three-tiered grow rooms and five active larger scale grow rooms with four vertical tiers.

Additionally, AgMedica has been licensed for six additional larger scale grow rooms with four vertical tiers, which have yet to be onboarded into active production. These additional grow rooms have been structurally completed, but require additional infrastructure investments prior to onboarding them into active production (the "**AgMedica Expansion**").

The AgMedica Facility is currently only approximately 50% occupied by AgMedica. AgMedica currently rents the remaining industrial space to third-party tenants to generate non-core cash flow.

The morphology and cannabinoid profile of each plant produced by AgMedica is highly dependent upon environmental factors. As a pharmaceutical grade, medical cannabis producer, AgMedica operates grow rooms that deliver a continuous and uniform yield. Its indoor grow chambers support its ability to monitor and control all environmental conditions while protecting crops from pests and outdoor environmental conditions, making them independent of external weather conditions. AgMedica utilizes a proprietary environmental control system to monitor and adjust temperature, humidity, light intensity, light spectrum and air CO_2 concentration. AgMedica's highly controlled LED lighting spectrum optimizes not only plant size and stature, but also the accumulation of cannabinoids, which allows AgMedica to precisely maintain consistent growing conditions across all tiers within all grow rooms.

The modular design of the AgMedica Facility is similar in concept to pharmaceutical manufacturing where each room has a defined function and is independently operated. This provides additional environmental control and isolation in the event of a contamination or a catastrophic event. The movement of materials in discrete steps through discrete locations, provides an additional layer of support for security, quality and compliance. Continual environmental data collection allows for a clear understanding of control points and the ability to accurately replicate them for future batches to ensure production predictability and quality.

Certifications

In addition to the AgMedica Licence issued by Health Canada, AgMedica has a GACP certification indicating that AgMedica has achieve the following quality standard objectives:

- credibility, reliability, transparency towards the external market;
- continuous improvement of performance and possibility of cost reduction;
- satisfaction of market requirements and facilitation of exports; and
- achievement of quality and safety standards.

Internationally, AgMedica was issued a Medical Cannabis Standard for propagation and cultivation in Israel and EU GMP certification for flower and oil.

Genetics and Strain Selection

The quality of AgMedica's product is dictated by the genetics of its starting materials. AgMedica aims to lead the advancement of cannabis breeding strategies that have been applied to other key crops in Canada and globally. Access to genetically and phenotypically diverse starting cannabis materials enhances its ability to identify and select a broad range of crop traits, including cannabinoid and terpene composition and concentration, disease resistance, plant architecture and nutrient use efficacy. AgMedica's selection of strains is targeted at delivering precise product outcomes, specifically with respect to yield, THC levels and adaptability to AgMedica's vertical farming infrastructure.

AgMedica continues to invest in the commercial development of new strains with the objective to further diversify its product portfolio.

AgMedica has continued to distinguish itself as a high-quality producer through its ability to consistently produce cannabis at greater than 20% THC, an important threshold in the cannabis industry.

Propagation and Cultivation

AgMedica utilizes mother plants and cuttings as its primary means for plant propagation. In addition, a tissue culture strategy is used to store genetics and maintain biosecurity.

Every plant moves through a series of stages, including initial rooting, establishment of a well-rooted juvenile plant, and a stable vegetative plant that meets the structural requirements for a healthy, strong flowering plant. The care taken in AgMedica's vegetative rooms to ensure the predictable progression of growth, the minimization of potential bio-contaminations, and the uniformity of plant structure helps to ensure that AgMedica's plants are virtually identical when they transition to the flowering rooms.

AgMedica's proprietary environmental controls allow it to mitigate costs while utilizing ecologically efficient production and manufacturing processes. AgMedica can run 100% recycled air through the grow room, providing efficiency through conservation of energy. AgMedica's fertigation system captures, sanitizes and recycles AgMedica's irrigation runoff water. AgMedica's air-handling approach and hanger-shelf system for drying product enables an efficient use of space and a high degree of regulation over drying to ensure product quality.

Extraction

For cannabis extract products, AgMedica uses a supercritical fluid extraction process that extracts cannabinoids and terpenes with carbon dioxide. Extracted materials are subsequently diluted for the domestic market and international markets. Extraction further provides an opportunity to monetize bi-products (trim) from the cultivation process.

Distribution

Medical

In Canada, the medical distribution channel follows a direct to patient model which permits AgMedica to provide patients with cannabis directly upon validation by AgMedica of a patient's prescription.

AgMedica has also distributed its products to medical cannabis suppliers in Australia, Israel, Denmark and the United Kingdom.

Canadian Adult-Use Market

The Cannabis Act provides provincial, territorial and municipal governments with the authority to prescribe regulations regarding retail and distribution of adult-use cannabis. As such, the distribution model for adult-use cannabis is prescribed by provincial regulations and differs from province to province. Some provinces utilize government run retailers, while others utilize government-licensed private retailers, and some a combination of the two. All of AgMedica's adult-use sales are conducted according to the applicable provincial and territorial legislation and through applicable local agencies.

AgMedica currently has supply arrangements in place with the following jurisdictions: British Columbia, Alberta, Saskatchewan, Manitoba, Yukon, Northwest Territories, Nunavut, Prince Edward Island and Ontario.

For the 15 month period ended December 31, 2021, AgMedica's domestic sales generated gross revenues of $13,451,538, representing approximately 79.3% of total sales revenue in that period.

Competitive Conditions and Position

AgMedica's cannabis operations face enhanced competition from others who are licensed under the Cannabis Act and the various provincial and territorial regulatory regimes to participate in the adult-use cannabis industry. The Cannabis Act and the various provincial and territorial legislation have established licensing regimes for the cultivation, production, processing, testing, packaging, labelling, delivery, transportation, distribution, sale, possession and disposal of cannabis for adult use. The current market of producers of cannabis for medical and recreational purposes is controlled by several large-scale Licensed Producers in Canada such as Canopy Growth Corporation, Tilray Inc., and Aurora Cannabis Inc.

Pursuant to transitional provisions in the Cannabis Act, existing holders of medical cannabis licences under the ACMPR have, subject to satisfying certain requirements, automatically been deemed licensed under the Cannabis Act for corresponding activities, and other individuals and corporations are now able to apply for such licences. AgMedica is not aware of the exact number of applications currently submitted to Health Canada. AgMedica anticipates that competition from new participants into the market will increase in the short-to-mid-term, as existing applications in queue with Health Canada are processed and approved, many of which will be smaller scale craft growers. Consolidation in this industry has already started, and management of AgMedica believes that it will likely continue and increase as more producers and vendors are licensed by Health Canada under the Cannabis Act. There is thus a likelihood that AgMedica will continue to face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than AgMedica.

AgMedica expects that competition in the adult-use cannabis market and other cannabis markets in which AgMedica expects to participate will become more intense as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, AgMedica will require a continued high level of investment in research and development, marketing, sales and client support.

AgMedica also faces competition from the illicit cannabis market. Illegal dispensaries and 'black market' operations and participants, despite not having a valid licence under the Cannabis Regulations, command a significant percentage of the total market for cannabis and cannabis products in Canada, while not being subject to stringent quality assurance and testing requirements, excise taxes, packaging requirements, provincial distribution, and sales & marketing restrictions.

As well, the legal landscape for medical and adult-use cannabis is changing internationally. An increasing number of jurisdictions globally are passing laws that allow for the production and distribution of medical cannabis, while many are developing laws to also allow adult-use cannabis. Increased international competition, including competition from suppliers in other countries who may be able to produce at lower cost, and limitations placed on us by Canadian or other regulations, might lower the demand for our products on a global scale, however international market supply is expected to develop at a slower rate than demand for the next few years which will delay significant price compressions.

The cannabis industry is experiencing a shift away from greenhouse mass production to indoor pod production, which is the approach AgMedica chose to employ early in its evolution.

Marketing

Advertising in the industry is heavily regulated by Health Canada and general prohibitions against the advertising of cannabis are contained in the Cannabis Regulations, the *Food and Drugs Act* and the *Narcotic Control Regulations* in Canada. As a result of these prohibitions, the information provided by Cannabis License holders to the public must be limited to basic information for prospective clients such as the brand name, proper or common name of the strain, the price per gram, and AgMedica's contact information.

Economic Dependence

AgMedica's supply contracts with the various Canadian provinces and third-party provincially licensed private retailers are a critical element of its current revenues. If any of the larger retailers change the material terms of such agreement or otherwise alter the supply arrangement with AgMedica, such a change may have a material adverse effect on its revenue.

AgMedica's ability to grow, store and sell cannabis in Canada and in each jurisdiction in which it operates is dependent, in part, on the AgMedica Licence. AgMedica's failure to comply with the requirements of the AgMedica Licence, or any failure to maintain the AgMedica Licence in good standing, will have a material adverse impact on the business, financial condition, results of operations and prospects of AgMedica. In Canada, should Health Canada not extend or renew the AgMedica Licence, or should it renew the AgMedica Licence on different terms, the business, financial condition and results of the operations of AgMedica could be materially adversely affected.

Employees

As of December 31, 2021, AgMedica had 129 employees and two consultants, all located in Canada.

Specialized Skill and Knowledge

All aspects of AgMedica's business require specialized skills and knowledge. AgMedica's management is comprised of individuals with extensive experience and expertise in areas including, but not limited to, the cultivation and growing of cannabis, consumer packaged goods, product development, strategy, science, innovation, and analytical testing, international regulated products, and legal and regulatory compliance.

AgMedica is dedicated to ensuring regulatory compliance in all aspects of the business with the end goal of consumer and patient satisfaction. There is a high level of quality assurance and testing protocols in place within AgMedica, including a system that provides additional certainty regarding the purity and safety of the cannabis it produces and sells. Therefore, AgMedica must employ skilled personnel within these areas. Experience in cannabis or other regulated industries assists AgMedica in remaining in compliance with applicable laws and regulations.

In addition, the AgMedica Facility is required to be in compliance with the Cannabis Act and any directives issued by Health Canada, which includes strict security measures, equipment required to manage production, HVAC systems, odour control systems and laboratory equipment or outsourcing arrangements to monitor and test product quality. In order to ensure compliance with all of the Health Canada regulatory requirements, AgMedica must employ a number of regulatory, consulting and government relations personnel. While a background in the cannabis industry is not necessary for these purposes, experience in other regulated industries will assist AgMedica to remain compliant with the complex and rapidly evolving regulations in the industry. Individuals with this experience and skill are employed by AgMedica and are generally readily available to AgMedica.

Components

AgMedica sources its raw materials, being growing media and fertilizer, locally and does not foresee any issues with availability of such raw materials. The equipment used to cultivate and process cannabis is specialized but is readily available and not specific to the cultivation of cannabis. AgMedica sources biological controls, product packaging and vape componentry from outside of North America.

As AgMedica further identifies the strains of cannabis it wishes to cultivate and sell, it may seek to enter into seed supply agreements to ensure the consistency of its product and to provide undisturbed supply. There are many suppliers for all raw materials (including equipment and packaging) with ample supply (subject to risks identified elsewhere) resulting in competitive pricing and AgMedica does not anticipate any difficulty in obtaining raw materials (including equipment and packaging).

Cycles

The demand for cannabis products is fairly consistent throughout the calendar year. Accordingly, the business of AgMedica is not seasonal or cyclical to any significant extent. However, the overall yield per plant may be affected by seasonal changes in weather.

However, general adverse impacts on the Canadian economy, and potentially the global economy, may adversely impact the price and demand for AgMedica's products. Should policies or regulations change in Canada or internationally, the business, financial condition and results of the operations of the company could be materially affected. See *Item 17 – Risk Factors* for additional details.

Proprietary Protections

AgMedica's intellectual property and proprietary rights are important to its business. Efforts to secure intellectual property protection are complicated by conflicting international, federal and state regulations. Protection of intellectual property is necessary for securing a sustainable competitive advantage and we rely on a combination of patents, trademarks, trade secret laws, secrecy and confidentiality agreements to do so.

AgMedica has six patents registered in the United States with respect to dispensing cap closures for beverage containers, as set forth below:

Patent Title	Country	Filed	Appl. No.	Patent No.	Issued
Twist Open Closure Having Inclined Fringible Membrane	United States	09/16/2004	10/525,143	7,337,921	03/04/2008
Twist Open Closure Having Inclined Fringible Membrane	United States	02/07/2008	12/027,627	8,016,159	09/13/2011

Closure Having Rotatable Spout And Axially Movable Stem	United States	12/06/2002	10/313,575	6,702,161	03/09/2004
Closure Having Rotatable Spout And Axially Movable Stem	United States	02/09/2004	10/775,829	7,261,226	08/28/2007
Closure Having Rotatable Spout And Axially Movable Stem	United States	12/12/2001	10/017,187	6,571,994	06/03/2003
[design patent] Dispensing Cap	United States	04/12/2010	29/359,510	D640,552	06/28/2011

AgMedica and the AgMedica Subsidiaries have the following active trademark applications and registrations:

- AGMEDICA was registered as a trademark in Canada on August 17, 2021 under the registration number 1105103 which expires on August 17, 2031, in Israel on April 2, 2020 under the registration number 306608 which expires on June 27, 2028 and in Germany on December 3, 2018 with the registration number 302018106760 which expires on June 30, 2028;

- ALIVEO was registered as a trademark in Canada on December 2, 2019 under the registration number 1064825 which expires on December 2, 2029;

- AMBI was registered as a trademark in Canada on November 25, 2019 under the registration number 1064107 which expires on November 25, 2029;

- APHENOMED was registered as a trademark in Canada on November 25, 2019 under the registration number 1064109 which expires on November 25, 2029;

- BOTANECT was registered as a trademark in Germany on September 17, 2019 under the registration number 302019105889 which expires on May 31, 2029;

- CANNVITRO was registered as a trademark in Canada on June 7, 2022 under the registration number 1130934 which expires on June 7, 2032;

- FIVE FOUNDERS trademark was applied for in Canada on June 3, 2019;

- VERTICAL was registered as a trademark in Canada on December 14, 2021 under the registration number 1115769 which expires on December 14, 2031;

- WELLWORTH trademark was applied for in Canada on April 10, 2019;

- ACTIVATE was registered as a trademark in Canada on August 12, 2009 under the registration number 893461 which expires on August 12, 2024, in the United States on October 28, 2008 under the registration number 3524540 which expires on August 23, 2028 and in the European Union on January 1, 2015 under the registration number 013633649 which expires on January 1, 2025;

- ACTIVATE DRINKS was registered as a trademark in Canada on February 15, 2013 under the registration number 843507 which expires on February 15, 2028; and

- ACTIVATE (DESIGN) was registered as a trademark in Canada on August 12, 2009 under the registration number 745143 which expires on August 12, 2024 and in the European Union on January 1, 2015 under the registration number 013633623 which expires on January 1, 2025.

Changes to Contracts

It is not expected that the AgMedica's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts, other than the Amalgamation and Share Exchange Agreement.

Environmental Protection

AgMedica does not expect that there will be any significant financial or operational effects as a result of environmental protection requirements on its capital expenditures, profit or loss, or the competitive position of AgMedica in the current fiscal year or in future years. However, there are rapid and ongoing developments and changing expectations relating to environmental protection legislation and ESG matters which may result in unexpected costs.

Foreign Operations

Subject to the attainment of certain import and export permits, AgMedica will continue to supply international markets and will be exposed to foreign operations through the subsidiaries of the Resulting Issuer. The largest risk in supplying foreign markets remains the changing regulations in each jurisdiction including whether any countries advance protectionist measures to restrict or further regulate the supply of cannabis from Canada**.**

Lending

AgMedica has not adopted any specific policies or restrictions regarding investments or lending.

Bankruptcy and Similar Procedures, Reorganization

On December 2, 2019, the Ontario Superior Court of Justice – Commercial List granted the CCAA Order (see *Item 3.B.1 – General Development of the Business – AgMedica – Three Year History*.

Social and Environmental Policies

AgMedica has not adopted any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its facilities or human rights policies).

4.C ATLAS

Overview

Atlas' subsidiary, Atlas Growers, is federally licensed in Canada for cultivation and processing of cannabis products, with a focus on health and wellness, and adult use products. Atlas, through Atlas Growers, currently produces flower, extracts, topical and edible formulations with medical distribution across Canada and adult-use distribution in seven provinces and territories.

Atlas also distributes bulk dried flower through various supply agreements to Germany, Spain and Australia.

Atlas' vision is to Improve Lives by Creating the World's Most Trusted Cannabis Products™. Atlas has been able to achieve work towards this vision by having a strong corporate culture and strong brands, and consistently putting the customer and quality first. Atlas has built a portfolio of brands, products and infrastructure that is ready to scale globally by taking advantage of synergies that can be achieved with larger production capacity, more infrastructure and wider market access.

Products

Atlas, through Atlas Growers, currently produces, markets and distributes smokeless THC and CBD products through its' wellness oriented brand: Atlas Thrive. Atlas also produces, markets and distributes its' inhalable adult-use focused products (such as flower, pre-rolls, vapes, concentrates and seeds) through its Natural History brand.

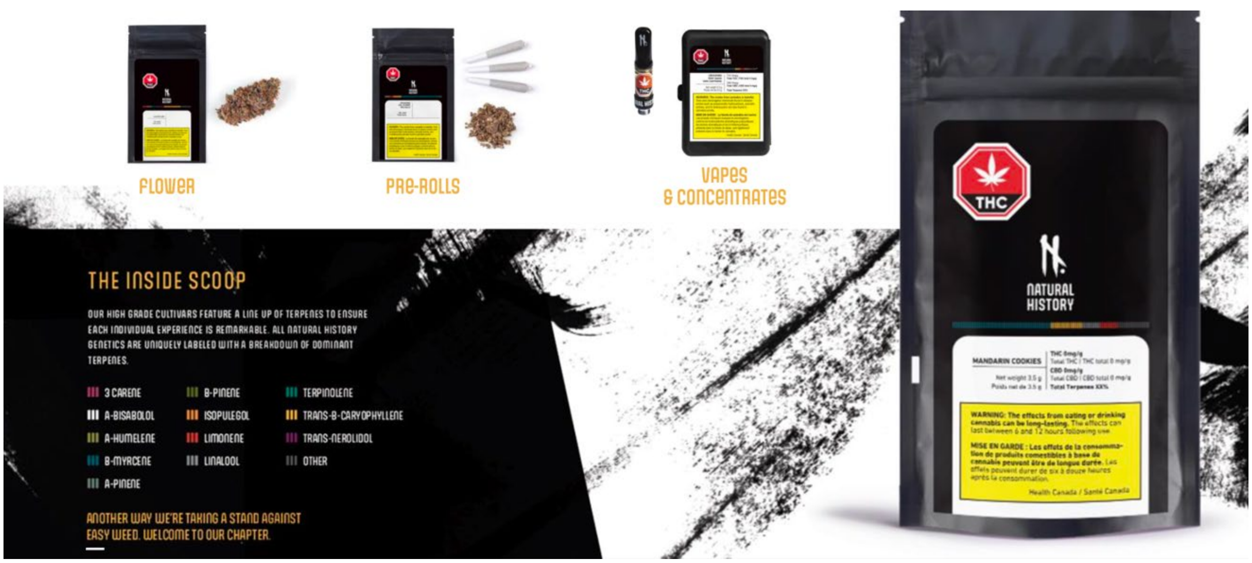
In addition, in partnership with the Pasqua First Nations in Saskatchewan, Atlas expects to launch a unique Indigenous brand and product line called Mino-Ahki – "Good Earth". This project will produce a first-of-its-kind topical cream that combines traditional medicines and remedies with Atlas' medicinal cannabis extracts and proprietary formulations.

NATURAL
HISTORY

NATURAL HISTORY

Natural History offers unique genetics in flower, pre-roll, vape, seed, and concentrate formats.

Natural History has three main products: "LA Kush Cake", Atlas' indica leaning high-THC, high-terpene strain; "Tally Man", Atlas' sativa leaning high-THC, high-terpene strain; and "ACDC Cookies", Atlas' CBD dominant, high-terpene strain. Natural History is also known for limited edition products such as "Garlicanne" and "Supreme Grapes".



ATLAS THRIVE

Atlas Thrive is a collection of smoke-free and fast-acting natural health products built through technology partnerships. Using patented technology from third-party partners, these products offer maximum cannabinoid permeability and efficacy.

Atlas Thrive product lines include two first-to-market products in Canada:

- CBD, THC and 1:1 transdermal patches
- CBD chewing gums

Atlas Thrive's product line also includes transdermal gels and alcohol-based tinctures.

Brand Partners

With what started as support for local cannabis producers achieving market access through distribution with Atlas, Atlas has expanded that business and has become a proven platform for legacy market brands to transition to the legal market. The distribution is complimentary to the Atlas portfolio and includes success stories like Ghost Drops, unique technologies like Airgraft, and craft sodas like Zèle.

Ghost Drops has been the largest revenue driver among the partner brands and launched in Ontario through the Ontario Cannabis Stores in January 2022. Ghost Drops was the most searched brand at Ontario Cannabis Stores for at least four consecutive months in 2022.

Production

Atlas Facility

The Atlas Facility, a 38,000 sq. ft. facility located 45 minutes west of Edmonton in the Lac Ste. Anne County. The Atlas Facility was purpose-built for indoor cultivation and processing of cannabis in accordance with the Health Canada's good production practices. The building includes office space, change rooms, one propagation room, one vegetative room, one mother room, six flowering room micro-climates, two drying rooms, one irrigation room and nine processing and laboratory rooms.

For cultivation, Atlas has a rigorous genetics selection program including a large inventory of genetics from a variety of breeders.

For processing, Atlas uses CO_2 extraction to produce high terpene full spectrum extracts, also known as "terp sauce". This product is of the highest end input material for vapes, edibles, and other products requiring full spectrum extracts. Atlas also produces high purity THC and CBD distillates in its labs, for use in downstream products. Atlas has the capability to manufacture all its product lines in house except for chewing gums which are produced by a third-party. The Atlas Facility has the equipment necessary and manufactures, among other things, transdermal patches, tinctures, topical creams, vapes and pre-rolls.

Atlas also has an onsite analytical laboratory where cannabinoids and terpene analysis can be performed which has been instrumental for Atlas genetics success through pheno-hunting and for research and development activities on extraction and other formulations. Atlas' laboratory also acts as a verification check on the third-party labs Atlas engages with.

Head Office

Atlas, through Atlas Growers, leases a head office in downtown Edmonton where corporate activities take place. This includes finance, accounting, supply chain, sales, marketing, human resources, information technology, legal, and executive functions. The office is licensed for medical sales under Health Canada, although no activities under that license have taken place to date. Atlas has members of its sales team currently spread across British Columbia, Alberta, and Ontario.

Contract Grower Network

Atlas currently engages five contract growers, mainly located in Alberta. The contract growers license genetics from Atlas and in exchange Atlas has the option to accept the crops for bulk purchase or to allow the contract grower to commercialize the material in exchange for a royalty.

Certifications

In addition to the Atlas Licence issued by Health Canada, Atlas has a GACP certification indicating that Atlas has achieve the following quality standard objectives:

- credibility, reliability, transparency towards the external market;
- continuous improvement of performance and possibility of cost reduction;
- satisfaction of market requirements and facilitation of exports; and
- achievement of quality and safety standards.

Internationally, Atlas was issued a Medical Cannabis Standard for exports to Israel.

Genetics and Strain Selection

Atlas has strongly believed in the value driver of unique and high-quality genetics from day one and are recognized domestically and internationally by consumers and aspiring growers for its genetics. Stemming from a large inventory of seeds from reputable breeders across the world, Atlas grows and analyzes between 1,200 to 2,000 seeds annually.

Seeds are selected from assessing trends in the United States, mainly California, and targeting specific terpene profiles and unique strains that do not yet exist in the Canadian market.

The genetics are tested in-house throughout the growing cycle to determine best grow practices and the winners are scaled up several times for production and commercial testing prior to releasing into the market.

Atlas also is actively conducting breeding programs targeting the stabilization of genetics that can produce high percentages of rare cannabinoids that become commercially feasible for extraction such as tetrahydrocannabivarin.

Distribution

Atlas products are distributed domestically through medical and recreational channels. International medical market supply agreements have also been executed in Germany and Spain.

Atlas has revenues from two primary sources, sales to provincial customers for recreational and medical use (branded), and sales of cannabis flower to other businesses that have a Health Canada license (wholesale).

Domestic – Adult-Use Recreational

Atlas' products are distributed in Ontario, Alberta, British Columbia, Saskatchewan, Manitoba, New Brunswick, Yukon and Northwest Territories to over 2,000 retail stores.

Domestic – Medical

For medical patients, Atlas products are available nationwide through four medical sales partners. These partners have access to most Canadians with cannabis prescriptions.

For the two previous fiscal years ended September 30, 2021 and 2020 respectively, the revenues from domestic medical and adult-use recreational sales were $6,197,154 and $495,326, and the revenues for wholesale domestic, medical sales were $841,193 and $4,710,578. The total revenues for the periods ended September 30, 2021 and 2020, net of excise taxes, were $7,038,347 and $5,205,904.

International – Medical

Atlas has exported cannabis products to Australia, Spain and Denmark which has allowed Atlas to enter into supply agreements with some of the leading companies in Spain, Germany, Israel, and Australia. Through the network of supply deals, Atlas also expects its products to become available in the United Kingdom. The first material commercial shipments to Spain and Germany took place in September 2022 through bulk supply arrangements. Atlas intends to engage an international contract growers located in Europe to obtain additional product to supply these markets.

Competitive Conditions and Position

Atlas' cannabis operations face enhanced competition from others who are licensed under the Cannabis Act and the various provincial and territorial regulatory regimes to participate in the adult-use cannabis industry. The Cannabis Act and the various provincial and territorial legislation have established licensing regimes for the cultivation, production, processing, testing, packaging, labelling, delivery, transportation, distribution, sale, possession and disposal of cannabis for adult use. The current market of producers of cannabis for medical and recreational purposes is controlled by several large-scale Licensed Producers in Canada such as Canopy Growth Corporation, Tilray Inc., and Aurora Cannabis Inc.

Pursuant to transitional provisions in the Cannabis Act, existing holders of medical cannabis licences under the ACMPR have, subject to satisfying certain requirements, automatically been deemed licensed under the Cannabis Act for corresponding activities, and other individuals and corporations are now able to apply for such licences. Atlas is not aware of the exact number of applications currently submitted to Health Canada. Atlas anticipates that competition from new participants into the market will increase in the short-to-mid-term, as existing applications in queue with

Health Canada are processed and approved, many of which will be smaller scale craft growers. Consolidation in this industry has already started, and management of Atlas believes that it will likely continue and increase as more producers and vendors are licensed by Health Canada under the Cannabis Act. There is thus a likelihood that Atlas will continue to face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than Atlas.

Atlas expects that competition in the adult-use cannabis market and other cannabis markets in which Atlas expects to participate will become more intense as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, Atlas will require a continued high level of investment in research and development, marketing, sales and client support.

Atlas also faces competition from the illicit cannabis market. Illegal dispensaries and 'black market' operations and participants, despite not having a valid licence under the Cannabis Regulations, command a significant percentage of the total market for cannabis and cannabis products in Canada, while not being subject to stringent quality assurance and testing requirements, excise taxes, packaging requirements, provincial distribution, and sales & marketing restrictions.

As well, the legal landscape for medical and adult-use cannabis is changing internationally. An increasing number of jurisdictions globally are passing laws that allow for the production and distribution of medical cannabis, while many are developing laws to also allow adult-use cannabis. Increased international competition, including competition from suppliers in other countries who may be able to produce at lower cost, and limitations placed on us by Canadian or other regulations, might lower the demand for our products on a global scale, however international market supply is expected to develop at a slower rate than demand for the next few years which will delay significant price compressions.

Marketing

Advertising in the industry is heavily regulated by Health Canada and general prohibitions against the advertising of cannabis are contained in the Cannabis Regulations, the *Food and Drugs Act* and the Narcotic Control Regulations in Canada. As a result of these prohibitions, the information provided by Cannabis License holders to the public must be limited to basic information for prospective clients such as the brand name, proper or common name of the strain, the price per gram, and Atlas' contact information.

Economic Dependence

Atlas' supply contracts with the various Canadian provinces and third-party provincially licensed private retailers are a critical element of its current revenues. If any of the larger retailers change the material terms of such agreement or otherwise alter the supply arrangement with Atlas, such a change may have a material adverse effect on its revenue.

Atlas' ability to grow, store and sell cannabis in Canada and in each jurisdiction in which it operates is dependent, in part, on the Atlas Licence. Atlas' failure to comply with the requirements of the Atlas Licence, or any failure to maintain the Atlas Licence in good standing, will have a material adverse impact on the business, financial condition, results of operations and prospects of Atlas. In Canada, should Health Canada not extend or renew the Atlas Licence, or should it renew the Atlas Licence on different terms, the business, financial condition and results of the operations of Atlas could be materially adversely affected.

Employees

As of September 30, 2021, Atlas had 87 employees and 1 consultant, all located in Canada.

Specialized Skill and Knowledge

All aspects of Atlas' business require specialized skills and knowledge. Atlas' management is comprised of individuals with extensive experience and expertise in areas including, but not limited to, the cultivation and growing of cannabis, consumer packaged goods, product development, strategy, science, innovation, and analytical testing, international regulated products, and legal and regulatory compliance.

Atlas is dedicated to ensuring regulatory compliance in all aspects of the business with the end goal of consumer and patient satisfaction. There is a high level of quality assurance and testing protocols in place within Atlas, including a system that provides additional certainty regarding the purity and safety of the cannabis it produces and sells. Therefore, Atlas must employ skilled personnel within these areas. Experience in cannabis or other regulated industries assists Atlas in remaining in compliance with applicable laws and regulations.

In addition, the Atlas Facility is required to be in compliance with the Cannabis Act and any directives issued by Health Canada, which includes strict security measures, equipment required to manage production, HVAC systems, odour control systems and laboratory equipment or outsourcing arrangements to monitor and test product quality. In order to ensure compliance with all of the Health Canada regulatory requirements, Atlas must employ a number of regulatory, consulting and government relations personnel. While a background in the cannabis industry is not necessary for these purposes, experience in other regulated industries will assist Atlas to remain compliant with the complex and rapidly evolving regulations in the industry. Individuals with this experience and skill are employed by Atlas and are generally readily available to Atlas.

Components

Atlas sources its raw materials across reputable suppliers who have been providing most materials on a consistent basis for many years and Atlas does not foresee any issues with availability of such raw materials. Atlas has alternative options for many of these supplies. The biggest risk to availability of components remains freight timelines for internationally sourced supplies such as packaging which sometimes causes delays due to COVID-19 and bottlenecks at major seaports.

As Atlas further identifies the strains of cannabis it wishes to cultivate and sell, it may seek to enter into seed supply agreements to ensure the consistency of its product and to provide undisturbed supply. There are many suppliers for all raw materials (including equipment and packaging) with ample supply (subject to risks identified elsewhere) resulting in competitive pricing and Atlas does not anticipate any difficulty in obtaining raw materials (including equipment and packaging).

Cycles

The demand for cannabis products is fairly consistent throughout the calendar year. Accordingly, the business of Atlas is not seasonal or cyclical to any significant extent. However, the overall yield per plant may be affected by seasonal changes in weather.

However, general adverse impacts on the Canadian economy, and potentially the global economy, may adversely impact the price and demand for Atlas' products. Should policies or regulations change in Canada or internationally, the business, financial condition and results of the operations of Atlas could be materially affected. See *Item 17 – Risk Factors* for additional details.

Proprietary Protections

Atlas' intellectual property and proprietary rights are important to its business. Efforts to secure intellectual property protection are complicated by conflicting international, federal and state regulations. Protection of intellectual property is necessary for securing a sustainable competitive advantage and we rely on a combination of trademarks, trade secret laws, secrecy and confidentiality agreements to do so. Atlas does not have any patents or patent applications.

Atlas and Atlas Growers have the following active trademark applications and registrations:

- ATLAS GROWERS was registered as a trademark in Canada on August 10, 2021 under the registration number 1104662 which expires on August 10, 2031;

- ATLAS A (DESIGN) was registered as a trademark in the European Union on July 6, 2021 under the registration number 017982250 and in the United Kingdom on July 6, 2021 under the registration number UK00917982250, each expiring on November 8, 2028. Atlas has also applied to trademark the ATLAS A (Design) in Canada, but such application has been opposed. See below for further information;

- ATLAS BIOTECHNOLOGIES was registered as a trademark in Canada on August 10, 2021 under the registration number 1106471 which expires on August 10, 2031, in the European Union on September 13, 2019 under the registration number 017982247 which expires on November 8, 2028 and in the United Kingdom on September 13, 2019 under the registration number UK00917982247 which expires on November 8, 2028;

- GREEN GOOSE was registered as a trademark in Canada on January 5, 2022 under the registration number 1117124 which expires on January 5, 2032;

- NATURAL HISTORY trademark was applied for in Canada on February 8, 2019;

- ELECTRIC LETTUCE trademark was applied for in Canada on February 8, 2019;

- CREATING THE WORLD'S MOST TRUSTED CANNABIS PRODUCTS trademark was applied for in Canada on March 26, 2019;

- THE WORLD'S MOST TRUSTED CANNABIS PRODUCTS trademark was applied for in Canada on March 26, 2019;

- LINE #1 (DESIGN) trademark was applied for in Canada on January 11, 2021;

- LINE #2 (DESIGN) trademark was applied for in Canada on January 11, 2021;

- LA KUSH CAKE trademark was applied for in Canada on January 11, 2021; and

- ATLAS THRIVE trademark was applied for in Canada on January 11, 2021.

There is an active opposition underway related to the ATLAS A design (App. No. 1897974) in Canada from Aphria Inc. An opposition is a type of quasi-litigation proceeding before the Registrar of Trademarks where a party may object to the registration of a trademark in Canada. A successful opposition prevents a trademark application from proceeding to registration. Oppositions are generally filed by a third-party whose mark would be impacted, infringed, or diluted by the applicant's mark proceeding to registration or otherwise being used. An opposition does not limit the applicant's ability to use the mark.

Atlas Growers is also party to a technology access agreement with a third-party, whereby Atlas Growers has the exclusive right to use the such third-party's intellectual property to develop, market, sell, and distribute products (transdermal gels, transdermal patches, metered dose inhalers, tinctures, oral sprays, and capsules) in Canada. In exchange for this licence, Atlas Growers must pay a gradual royalty depending on the volume of products sold.

Changes to Contracts

It is not expected that the Atlas' business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts, other than the Amalgamation and Share Exchange Agreement.

Environmental Protection

Atlas does not expect that there will be any significant financial or operational effects as a result of environmental protection requirements on its capital expenditures, profit or loss, or the competitive position of Atlas in the current fiscal year or in future years. However, there are rapid and ongoing developments and changing expectations relating to environmental protection legislation and ESG matters which may result in unexpected costs.

Foreign Operations

Subject to the attainment of certain import and export permits, Atlas will continue to supply international markets and will be exposed to foreign operations through the subsidiaries of the Resulting Issuer. The largest risk in supplying foreign markets remains the changing regulations in each jurisdiction including whether any countries advance protectionist measures to restrict or further regulate the supply of cannabis from Canada**.**

Lending

Atlas has not adopted any specific policies or restrictions regarding investments or lending.

Bankruptcy and Similar Procedures

There are no bankruptcies, receivership or similar proceedings against Atlas, nor is Atlas aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by Atlas.

Reorganization

Atlas has not completed any reorganizations within the three most recently completed financial years or completed during or proposed for the current financial year.

Social and Environmental Policies

Atlas does not expect to adopt any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its facilities or human rights policies).

4.D CAMBROSIA

General

Cambrosia was incorporated in March 2021 in Israel under the Companies Law. Cambrosia is engaged in the business of acquiring acquisition targets and building partnerships in Israel across the cannabis value chain.

From the commencement of operations in July 2021, Cambrosia has been active in two strategic development activities:

- seeking, evaluating and negotiating agreements with Canadian companies, to join and enter into a reverse takeover transaction with a publicly traded company in Canada; and

- seeking, evaluating and negotiating contingent acquisitions of companies in Israel, to form the foundation of its business immediately following such reverse takeover transaction.

Immediately upon consummation of the Transactions, Cambrosia will operate an integrated business of import, storage, distribution, and retail sales of medical cannabis. Cambrosia has examined several additional potential acquisitions of cannabis companies in Israel, of companies who operate in one or more segments of the cannabis value chain from import to consumer.

Business of the Cambrosia Purchased Entities

Cambrosia has entered into definitive agreements to purchase Cannabis Pharm Israel Ltd., Hafoz Secure Courier Ltd., Tlalim Pappo Ltd., Pharmacy Baron Ltd. and R.J. Regavim Ventures Ltd. (see *Item 3.D.2 –* G*eneral Development of the Business – Cambrosia – Acquisitions and Dispositions*).

Changes to Contracts

It is not expected that the Cambrosia's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Environmental Protection

Cambrosia does not expect that there will be any significant financial or operational effects as a result of environmental protection requirements on its capital expenditures, profit or loss, or the competitive position of Cambrosia in the current fiscal year or in future years. However, there are rapid and ongoing developments and changing expectations relating to environmental protection legislation and ESG matters which may result in unexpected costs.

Lending

Cambrosia has not adopted any specific policies or restrictions regarding investments or lending.

Bankruptcy and Similar Procedures

There are no bankruptcies, receivership or similar proceedings against Cambrosia, nor is Cambrosia aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by Cambrosia.

Reorganization

Cambrosia has not completed any reorganizations since its incorporation.

Social and Environmental Policies

Cambrosia does not expect to adopt any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its facilities or human rights policies).

4.E RESULTING ISSUER

Upon effecting the Fundamental Change Transaction, the business of the Resulting Issuer will be the business of AgMedica, Atlas and Cambrosia (with changes to achieve vertical integration and synergies across the business). See *Item 4.B – Narrative Description of the Business – AgMedica*, *Item 4.C – Narrative Description of the Business – Atlas* and *Item 4.D – Narrative Description of the Business – Cambrosia*.

The Resulting Issuer will be a fully integrated global entity, providing EU GMP production from Canada, to both Canadian and international markets. Initially, this structure will be enhanced by the acquisition of the Cambrosia Purchased Entities in Israel, and ultimately by the acquisition of additional businesses.

The Resulting Issuer will seek to create long-term shareholder value by identifying partnership and investment opportunities where it can apply the expertise and knowledge gained in the Canadian cannabis industry to other geographies which have legalized or will legalize the use of cannabis nationally.

Within Canada, the Resulting Issuer will focus on gaining market share in the Canadian cannabis industry by leveraging its economies of scale to position itself as a quality producer, prioritizing product categories with high consumer demand and/or highest margins.

Stated Business Objectives

In the next 12 months, it is anticipated that the Resulting Issuer will (i) further grow its Israeli distribution and sales business by acquiring existing and new retail pharmacy entrants in the medical cannabis industry; (ii) expand Canadian production capacity at the AgMedica Facility; and (iii) sign additional supply agreements with other internationally and Canadian-based producers to support the expected increase in demand for exports. It is expected that the Resulting Issuer will finance its growth strategies through equity, debt, and cash flow from operations.

The significant events or milestones that must occur to achieve these business objectives are as follows:

1. **Enter the Israeli market and position the Resulting Issuer as a major supplier with branded sales and distribution**

   (a) *Targeted completion date:* By January 2023, the Resulting Issuer's objective is to have a fully operational Israeli supply chain, sourcing medical cannabis from Canada and distributing in the Israeli market, including sales at the retail pharmacy level.

   (b) *Estimated cost:*

      (i) Initial Inventory: $0.5 million.

      (ii) Investment in market entry in Israel, along with working capital needs for finance and sales and marketing capabilities: $0.25 million.

   (c) *Additional requirements:*

      (i) Scaling up the Resulting Issuer's Israeli finance team.

      (ii) The implementation of a comprehensive branding campaign and marketing strategy in Israel.

      (iii) Obtaining a pharmacy license in Israel for R.J. Regavim Ventures Ltd.

2. **Enter the European market and position the Resulting Issuer as a major supplier with branded sales**

   (a) *Targeted completion date:* At Closing. AgMedica's facilities in Canada are fully accredited under EU GMP standards for both flower and oil, positioning the Resulting Issuer for sales in the European market.

   (b) *Estimated cost:*

      (i) Initial Inventory: Nil (the Resulting Issuer will not hold inventory in Europe. Rather, it will sell to European distributors).

      (ii) Investment in market entry in Germany, along with working capital needs for sales and marketing capabilities: Nil (all market entry expenses, including marketing costs and working capital needs, will be at the expense of local distributors).

(c) *Additional requirements:*

(i) Scaling up the sales and marketing team of the Resulting Issuer.

(ii) Implementation of a comprehensive branding campaign and marketing plan for Europe, in partnership with its distributors.

3. Improve market share and brand recognition by increasing supply availability through genetics licensing, leveraging contract growers and commencing distribution of in-house brands internationally

(a) *Targeted completion date:* June 2023.

(b) *Estimated cost:* $500,000.

(c) *Additional requirements:*

(i) Onboard new contract growers.

(ii) Select strategic brand partners for each new market including Israel, Germany and Australia.

4. Expand capacity of AgMedica Facility into Phase II opening the larger, four vertically tiered rooms

(a) *Targeted completion date:* December 2023.

(b) *Estimated cost:* $4,500,000-$5,000,000. This facility expansion will be completed in phases as financing is available. An estimated $3,000,000 in capital expenditures will be directed towards the AgMedica Facility in the 12 months following Closing.

(c) *Additional information:* The Phase II facility expansion will increase over capacity by approximately 282% from Phase I.

Other than as described in this Listing Statement, to the knowledge of management, there are no other particular significant events or milestones that must occur for the Resulting Issuer's initial business objectives to be accomplished. However, there is no guarantee that the Resulting Issuer will meet its business objectives or milestones described above within the specific time periods, within the estimated costs or at all. The Resulting Issuer may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above.

Available Funds

The table below sets forth the funds to be available to the Resulting Issuer for financing its operations in the ensuing 12 months:

Expected Sources of Funds at the Closing and in the Ensuing 12 Months

Cash balances of the Group and Cambrosia Purchased Entities at Closing	$1,254,000
Proceeds of Cambrosia Concurrent Investment	$5,725,191
Aggregate working capital of the Group	($4,000,000)
Gross profit – ensuing 12 months	$42,227,042
Estimated available funds	**$45,206,233**

AgMedica, Atlas and Cambrosia have had a history of negative operating cash flow and incurred losses. The Resulting Issuer's negative operating cash flow and losses are expected to continue in the short-term, based upon financial forecast prepared by management of the Group, gross profit of approximately $42.2 million is forecast for the 12 months following completion of the Fundamental Change Transactions ("**Forecast Period**").

The financial forecast has been prepared on the basis that the Cambrosia Purchased Entities will be acquired on the terms of the Cambrosia Entity Purchase Agreements and using assumptions that reflect management's intended course of action for the Resulting Issuer for the periods covered, given management's judgment as to the most probable set of economic conditions. The forecast assumes, among other things, that no acquisitions are completed during the period and the level of debt and equity in the capital structure at Closing is maintained throughout the Forecast Period and that AgMedica Mortgage Extension and the Atlas Debenture Amendments will have been completed as currently contemplated.

In particular, the forecast assumes the implementation of the following operational changes:

- *Capture of additional profits along the value chain.* To date, Atlas and AgMedica's sales have almost entirely been to distributors and other intermediaries. Further, due to the fierce competition among cannabis companies in Canada, and high taxation, the selling prices achieved by Atlas and AgMedica did not enable profitability.

  After Closing, it is expected that most of the production output of Atlas and AgMedica will be shipped to Israel, for distribution by Cambrosia and the Cambrosia Purchased Entities to retail outlets (pharmacies) and to end consumers, increasing the price received by Atlas and AgMedica.

- *Distribution platform.* The ownership by Cambrosia of a cannabis trade house, a cannabis distributor and cannabis-dispensing pharmacies after the Fundamental Change Transactions is expected to enable Cambrosia to import and distribute cannabis products from third party cultivators as well, increasing the revenue and profit potential of the Resulting Issuer, substantially beyond the current capabilities of Atlas and AgMedica.

The assumptions used in the preparation of a forecast, although considered reasonable by management at the time of preparation, may not materialize as forecasted and unanticipated events and circumstances may occur subsequent to the date of the forecast. Accordingly, there is a significant risk that actual results achieved for the Forecast Period will vary from the forecasted results and that such variations may be material. See *Item 1.B.2 – Forward-Looking Statements and Forward-Looking Information*.

Principal Uses of Funds

The table below sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon completion of the Transaction, with those generated in the ensuing 12 months, will be used:

Expected Uses of Funds at the Closing and in the Ensuing 12 Months

Transaction costs(1)	$1,678,702
Cash component of the purchase price of the Cambrosia Purchased Entities(2)	$3,572,519
Initial inventory(3)	$1,00,000
Operating, sales and marketing and research and development(4)	$2,300,000
Other general and administrative expenses(5)	$12,890,000
Increases in working capital	$9,925,692
Capital expenditures for capacity increase (AgMedica facility)	$3,000,000
Interest expense	$3,500,000
Contingency	$2,000,000
Estimated use of funds	**$39,866,913**

Expected cash balance 12 months after the Closing(6)	**$5,339,320**

Notes:

(1) Consists of accounting and legal fees and listing fees.

(2) Pursuant to the Cambrosia Entity Purchase Agreements, a Cambrosia Entity Vendor will be entitled to repayment of a shareholder loan, estimated at ILS585,000 (approximately $224,113.50), out of the cash flow of the applicable Cambrosia Purchased Entity, in the months following Closing. In addition, the Cambrosia Entity Vendor will be entitled to distribution of operating earnings accumulated from August 2021 to the date of Closing, in an amount estimated at $60,000. This amount is payable out of cash flow of the Cambrosia Purchased Entity, but no later than 6 months following Closing.

(3) Represents the cost of purchasing an initial inventory of medical cannabis for distribution in Israel.

(4) Represents estimated operating, sales and marketing and research and development costs, primarily in the form of electronic media advertising, and travel to prospective customers and distributors, to improve market share, penetrate international markets, brand recognition and genetic strain development.

(5) Comprised of the following items:

Other general and administrative expenses	$**12,890,000**
Office, rent and computer	$2,040,000
Audit expenses	$825,000
Legal expenses	$775,000
Salaries and director remuneration	$4,300,000
Management fees for Hafoz	$3,700,000

(6) Estimated available funds ($45,206,133) *less* estimated use of funds ($39,866,913).

The foregoing are estimates only and there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult at this time to definitively project the total funds necessary to achieve the Resulting Issuer business objectives, and as such management considers it to be in the best interest of the Resulting Issuer and its shareholders to grant management a reasonable degree of flexibility as to how the Resulting Issuer's funds are employed among the above uses or for other purposes, if and when the need arises.

Dividends

Subject to the requirements of the BCBCA, there are no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends following the completion of the Fundamental Change Transactions. All of the Resulting Issuer's Shares are entitled to an equal share in any dividends declared and paid. However, it is not contemplated that any dividends will be paid on the Resulting Issuer's shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time.

ITEM 5: SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.A ISSUER

5.A.1. Annual Information

The following table sets out certain selected consolidated financial information of the Issuer for the periods indicated. Please refer to Schedule C for the Issuer Financial Statements.

Selected Financial Information	For the nine months ended September 30, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019
Net Sales	-	-	-	-
Total Revenues	-	-	-	-
Income from Continuing Operations	-	-	-	-
Income from Continuing Operations per Share on a Fully-Diluted Basis	-	-	-	-
Net Income (Loss)	($262,808)	($199,009)	($186,347)	($122,513)
Net Income (Loss) per Share on a Fully-Diluted Basis	($0.03)	($0.02)	($0.00)	($0.00)

Balance Sheet Data	For the nine months ended September 30, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019
Total Assets	$14,261	$12,699	$16,012	$28,378
Total Long-Term Financial Liabilities	-	-	-	-
Cash Dividend per Share	-	-	-	-

5.A.2. Quarterly Information

The quarterly information presented below is for the Issuer prior to the completion of the Fundamental Change Transactions:

	Third Quarter ended September 30, 2022	Second Quarter Ended June 30, 2022	First Quarter ended March 31, 2022	Fourth Quarter ended December 31, 2021	Third Quarter ended September 30, 2021	Second Quarter ended June 30, 2021	First Quarter ended March 31, 2021	Fourth Quarter ended December 31, 2020
Net Sales or Total Revenues	-	-	-	-	-	-	-	-
Income from operations	-	-	-	-	-	-	-	-
Income from operations per Share	-	-	-	-	-	-	-	-
Net Income (Loss)	($101,246)	($118,251)	($43,311)	($56,442)	($51,740)	($49,367)	($41,460)	($59,411)

	Third Quarter ended September 30, 2022	Second Quarter Ended June 30, 2022	First Quarter ended March 31, 2022	Fourth Quarter ended December 31, 2021	Third Quarter ended September 30, 2021	Second Quarter ended June 30, 2021	First Quarter ended March 31, 2021	Fourth Quarter ended December 31, 2020
Net Income (Loss) per Share	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)

A pro forma consolidated statement of financial position for the Resulting Issuer giving effect to the Fundamental Change Transactions as at December 31, 2021 and September 30, 2022 is attached to this Listing Statement as Schedule B.

5.A.3. Dividends

The Issuer has not paid dividends on its Common Shares since incorporation.

5.B AGMEDICA

5.B.1. Annual Information

The following table sets out certain selected consolidated financial information of AgMedica for the periods indicated. Please refer to Schedule E for the AgMedica Financial Statements.

Selected Financial Information	For the nine months ended September 30, 2022 ($)	For the fifteen month period ended December 31, 2021 ($)(1)
Net Sales	7,378,491	10,505,727
Total Revenues	8,949,503	13,451,538
Income from Continuing Operations	(6,102,443)	(11,893,830)
Income from Continuing Operations per Share on a Fully-Diluted Basis	(0.01)	(0.02)
Net Income (Loss)	(6,102,443)	(11,893,830)
Net Income (Loss) per Share on a Fully-Diluted Basis	(0.01)	(0.02)

Balance Sheet Data	For the nine months ended September 30, 2022	For the fifteen months ended December 31, 2021(1)
Total Assets	36,258,383	37,412,339
Total Long-Term Financial Liabilities	16,623,244	2,985,575
Cash Dividend per Share	-	-
Working Capital(2)	2,394,309	(7,297,291)
Net Operating Working Capital(3)	2,394,309	5,577,701

Notes:

(1) The reporting period ended December 31, 2021 begins on October 10, 2020.
(2) AgMedica defines "Working Capital" as current assets *less* current liabilities and current note payables.

(3) AgMedica defines "Net Operating Working Capital" as current assets *less* current liabilities. The difference between "Working Capital" and "Net Operating Working Capital" is the exclusion of current note payables from the calculation of "Net Operating Working Capital".

5.B.2. Quarterly Information

A summary of quarterly results has not been provided as AgMedica has not previously prepared financial statements on a quarterly basis as it is not a reporting issuer.

5.B.3. Dividends

AgMedica has not paid dividends on the AgMedica Shares since incorporation. Subject to the requirements of the CBCA, there are no restrictions in AgMedica's articles or elsewhere which would prevent AgMedica from paying dividends following the completion of the Fundamental Change Transactions, other than with respect to the dividend preference of the AgMedica Amalco Preferred Shares.

5.C ATLAS

5.C.1. Annual Information

The following table sets out certain selected consolidated financial information of Atlas for the periods indicated. Please refer to Schedule G for the Atlas Financial Statements.

Selected Financial Information	For the nine months ended June 30, 2022 ($)	For the year ended September 30, 2021	For the year ended September 30, 2020
Net Revenue	$8,157,866	$7,038,347	$5,205,904
Income (Loss) from Continuing Operations	($7,800,362)	($9,763,525)	($6,629,171)
Income from Continuing Operations per Share on a Fully-Diluted Basis	($0.25)	($0.32)	($0.28)
Net Income (Loss)	($7,800,362)	($9,763,525)	($6,629,171)
Net Income (Loss) per Share on a Fully-Diluted Basis	($0.25)	($0.32)	($0.28)

Balance Sheet Data	For the nine months ended June 30, 2022	For the year ended September 30, 2021	For the year ended September 30, 2020
Total Assets	$22,686,521	$25,468,155	$31,709,431
Total Long-Term Financial Liabilities	$8,130,980	$9,327,314	$6,251,415(1)
Cash Dividend per Share	-	-	-

Note:

(1) The value of the long-term financial liabilities as of September 30, 2020 excludes the long-term portion of direct loans in the amount of $8,834,470 which were classified as current debt due to a violation by Atlas of certain financial covenants contained in the loan agreements with Agriculture Financial Services Corporation. These amounts were included in long-term financial liabilities in the subsequent periods.

5.C.2. Quarterly Information

A summary of quarterly results has not been provided as Atlas has not previously prepared financial statements on a quarterly basis as it is not a reporting issuer.

5.C.3. Dividends

Atlas has not paid dividends on the Atlas Shares since incorporation. Subject to the requirements of the ABCA, there are no restrictions in Atlas' articles or elsewhere which would prevent Atlas from paying dividends following the completion of the Fundamental Change Transactions.

5.D CAMBROSIA

5.D.1. Financial Information

The following table sets out certain selected financial information of Cambrosia for the periods indicated. Please refer to Schedule I-1 and Schedule I-2 for the Cambrosia Financial Statements.

Cambrosia

Selected Financial Information	For the nine months ended September 30, 2022 ($)	For the period since inception in March 2021 to December 31, 2021 ($)
Net Sales	-	-
Total Revenues	-	-
Income from Continuing Operations	-	-
Income from Continuing Operations per Share on a Fully-Diluted Basis	-	-
Net Income (Loss)	(1,069,898)	(896,399)
Net Income (Loss) per Share on a Fully-Diluted Basis	(0.0009)	(0.0011)

Balance Sheet Data	For the nine months ended September 30, 2022 ($)	For the year ended December 31, 2021 ($)
Total Assets	334,388	429,355
Total Long-Term Financial Liabilities	-	-
Cash Dividend per Share	-	-

5.D.2. Quarterly Information

A summary of quarterly results has not been provided as Cambrosia has not previously prepared financial statements on a quarterly basis prior to becoming a reporting issuer.

5.D.3. Dividends

Cambrosia has not paid dividends on the Cambrosia Ordinary Shares since incorporation. Subject to the requirements of the Companies Law, there are no restrictions in the Cambrosia AoA or elsewhere which would prevent Cambrosia from paying dividends following the completion of the Fundamental Change Transactions.

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of financial condition and results of operations ("**MD&A**") should be read in conjunction with the Issuer Financial Statements, AgMedica Financial Statements, Atlas Financial Statements and Cambrosia Financial Statements, as the case may be.

Schedule C-2 and Schedule C-2 contain the Issuer Financial Statements, and Schedule D-1 and Schedule D-2 contain the MD&A of the Issuer for the years ended December 31, 2021 and 2020, and the MD&A for the nine month period ended September 30, 2022, respectively.

Schedule E-1 and Schedule E-2 contain the AgMedica Financial Statements, and Schedule F-1 and Schedule F-2 contain the MD&A of AgMedica for the fifteen month period ended December 31, 2021, which commenced on October 9, 2020, and the MD&A for nine month period ended September 30, 2022, respectively.

Schedule G-1 and Schedule G-2 contain the Atlas Financial Statements, and Schedule H-1 and Schedule H-2 contains the MD&A of Atlas for the years ended September 30, 2021 and September 30, 2020 and the MD&A for the nine month period ended June 30, 2022, respectively.

Schedule I-1 and Schedule I-2 contains the Cambrosia Financial Statements, and Schedule J-1 and Schedule J-2 contains the MD&A of Cambrosia for the year ended December 31, 2021 and the nine month period ended September 30, 2022, respectively.

ITEM 7: MARKET FOR SECURITIES

The Common Shares of the Issuer are listed on the CSE under the symbol "SP" and are expected to recommence trading under the symbol "ATL" following the Resulting Issuer's requalification for listing in connection with the acquisition of AgMedica, Atlas and Cambrosia.

There is no market through which the AgMedica Shares, the Atlas Shares, the Cambrosia Ordinary Shares or the Cambrosia Preferred Shares may be sold.

ITEM 8: CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Issuer as at December 31, 2021 and the expected consolidated share capital of the Resulting Issuer following completion of the Fundamental Change Transactions:

Description of Security	Authorized	Outstanding following the completion of the Fundamental Change Transactions	Outstanding as at December 31, 2021
Common Shares	Unlimited	155,029,060	8,411,564
Warrants	-	-	4,300,000
Options	-	9,400,000 (1)	262,068
Preferred Shares	-	- (2)	-

<u>Notes:</u>

(1) In accordance with the terms of the Amalgamation and Share Exchange Agreement all outstanding options and warrants of the Issuer must be exercised or terminated on or prior to the Closing Date, except the Cambrosia Legacy Options held by Mr. Jonathan Ben-Cnaan. The Cambrosia Legacy Options shall be exercisable for 2,621,027 Resulting Issuer Shares in accordance with the expected Cambrosia Exchange Ratio, and shall expire on the date that is five years from the Closing Date and shall otherwise remain outstanding and subject to the Cambrosia Stock Option Plan in accordance with their terms.

(2) The issued and outstanding AgMedica Class B Preferred Shares (other than AgMedica Class B Preferred Shares in respect of which holders of AgMedica Class B Preferred Shares have exercised dissent rights) shall be exchanged into an identical number of preferred shares in the capital of AgMedica Amalco having the same rights and restrictions and conditions as attached to the AgMedica Class B Preferred Shares as of the date of the Amalgamation and Share Exchange Agreement except the definition of liquidation event shall be amended to exclude therefrom the Fundamental Change Transactions (or equivalent).

ITEM 9: OPTIONS TO PURCHASE SECURITIES

9.A ISSUER

On February 7, 2019, the board of directors of the Issuer adopted a stock option plan (the "**Existing Option Plan**"). The Existing Option Plan was approved by shareholders of the Issuer on July 28, 2022.

The shareholders of the Issuer also approved a long-term incentive plan on July 28, 2022 (the "**Resulting Issuer LTIP**"), which upon and subject to the Fundamental Change Transactions will become effective. A summary of the terms of the Resulting Issuer LTIP is set forth below.

The Resulting Issuer LTIP

Overview

The Board of the Resulting Issuer may, in accordance with the Resulting Issuer LTIP, from time to time, in its discretion, and in accordance with the rules and regulations of the CSE, grant to officers, employees, consultants and directors of the Resulting Issuer non-transferable-options to purchase Common Shares, restricted share units ("**RSUs**"), performance share units ("**PSUs**") or other share-based awards (together with the options, RSUs and PSUs and other share-based awards the "**Awards**").

The purpose of the Resulting Issuer LTIP is to provide continual motivation to officers, employees, consultants and directors (the "**service providers**") to achieve the Reporting Issuer's intended business and financial objectives, and to also align their interests with the long-term interests of the Resulting Issuer and its shareholders.

The Resulting Issuer LTIP provides that, subject to the requirements of the CSE, the aggregate number of securities reserved for issuance will be a fixed reserve equal to 10% of the number of the Common Shares of the Resulting Issuer issued and outstanding at the time of grant (the "**Award Limit**").

The Resulting Issuer LTIP is administered by the Board of the Resulting Issuer, which has full and final authority with respect to the granting of all Awards thereunder.

Options

Options may be granted under the Resulting Issuer LTIP to such service providers as the Board of the Resulting Issuer may from time to time designate. The exercise prices shall be determined by the Board, but shall, in no event, be less than: (i) the closing market price of the Resulting Issuer's Common Shares on the CSE, less up to the maximum discount permitted under the CSE's policies on the date of grant; (ii) the closing market price of the Resulting Issuer Shares on the CSE on the trading day prior to the grant date. In lieu of exercising a vested option, the participant may elect to surrender all or part of the option for cancellation for an amount equal to the market price of the Resulting Issuer's Common Shares on the date of surrender less the exercise price (the "**in-the-money amount**") and request that the in-the-money amount be satisfied in cash, in common shares with an aggregate market price equal to the in-the-money amount, or a combination of the two. Subject to earlier termination and in the event of dismissal for cause or breach of fiduciary duty, termination without cause, resignation or in the event of death, all options granted under the Resulting Issuer LTIP will expire not later than the date that is ten years from the date that such options are granted.

RSUs and PSUs

The Board of the Resulting Issuer will be authorized to grant RSUs and PSUs evidencing the right to receive common shares (issued from treasury) or cash (based on the market value of the Resulting Issuer's Common Shares) on vesting date or a combination thereof, at some future time to service providers under the Resulting Issuer LTIP.

RSUs generally become vested, if at all, following a period of continuous employment. Unless otherwise specified by the board, RSUs will cliff vest on the third anniversary of the grant date. PSUs are similar to RSUs, but their vesting is, in whole or in part, conditioned on the attainment of specified performance metrics and may be subject to a performance multiplier range depending on the level of achievement of the applicable performance criteria, as may be determined by the Board of the Resulting Issuer, that affects the number of PSUs that vest on a given vesting date. Subject to the achievement of the applicable vesting conditions, the payout of an RSU or PSU will generally occur as soon as practicable after they vest. If the Board of the Resulting Issuer elects to settle RSUs or PSUs in cash, the payment will be made no later than December 31 of the third calendar year following the calendar year in which the services giving rise to the award were rendered, subject to earlier termination, dismissal for cause or breach of fiduciary duty, termination without cause, resignation or in the event of death.

Dividend Equivalents

Unless otherwise determined by the Board of the Resulting Issuer and set forth in a service provider's award agreement, RSUs and PSUs and will be credited with dividend equivalents in the form of additional RSUs or PSUs (as applicable) as of each dividend payment date in respect of which normal cash dividends are paid on common shares. Dividend equivalents will vest in proportion to the awards to which they relate and will be settled in the same manner as the awards to which they relate, subject to earlier termination, dismissal for cause or breach of fiduciary duty, termination without cause, resignation or in the event of death.

Other Share-Based Awards

Each other share-based award shall consist of a right (a) which is other than an option, RSU or PSU, and (b) which is denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, common shares (including, without limitation, securities convertible into the Resulting Issuer's Common Shares) as are deemed to be consistent with the purposes of the Resulting Issuer LTIP; provided, however, such right will comply with applicable law (including applicable securities laws). Subject to the terms of the Resulting Issuer LTIP and any applicable award agreement, the Board of the Resulting Issuer will determine the terms and conditions of the other share-based awards.

Except for permitted assigns or as otherwise permitted by the Board of the Resulting Issuer, Awards granted under the Resulting Issuer LTIP generally will not be transferable other than by will or the laws of descent and distribution.

Grants of Awards

The Amalgamation and Share Exchange Agreement, provides that the Award Limit shall, on the Closing Date or as soon as practicable thereafter, be allocated as to 3.3% by each of Cambrosia, Atlas and AgMedica to persons eligible to be granted such Awards. Atlas, Cambrosia and AgMedica agree that the allocation of such Awards shall be made as set out in the Amalgamation and Share Exchange Agreement, with such Awards have an exercise price of $1.00, as applicable, and a term of three years. To the extent the Awards granted aggregate to less than the Award Limit, the remaining Awards shall be granted subject to the discretion of the Board of the Resulting Issuer.

9.B AGMEDICA

The AgMedica Stock Option Plan will be terminated upon the Closing of the Fundamental Change Transactions, and all AgMedica Options outstanding will be exercised or terminated prior to Closing.

9.C ATLAS

The Atlas Stock Option Plans will be terminated upon the Closing of the Fundamental Change Transactions, and all Atlas Options outstanding will be exercised or terminated prior to Closing.

9.D CAMBROSIA

Cambrosia adopted a stock option plan in accordance with Section 102 of the Israeli Income Tax Ordinances on May 18, 2021 (the "**Cambrosia Stock Option Plan**").

As of the date hereof, 12,851,000 options have been granted and are outstanding under the Cambrosia Stock Option Plan. All options except for the Cambrosia Legacy Options will be exercised or terminated prior to Closing. The Cambrosia Stock Option Plan will remain in place following Closing. The Cambrosia Legacy Options, shall be exercisable for Resulting Issuer Shares in accordance with the Cambrosia Exchange Ratio, and shall expire on the date that is five years from the Closing Date and shall otherwise remain outstanding and subject to the Cambrosia Stock Option Plan in accordance with their terms.

A description of the Cambrosia Stock Option Plan is set out below:

Administration: The Cambrosia Stock Option Plan is administered by the Cambrosia Board or any committee thereof (the "**Administrator**").

Eligible Participants: Directors, officers, employees, service providers, advisors and consultants of Cambrosia and its affiliates.

Number of Shares Reserved: The number of ordinary shares that may be issued on the exercise of options granted under the Cambrosia Stock Option Plan shall be determined from time to time by the Cambrosia Board.

Exercise Price: The exercise price shall be determined by the Administrator at the time of grant. In the event the exercise price was not determined and provided that the Cambrosia shares are listed on any stock market, the exercise price of an option shall be equal to the closing price of such share on such stock market for the last trading day before the date of grant of such option.

Vesting: Vesting of options granted under the Cambrosia Stock Option Plan will be at the discretion of the Administrator. Unless determined otherwise by the Administrator, the vesting period pursuant to which the relevant option/restricted share will by fully vested four years from the date of grant, such that 25% shall vest on the first anniversary of the date if grant and 75% shall vest in 12 additional quarterly installments. The Administrator has full authority to determine at any time any provisions regarding the acceleration of the vesting period.

Term of Options: Unless determined otherwise by the Administrator, all options shall have a term of 7 years.

Termination: In the event of cessation of service or employee-employer relationship ("**Cessation**"), as the case may be, all options theretofore granted to such Grantee, unless determined otherwise by the Administrator, shall terminate as follows: (a) unvested options shall terminate immediately; (b) in the event of a Cessation of Service due to death or disability any vested options shall be exercisable by any guardian, legal representative, estate or other person to whom the rights to the options are transferred by will or by laws of descent or distribution, at any time until the lapse of 12 months from the date of Cessation (but in no event after the expiration date of such options), and shall thereafter terminate; (c) in any other case (except for "Cause") shall be exercisable at any time until the lapse of three months from the date of Cessation; (d) Notwithstanding the aforesaid, if the grantee's Cessation is for Cause, all of the options whether vested or not shall ipso facto expire immediately and be of no legal effect.

"**Cause**" means (i) breach of the grantee's duty of loyalty towards Cambrosia, or (ii) breach of the grantee's duty of care towards Cambrosia, or (iii) the commission of any flagrant criminal offense by the grantee, or (iv) the commission of any act of fraud, embezzlement or dishonesty towards Cambrosia by the grantee, or (v) any unauthorized use or disclosure by the grantee of confidential information or trade secrets of Cambrosia, or (vi) involvement in a transaction in connection with the performance of duties to Cambrosia which transaction is adverse to the interests of Cambrosia and which is engaged in for personal profit, or (vii) any other intentional misconduct by the grantee (by act or omission) adversely affecting the business or affairs of the Cambrosia in a material manner, or any act or omission by the grantee which would allow for the termination of the grantee's employment without severance pay, according to Applicable Laws (including the Israeli Severance Pay Law, 1963), or any similar provision of law in the jurisdiction in which the grantee is employed.

Unless approved otherwise by the Administrator, immediately following the consummation of a Corporate Transaction, all outstanding Awards shall terminate and cease to be outstanding, except to the extent assumed by a successor entity.

"**Corporate Transaction**" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events: (i) a sale or other disposition of all or substantially all, as determined by the Cambrosia Board in its discretion, of the consolidated assets of Cambrosia and its subsidiaries; (ii) a sale or other disposition of all or substantially all, as determined by the Cambrosia Board in its discretion, of the outstanding securities of Cambrosia resulting in a Change of Control; (iii) a merger, consolidation or similar transaction resulting in a Change of Control; (iv) a merger, consolidation or reorganization following which Cambrosia is the surviving corporation but the Ordinary Shares of Cambrosia outstanding immediately preceding the merger, consolidation or reorganization are converted or exchanged by virtue of the merger, consolidation or reorganization into other property, whether in the form of securities, cash or otherwise.

Unless determined otherwise by the Administrator, no option shall be assignable or transferable by the grantee to whom it was granted other than by will or the laws of descent and distribution, and an option shall vest or may be exercised (as applicable) during the lifetime of the grantee only by such grantee or by such grantee's guardian or legal representative. The terms of such Award shall be binding upon the beneficiaries, executors, administrators, heirs and successors of such grantee. Any shares acquired upon exercise or vesting of options shall be transferable only in accordance with Cambrosia's incorporation documents, applicable securities and other local laws, and may be subject to substantial statutory or regulatory restrictions on transfer, except to the extent exemptions (whether by registration or otherwise) are available.

ITEM 10: DESCRIPTION OF CAPITAL STRUCTURE

10.A ISSUER

10.A.1. General Description of Capital Structure

The Issuer has an authorized capital of an unlimited number of Common Shares without par value, of which 8,411,564 Common Shares are issued and outstanding as fully paid and non-assessable. There are no preferred shares outstanding.

The following is a summary of the principal attributes of the Common Shares:

> *Voting Rights*. The holders of the Common Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the Issuer. The Common Shares carry one vote per share. There are no cumulative voting rights, and directors do not stand for re-election at staggered intervals.
>
> *Dividends.* The holders of Common Shares are entitled to receive on a pro rata basis such dividends as may be declared by the board of directors, out of funds legally available therefor. There are no indentures or agreements limiting the payment of dividends.
>
> *Profits.* Each Common Share is entitled to share pro rata in any profits of the Issuer to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.
>
> *Rights on Dissolution.* In the event of the liquidation, dissolution or winding up of the Issuer, the holders of the Common Shares will be entitled to receive on a pro rata basis all of the assets of the Issuer remaining after payment of all the Issuer's liabilities.
>
> *Pre-Emptive, Conversion and Other Rights.* No pre-emptive, redemption, sinking fund or conversion rights are attached to the Common Shares, and the Common Shares, when fully paid, will not be liable to further call or assessment. There are no provisions discriminating against any existing or prospective holder of Common Shares as a result of such shareholder owning a substantial number of Common Shares.

The rights of holders of Common Shares may only be changed by a special resolution of the shareholders, in accordance with the requirements of the BCBCA and the Issuer's articles, provided that an increase to the share capital of the Issuer may be changed by an ordinary resolution of the shareholders.

The Issuer has no debt securities outstanding and does not have any other classes of securities.

10.A.2. Prior Sales

During the 12-month period preceding the date of this Listing Statement, the Issuer has not issued any securities:

10.A.3. Stock Exchange Price

The Common Shares have been listed and posted for trading on the CSE since April 8, 2009. The following table sets out the high and low trading of the Common Shares for the periods indicated as reported by the CSE:

Month	High $	Low $	Close $	Volume
November 2022	N/A	N/A	N/A	N/A
October 2022	N/A	N/A	N/A	N/A
Quarter ended September 2022[1]	N/A	N/A	N/A	N/A

Month	High $	Low $	Close $	Volume
Quarter ended June 2022	0.305	0.305	0.305	2
Quarter ended March 2022	0.35	0.235	0.305	143,099
Quarter ended December 2021	0.405	0.23	0.28	146,460
Quarter ended September 2021	0.60	0.405	0.405	65,652
Quarter ended June 2021	0.60	0.60	0.60	218.383
Quarter ended March 2021	0.18	0.12	0.14	587,653
Quarter ended December 2020	0.15	0.10	0.12	147,717

Note:

(1) Trading in the Common Shares has been halted since April 8, 2022 in connection with the Fundamental Change Transactions which constitute a 'fundamental change' pursuant to the policies of the CSE.

10.B AGMEDICA

10.B.1. General Description of Capital Structure

AgMedica's authorized capital consists of an unlimited number of AgMedica Common Shares, an unlimited number of AgMedica Class A Preferred Shares and an unlimited number of AgMedica Class B Preferred Shares, of which there are 214,413,797 AgMedica Common Shares, 445,000,000 AgMedica Class A Preferred Shares and 4,999,933 AgMedica Class B Preferred Shares issued and outstanding. All AgMedica Common Shares and AgMedica Class A Preferred Shares will be held by the Resulting Issuer following the closing of the Fundamental Change Transactions. The issued and outstanding AgMedica Class B Preferred Shares (other than AgMedica Class B Preferred Shares in respect of which holders of AgMedica Class B Preferred Shares have exercised dissent rights) will be exchanged into an identical number of preferred shares in the capital of AgMedica Amalco having the same rights and restrictions and conditions as attached to the AgMedica Class B Preferred Shares as of the date of the Amalgamation and Share Exchange Agreement except the definition of liquidation event shall be amended to exclude therefrom the Fundamental Change Transactions (or equivalent).

The following is a summary of the principal attributes of the AgMedica Common Shares:

Voting Rights. The holders of the AgMedica Common Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the AgMedica, except meetings at which only holders of other classes or series of shares are entitled to attend. The AgMedica Common Shares carry one vote per share. There are no cumulative voting rights, and directors do not stand for re-election at staggered intervals.

Dividends. The holders of AgMedica Common Shares, subject to the right of the holders of any other class or series to priority with respect to the payment of dividends, are entitled to receive on a pro rata basis such dividends as may be declared by the board of directors, provided that no dividends shall be paid on the AgMedica Common Shares that would result in the reduction of the net asset value of the Corporation below the redemption amount of the AgMedica Class A Preferred Shares.

Profits. Each AgMedica Common Share, subject to the rights of holders of shares of all other classes of shares, is entitled to share pro rata in any profits of the company to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

Rights on Dissolution. In the event of the liquidation, dissolution or winding up of AgMedica, the holders of the AgMedica Common Shares will be entitled, subject to the rights of holders of shares of all other classes of shares, to receive on a pro rata basis the remaining property or assets of AgMedica.

Pre-Emptive, Conversion and Other Rights. No pre-emptive, redemption, sinking fund or conversion rights are attached to the AgMedica Common Shares, and the AgMedica Common Shares, when fully paid, will not be liable to further call or assessment. There are no provisions discriminating against any existing or prospective holder of AgMedica Common Shares as a result of such shareholder owning a substantial number of AgMedica Common Shares.

The following is a summary of the principal attributes of the AgMedica Class A Preferred Shares:

Voting Rights. The holders of the AgMedica Class A Preferred Shares are not entitled to receive notice of, attend or vote at any meeting of the shareholders of the AgMedica, except meetings called for the purpose of authorizing the dissolution of AgMedica or the sale of all or substantially all the property of AgMedica other than in the ordinary course of business, or any meeting called for the purpose of authorizing any amendment to the rights, privileges, restrictions or conditions attaching to the AgMedica Class A Preferred Shares, in each case the AgMedica Class A Preferred Shares carry one vote per share.

Dividends. The holders of AgMedica Class A Preferred Shares are entitled to receive on a pro rata basis such dividends as may be declared by the board of directors, provided no dividends shall be paid on the AgMedica Class A Preferred Shares that would result in the reduction of the net asset value of AgMedica below the redemption amount of the AgMedica Class A Preferred Shares.

Profits. Each AgMedica Class A Preferred Share is entitled to share pro rata in any profits of the company to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

Rights on Dissolution. In the event of the liquidation, dissolution or winding up of AgMedica, the holders of the AgMedica Class A Preferred Shares will be entitled to receive, before any distribution of any part of the assets of AgMedica among the holders of the AgMedica Common Shares, repayment of the redemption among of the AgMedica Class A Preferred Shares.

Pre-Emptive, Conversion and Other Rights. An AgMedica Class A Preferred Share can be redeemed by the holder or the company at any time. No pre-emptive, sinking fund or conversion rights are attached to the AgMedica Class A Preferred Shares. There are no provisions discriminating against any existing or prospective holder of AgMedica Class A Preferred Shares as a result of such shareholder owning a substantial number of AgMedica Class A Preferred Shares.

The following is a summary of the principal attributes of the AgMedica Class B Preferred Shares:

Voting Rights. The holders of the AgMedica Class B Preferred Shares are not entitled to receive notice of, attend or vote at any meeting of the shareholders of the AgMedica, except meetings called for the purpose of authorizing the dissolution of AgMedica or the sale of its undertaking or a substantial part thereof or otherwise as required by applicable law.

Dividends. The holders of AgMedica Class B Preferred Shares are entitled to receive on a pro rata basis such dividends as may be declared by the board of directors an annual, fixed, preferential non-cumulative cash dividend at the rate so determined by the board of directors, in its discretion. If within 6 months of the expiration of any fiscal year, the board of directors has not declared a dividend, then any rights of the holders of the AgMedica Class B Preferred Shares to such dividend for such discal year shall be forever extinguished. The holders of the AgMedica Class B Preferred Shares shall not be entitled to any dividends other than or excess to the dividend mentioned above.

Profits. Each AgMedica Class B Preferred Share, subject to the prior rights of the holders of the AgMedica Class A Preferred Shares, is entitled to share pro rata in any profits of the company, in priority to any distribution to the holders of the Common Shares, to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

Rights on Dissolution. In the event of the liquidation, dissolution or winding up of AgMedica, subject to the prior rights of the holders of the AgMedica Class A Preferred Shares, the holders of the AgMedica Class B Preferred Shares will be entitled to be paid, in priority to any distribution to the holders of the Common Shares, the redemption amount of the AgMedica Class B Preferred Shares, together with all declared but unpaid dividends, provided that the holders of the Class B Preferred Shares shall not be entitled to participate further in the assets of AgMedica.

Pre-Emptive, Conversion and Other Rights. An AgMedica Class B Preferred Share can be redeemed by the company at any time. No pre-emptive, sinking fund or conversion rights are attached to the AgMedica Class B Preferred Shares. There are no provisions discriminating against any existing or prospective holder of AgMedica Class B Preferred Shares as a result of such shareholder owning a substantial number of AgMedica Class B Preferred Shares.

The rights of holders of AgMedica Shares may only be changed by a special resolution of the AgMedica Shareholders, in accordance with the requirements of the CBCA and AgMedica's articles.

AgMedica has no debt securities outstanding and no other classes of securities.

10.B.2. Prior Sales

AgMedica has not issued securities during the 12-month period preceding the date of this Listing Statement.

10.B.3. Stock Exchange Price

The AgMedica Shares are not listed or posted for trading on any stock exchange.

10.C ATLAS

10.C.1. General Description of Capital Structure

Atlas' authorized capital consists of an unlimited number of Atlas Class A Shares, an unlimited number of Atlas Class B Shares, and unlimited number of Atlas Class C Shares and an unlimited number of preferred shares. There are currently three Atlas Class A Shares, 32,558,334 Atlas Class B Shares, 3,693,189 Atlas Class C Shares and nil preferred shares issued and outstanding. All Atlas Class A Shares, Atlas Class B Shares and Atlas Class C Shares will be held by the Resulting Issuer following the closing of the Fundamental Change Transactions.

The following is a summary of the principal attributes of the Atlas Class A Shares:

Voting Rights. The holders of the Atlas Class A Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of Atlas. The Atlas Class A Shares carry one vote per share. There are no cumulative voting rights, and directors do not stand for re-election at staggered intervals.

Dividends. The holders of the Atlas Class A Shares shall not be entitled to receive dividends.

Rights on Dissolution. In the event of the liquidation, dissolution or winding up of Atlas, the holders of the Atlas Class A Shares will be entitled to receive an aggregate amount equal to $10.00 concurrently with any payment of distribution to the Atlas Class B Shares or the Atlas Class C Shares. The Atlas Class A Shares are not entitled to share any further distribution.

Pre-Emptive, Conversion and Other Rights. The holders of Atlas Class A Shares have pre-emptive rights pursuant to the terms of the Atlas USA. It is a condition to closing the Fundamental Change Transactions that the Atlas USA be terminated. No redemption, sinking fund or conversion rights are attached to the Atlas Class A Shares, and the Atlas Class A Shares, when fully paid, will not be liable to further call or assessment. There are no provisions discriminating against any existing or prospective holder of Atlas Class A Shares as a result of such shareholder owning a substantial number of Atlas Class A Shares.

The following is a summary of the principal attributes of the Atlas Class B Shares:

Voting Rights. Except as provided in the ABCA, or any unanimous shareholders agreement of Atlas, the holders of the Atlas Class B Shares are not entitled to receive notice of, attend or vote at any meeting of the shareholders of Atlas.

Dividends. The holders of Atlas Class B Shares are entitled to receive dividends as may be declared by the board of directors, out of funds legally available therefor.

Rights on Dissolution. Subject to the prior rights and privileges attaching to any other class of shares of Atlas, in the event of the liquidation, dissolution or winding up of Atlas, the holders of the Atlas Class B Shares will be entitled to receive the Atlas remaining property and assets concurrently with any payment or distribution to the holders of the Atlas Class A Shares and the Atlas Class C Shares.

Pre-Emptive, Conversion and Other Rights. The holders of Atlas Class B Shares have pre-emptive rights pursuant to the terms of the Atlas USA. It is a condition to closing the Fundamental Change Transactions that the Atlas USA be terminated. No redemption, sinking fund or conversion rights are attached to the Atlas Class B Shares, and the Atlas Class B Shares, when fully paid, will not be liable to further call or assessment. There are no provisions discriminating against any existing or prospective holder of Atlas Class B Shares as a result of such shareholder owning a substantial number of Atlas Class B Shares.

The following is a summary of the principal attributes of the Atlas Class C Shares:

Voting Rights. Except as provided in the ABCA, or any unanimous shareholders agreement of Atlas, the holders of the Atlas Class C Shares are not entitled to receive notice of, attend or vote at any meeting of the shareholders of Atlas.

Dividends. The holders of Atlas Class B Shares are entitled to receive dividends as may be declared by the board of directors, out of funds legally available therefor.

Rights on Dissolution. Subject to the prior rights and privileges attaching to any other class of shares of Atlas, in the event of the liquidation, dissolution or winding up of Atlas, the holders of the Atlas Class B Shares will be entitled to receive the Atlas remaining property and assets concurrently with any payment or distribution to the holders of the Atlas Class A Shares and the Atlas Class B Shares.

Pre-Emptive, Conversion and Other Rights. The holders of Atlas Class C Shares have pre-emptive rights pursuant to the terms of the Atlas USA. It is a condition to closing the Fundamental Change Transactions that the Atlas USA be terminated. No redemption, sinking fund or conversion rights are attached to the Atlas Class C Shares, and the Atlas Class C Shares, when fully paid, will not be liable to further call or assessment. There are no provisions discriminating against any existing or prospective holder of Atlas Class B Shares as a result of such shareholder owning a substantial number of Atlas Class C Shares.

The rights of holders of Atlas Shares may only be changed by a special resolution of the Atlas Shareholders, in accordance with the requirements of the ABCA, Atlas' articles and the Atlas USA.

10.C.2. Prior Sales

During the 12-month period preceding the date of this Listing Statement, Atlas has issued the following securities:

Date	Type	Number of securities sold	Reason for Issuance	Price per Security	Consideration Received
1-Jan-22	Atlas Class B Share	104,000	Share Subscription for Employee Benefit Trust	-	No

Date	Type	Number of securities sold	Reason for Issuance	Price per Security	Consideration Received
12-Apr-22	Atlas Class B Share	75,000	Share Sale	$2.00	Yes
20-Jul-22	Atlas Class B Share	116,250	Conversion – Convertible Debenture	$0.80	Yes
20-Jul-22	Atlas Class B Share	125,000	Conversion – Convertible Debenture	$0.80	Yes
20-Jul-22	Atlas Class B Share	77,500	Conversion – Convertible Debenture	$0.80	Yes
20-Jul-22	Atlas Class B Share	235,200	Conversion – Convertible Debenture	$0.80	Yes
20-Jul-22	Atlas Class B Share	65,000	Conversion – Convertible Debenture	$0.80	Yes
20-Jul-22	Atlas Class B Share	333,333	Conversion – Convertible Debenture	$0.75	Yes
21-Jul-22	Atlas Class B Share	30,000	Share Subscription for Employee Benefit Trust	-	No
1-Aug-22	Atlas Class B Share	57,000	Conversion – Convertible Debenture	$2.00	Yes
18-Aug-22	Atlas Class B Share	132,141	Surrender/Net Exercise of Options in Exchange for Shares	$0.45	Yes
18-Aug-22	Atlas Class B Share	132,141	Surrender/Net Exercise of Options in Exchange for Shares	$0.45	Yes
18-Aug-22	Atlas Class B Share	132,141	Surrender/Net Exercise of Options in Exchange for Shares	$0.45	Yes
18-Aug-22	Atlas Class B Share	119,046	Surrender/Net Exercise of Options in Exchange for Shares	$1.00	Yes
18-Aug-22	Atlas Class B Share	119,046	Surrender/Net Exercise of Options in Exchange for Shares	$1.00	Yes
18-Aug-22	Atlas Class B Share	50,000	Surrender/Net Exercise of Options in Exchange for Shares	$1.00	Yes
18-Aug-22	Atlas Class B Share	50,000	Surrender/Net Exercise of Options in Exchange for Shares	$1.00	Yes

Date	Type	Number of securities sold	Reason for Issuance	Price per Security	Consideration Received
18-Aug-22	Atlas Class B Share	119,046	Surrender/Net Exercise of Options in Exchange for Shares	$1.00	Yes
18-Aug-22	Atlas Class B Share	83,332	Surrender/Net Exercise of Options in Exchange for Shares	$2.50	Yes
18-Aug-22	Atlas Class B Share	83,332	Surrender/Net Exercise of Options in Exchange for Shares	$2.50	Yes
18-Aug-22	Atlas Class B Share	16,666	Surrender/Net Exercise of Options in Exchange for Shares	$2.50	Yes
24-Oct-22	Atlas Class B Share	10,000	Surrender/Net Exercise of Options in Exchange for Shares	$0.75	Yes
24-Oct-22	Atlas Class B Share	10,000	Surrender/Net Exercise of Options in Exchange for Shares	$0.75	Yes
24-Oct-22	Atlas Class B Share	5,000	Surrender/Net Exercise of Options in Exchange for Shares	$0.75	Yes
24-Oct-22	Atlas Class B Share	5,000	Surrender/Net Exercise of Options in Exchange for Shares	$0.75	Yes
24-Oct-22	Atlas Class B Share	10,000	Surrender/Net Exercise of Options in Exchange for Shares	$0.75	Yes
9-Dec-22	Atlas Class B Share	384,616	Share Sale	$0.65	Yes
9-Dec-22	Atlas Class B Share	63,515	Share Sale	$0.65	Yes
9-Dec-22	Atlas Class B Share	307,692	Share Sale	$0.65	Yes
9-Dec-2022	Atlas Class B Share	115,385	Share Sale	$0.65	Yes
9-Dec-2022	Atlas Class B Share	60,000	Share Sale	$0.65	Yes
Total		**3,226,382**			

10.C.3. Stock Exchange Price

The Atlas Shares are not listed or posted for trading on any stock exchange.

10.D CAMBROSIA

10.D.1. General Description of Capital Structure

Cambrosia's authorized capital consists of 986,380,400 Cambrosia Ordinary Shares, with a par value of ILS0.0001 and 13,619,600 Cambrosia Preferred Shares, with a par value of ILS0.0001. As of the date of this Listing Statement there are 117,647,100 Cambrosia Ordinary Shares issued and outstanding and 2,270,000 Cambrosia Preferred Shares issued and outstanding.

All of the Cambrosia Preferred Shares will be converted into Cambrosia Ordinary Shares on a one to one (1:1) basis immediately prior to the Cambrosia Effective Time in accordance with certain agreements with the holders thereof. All of the Cambrosia Ordinary Shares will be held by the Resulting Issuer following the closing of the Fundamental Change Transactions.

The following is a summary of the principal rights and restrictions attached to the Cambrosia Ordinary Shares and the Cambrosia Preferred Shares.

General Rights of Cambrosia Ordinary Shares and Preferred Shares: Subject to the terms of Cambrosia AoA, the Cambrosia Ordinary Shares shall rank *pari passu* between them and shall entitle their holders to such rights as stated the Cambrosia AoA and as provided under Israeli law. Unless otherwise specified in the Cambrosia AoA, the Cambrosia Preferred Shares shall confer on the holders thereof all rights accruing to holders of Cambrosia Ordinary Shares, in addition to the rights specifically granted to the Cambrosia Preferred Shares in the Cambrosia AoA.

Voting Rights: Each Cambrosia Preferred Share shall entitle the holder thereof to one vote for each Cambrosia Ordinary Share into which such Cambrosia Preferred Share could then be converted (with any fractional share determined on an aggregate basis, being rounded to the nearest whole share with one half of a share being rounded up), and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Cambrosia Ordinary Shares, and shall be entitled, notwithstanding any provision hereof, to notice of any shareholders' meeting, and shall be entitled to vote, except as otherwise provided in Cambrosia AoA or under the Companies Law, together with holders of Cambrosia Ordinary Shares as a single class, with respect to any question upon which shareholders of Cambrosia have the right to vote.

Distribution Preference: In the event of (i) voluntary or involuntary liquidation, bankruptcy, dissolution or winding up of Cambrosia, or (ii) any asset transferred by Cambrosia to a shareholder in respect of such shareholder's shares, whether in cash or in any other way, including transfer without valuable consideration (each, a "**Distribution Event**"), subject to certain exclusions, all of the assets or proceeds legally available for distribution to the shareholders of Cambrosia (the "**Distributable Proceeds**") shall be distributed according to the following preference:

(a) First, to holders of the Cambrosia Preferred Shares, prior to and in preference to any distribution of any such Distributable Proceeds to the holders of other equity securities, in respect of each Cambrosia Preferred Share held, the greater of, (A) an amount equal to 200% of the applicable original issue price of each such Cambrosia Preferred Share, or (B) the amount that such holder of Cambrosia Preferred Shares would have received if it had converted such Cambrosia Preferred Shares into Cambrosia Ordinary Shares in accordance with their terms immediately before the distribution of the Distributable Proceeds, upon a pro rata distribution of the Distributable Proceeds, among all holders of Cambrosia Ordinary Shares and Cambrosia Preferred Shares, on an as converted basis (the "**Preferred Preference Amount**"). If the Distributable Proceeds are insufficient for the distribution of the Preferred Preference Amount in full to all holders of Cambrosia Preferred Shares in respect of all of their shares, then the Distributable Proceeds shall be distributed among such holders, *pari passu*, in proportion to the respective full Preferred Preference Amount such holders would otherwise be entitled to receive.

(b) Second, after payment in full of the Preferred Preference Amount, the remaining Distributable Proceeds, if any, shall be distributed pro rate among all holders of the Cambrosia Ordinary Shares (excluding Cambrosia Ordinary Shares issuable upon conversion of Cambrosia Preferred Shares that received the Preferred Preference Amount in respect of the same Distribution Event), on an as converted basis.

Any M&A Event shall be treated as a Distribution Event under the Cambrosia AoA. Cambrosia shall not have the power to effect, participate in, approve or record a transfer in connection with an M&A Event, and no shareholder shall enter into or consummate any such transaction unless the agreement or plan of merger or consolidation or other agreement for such transaction provides that the consideration payable to the shareholders of Cambrosia shall be allocated among the holders of share capital of Cambrosia in accordance with the distribution preference provisions in the Cambrosia AoA.

If any portion of the amount deemed paid or distributed is made in property other than cash, then the value of such property for purpose of distribution shall be as determined in the transaction documents for the M&A Event, and if not so determined, then as determined in good faith by the Cambrosia Board.

In the event that not all proceeds of an M&A Event are actually distributed to the shareholders upon the closing of such event due to a deferred payment, installment payment, milestone payment, earn-out, deposit in escrow (including without limitation escrow to secure accuracy of representations, warranties and compliance with covenants) or similar arrangement in connection with such M&A Event, then (i) the portion of such proceeds that is not placed in escrow and not subject to any such contingencies (the "**Initial Consideration**") shall be allocated among the shareholders of Cambrosia in accordance with Cambrosia AoA as if the Initial Consideration were the only consideration payable in connection with such M&A Event, and (ii) any additional consideration which becomes payable upon release from escrow or satisfaction of contingencies (if any) shall be allocated among such holders in accordance with the Cambrosia AoA, after taking into account the previous payment of the Initial Consideration made as part of the same transaction.

Voluntary Conversion of Preferred Shares: Each Cambrosia Preferred Share is convertible, at the option of the holder thereof, at any time after the date of issuance of such share, into such number of fully paid Cambrosia Ordinary Shares as determined by dividing the Original Issue Price for such share by its Conversion Price (as defined below) at the time in effect for such share. The initial conversion price per Cambrosia Preferred Share shall be the Original Issue Price for such share (i.e. on a 1:1 basis), subject to adjustment in accordance with the Cambrosia AoA (the "**Conversion Price**").

Automatic Conversion: All Cambrosia Preferred Shares shall automatically be converted into fully paid Cambrosia Ordinary Shares by dividing the applicable Original Issue Price by the Conversion Price at the time in effect for such Cambrosia Preferred Shares upon the earlier of: (i) immediately prior to and contingent upon the closing of an initial public offering of the shares of Cambrosia on a recognized stock exchange (an "**IPO**"), or (ii) upon the date and time or occurrence of an event set forth in a written consent of a simple majority of the Cambrosia Preferred Shares then outstanding, deciding to convert all Cambrosia Preferred Shares.

Distributions: In the event that Cambrosia declares a Distribution to which the distribution preference provisions under the Cambrosia AoA does not apply, including a Distribution payable in securities of the Cambrosia, securities of other persons, evidence of indebtedness issued by Cambrosia or other persons, assets or options or rights, then, in each such case, the holders of the Cambrosia Preferred Shares shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Cambrosia Ordinary Shares into which their Cambrosia Preferred Shares are convertible as of the record date fixed for the determination of the holders of Cambrosia Ordinary Shares entitled to receive such distribution.

Pre-Emptive Rights: Each "**Entitled Holder**" (that is a holder of Preferred Shares or Tamir Gedo or Jonathan Ben-Cnaan, who holds at least 3% of the issued and outstanding shares of Cambrosia, on a fully diluted and as-converted basis) has the right to participate in any new issuance of securities by Cambrosia to maintain their respective pro-rata ownership in Cambrosia on a fully diluted basis.

Bring (Drag) Along and M&A Event: If the holders of 60% of the issued and outstanding shares of Cambrosia on an as converted basis accept or approve a bona fide offer from a potential acquirer to effect an M&A Event, then such decision shall be binding upon Cambrosia and all of the securityholders of Cambrosia. Such securityholders shall execute the relevant documents in connection with, and in the event that the M&A Event is for the acquisition of all shares of Cambrosia (a "**Sale Transaction**"), be obligated to sell all of their shares in Cambrosia, and shall otherwise take all actions necessary and reasonable to effect such M&A Event, provided that in a Sale Transaction or a merger the acquirer will purchase the securities of the securityholders on the same terms and conditions, subject the distribution of the proceeds of such transaction in accordance with the provisions of the Cambrosia AoA (which any distribution shall be deemed to be a distribution under the same terms and conditions to all securityholders).

Right of First Refusal: Until the closing of an IPO or an M&A Event, other than in respect of: (i) a transfer as part of an M&A Event, (ii) a transfer to a permitted transferee, or (iii) a Repurchase, each Entitled Holder shall have a right of first refusal with respect to any transfer of Ordinary Shares by an holder thereof, in accordance with the provisions provided for in the Cambrosia AoA.

In connection with the Fundamental Change Transactions, each of the Cambrosia Ordinary Shareholders has or is expected to unconditionally and irrevocably waive any and all rights in respect any distribution preference, rights upon conversion of any Cambrosia Preferred Shares, pre-emptive rights or rights of first refusal, in each case as provided for in the Cambrosia AoA that might otherwise be applicable in connection with Fundamental Change Transactions (including as such relate to the Cambrosia Concurrent Investment).

As per the Cambrosia AoA, it was stipulated that, subject to applicable law, all resolutions shall be passed by an ordinary majority, i.e. a majority of the voting power represented at a meeting in person or by proxy, all except for an event of Bring Along and M&A Event in accordance with the Cambrosia AoA, according to which until the closing of an IPO, if the holders of 60% of the issued and outstanding shares of the company, on an as converted basis (the "**Special Majority**"), accept or approve a bona fide offer from a potential acquirer to effect an M&A Event then such decision shall be binding upon Cambrosia and all of its securityholders and the company and its Board shall have such powers as provided for in the Cambrosia AoA for the sake of the closing of such transaction.

In addition, subject to applicable law, and as per the Cambrosia AoA, it was stipulated that the company may change, convert, broaden, add or vary in any other manner the rights, preferences or privileges attached to any of its classes or series of shares, by resolution of the General Meeting of the company without the need for a separate class or series vote. Where a resolution is required to be adopted by the consent of a separate class of shares under applicable law, which cannot be superseded by the Cambrosia AoA, then no holder of shares of a certain class or series shall be banned from voting or consenting by virtue of being a holder of more than one class of shares, irrespective of any conflicting interests that may exist between such different classes or series of shares and a shareholder shall not be required to refrain from participating in the discussion, voting and/or consenting on any resolution concerning an amendment to any class or series of shares held by such shareholder, due to the fact that such shareholder may benefit in one way or another from the outcome of such resolution.

Cambrosia has no debt securities or other classes of securities outstanding.

10.D.2. Prior Sales

During the 12-month period preceding the date of this Listing Statement, Cambrosia has issued the following securities:

Date	Number of Cambrosia Preferred Shares	Reason for Issuance	Issue Price per Cambrosia Preferred Share	Aggregate Issue Price	Consideration Received
October 4, 2021	324,300[(1)]	To fund acquisitions, business development and general corporate purposes	€0.15	€50,000	€50,000
Total	**324,300**			-	

Note:
(1) Adjusted for 100:1 share split.

10.D.3. Stock Exchange Price

Neither the Cambrosia Ordinary Shares nor the Cambrosia Preferred Shares are not listed or posted for trading on any stock exchange.

ITEM 11: ESCROWED SECURITIES

Prior to the completion of the Fundamental Change Transactions, the Issuer had no securities held in escrow. No securities are otherwise subject to any contractual restrictions on transfer.

In connection with the proposed requalification for listing of the Resulting Issuer Shares on the CSE following the completion of the Fundamental Change Transactions, all securities held by "Related Persons" are subject to an escrow agreement and held in escrow in accordance with the national escrow regime applicable to initial public distributions pursuant to NP 46-201 (the "**Escrow Agreement**").

A total of 85,529,235 Common Shares held by Related Persons and their spouses and representing 55.17% of the issued and outstanding Resulting Issuer Shares on the Closing Date will be deposited into escrow pursuant to the Escrow Agreement (collectively the "**Escrowed Securities**"). Under the Escrow Agreement, 10% of the Escrowed Securities will initially be released from escrow on the listing of the Common Shares and an additional 15% will be released every six months thereafter.

The Resulting Issuer is currently classified as an "emerging issuer" under NP 46-201. An "emerging issuer" is one that does not meet the "established issuer" criteria (which includes issuers listed on the Toronto Stock Exchange in its non-exempt category and issuers that meeting Tier 1 listing requirements of the Exchange). Based on the Resulting Issuer being "emerging issuer" listed on the Canadian Securities Exchange, the Escrowed Securities will be subject to a three-year escrow.

If the Resulting Issuer achieves "established issuer" status during the term of the Escrow Agreement, it will 'graduate' resulting in a catch-up release and an accelerated release of any securities remaining in escrow under the 18-month schedule applicable to established issuers as if the Resulting Issuer had originally been classified as an established issuer.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may not be transferred or otherwise deal with during the term of the Escrow agreement unless the transfers or dealings within escrow are:

- transfers to continuing or, upon their appointment, incoming directors and senior officers of the Resulting Issuer or of a material operating subsidiary, with approval of the Resulting Issuer's Board;
- transfers to a person or company that before the proposed transfer holds more than 10% of the Resulting Issuer's outstanding Common Shares;
- transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor's spouse, children or parents;
- transfers upon bankruptcy to the trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy; and
- pledges to a financial institution as collateral for a bona fide loan, provided that upon a realization the securities remain subject to escrow.

Tenders of Escrowed Securities to a take-over bid or business combination are permitted provided that, if the tenderer is a Related Person of the successor corporation upon completion of the take-over bid or business combination, securities received in exchange for tendered Escrow Securities are substitute in escrow on the basis of the successor corporation's escrow classification.

Lock-Up

In addition to any resale restrictions, hold periods and corresponding legends imposed by applicable law, the Payment Shares to be issued to former AgMedica Shareholders, Atlas Shareholders and Cambrosia Shareholders (other than those subject to the Escrow Agreement) will be subject to a 36-month lock-up period with approximately 21% to be released at listing of the Resulting Issuer Shares on the CSE, 15% at each of the 6-, 12-, 18-, 24- and 30-month anniversary thereof and the remaining 4% to be released at the 36-month anniversary of the Listing Date.

Notwithstanding the foregoing, the number of Payment Shares released upon the Listing Date shall be increased proportionally, if and to the extent required to satisfy any public float requirements and distribution requirements of the CSE.

Kronos Capital Partners Inc. Lock-Up

The Resulting Issuer Shares to be issued to Kronos Capital Partners Inc., being 1,968,358 Resulting Issuer Shares, will be subject to certain resale restrictions as set forth in the lock-up agreement to be entered into at Closing entered into between Kronos Capital Partners Inc. and the Resulting Issuer pursuant to which Payment Shares issued to Kronos Capital Partners Inc. shall be released as to 21% at listing of the Common Shares on the CSE, 15% on the 6 month anniversary, 30% on each of the 12 and 18 month anniversary.

Hold Periods

The Payment Shares will be issued pursuant to exemptions from the prospectus requirements of applicable securities legislation, and certain of the Payment Shares, including those payable to Cambrosia Shareholders and Cambrosia Entity Vendors, will be subject to a statutory hold period of four (4) months and one day from the date of issue.

ITEM 12: PRINCIPAL SHAREHOLDERS

Following completion of the Fundamental Change Transactions, the following persons will beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding Resulting Issuer Shares:

Name	Type of Ownership (of record and beneficially, of record only, or beneficially only)	Number of Resulting Issuer Shares	Percentage of Outstanding Resulting Issuer Shares of the Resulting Issuer (Undiluted)	Percentage of Outstanding Resulting Issuer Shares of the Resulting Issuer (Fully Diluted)
Tamir Gedo	Beneficial(1)	27,883,263	17.99%	17.69%
SHR Group Management (KSN) Ltd.(2)	Beneficial(1)	27,883,263	17.99%	17.69%

Note:

(1) Such Resulting Issuer Shares shall be held by a trustee pursuant to a trust agreement in accordance with the terms of the 103K Tax Ruling.

(2) SHR Group Management (KSN) Ltd. is a holding company for Abraham (Avi) Elkayam.

As of the date of this Listing Statement, other than pursuant to a trust agreement in accordance with the terms of the 103K Tax Ruling, none of the Issuer's securities are, to the knowledge of the Issuer, subject to a voting trust, pooling agreement or other similar arrangement.

ITEM 13: DIRECTORS & OFFICERS

13.A.1. Name, Occupation and Security Holding

Pursuant to the Amalgamation and Share Exchange Agreement, the initial Board of the Resulting Issuer shall consist of (i) two nominees of Atlas, being Elan MacDonald and Cale Alacer, (ii) two nominees of AgMedica, being Trevor Henry and Peter Van Mol, and (iii) five nominees of Cambrosia, being Jonathan Ben-Cnaan, Tamir Gedo, Iftach Seri, David Pappo and Itamar Grotto. If prior to the Closing Date any of the nominees become ineligible to act as a director of the Resulting Issuer due to lack of consent, ineligibility, suitability, death, disability, removal as a nominee or for any other reason, then Atlas, AgMedica and Cambrosia have the right to replace such nominee with another individual, if so desired. If a party is unable to identify one or more suitable replacement nominees prior to the Closing Date, that party shall be entitled to shadow representation on the Board of the Resulting Issuer (with the objective that, to the full extent possible under applicable law, that party shall have the functional equivalent of the board representation it was entitled to under the Amalgamation and Share Exchange Agreement), all in accordance with the terms and conditions of a representation agreement to be entered into by the Resulting Issuer and a person selected by that party (a "**Representation Agreement**").

On Closing of the Fundamental Change Transactions, the Resulting Issuer's Board will be reconstituted such that the board of directors of the Resulting Issuer shall comprise the following individuals: Elan MacDonald, a nominee of Atlas, Cale Alacer, a nominee of Atlas, Trevor Henry, a nominee of AgMedica, and Peter Van Mol, a nominee of AgMedica. The nominees of Cambrosia, being Jonathan Ben-Cnaan, Tamir Gedo, Iftach Seri, David Pappo and Itamar Grotto, have not yet received regulatory approval from Health Canada to act as a director of the Resulting Issuer. Therefore, pursuant to the terms of the Amalgamation and Share Exchange Agreement, such individuals shall be provided with shadow representation in the form of an advisory board of the Resulting Issuer, all upon the terms and conditions to be contained in a Representation Agreement.

The following table sets out the names of the proposed directors and members of the advisory board of the Resulting Issuer, the province and municipality in which each is ordinarily resident, all offices of the Resulting Issuer proposed to be held by each of them, their principal occupations during the past five years and the expected number of Resulting Issuer Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercisable, following completion of the Fundamental Change Transactions.

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years	Term[(1)]	Number of Resulting Issuer Shares upon Completion of the Fundamental Change Transactions[(2)(3)]	Percentage of Resulting Issuer Shares Held or Controlled on Completion of the Fundamental Change Transactions (Undiluted)
Directors				
Cale Alacer	Conseillers en Gestion et Informatique - Director Consulting Services (2021-present); Atlas Biotechnologies - Member of the Board of Directors (2014-present); EY - Advisory Service - Sr. Manager, Business Architectures (2021); EY - Advisory Service - Sr. Manager, Business Architectures (2015-2021)	N/A	965,122[(4)]	0.62%
Trevor Henry[(5)] Ontario, Canada	Director and CEO of AgMedica Canadian based licensed cannabis producer (December 2016 – Present); Owner and veterinarian of a multi-location veterinarian clinic in Ontario (1992 – December 2016).	N/A	4,380,207[(6)]	2.83%
Elan MacDonald[(5)] Alberta, Canada	Vice President, External Relations, University of Alberta (January 2021 - Present); Senior Vice President (National Client Development) of Global Public Affairs (September 2018 – December, 2020); Director of Atlas	N/A	159,865[(7)]	0.10%

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years	Term[(1)]	Number of Resulting Issuer Shares upon Completion of the Fundamental Change Transactions[(2)(3)]	Percentage of Resulting Issuer Shares Held or Controlled on Completion of the Fundamental Change Transactions (Undiluted)
	Biotechnologies Inc., privately held medical and recreational cannabis producer in Canada (October, 2018 – Present); Director of Edmonton Global, a regional economic development agency focused on attracting foreign direct investment (October 2017 – Present); Director Alberta Ballet (November 2018 – Present); Director of Edmonton Chamber of Commerce (January 2016 – Present); President of Impact Consulting, a public relations professional services firm providing private sector corporations and NGOs with government relations, crisis communications, media relations and advocacy (2012 – August 2018).			
Peter Van Mol[(5)] Blenheim, Ontario	Director (November 2013 – October 2020), Treasurer (November 2013 – present), Secretary (March 2021 – present) and CFO (August 2020 – present) of AgMedica	N/A	771,129[(8)]	0.50%
Advisory Board Members				
Jonathan Ben-Cnaan Tel Aviv, Israel	Owner and CEO of Zenith Investments Ltd. a transaction advisory company (1996-present); Chairman and interim-CEO, Beverage Container Innovation Ltd. (and its predecessor SealBev GmbH), a developer of innovative solutions in the aluminum can market (2016-present); Director and CFO of Cambrosia Ltd., a holding company engaged in the medical cannabis business in Israel. (2021-present); Chairman and interim CEO, Calanit Medical Ltd. developing alternative homes for long-term pulmonary patients; (2020-present); Chairman of Growponics Greenhouse Technologies Ltd., an Ag-Tech company specializing in the design, development, construction and operation of commercial-scale hydroponic greenhouses; (2019 – 2021); Chairman of MDK Trade Ltd., a retail chain of photography equipment, cellphones and audio equipment (2018 – 2021); Director and Co-CEO of Medtrix Israel Ltd., a medical services company specialising in medical care at home (2017 - 2020).	N/A	4,920,587	3.17%
Tamir Gedo Rishon LeZion, Israel	CEO of Beyond Oil, a CSE-listed food technology company (March 2021 – Present); CEO of BOL Pharma, a cultivator, manufacturer, importer and exporter of cannabis and cannabis-derived products (Jan 2013 – May 2020)	N/A	27,883,263	17.99%
Itamar Grotto Hod Hasharon, Israel	Executive Chairman (Part-time), PsyRx Ltd · (2022-present) Canonic – director (2022-present); Cyprus University of Technology - Visiting Professor (2022-present) Ben Gurion University - Full professor (2014 – Present); The Hebrew University of Jerusalem - Full Professor (Oct 2021 - Mar 2022); World Health Organization - Member of the Executive	N/A	-	-

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years	Term[(1)]	Number of Resulting Issuer Shares upon Completion of the Fundamental Change Transactions[(2)(3)]	Percentage of Resulting Issuer Shares Held or Controlled on Completion of the Fundamental Change Transactions (Undiluted)
	Board (2018 – 2021); Ministry of Health, Israel - Associate Director General (2017-2021).			
David Pappo Holon, Israel	Chairman of the Israeli Association of Pharmacists (2007 – present); Head Pharmacist, Tlalim Pharmacy (1982 – present).	N/A	3,353,272[(9)]	2.16%
Iftach Seri Ra'anana, Israel	CEO and Director of Wavelength Pharmaceuticals Ltd. a world-class developer and manufacturer of active pharmaceutical ingredients. (2018 – present); Independent Consultant and Entrepreneur, advising international pharmaceutical companies and investors (2016 -2018).	N/A	370,010[(10)]	0.24%

Notes:

(1) The Resulting Issuer does not intend to set expiry dates for the terms of office of Directors. Each Director holds office as long as he or she is elected annually by shareholders at annual general meetings, unless his office is earlier vacated in accordance with the Articles of the Resulting Issuer.

(2) The information takes into consideration the consolidation proposed to be completed in connection with the Fundamental Change Transactions.

(3) These numbers assume the cancellation of all outstanding AgMedica Options, Atlas Options and Cambrosia Options, except for the Cambrosia Legacy Options, and are subject to increases pursuant to the exercise of options set forth in *Item 15 – Executive Compensation*.

(4) Consists of 858,780 Resulting Issuer Shares to be held by Cale Alacer and 106,342 Resulting Issuer Shares to be held by Cale Alacer's spouse.

(5) Expected member of the audit committee and governance, compensation and nominating committee.

(6) Consists of 70,372 Resulting Issuer Shares to be held by TH AgriMed Holdings Limited, 593,106 Resulting Issuer Shares to be held by AgriMed Holdings Limited (which is 20% owned by Trevor Henry), 586,286 Resulting Issuer Shares to be held by Trevor Henry's spouse and 3,130,443 Resulting Issuer Shares to be held by Trevor Henry directly.

(7) Consists of 101,909 Resulting Issuer Shares to be held by Elan MacDonald and 57,956 Resulting Issuer Shares to be held by Elan MacDonald's spouse.

(8) Consists of 365,219 Resulting Issuer Shares to be held by Peter Van Mol, 365,219 Resulting Issuer Shares to be held by Peter Van Mol's spouse and 40,691 held by Peter Van Mol Family Trust (2017).

(9) Consists of 2,773,595 Resulting Issuer Shares to be held by David Pappo, 55,472 Resulting Issuer Shares to be held by David Pappo's spouse and 524,205 Resulting Issuer Shares to be held by Altshuler Shaham Trusts Ltd.

(10) Held by Altshuler Shaham Trusts Ltd.

The term of office of each of the present directors expires at the Resulting Issuer's next annual general meeting. Each director elected or appointed will hold office until the next annual general meeting of the Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Resulting Issuer or with the provisions of the BCBCA.

The directors (being Elan MacDonald, Cale Alacer, Trevor Henry and Peter Van Mol) and officers (being Sheldon Croome and Jeffrey R. Gossain) of the Resulting Issuer as a group directly and indirectly will own 13,682,606 Resulting Issuer Shares, representing 8.68% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis).

13.A.2. Committees

The Resulting Issuer will have two committees: the audit committee (the "**Audit Committee**") and the governance, compensation and nominating committee (the "**GCN Committee**").

The Audit Committee will be comprised of Elan MacDonald, as chair, Peter Van Mol and Trevor Henry. Due to delays in obtaining regulatory approval in respect of Cambrosia's director nominees (See *Item 13.A.1 – Name, Occupation and Security Holding*), the Resulting Issuer is unable to form an Audit Committee that consists of a majority of independent directors within the meaning of NI 52-110. In reliance on the exemption afforded by Section 6.1.1(4) of NI 52-110, the Audit Committee will consist of a majority of independent directors within the meaning of NI 52-110 within six months following the Closing Date. Each of the Resulting Issuer's proposed audit committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The GCN Committee will be comprised of Elan MacDonald and will be charged with reviewing, overseeing and evaluating our corporate governance, compensation and nominating policies. No member of the GCN Committee will be one of the Resulting Issuer's officers, and as such, it is expected that the GCN Committee will conduct its activities in an objective manner.

13.A.3. Cease Trade Orders and Bankruptcies

Except as described below, as at the date of this Listing Statement and within the ten years before the date of this Listing Statement, no director, officer or proposed director or officer, promoter or any shareholder who will hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has been a director or executive officer of any company (including the Issuer), that:

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

- after that person ceased to be a director or executive officer, was subject to an order which resulted from an event that occurred while that person was acting in the capacity as director or executive officer that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

- while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- has within 10 years before the date of the Listing Statement became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officers or shareholders.

Trevor Henry was a director and officer of AgMedica on December 2, 2019 when the Ontario Superior Court of Justice – Commercial List granted an order to AgMedica and the AgMedica Subsidiaries pursuant to the CCAA to allow them to restructure their business and affairs. See *Item 3.B.1 – General Development of the Business – AgMedica – Three Year History*.

13.A.4. Penalties and Sanctions

No director, executive officer or promoter or any shareholder who will hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has, within the ten years prior to the date of this Listing Statement, been subject to:

- any penalties or sanctions imposed by a court or securities regulatory authority relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

13.A.5. Conflicts of Interest

Certain directors and officers of the Resulting Issuer are also directors, officers or shareholders of other companies that are similarly engaged in the cannabis industry. These associations to other public companies may give rise to conflicts of interest from time to time. In addition, David Pappo, a director of the Resulting Issuer, is also a director, officer and 49% shareholder of Tlalim Pappo Ltd, a pharmacy in which Cambrosia will hold 51%.

Under the laws of the Province of British Columbia, the directors and senior officers of the Issuer are required by law to act honestly and in good faith with a view to the best interests of the Issuer. In the event that such a conflict of interest arises at a meeting of the Issuer's directors, a director who has such a conflict will disclose such interest in a contract or transaction and will abstain from voting on any resolution in respect of such contract or transaction. See also *Item 17 – Risk Factors*.

13.A.6. Management

The following is a brief description of the key management of the Resulting Issuer.

None of the Resulting Issuer's proposed management personnel have entered into non-disclosure or non- competition agreements with the Issuer, but the Resulting Issuer will consider whether to enter into such agreements following the Listing Date.

The number of Resulting Issuer Shares held by each person below assumes the cancellation of all outstanding AgMedica Options, Atlas Options and Cambrosia Options, except for the Cambrosia Legacy Options, and are subject to increases pursuant to the exercise of options set forth in *Item 15 – Executive Compensation*.

Sheldon Croome, Interim Chief Executive Officer
Age: 36
Edmonton, Alberta

Mr. Croome will be the Interim Chief Executive Officer of the Resulting Issuer. Mr. Croome has served as Chief Executive Officer of Atlas since 2015. Prior to joining Atlas, Mr. Croome was executive director of Premium Imports Inc., overseeing and negotiating international and domestic branded alcohol product distribution. Mr. Croome has significant executive-level experience in consumer-packaged goods, specializing in regulated sectors. Mr. Croome is highly skilled at building large teams, all executive business functions, contract negotiations, capital raising, mergers and acquisitions, and business development, both domestically and internationally. Mr. Croome holds a Bachelor of Commerce degree from the University of Alberta.

Mr. Croome is expected to be the beneficial owner of 5,565,797 Resulting Issuer Shares (3.59% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis)), of which 126,597 Resulting Issuer Shares are to be held by Mr. Croome's spouse. Mr. Croome expects to devote 100% of his working time to the Resulting Issuer.

Jeffrey R. Gossain, Chief Operating Officer
Age: 35
Edmonton, Alberta

Mr. Gossain will be the Chief Operating Officer of the Resulting Issuer. Mr. Gossain currently serves as the President, Chief Operating Officer and director of Atlas and has been with Atlas in a full-time capacity since January 2018, and previous to that as director since November 2015. Before joining Atlas, Mr. Gossain spent ten years in construction and asset management. For eight years beginning in May 2010, he was with Graham Construction and Engineering Inc., Canada's fifth largest construction company based on revenues. Mr. Gossain was responsible for a fleet of equipment assets valued at more than $300 million and managed the internal rental business to each of Graham's construction projects across North America. Mr. Gossain received his Bachelor of Science in Mechanical Engineering from the University of Alberta in 2010. He has also completed executive education business courses centering around finance at Harvard Business School in 2017. Mr. Gossain has been a professional engineer (P. Eng.) in Alberta, Canada since 2015 and a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA) since 2010.

Mr. Gossain is expected to be the beneficial owner of 1,840,486 Resulting Issuer Shares (1.19% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis)), of which 49,626 Resulting Issuer Shares are to be held by 1402171 Alberta Ltd. and 42,537 Resulting Issuer Shares are held by Mr. Gossain's spouse. Mr. Gossain expects to devote 100% of his working time to the Resulting Issuer.

Bernard Yeung, General Manager, Head of Global Operations
Age: 40
Toronto, Ontario, Canada

Mr. Yeung will be the General Manager, Head of Global Operations of the Resulting Issuer and will become the Resulting Issuer's Chief Executive Officer upon receiving regulatory clearance from Health Canada. Bernard has been a senior executive in the cannabis space since pre-legalization, having held leadership roles at multiple publicly traded Licensed Producers. As the former Senior Vice President, Sales & Marketing, of Aphria and the newly merged Tilray, he led the commercial strategy, product innovation, brand building, and execution of the entire portfolio across Canada. Prior to joining cannabis in 2017, he was the head of marketing for a leading alcohol and spirits company, Brown Forman (parent company of Jack Daniel's). His in-depth knowledge of navigating regulated and controlled products, and proactive approach to developing strong relationships with stakeholders, partners and consumers, has been instrumental to his success in helping shape the cannabis industry. Bernard is bilingual in English and Cantonese, which proved beneficial during his international experience expanding the Snapple portfolio in China, Philippines, Singapore, Thailand and Malaysia, for Keurig Dr Pepper. Bernard holds an MBA from Laurier University, and an Honours Bachelor of Commerce from York University.

Mr. Yeung is expected to be the registered and beneficial owner of nil Resulting Issuer Shares. Mr. Yeung expects to devote 100% of his working time to the Resulting Issuer.

Jason Cervi, Head of Finance
Age: 44
Burlington, Ontario

Mr. Cervi will be the Head of Finance of the Resulting Issuer and will become the Resulting Issuer's Chief Financial Officer upon receiving regulatory clearance from Health Canada. Mr. Cervi has over 20 years of experience working in large global publicly traded organizations with market capitalizations in excess of US$10 billion across a number of highly regulated industries including health care, medical devices, and aerospace & defense with extensive background in building and leading high performing teams. Mr. Cervi brings deep technical and operational knowledge and expertise in mergers and acquisitions and business integrations. Prior to joining the Resulting Issuer, Mr. Cervi served as Director of the Enterprise Modernization Program PMO office at Dentsply Sirona where he led process improvement and technology implementation initiatives across finance, HR, IT, supply chain and commercial operations leveraging deep knowledge gained through serving in various senior finance roles as a key business partner to commercial leaders in Canada and Latin America from 2012 to March 2022. Mr. Cervi also held Controller and a variety of other finance roles with Hologic, Inc. from 2011 to 2012, Aon Hewitt from 2009 to 2011 and MDA from

2002 to 2009. Mr. Cervi is a Chartered Professional Accountant and holds an Honours Bachelor of Commerce degree with a minor in Economics from the Michael G. DeGroote school of business at McMaster University.

Mr. Cervi is expected to be the registered and beneficial owner of nil Resulting Issuer Shares. Mr. Cervi expects to devote 100% of his working time to the Resulting Issuer.

Other Reporting Issuer Experience

The following table sets out the directors, officers and promoters of the Resulting Issuer who are, or have been within the last five years, directors, officers or promoters of other reporting issuers, other than the Issuer:

Name of Director, Officer or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Period
Tamir Gedo	Beyond Oil Ltd. British Columbia, Canada	CSE	Chief Executive Officer Director	March 2021- present

ITEM 14: CAPITALIZATION

14.A.1. Pro Forma Capitalization

The following tables set forth the pro forma consolidated capitalization of the Resulting Issuer as at the Listing Date. All references are to Resulting Issuer Shares.

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	155,029,060	157,650,087	100.00%	100.00%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B) (to the extent known)	82,982,710	85,603,737	53.53%	54.30%
Total Public Float (A-B)	72,046,350.00	72,046,350	46.47%	45.70%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	127,054,134	129,675,161	81.96%	82.26%
Total Tradeable Float (A-C)	27,974,926	27,974,926	18.04%	17.74%

14.A.2. Public Securityholders (Registered)

Public securityholders are persons other than persons enumerated in (B) at "*Item 14.A.1. – Pro Forma Capitalization*". This table includes registered holders only.

Class of Security		
Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	12	376
100 – 499 securities	4	1,540
500 – 999 securities	13	8,165
1,000 – 1,999 securities	10	13,891
2,000 – 2,999 securities	28	71,993
3,000 – 3,999 securities	7	23,412
4,000 – 4,999 securities	33	148,059
5,000 or more securities	333	71,156,008
Total	**440**	**71,423,444**

14.A.3. Public Securityholders (Beneficial)

Public securityholders are persons other than persons enumerated in (B) at "*Item 14.A.1. – Pro Forma Capitalization*". This table includes (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings.

Class of Security		
Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	31	794
100 – 499 securities	18	4,205
500 – 999 securities	19	11,597
1,000 – 1,999 securities	16	22,571
2,000 – 2,999 securities	32	82,687
3,000 – 3,999 securities	9	30,427
4,000 – 4,999 securities	33	148,059
5,000 or more securities	356	71,746,010
Unable to confirm	-	-
Total	**514**	**72,046,350**

14.A.4. Non-Public Securityholders (Registered)

Non-Public securityholders are persons enumerated in (B) at "*Item 14.A.1. – Pro Forma Capitalization*".

Class of Security		
Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	37	85,603,737
Total	**37**	**85,603,737**

14.A.5. Convertible Securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	**Number of convertible / exchangeable securities outstanding**	**Number of listed securities issuable upon conversion / exercise**
Option(1)	9,400,000	-

Note:

(1) In accordance with the terms of the Amalgamation and Share Exchange Agreement all outstanding options and warrants of the Issuer must be exercised or terminated on or prior to the Effective Time, except the Cambrosia Legacy Options held by Mr. Jonathan Ben-Cnaan. The Cambrosia Legacy Options shall be

exercisable for 2,621,027 Resulting Issuer Shares for an aggregate price of ILS940 in accordance with the expected Cambrosia Exchange Ratio, and shall expire on the date that is five years from the Closing Date and shall otherwise remain outstanding and subject to the Cambrosia Stock Option Plan in accordance with their terms.

ITEM 15: EXECUTIVE COMPENSATION

In this section "Named Executive Officer" (an "**NEO**") means the CEO or an officer acting in a similar capacity, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year, and whose total compensation was more than $150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Issuer, AgMedica, Atlas or Cambrosia, as applicable, at the end of the most recently completed financial year.

15.A ISSUER

The following information regarding executive compensation of the Issuer is presented in accordance with Form 51-102F6, and sets forth compensation for each of the Issuer's NEOs, being: Scott Ackerman and Doug McFaul.

Table of Compensation Excluding Compensation Securities

Name and position	Year [1]	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites	Pension value ($)	Value of all other compensation ($)	Total compensation ($)
Scott Ackerman Director, President, Corporate Secretary, CEO	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
	2019	-	-	-	-	-	-	-
Doug McFaul Director, CFO	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
	2019	-	-	-	-	-	-	-

Note:

(1) Financial year ended December 31, 2021.

15.B AGMEDICA

15.B.1. Executive Compensation

The following information regarding executive compensation of AgMedica is presented in accordance with NI 51-102F6, and sets forth compensation for each of AgMedica's NEOs, being: Trevor Henry, Peter Van Mol, Andy Williams, Scott Langegger, Chad Brian.

Overview

The AgMedica Board has not appointed a compensation committee and the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing AgMedica's base compensation structure and equity-based compensation program, recommending compensation of AgMedica's officers and employees, and evaluating the performance of officers generally and in light of any annual goals and objectives, if applicable, is performed by the AgMedica Board as a whole.

The AgMedica Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for AgMedica's senior management. AgMedica does not have pre-existing performance criteria or objectives for the AgMedica Board or NEOs. All significant elements of compensation awarded to, earned by, paid or payable to NEOs are determined by AgMedica on a subjective basis. The AgMedica Board reviews the compensation of senior management on a semi-annual basis taking into account compensation paid by other issuers of similar size and resources.

AgMedica's executive compensation program has three principal components: base salary, incentive bonus plan and stock options.

Base salaries for all employees of AgMedica are established for each position through comparative salary surveys of similar type and size companies. Both individual and corporate performances are also taken into account, but other than setting out the duties and responsibilities of the applicable office or position by way of a job description, AgMedica does not set specific annual performance goals or similar conditions.

Incentive bonuses, in the form of cash payments, are designed to add a variable component of compensation based on corporate and individual performances for executive officers and employees. No bonuses were paid to executive officers and employees during the most recently completed financial year.

The AgMedica Stock Option Plan has been used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of AgMedica. In determining the number of AgMedica Options to be granted to the executive officers, the AgMedica Board takes into account the number of AgMedica Options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the applicable stock exchange, and closely align the interests of the executive officers with the interests of AgMedica Shareholders.

AgMedica has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by AgMedica at competitive industry rates for work of a similar nature by reputable arm's length services providers. AgMedica does not provide pension or other benefits to the executive officers.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on AgMedica's financial resources and prospects.

Given the evolving nature of AgMedica's business, the AgMedica Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

There were no actions, decisions or policies made since December 31, 2021 that would affect a reader's understanding of NEO compensation.

Director and Named Executive Officer Compensation

The following table is a summary compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for each of AgMedica's three most recently completed financial years.

Summary Compensation Table

Name and Principal Position	Period	Salary ($)(1, 2)	Share-based Awards ($)	Option-Based Awards ($)(3, 5)	Non-equity Incentive Plan Compensation ($): Annual incentive plan ($)	Non-equity Incentive Plan Compensation ($): Long-term incentive plans	Pension Value ($)	All Other Compensation ($)(4)	Total Compensation ($)
Trevor Henry	2021	250,000	-	10,978	-	-	-	6,346	267,324
Director and Chief Executive Officer	2020	137,866	-	-	-	-	-	29,384	167,250
	2019	204,807	-	-	-	-	-	10,124	214,931
Peter Van Mol	2021	200,000	-	8,469	-	-	-	6,346	206,346
Chief Financial Officer	2020	127,327	-	-	-	-	-	23,759	151,086
	2019	204,807	-	-	-	-	-	9,374	214,181
Andy Williams(6)	2021	275,000	-	10,978	-	-	-	346	275,346
Chief Commercial Officer	2020	275,728	-	-	-	-	-	42,711	318,439
	2019	275,000	-	-	-	-	-	499	275,499
Scott Langegger(6)	2021	200,000	-	8,469	-	-	-	346	200,346
Executive VP Sales and Marketing	2020	190,625	-	-	-	-	-	28,865	219,490
	2019	185,000	-	-	-	-	-	499	185,499
Chad Brian	2021	160,000	-	6,899	-	-	-	346	160,346
VP Cultivation	2020	170,244	-	-	-	-	-	25,019	195,263
	2019	160,000	-	-	-	-	-	499	160,499

Notes:

(1) None of the Resulting Issuer's NEOs are expected to be entitled to perquisites or other personal benefits which, in the aggregate, are worth over $50,000 or over 10% of their base salary.

(2) Gross Salary before local income taxes and withholdings.

(3) Options to acquire Common Shares which were granted to NEOs are valued based on the grant date fair value of the applicable option grant. Fair value recorded is consistent with that used to record share-based compensation in AgMedica's Consolidated Financial Statements. This approach used the Black-Scholes Option pricing model with the weighted average assumptions relating to dividend yield, volatility, risk free rate and the expected lives of the options being determined at the time of grant.

(4) Other compensation includes health benefits paid by the employer, car allowance and during AgMedica's protection under CCAA, the company identified and paid a Key Employee Retention Program. Upon exit from CCAA the company paid out these amounts which has been recorded as All Other Compensation.

(5) The NEO's for AgMedica had received option grants in 2018, whereby the share-based compensation was calculated over the vesting period, but the company has not included the share-based compensation for 2019 and 2020, as the company entered CCAA in December 2019 and exited in October 2020, which rendered these previously granted options worthless.

(6) Messrs. Williams and Langegger ceased to be employed by AgMedica as of July 15, 2022 and July 1, 2022 respectively.

Employment Agreements, Termination and Change of Control Benefits

AgMedica has entered into written employment agreements with each of its NEOs which set forth the terms of their employment. The Resulting Issuer intends to enter into new employment agreements with the Resulting Issuer NEOs upon Closing of the Fundamental Change Transactions.

The table below shows the estimated incremental payments that would be made to the AgMedica NEOs (other than Messrs. Williams and Langegger who ceased to be employed by AgMedica as of July 15, 2022 and July 1, 2022 respectively; no severance was paid by AgMedica in connection with such departures) upon the occurrence of certain events under each NEO's current employment contract.

Name and Principal Position	Event	Severance ($)(1)	Options ($)(2)	Other Payments ($)	Total ($)
Trevor Henry Director and Chief Executive Officer	Termination other than for cause	250,000	-	-	250,000
	Change of control(2)	250,000	-	-	250,000
Peter Van Mol Chief Financial Officer	Termination other than for cause	200,000	-	-	200,000
	Change of control(2)	200,000	-	-	200,000
Chad Brian VP Cultivation	Termination other than for cause	160,000	-	-	160,000
	Change of control(2)	160,000	-	-	160,000

Notes:

(1) Severance payments are calculated based on the base salary we expect to pay to the NEO.

(2) Change of control is not exercisable at the option of the employee upon the change of control event tacking place. The terms and conditions of the employees employment arrangement must materially change post a change of control event, then the employee is within his rights to exercise the change of control option in their employment agreement.

Outstanding Option-Based Awards and Share-Based Awards

The only incentive plan maintained by AgMedica is the AgMedica Stock Option Plan. The AgMedica Stock Option Plan will be terminated upon the Closing of the Fundamental Change Transactions, and all AgMedica Options outstanding will be exercised or terminated prior to Closing.

The following table sets out information concerning the option-based awards granted to AgMedica's NEOs for the year ended December 31, 2021. None of AgMedica's NEOs hold any share-based awards.

	Option-based Awards				Share-based Awards		
Name and Principal Position	**No. of AgMedica Common Shares underlying unexercised options**	**Option exercise price**	**Operation expiration date**	**Value of unexercised in-the-money options(2)**	**No. of Common Shares that have not vested**	**Market or payout value of share-based Awards that that have not vested**	**Market or payout value of vested share-based Awards not paid out or distributed**
Trevor Henry Director and Chief Executive Officer	5,769,783	$0.02	January 15, 2026	-	-	-	-
Peter Van Mol Chief Financial Officer	4,450,976	$0.02	January 15, 2026	-	-	-	-
Andy Williams(1) Chief Commercial Officer	5,769,783	$0.02	January 15, 2026	-	-	-	-

Name and Principal Position	Option-based Awards: No. of AgMedica Common Shares underlying unexercised options	Option-based Awards: Option exercise price	Option-based Awards: Operation expiration date	Option-based Awards: Value of unexercised in-the-money options(2)	Share-based Awards: No. of Common Shares that have not vested	Share-based Awards: Market or payout value of share-based Awards that that have not vested	Share-based Awards: Market or payout value of vested share-based Awards not paid out or distributed
Scott Langegger(1) Executive VP Sales and Marketing	4,450,976	$0.02	January 15, 2026	-	-	-	-
Chad Brian VP Cultivation	3,626,721	$0.02	January 15, 2026	-	-	-	-

Notes:

(1) Messrs. Williams and Langegger ceased to be employed by AgMedica as of July 15, 2022 and July 1, 2022 respectively.

(2) The fair market value of the unexercised in-the-money options is approximated based on the most recent significant purchase of shares in the capital of AgMedica, which was completed at $0.01 per share.

Incentive Plan Awards — Value Vested or Earned During the Year

The following table indicates, for each of AgMedica's NEOs, a summary of the value of the option-based awards and share-based awards expected to be vested in accordance with their terms during the year ended December 31, 2021.

Name and Principal Position	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Trevor Henry Director and Chief Executive Officer	$10,978	-	-
Peter Van Mol Chief Financial Officer	$8,469	-	-
Andy Williams(1) Chief Commercial Officer	$10,978	-	-
Scott Langegger(1) Executive VP Sales and Marketing	$8,469	-	-
Chad Brian VP Cultivation	$6,899	-	-

Note:

(1) Messrs. Williams and Langegger ceased to be employed by AgMedica as of July 15, 2022 and July 1, 2022 respectively.

15.B.2. Directors' Compensation

No compensation was provided to AgMedica's non-management directors for the year ended December 31, 2021. None of AgMedica's directors hold any option-based awards or share-based awards.

15.C ATLAS

15.C.1. Executive Compensation

The following information regarding executive compensation of Atlas is presented in accordance with National Instrument Form 51-102F6 – *Statement of Executive Compensation*, and sets forth compensation for each of Atlas' NEOs, being: Sheldon Croome, Jeffrey R. Gossain, Clinton Weir, David Lang, and Jim Hole.

Overview

The Atlas Board has appointed an HR & Governance committee and the responsibilities relating to executive and director compensation, including reviewing, and recommending director compensation, overseeing Atlas' base compensation structure and equity-based compensation program, recommending compensation of Atlas' officers and employees, and evaluating the performance of officers generally and in light of any annual goals and objectives, if applicable, is performed by the Atlas Board as a whole. All members of the board were part of the committee. The compensation committee made decisions solely for the CEO's compensation and offered guidance on the compensation of other Officers of the corporation.

The Atlas Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for Atlas' senior management. Atlas does not have pre-existing performance criteria or objectives for the Atlas Board or NEOs. All significant elements of compensation awarded to, earned by, paid or payable to NEOs are determined by Atlas on a subjective basis. The Atlas Board reviews the compensation of senior management on a semi-annual basis considering compensation paid by other issuers of similar size and resources.

Atlas' executive compensation program has the following principal components: base salary, incentive bonus plan, share grants and health, dental and insurance benefits.

Base salaries for all employees of Atlas are established for each position through comparative salary surveys of similar type and size companies. Both individual and corporate performances are also taken into account, but other than setting out the duties and responsibilities of the applicable office or position by way of a job description, Atlas does not set specific annual performance goals or similar conditions.

Incentive bonuses, in the form of cash payments, are designed to add a variable component of compensation based on corporate and individual performances for executive officers and employees. No bonuses were paid to executive officers and employees during the most recently completed financial year.

Atlas Class B Shares have been granted to key employees of Atlas as an additional form of compensation, subject to certain vesting requirements. These are issued under the Atlas Employee Benefit Trust which subscribes for the Atlas Class B Shares and issues them to each employee or officer based on their respective vesting schedule through share grants.

Atlas executives receive health, dental, life insurance, short-term disability and long-term disability benefits which are predominately covered by the employer and partially by the employee.

Atlas has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by Atlas at competitive industry rates for work of a similar nature by reputable arm's length services providers. Atlas does not provide pension or other benefits to the executive officers.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on Atlas' financial resources and prospects.

Given the evolving nature of Atlas' business, the Atlas Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

There were no actions, decisions or policies made since September 30, 2021 that would affect a reader's understanding of NEO compensation.

Named Executive Officer Compensation

The following table is a summary compensation (excluding compensation securities) paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to the directors and NEOs for each of Atlas' three most recently completed financial years.

Summary Compensation Table

					Non-equity Incentive Plan Compensation ($)				
Name and Principal Position	**Period**	**Salary ($)(1, 2)**	**Share-based Awards ($)**	**Option-Based Awards ($)(3)**	**Annual incentive plan ($)**	**Long-term incentive plans ($)**	**Pension Value ($)**	**All Other Compensation ($)(4)**	**Total Compensation ($)**
Sheldon Croome	2021	236,581	317,688	39,857	-	-	-	5,898	602,045
Chief Executive Officer	2020	292,641	317,688	39,857	-	-	-	6,424	658,630
	2019	165,946	317,688	39,857	-	100,000	-	4,634	630,144
David Lang(6)	2021	120,959	99,996	58,639	-	-	-	5,898	287,513
Chief Financial Officer	2020	105,962	100,002	58,639	-	-	-	6,424	273,047
	2019	94,269	-	-	-	-	-	4,634	100,922
Jeffrey R. Gossain	2021	139,357	264,740	39,857	-	-	-	5,898	451,873
President & Chief Operating Officer	2020	229,642	264,740	39,857	-	-	-	6,424	542,683
	2019	217,500	264,740	39,857	-	80,000	-	4,634	608,750
Clinton Weir(5)	2021	156,407	264,740	39,857	-	-	-	6,008	469,033
Chief Development Officer	2020	245,783	264,740	39,857	-	-	-	6,535	558,935
	2019	195,508	264,740	39,857	-	-	-	1,636	503,760
Jim Hole	2021	100,000	264,740	-	-	-	-	5,898	372,659
VP Cultivation	2020	100,000	264,740	-	-	-	-	6,424	373,184
	2019	100,000	-	-	-	-	-	3,961	103,961

Notes:

(1) None of the Resulting Issuer's NEOs are expected to be entitled to perquisites or other personal benefits which, in the aggregate, are worth over $50,000 or over 10% of their base salary.
(2) Gross Salary before local income taxes and withholdings.
(3) Options to acquire Common Shares which were granted to NEOs are valued based on the grant date fair value of the applicable option grant. Fair value recorded is consistent with that used to record share-based compensation in Atlas' Consolidated Financial Statements. This approach used the Black-Scholes Option pricing model with the weighted average assumptions relating to dividend yield, volatility, risk free rate, and the expected lives of the options being determined at the time of grant.
(4) Other compensation includes health benefits paid by the employer, car allowances, and any other incidental compensation.
(5) Mr. Weir ceased to be employed by Atlas as of December 7, 2021.

(6) Mr. Lang ceased to be employed by Atlas as of March 11, 2022.

Employment Agreements, Termination and Change of Control Benefits

Atlas has entered into written employment agreements with Sheldon Croome and Jeffrey R. Gossain. The Resulting Issuer intends to enter into new employment agreements with the Resulting Issuer NEOs upon Closing of the Fundamental Change Transactions.

The table below shows the estimated incremental payments that would be made to the Atlas NEOs upon the occurrence of certain events under and Sheldon Croome's and Jeffrey R. Gossain's current employment contract:

Name and Principal Position	Event	Severance ($)(1)	Options ($)	Other Payments ($)	Total ($)
Sheldon Croome Chief Executive Officer	Termination other than for cause	481,250	-	-	481,250
Jeffrey R. Gossain President & Chief Operating Officer	Termination other than for cause	445,864	-	-	445,864

Notes:

(1) Severance payments are calculated based on the base salary we expect to pay to the NEO.

Outstanding Option-Based Awards and Share-Based Awards

The only incentive plan maintained by Atlas are the Atlas Stock Option Plan. The Atlas Stock Option Plans will be terminated upon the Closing of the Fundamental Change Transactions, and all Atlas Options outstanding will be exercised or terminated prior to Closing.

Atlas has also granted Atlas Class B Shares to employees pursuant to individual share grant agreements and the employee benefit trust agreement dated September 11, 2018, between Atlas, as the company thereunder, Sheldon Croome, Jeffrey R. Gossain and Clinton Weir, as original trustees thereunder, establishing Atlas Employee Benefit Trust. Such share grants are held in the Atlas Employee Benefit Trust until such time as they become fully-vested, at which point the shares are transferred to the relevant employee. All unvested Atlas Class B Shares held in the Atlas Employee Benefit Trust shall vest and be exchanged for Payment Shares at Closing of the Fundamental Change Transactions.

The following table sets out information concerning the option-based awards granted to Atlas' NEOs and are outstanding as of the year ended September 30, 2021. None of Atlas' NEOs hold any share-based awards.

	Option-based Awards				Share-based Awards		
Name and Principal Position	No. of Atlas Class B Shares underlying unexercised options	Option exercise price	Expiration date	Value of unexercised in-the-money options	No. of Common Shares that have not vested	Market or payout value of share-based Awards that that have not vested(1)	Market or payout value of vested share-based Awards not paid out or distributed
Sheldon Croome	142,855	$0.45	April 12, 2025	$221,425	-	-	-
Director and Chief Executive Officer	142,855	$0.98	January 15, 2026	$145,712	-	-	-
	-	-	October 1, 2022	-	50,000	$150,000	-
	-	-	December 16, 2023	-	300,000	$317,688	-
	142,855	$0.45	April 12, 2025	$221,425	-	-	-
	142,855	$1.00	January 15, 2026	$145,712	-	-	-

Name and Principal Position	Option-based Awards: No. of Atlas Class B Shares underlying unexercised options	Option exercise price	Expiration date	Value of unexercised in-the-money options	Share-based Awards: No. of Common Shares that have not vested	Market or payout value of share-based Awards that that have not vested[1]	Market or payout value of vested share-based Awards not paid out or distributed
Jeffrey R. Gossain Director and Chief Operating Officer			October 1, 2022	-	50,000	$150,000	-
	-	-	October 1, 2022	-	186,667	$560,001	-
	-	-	October 1, 2023	-	186,666	$559,998	-
	-	-	December 16, 2023	-	250,000	$264,740	-
	-	-	September 30, 2024	-	186,667	$560,001	-
David Lang Chief Financial Officer	15,000	$3.00	December 2, 2026	-	-	-	-
	15,000	$3.00	September 23, 2027	-	-	-	-
Clinton Weir Chief Development Officer	142,855	$0.45	April 12, 2025	$221,425	-	-	-
	142,855	$1.00	January 15, 2026	$145,712	-	-	-
			December 16, 2023	-	250,000	$264,740	-
Jim Hole VP Cultivation	-	-	-	-	-	-	-

Notes:

(1) The fair market value of the unexercised in-the-money options is approximated based on the most recent significant purchase of shares in the capital of Atlas, which was completed at $2.00 per share.

Incentive Plan Awards — Value Vested or Earned During the Year

The following table indicates, for each of Atlas' NEOs, a summary of the value of the option-based awards and share-based awards vested in accordance with their terms during the year ended September 30, 2021.

Name and Principal Position	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)[1]	Non-equity incentive plan compensation – Value earned during the year ($)
Sheldon Croome Director and Chief Executive Officer	$11,935	$317,688	-
Jeffrey R. Gossain Director and Chief Operating Officer	$27,923	$264,740	-
David Lang Chief Financial Officer	$58,638	$99,996	-
Clinton Weir Chief Development Officer	$11,935	$264,740	-
Jim Hole *VP Cultivation*	-	-	-

Note:

(1) Market value is based on the Black-Scholes model as further detailed in the Atlas Financial Statements.

15.C.2. Directors' Compensation

The following table sets out the compensation provided to Atlas' non-management directors for the year ended September 30, 2021.

Name	Fees earned ($)	Share-based awards ($))	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Peter Elzinga	24,000	-	-	-	-	-	24,000
Elan MacDonald	12,000	-	-	-	-	-	12,000
Cale Alacer	12,000	-	-	-	-	-	12,000

Outstanding Option-Based Awards and Share-Based Awards

The following table sets out information concerning the option-based awards and share-based awards granted to Cambrosia's non-management directors in the year ended September 30, 2021.

	Option-based Awards				Share-based Awards		
Name and Principal Position	No. of Atlas Class B Shares underlying unexercised options	Option exercise price	Expiration date	Value of unexercised in-the-money options	No. of Common Shares that have not vested	Market or payout value of share-based Awards that that have not vested(1)	Market or payout value of vested share-based Awards not paid out or distributed
Peter Elzinga	85,713	$2.44	May 1, 2026	-	-	-	-
Elan MacDonald	57,142	$5.86	October 14, 2026	-	-	-	-
Cale Alacer	142,855	$0.45	April 12, 2025	$221,425	-	-	-
	-	-	April 12, 2025	-	50,000	$52,948	-

Note:

(1) The fair market value of the unexercised in-the-money options is approximated based on the most recent significant purchase of shares in the capital of Atlas, which was completed at $2.00 per share.

Incentive Plan Awards — Value Vested or Earned During the Year

The following table indicates, for each of Atlas' non-management directors, a summary of the value of the option-based awards and share-based awards vested in accordance with their terms during the year ended September 30, 2021.

Name and Principal Position	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)(1)	Non-equity incentive plan compensation – Value earned during the year ($)
Peter Elzinga	$69,807	-	-
Elan MacDonald	$69,807	-	-
Cale Alacer	$11,935	$52,948	-

Note:

(1) Market value is based on the Black-Scholes model as further detailed in the Atlas Financial Statements.

15.D CAMBROSIA

15.D.1. Executive Compensation

The following information regarding executive compensation of Cambrosia is presented in accordance with NI 51-102F6, and sets forth compensation for each of Cambrosia's NEOs, being: Tamir Gedo and Jonathan Ben-Cnaan.

Overview

The Cambrosia Board has not appointed a compensation committee and the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing Cambrosia's base compensation structure and equity-based compensation program, recommending compensation of Cambrosia's officers and employees, and evaluating the performance of officers generally and in light of any annual goals and objectives, if applicable, is performed by the Cambrosia Board as a whole.

The Cambrosia Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for Cambrosia's senior management. Cambrosia does not have pre-existing performance criteria or objectives for the board of Cambrosia or NEOs. All significant elements of compensation awarded to, earned by, paid or payable to NEOs are determined by Cambrosia on a subjective basis. The Cambrosia Board reviews the compensation of senior management on a semi-annual basis taking into account compensation paid by other issuers of similar size and resources.

Cambrosia's executive compensation program has three principal components: base salary, incentive bonus plan and stock options.

Base salaries for all employees of Cambrosia are established for each position through comparative salary surveys of similar type and size companies. Both individual and corporate performances are also taken into account, but other than setting out the duties and responsibilities of the applicable office or position by way of a job description, Cambrosia does not set specific annual performance goals or similar conditions.

Incentive bonuses, in the form of cash payments, are designed to add a variable component of compensation based on corporate and individual performances for executive officers and employees. No bonuses were paid to executive officers and employees during the most recently completed financial year.

The Cambrosia Stock Option Plan has been used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of Cambrosia. In determining the number of Cambrosia options to be granted to the executive officers, the Cambrosia Board takes into account the number of Cambrosia options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the applicable stock exchange, and closely align the interests of the executive officers with the interests of Cambrosia's shareholders.

Cambrosia has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by Cambrosia at competitive industry rates for work of a similar nature by reputable arm's length services providers. Cambrosia does not provide pension or other benefits to the executive officers.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on Cambrosia's financial resources and prospects.

Given the evolving nature of Cambrosia's business, the Cambrosia Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

There were no actions, decisions or policies made since December 31, 2021 that would affect a reader's understanding of NEO compensation.

Director and Named Executive Officer Compensation

The following table is a summary compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for Cambrosia's most recently completed financial year.

Summary Compensation Table

					Non-equity Incentive Plan Compensation ($)				
Name and Principal Position	**Period**	**Salary ($)[1]**	**Share-based Awards ($)**	**Option-Based Awards ($)**	**Annual incentive plan ($)**	**Long-term incentive plans**	**Pension Value ($)**	**All Other Compensation ($)**	**Total Compensation ($)**
Tamir Gedo Director and Executive Officer	2021	-	-	-	-	-	-	-	-
Jonathan Ben-Cnaan Director and Chief Financial Officer	2021	-	-	567,289[2]	-	-	-	-	567,289
David Pappo Director	2021	-	-	104,336[2]	-	-	-	-	104,336
Iftach Seri Director	2021	-	-	65,531[2]	-	-	-	-	65,531
Shahar Shalom *Former Officer*	2021	-	-	30,492	-	-	-	-	30,492

Notes:

(1) None of the Resulting Issuer's NEOs are expected to be entitled to perquisites or other personal benefits which, in the aggregate, are worth over $50,000 or over 10% of their base salary.

(2) Estimated value, according to a valuation of options performed by a consulting company.

Employment Agreements, Termination and Change of Control Benefits

Cambrosia has entered into written employment agreements with each of its NEOs which set forth the terms of their employment. The Resulting Issuer intends to enter into new employment agreements or service agreements with the Resulting Issuer NEOs upon Closing of the Fundamental Change Transactions.

The table below shows the estimated incremental payments that would be made to the Cambrosia NEOs upon the occurrence of certain events.

Name and Principal Position	**Event**	**Severance ($)[1]**	**Options ($)**	**Other Payments ($)**	**Total ($)**
Jonathan Ben-Cnaan	Termination other than for cause	-	-	-	-
Director and Chief Financial Officer	Change of control	-	-	ILS1,000,000[2]	ILS1,000,000[2]

Notes:

(1) Severance payments are calculated based on the base salary and annual incentive compensation we expect to pay to the NEO. Mr. Ben-Cnaan would not be entitled to any incremental severance payments upon termination. He is entitled to a three month notice period, during which the Resulting Issuer will continue to pay his advisory fee.

(2) Payable out of 20% of the quarterly profits of Cambrosia, beginning from the first full quarter following a change of control, which includes the Closing of the Fundamental Change Transaction.

Outstanding Option-Based Awards and Share-Based Awards

The only incentive plan maintained by Cambrosia is the Cambrosia Stock Option Plan, the material terms of which are set forth at *Item 9.D – Options to Purchase Securities – Cambrosia*.

The following table sets out information concerning the option-based awards granted to Cambrosia's NEOs for the year ended December 31, 2021. None of Cambrosia's NEOs hold any share-based awards.

	Option-based Awards				Share-based Awards		
Name and Principal Position	**No. of Cambrosia Ordinary Shares underlying unexercised options**	**Option exercise price**	**Operation expiration date**	**Value of unexercised in-the-money options**	**No. of Common Shares that have not vested**	**Market or payout value of share-based Awards that that have not vested**	**Market or payout value of vested share-based Awards not paid out or distributed**
Tamir Gedo Director and Chief Executive Officer	-	-	-	-	-	-	-
Jonathan Ben-Cnaan Director and Chief Financial Officer	9,400,000	ILS0.0001	Five years from the Closing Date	$1,180,759	-	-	-

Incentive Plan Awards — Value Vested or Earned During the Year

The following table indicates, for each of Cambrosia's NEOs, a summary of the value of the option-based awards and share-based awards vested in accordance with their terms during the year ended December 31, 2021.

Name and Principal Position	**Option-based awards – Value vested during the year ($)**	**Share-based awards – Value vested during the year ($)**	**Non-equity incentive plan compensation – Value earned during the year ($)**
Tamir Gedo Chief Executive Officer	-	-	-
Jonathan Ben-Cnaan Chief Financial Officer	567,289	-	-

The Cambrosia Legacy Options held by Mr. Jonathan Ben-Cnaan will remain outstanding following Closing of the Fundamental Change Transactions. The Cambrosia Legacy Options, shall be exercisable for Resulting Issuer Shares in accordance with the Cambrosia Exchange Ratio, and shall expire on the date that is five years from the Closing Date and shall otherwise remain outstanding and subject to the Cambrosia Stock Option Plan in accordance with their terms.

15.D.2. Directors' Compensation

The following table sets forth the compensation provided to Cambrosia's non-management directors for the year ended December 31, 2021.

Name and Principal Position	Fees earned	Share-based Awards ($)	Option-based Awards ($)	Non-equity incentive plan compensation ($)	Pension Value ($)	All Other Compensa-tion ($)	Total ($)
David Pappo	-	-	104,336	-	-	-	104,336
Iftach Seri	-	-	65,531	-	-	-	65,531

Outstanding Option-Based Awards and Share-Based Awards

The following table sets out information concerning the option-based awards granted to Cambrosia's non-management directors in the year ended December 31, 2021. None of Cambrosia's non-management directors hold any share-based awards other than the options.

	Option-based Awards				Share-based Awards		
Name and Principal Position	No. of Cambrosia Ordinary Shares underlying unexercised options	Option exercise price	Expiration date	Value of unexercised in-the-money options	No. of Common Shares that have not vested	Market or payout value of share-based Awards that that have not vested	Market or payout value of vested share-based Awards not paid out or distributed
David Pappo	1,880,000	ILS 0.01	The sooner of: August 16, 2024, or 3 months after Mr. Pappo is no longer a director of Cambrosia	$26,239	-	-	-
Iftach Seri	1,327,000	ILS 0.01	The sooner of December 6, 2026, or 3 months after Mr. Seri is no longer a director of Cambrosia	-	-	-	-

Incentive Plan Awards — Value Vested or Earned During the Year

The following table indicates, for each of Cambrosia's non-management directors, a summary of the value of the option-based awards and share-based awards vested in accordance with their terms during the year ended December 31, 2021.

Name and Principal Position	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
David Pappo	$26,239.09	-	-
Iftach Seri	-	-	-

15.E RESULTING ISSUER

Following completion of the Fundamental Change Transactions, it is expected that the GCN Committee will recommend how management and the directors are compensated for their services. The GCN Committee is expected to recommend the granting of stock options in such amounts and upon such terms as may be recommended by the GCN Committee and approved by the Resulting Issuer's directors from time to time.

The GCN Committee will also consider and make recommendations with respect to the compensation of the executive officers of the Resulting Issuer. It is anticipated that all executive officers of the Resulting Issuer will receive cash compensation and stock option grants in line with market practice for public issuers in the same industry and market and of the same size as the Resulting Issuer.

ITEM 16: INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, officer, promoter, or proposed member of management or appointment as a director of the Resulting Issuer, AgMedica, Atlas or Cambrosia nor any of their associates or affiliates, is or has been indebted to the Issuer, AgMedica, Atlas or Cambrosia since the commencement of the Issuer's last completed financial year, nor is any such person expected to be indebted to the Resulting Issuer on the completion of the Fundamental Change Transactions.

ITEM 17: RISK FACTORS

The following are certain factors relating to the business of the Resulting Issuer, which factors investors should carefully consider when making an investment decision concerning the shares of the Resulting Issuer. The Resulting Issuer will face a number of challenges in the development of its business. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not presently known to the Resulting Issuer or which are currently deemed immaterial, may also impair the operations of the Resulting Issuer. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Listing Statement.

An investment in the Resulting Issuer is speculative. An investment in the Resulting Issuer will be subject to certain material risks and investors should not invest in securities of the Resulting Issuer unless they can afford to lose their entire investment. No representation is or can be made as to the future performance of the Resulting Issuer and there can be no assurance that the Resulting Issuer will achieve its objectives. Readers should not rely upon forward-looking statements as a prediction of future results. Readers should carefully consider all such risks, including those set out in the discussion below.

17.A RISKS RELATED TO THE FUNDAMENTAL CHANGE TRANSACTIONS.

In assessing the Fundamental Change Transactions, readers should carefully consider the risks described below which relate to the Fundamental Change Transactions, the possibility of failure to complete the Fundamental Change Transactions and the post-Closing business and operations of the Resulting Issuer.

The Resulting Issuer may fail to realize the benefits of the Fundamental Change Transactions.

The Resulting Issuer may not realize the anticipated benefits of the Fundamental Change Transactions, or may not realize them in the time frame expected. The value of the Fundamental Change Transactions will depend, in part, on the Resulting Issuer's ability to realize the anticipated benefits and synergies from the completion of the Fundamental Change Transactions and the integration of each of the respective businesses of Atlas, AgMedica, Cambrosia and the Cambrosia Purchased Entities with each other members and into the Resulting Issuer's corporate structure. The challenges involved with such integration may include, among other things, the following:

- the necessity of coordinating both geographically disparate and geographically overlapping organizations;
- the inability to integrate or retain key personnel;
- difficulties with adoption or implementation of new business plans, standards, controls, processes and systems within the Group;
- performance shortfalls relative to expectations at one or more of the businesses as a result of the diversion of management's attention to the integration of the Group; and
- unplanned costs required to integrate the Group's existing businesses.

The consummation of the Fundamental Change Transactions may pose special risks, including one-time write-offs, restructuring charges and unanticipated costs. Although each of the Issuer, AgMedica, Atlas and Cambrosia and their respective advisors have conducted due diligence on various operational and legal matters, there can be no guarantee that the Issuer, AgMedica, Atlas and Cambrosia are aware of any and all liabilities of each party. As a result of these factors, it is possible that certain benefits expected from the consummation of the Fundamental Change Transactions may not be realized. Any inability of management of the Resulting Issuer to successfully integrate the operations of the Group could have a material adverse effect on the business, financial condition and results of operations of the Resulting Issuer.

The Fundamental Change Transactions may not close.

The obligations of the parties to the Amalgamation and Share Exchange Agreement to complete the Fundamental Change Transactions is subject to certain conditions as summarized at *Item 1.A—The Fundamental Change Transactions*, including, among other things, (i) the receipt of all regulatory approvals relating to the Fundamental Change Transactions, including, the approval of the CSE; and (ii) receipt of applicable shareholder approvals, including the AgMedica Shareholder Approval and the Atlas Shareholder Approval. The regulatory approval processes may take a lengthy period of time to complete, which could delay implementation of the Fundamental Change Transactions. In addition, the Closing is conditional on, among other things, no action or circumstance occurring that would result in a Material Adverse Change in respect of any of the Issuer, Atlas, AgMedica, Cambrosia and any of the Cambrosia Purchased Entities. Most of these conditions are outside of the control of the Issuer. There can be no certainty that all conditions precedent will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived and, accordingly, the Fundamental Change Transactions may not be completed.

If, for any reason, the Fundamental Change Transactions are not completed or their completion is materially delayed and/or the Amalgamation and Share Exchange Agreement is terminated, the market price of the Common Shares may be materially adversely affected. In such events, the Issuer’s business, financial condition or results of operations could also be subject to various material adverse consequences. including that the Issuer may be liable for costs and break fees arising from the termination of the Amalgamation and Share Exchange Agreement.

The forward-looking statements contained in this Listing Statement may prove to be incorrect.

The forward-looking statements relating to, among other things, future results, performance, achievements, prospects or opportunities of the Resulting Issuer included in this Listing Statement (including, in particular, the information contained in *Item 4.E—Narrative Description of the Business—Resulting Issuer*), are based on opinions, assumptions and estimates made by AgMedica, Atlas and Cambrosia in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors such parties believe are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Actual results of the Resulting Issuer in the future may vary significantly from the historical and estimated results and those variations may be material. There is no representation by the Issuer, AgMedica, Atlas and Cambrosia that actual results achieved by the Resulting Issuer in the future will be the same, in whole or in part, as those included in this Listing Statement. See *Item 1.B.2—General Matters—Forward-Looking Statements and Forward-Looking Information*.

The unaudited pro forma consolidated financial information may not accurately represent the Resulting Issuer’s financial condition for the period presented or following the completion of the Fundamental Change Transactions.

The unaudited pro forma consolidated statement of financial position for the Resulting Issuer included at Schedule B of this Listing Statement is presented for illustrative purposes only to show the effect of the Fundamental Change Transactions, and should not be considered to be an indication of the Resulting Issuer’s financial condition or results of operations following completion of the Fundamental Change Transactions. For example, the pro forma consolidated financial information has been prepared using the consolidated historical financial statements of the Group and does not represent a financial forecast or projection. In addition, certain adjustments and assumptions have been made regarding the Resulting Issuer after giving effect to the Fundamental Change Transactions. The information upon which these adjustments and assumptions have been made is preliminary, and these types of adjustments and assumptions are difficult to make with complete accuracy, and other factors may affect the Resulting Issuer’s results of operations or financial condition following completion of the Fundamental Change Transactions.

In preparing the pro forma condensed consolidated financial information contained in this Filing Statement, AgMedica, Atlas and Cambrosia have given effect to, among other items, the completion of the Fundamental Change Transactions, the issuance of the Payment Shares and the completion of the acquisition of Cambrosia Purchased Entities. However, the pro forma financial information does not reflect all costs that are expected to be incurred by the Resulting Issuer in connection with the Fundamental Change Transactions. For example, the impact of any incremental costs incurred in integrating the Group is not reflected in the pro forma consolidated financial information.

Accordingly, the historical and pro forma consolidated statement of financial position for the Resulting Issuer included at Schedule B of this Listing Statement does not necessarily represent the Resulting Issuer's results of operations and financial condition had the Group operated as a combined entity during the periods presented, or of the Resulting Issuer's results of operations and financial condition following completion of the Fundamental Change Transactions.

17.B RISKS RELATED TO THE RESULTING ISSUER'S BUSINESS

The Resulting Issuer may find it more difficult to fund future working capital, capital expenditures, general corporate expenses or other items, and the Resulting Issuer could have to allocate a substantial portion of its cash resources to the payment of its indebtedness, which would reduce the funds available for operations.

At Closing, the indebtedness of the Group, will indirectly become indebtedness of the Resulting Issuer. The Resulting Issuer's ability to make payments of principal and interest on its debt will depend on the Resulting Issuer's future operating performance and the Resulting Issuer's ability to enter into additional debt and equity financings which, to a certain extent, is subject to economic, financial, competitive and other factors beyond the Resulting Issuer's control. If, in the future, the Resulting Issuer are unable to generate sufficient cash flows to service its debt, the Resulting Issuer may be required to refinance all or a portion of their existing debt or obtain additional financing. There can be no assurance that any such refinancing would be available or that any additional financing could be obtained on terms acceptable to the Resulting Issuer or at all. The inability to obtain additional financing could have a material adverse effect on the Resulting Issuer, and any additional equity financing would result in the dilution of shareholders.

AgMedica, Atlas and Cambrosia have a history of operating losses, and, as a result, the Resulting Issuer may not be able to achieve or maintain profitability.

Each of AgMedica, Atlas and Cambrosia have a history of operating losses. There can be no assurance that the Resulting Issuer can avoid operating losses in the future or that there will not be any decline in earning or revenue n the future. As a result, the Resulting Issuer may not be able to achieve or maintain profitability and may continue to incur significant losses into the future. In addition, the Resulting Issuer expects to increase operating expenses as it implements initiatives to grow its business. If the Resulting Issuer's revenues do not increase sufficiently to offset these expected increases in costs and operating expenses, the Resulting Issuer will not be profitable.

The Resulting Issuer may need additional capital, which it may not be able to raise on favorable terms, or at all.

The Resulting Issuer will require additional capital to finance future capital expenditures and/or if it experiences higher than-anticipated expenses or cost overruns, encounters unanticipated problems or delays, or engages in acquisitions or joint ventures. The Resulting Issuer also expects to need additional financing in the future to further expand its business through mergers and acquisitions. As such, the Resulting Issuer is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. Additional financing may not be available to the Resulting Issuer on favorable terms when required, or at all.

If the Resulting Issuer were to raise additional funds through the issuance of equity, equity-related or debt securities, those securities may have rights, preferences or privileges senior to those of the Resulting Issuer Shares and the Resulting Issuer's shareholders may experience additional dilution. In addition, raising additional capital for acquisitions through debt financing would result in increased interest expense and may involve agreements that include covenants limiting or restricting the Resulting Issuer's ability to take certain actions, such as incurring additional debt, making capital expenditures or declaring dividends.

Global economic conditions may affect operating results and access to capital.

To date, 2022 has seen significantly higher levels of volatility in global markets due to market participants' reactions to, and uncertainty surrounding, the magnitude and timing of government and central bank action to be taken in response to heightened inflation, as well as Russia's invasion of Ukraine. This volatility has resulted in a decline in the level of activity in the financial markets. Continued market volatility or uncertainty related to actions taken or to be taken by central banks, a decline in the global macroeconomic outlook, including as a result of Russia's invasion of Ukraine and the threat, or outbreak of more widespread armed conflict in Eastern Europe would cause financial market activity to continue to decrease, which would negatively affect the Resulting Issuer's revenues and capital markets activity. Future crises may be precipitated by any number of causes, including natural disasters, public health crises, geopolitical instability, war, natural disasters, changes to energy prices or sovereign defaults.

As stated above, the Resulting Issuer will be dependent upon the capital markets to raise additional financing in the future, while it continues to develop its operations. If uncertain market conditions persist, the Resulting Issuer's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of its securities. Increased levels of volatility and market turmoil can adversely impact the Group's operations and the value, and the price of the Resulting Issuer Shares a could be adversely affected. If it cannot raise additional funds, further business development may be delayed, and the Resulting Issuer's growth may be impacted.

In addition, there is a risk that one or more of the Group's current service providers may themselves be adversely impacted by difficult economic circumstances, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Resulting Issuer may not be successfully able to consummate or integrate acquisitions, which may harm the Resulting Issuer's ability to develop and grow its business and operations.

One of the Resulting Issuer's strategies to grow its business will be to pursue accretive acquisitions of complementary businesses and services. This strategy will depend on the Resulting Issuer's ability to find suitable acquisitions and finance them on acceptable terms. The identification of suitable acquisition candidates can be difficult, time consuming and costly, and the Resulting Issuer may not be able to complete acquisitions successfully. The Resulting Issuer may require additional debt or equity financing for future acquisitions.

If the Resulting Issuer is unable to acquire suitable acquisition candidates, it may experience slower growth. Further, even if the Resulting Issuer successfully completes acquisitions, it will face challenges in integrating any acquired business. These challenges include eliminating redundant operations, facilities and systems, coordinating management and personnel, retaining key employees, managing different corporate cultures and achieving cost reductions and cross-selling opportunities. Additionally, the acquisition and integration processes may disrupt the Resulting Issuer's business and divert management attention and its resources. If the Resulting Issuer fails to successfully integrate acquired businesses, services, technologies and personnel, it could impair relationships with employees, clients and strategic partners, distract management attention from the Resulting Issuer's core businesses, result in control failures and otherwise disrupt the Resulting Issuer's ongoing business, any of which could have a material adverse effect on its business, financial condition and results of operations. In addition, the Resulting Issuer may be required to record future charges for impairment of goodwill and other intangible assets resulting from such acquisitions.

The Resulting Issuer is subject to risks inherent in foreign operations.

The Resulting Issuer intends to selectively pursue international market growth opportunities, which could result in those international sales accounting for a more significant portion of the Resulting Issuer's revenue. The Resulting Issuer has committed, and may continue to commit, significant resources to its international operations and sales and marketing activities. While the Resulting Issuer will have experience conducting business outside of Canada through the Group, it may not be aware of all the factors that may affect its business in foreign jurisdictions.

The Resulting Issuer will be subject to a number of risks associated with international business activities that may increase costs, and require significant management attention. International operations carry certain risks and associated costs, such as the complexities and expense of administering a business abroad, complications in compliance with, and unexpected changes in regulatory requirements, foreign laws, trading and investment policies, exchange controls, tariffs and other trade barriers, difficulties in collecting accounts receivable, potential adverse tax consequences, uncertainties of laws, difficulties in protecting, maintaining or enforcing intellectual property rights, difficulty in managing a geographically dispersed workforce in compliance with diverse local laws and customs, and other factors, depending upon the country involved. Moreover, local laws and customs in many countries differ significantly and compliance with the laws of multiple jurisdictions can be complex, difficult and costly. The Resulting Issuer will not be able to assure that risks inherent in its foreign operations will not have a material adverse effect on its business.

Further, with respect to the Resulting Issuer's intention to further develop into jurisdictions where the sale of cannabis or hemp for medical and/or adult-use purposes are permitted, some of these jurisdictions may be considered to have an increased degree of political and sovereign risk. Any material adverse changes in government policies, legislation or protectionism of any country that the Resulting Issuer has economic interests in may affect the viability and profitability of the Resulting Issuer.

There is no assurance that governments in jurisdictions in which the Resulting Issuer operates will not in the future adopt different regulations policies or interpretations with respect to, but not limited to, foreign ownership, taxation, rates of exchange, environmental protection, labor relations, repatriation of income or return of capital, restrictions on production, processing, possession or distribution of cannabis, price controls, export controls, currency remittance, or the obligations of the Resulting Issuer under governmental regulation or contracts. The possibility that such governments may adopt substantially different policies or interpretations, may have a material adverse effect on the Resulting Issuer. Political risk also includes the possibility of terrorism, civil or labor disturbances and political instability.

No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable cannabis authorizations nor can assurance be given that such authorizations will not be challenged or impugned by third parties. The effect of any of these factors may have a material adverse effect on the Resulting Issuer's results of operations and financial condition.

Exchange rate fluctuations may adversely affect the Resulting Issuer's results and/or compliance with financial covenants.

Due to the Group's international operations, the Resulting Issuer may be exposed to the effects of fluctuations in currency exchange rates. There is no certainty that the Resulting Issuer will successfully manage or hedge currency risk, and failure to do so may adversely affect the results of the Resulting Issuer.

The Resulting Issuer Shares may experience high level of price and volume volatility and if an active market does not develop for the Resulting Issuer Shares, the liquidity may be limited.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Resulting Issuer Shares will be subject to market trends generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings. An active public market for the Resulting Issuer Shares might not develop or be sustained upon completion of the Fundamental Change Transactions. If an active public market for the Resulting Issuer Shares does not develop, the liquidity of a shareholder's investment may be limited.

The Resulting Issuer is a holding company and is subject to risks attributable to the Group.

The Resulting Issuer will, upon completion of the Fundamental Change Transactions be a holding company and essentially all of its operating assets are the capital stock of the Group. As a result, investors in the Resulting Issuer are subject to the risks attributable to the Group. As a holding company, the Resulting Issuer will conduct substantially all of its business through the Group, which will generate substantially all of its revenues. Consequently, the Resulting Issuer's cash flows a will be dependent on the earnings of the Group and the distribution of those earnings to the Resulting Issuer. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Group, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Resulting Issuer.

The COVID-19 pandemic may materially impact the Resulting Issuer's operations and results.

The Resulting Issuer's and the Group's ability to cultivate cannabis, provide health care services and sell products through brick-and-mortar cannabis retail locations, among other business activities, may be adversely affected or disrupted as COVID-19 continues to evolve. The extent to which the COVID-19 pandemic may impact the Resulting Issuer's business, operations and financial performance will depend on future developments, including but not limited to, matters such as (a) the duration and/or severity of the outbreak including the emergence of new variants of COVID-19, (b) government policies, restrictions and requirements as they relate to social distancing, forced quarantines and other requirements to contain COVID-19, (c) non-governmental influences or challenges such as the failure of banks and/or (d) any kind of ripple effect caused by the substantial economic damage that can be inflicted on society by the COVID-19 pandemic. The ultimate long-term impact of the COVID-19 pandemic is highly uncertain and cannot be predicted with confidence.

A local, regional, national or international outbreak of a contagious disease, apart from COVID-19, could also have similar adverse effects, or other adverse unknown effects, on local economies and potentially the global economy, which may adversely impact the price and demand for the Group's products and their ability to carry out operations. Such an outbreak, if uncontrolled, could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and cash flows, including a potential reduction in patient visits, recreational and bulk sales, and, as a result, potential lost revenue.

The Resulting Issuer may be subject to various potential conflicts of interest.

The Resulting Issuer may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of other business activities. The interests of these businesses could conflict with those of the Resulting Issuer.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Resulting Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Resulting Issuer are required to act honestly, in good faith and in the best interests of the Resulting Issuer.

In addition, the Resulting Issuer's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Resulting Issuer. In some cases, the Resulting Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Resulting Issuer's business and affairs and that could adversely affect the Resulting Issuer's operations. These business interests could require significant time and attention of the Resulting Issuer's executive officers and directors.

The proposed senior management team of the Resulting Issuer has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of our business.

Not all of the proposed senior management team of the Resulting Issuer has experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of the Resulting Issuer's business. Most the individuals who will constitute the Resulting Issuer's senior management team have limited experience managing a publicly traded company and complying with the increasingly complex laws pertaining to public companies. The Resulting Issuer's senior management team may not successfully or efficiently manage the Resulting Issuer's reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from the Resulting Issuer's senior management and could divert their attention away from the day-to-day management of its business.

The Resulting Issuer will have a substantial number of authorized but unissued shares which, if issued, could cause dilution.

The Resulting Issuer will have an unlimited number of authorized Resulting Issuer Shares which may be issued by the board of the Resulting Issuer without further action or approval of the Resulting Issuer's shareholders. While the board is required to fulfil its fiduciary obligations in connection with the issuance of such Resulting Issuer Shares, Resulting Issuer Shares may be issued in transactions with which not all shareholders agree, and the issuance of such Resulting Issuer Shares will cause dilution to the ownership interests of shareholders.

The Resulting Issuer may not pay dividends.

The Resulting Issuer does not anticipate paying any dividends on its Resulting Issuer Shares in the foreseeable future.

17.C RISKS RELATED TO GROUPS' BUSINESSES AND THE CANNABIS INDUSTRY

The business and activities of the Group are heavily regulated and a failure to comply with the laws and regulations applicable to the Group's operations may lead to possible sanctions.

Canada

The adult-use and medical cannabis industries and markets are subject to a variety of laws in Canada and internationally.

The business and activities of AgMedica and Atlas are heavily regulated. AgMedica's and Atlas' operations are subject to various laws, regulations and guidelines by governmental authorities, particularly Health Canada, relating to the manufacture, marketing, management, transportation, storage, sale and disposal of cannabis, and also including laws and regulations relating to health and safety, healthcare practitioner services, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of AgMedica and Atlas, including the power to limit or restrict business activities as well as impose additional disclosure requirements on AgMedica's and Atlas' products and services.

To the knowledge of AgMedica and Atlas, respectively, AgMedica and Atlas are currently in compliance with the Cannabis Act. Failure to comply with the laws and regulations applicable to AgMedica's and Atlas' operations may lead to possible sanctions including the revocation or imposition of additional conditions on the AgMedica Licence and the Atlas Licence, respectively; the suspension or expulsion from a particular market or jurisdiction or of key personnel; and, the imposition of fines and censures. To the extent that there are changes to the existing or the enactment of future laws and regulations that affect the sale or offering of AgMedica's and Atlas' products or services in any way, it may have a material adverse effect on AgMedica's and Atlas' business, financial condition and results of operations. Any amendment to or replacement of the Cannabis Act or other applicable rules and regulations governing AgMedica's and Atlas' activities may cause adverse effects on AgMedica's and Atlas' business, financial condition and results of operations.

Further, AgMedica and Atlas are subject to ongoing inspections by Health Canada to monitor compliance with licensing requirements. The AgMedica Licence and the Atlas Licence and any new licences that AgMedica or Atlas may obtain in the future in Canada or other jurisdictions may be revoked or restricted at any time in the event that AgMedica or Atlas is found not to be in compliance. Should AgMedica or Atlas fail to comply with the applicable regulatory requirements or with conditions set out under the AgMedica Licence or the Atlas Licence, respectively, or should the AgMedica Licence or the Atlas Licence be revoked, AgMedica or Atlas, respectively may not be able to continue producing or distributing cannabis in Canada.

Israel

Laws and regulations, applied generally, grant Israeli government agencies, such as the MCU, and self-regulatory bodies broad administrative discretion over the activities of Cambrosia and the Cambrosia Purchased Entities, which can include the power to limit or restrict business activities, the import and export of cannabis products and the imposition of additional quality criteria and disclosure requirements on the products and services provided by Cambrosia and the Cambrosia Purchased Entities. Achievement of the business objectives of Cambrosia and the Cambrosia Purchased Entities are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities such as the MCU, and obtaining all regulatory approvals, where necessary, for the production and sale of their products.

Cambrosia and the Cambrosia Purchased Entities cannot predict the time required for Cambrosia and the Cambrosia Purchased Entities to secure all appropriate regulatory approvals for the products and activity, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations, financial condition and prospects of the Resulting Issuer.

Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate Cambrosia or the Cambrosia Purchased Entities, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. To the extent that there are changes to the existing laws and regulations or the enactment of future laws and regulations that affect the sale or offering of Cambrosia's or the Cambrosia Purchased Entities' products or services in any way, this could have a material adverse effect on the business, results of operations, financial condition and prospects of the Resulting Issuer.

General

There is a risk that the Group's interpretation of laws, regulations and guidelines, may differ from those of others, including those of governmental authorities, securities regulators and exchanges, and the Group's operations may not be in compliance with such laws, regulations and guidelines.

Achievement of the Resulting Issuer's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals. The impact of regulatory compliance regimes, and the impact of any delays in obtaining or failures to obtain regulatory approvals required by the Group may significantly delay or impact the development of the Group's business and operations and could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

The Group will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. The Group may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Changes in laws, regulations and guidelines may have a material adverse effect on the Group's operations and results

The legislative framework pertaining to the cannabis market is subject to significant regulation and the laws, regulations and guidelines applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen by the Group.

The impact of these new laws, regulations and guidelines on the business of the Group including increased costs of compliance and other potential risks, cannot be fully predicted; accordingly, the Group may experience adverse effects.

The Group is reliant on licences and permits

Canada

AgMedica's and Atlas' ability to grow, store and sell cannabis in Canada is dependent on the AgMedica Licence and the Atlas Licence, respectively. Failure to comply with the requirements of the AgMedica Licence and the Atlas Licence or any failure to maintain the AgMedica Licence and the Atlas Licence would have a material adverse effect on the business, financial condition and operating results of AgMedica and Atlas, respectively.

The AgMedica Licence will expire on April 8, 2024 and the Atlas Licence will expire on July 10, 2023. Although management of each of AgMedica and Atlas believes it will meet the requirements of the Cannabis Act, for extension of the AgMedica Licence and the Atlas Licence, there can be no guarantee that Health Canada will extend or renew the AgMedica Licence and the Atlas Licence or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the AgMedica Licence or the Atlas Licence, or should it renew the AgMedica Licence or the Atlas Licence on different terms or not provide the amendments as requested for anticipated capacity increases, the business, financial condition and results of the operations of the Resulting Issuer will be materially adversely affected.

In addition to the AgMedica Licence and the Atlas Licence, the operations of AgMedica and Atlas, respectively, may require other licences and permits from various governmental authorities, including, but not limited to, local municipalities. AgMedica and Atlas currently has all non-federal permits and licences that it believes are necessary to carry on their respective businesses. AgMedica and Atlas may require additional licences or permits in the future and there can be no assurance that AgMedica and Atlas will be able to obtain all such additional licences and permits. In addition, there can be no assurance that any existing licences and permits will be renewable if and when required or that such existing licences and permits will not be revoked.

Israel

Certain Cambrosia Purchased Entities' ability to produce, store, import, distribute and sell cannabis in Israel is dependent on such Entities maintaining a licence with the MCU. Failure to comply with the requirements or any failure to maintain such licence could have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer. There can be no guarantees that the MCU will extend or renew any of the Cambrosia Purchased Entities' licences as necessary or, if a licence is extended or renewed, that any of such licences will be extended or renewed on the same or similar terms. Should the MCU not extend or renew any of the Cambrosia Purchased Entities' licences or should it renew any of such licences on different terms, the business, financial condition and results of the operations of the Resulting Issuer could be materially adversely affected.

An adverse determination by regulatory authorities in Israel with respect to the ownership of the Cambrosia Purchased Entities may adversely affect their licenses.

There is a risk that regulatory authorities in Israel may view the Resulting Issuer as the deemed owner of more than 5% of the Cambrosia Purchased Entities and/or determine that the Resulting Issuer is in contravention of Israeli cannabis regulations. Namely, prior approval is required for any shareholder owning 5% or more of an Israeli company licensed to engage in cannabis-related activities. Any contravention of Israeli cannabis regulations could jeopardize the good standing of the licenses of the Cambrosia Purchased Entities. Such a determination may adversely affect the Cambrosia Purchased Entities' ability to conduct sales and marketing activities and could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

The AgMedica Facility and the Atlas Facility are integral to AgMedica's and Atlas' business, respectively, and adverse changes to such facilities may impact the Resulting Issuer's business, financial condition and results of operation.

The AgMedica Facility and the Atlas Facility are integral to AgMedica's and Atlas' business, respectively, and adverse changes or developments affecting any of the AgMedica Facility and the Atlas Facility may impact the Resulting Issuer's business, financial condition and results of operations.

Adverse changes or developments affecting the AgMedica Facility and the Atlas Facility, including but not limited to a force majeure event, such as earthquakes, fires, floods, power losses, telecommunications failures acts of war and similar events, or a breach of security, could have a material adverse effect on AgMedica's and Atlas' business, financial condition and prospects. In particular, the AgMedica Facility is located near the Thames River in Chatham, Ontario, which increases the risk of flooding in respect of the AgMedica Facility.

Any breach of the security measures and other production facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also have an impact on AgMedica's and Atlas' ability to continue operating under its respective licence or the prospect of renewing such licence or could result in a revocation of the licence.

Further, expansion of the AgMedica Facility and the Atlas Facility are subject to Health Canada regulatory approvals. While management of AgMedica and Atlas do not anticipate significant issues receiving any necessary approvals in the future, the delay or denial of such approvals may have a material adverse impact on the business of AgMedica and Atlas and may result in AgMedica and Atlas not meeting anticipated or future demand when it arises.

Risks related to AgMedica's tax remittances.

AgMedica is subject to the provisions of the ITA12 and to review by CRA13. AgMedica files its annual tax compliance based on its interpretation of the ITA and CRA's guidance. There is no certainty that the returns and tax position of AgMedica will be accepted by CRA as filed. Any difference between AgMedica's tax filings and CRA's final assessment could impact AgMedica's results and financial position.

There can be no assurance that income tax laws or the interpretation thereof in any of the jurisdictions in which AgMedica operates will not be changed or interpreted or administered in a manner which adversely affects AgMedica and its shareholders. In addition, there is no assurance that CRA will agree with the manner in which AgMedica calculates taxes payable or that any of the other tax agencies will not change their administrative practices to the detriment of AgMedica or its shareholders.

Reliance on third party suppliers and inflationary risk may impact the Group's ability to secure required supplies and services.

The Group's businesses are dependent on a number of fundamental inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for certain inputs could materially impact the business, financial condition and operating results of the Resulting Issuer. In particular, the current inflationary environment may result in input costs that cannot be recouped through price increases for the Group's products. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Group might be unable to find a replacement in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Group in the future. Any inability to secure required supplies and services or to do so on appropriate terms could result in a material adverse effect on the operations of the Group and materially adversely impact the business, financial condition and operating results of the Resulting Issuer.

The alteration or termination of any provincial or territorial government contracts could harm AgMedica's and Atlas' business.

The continuance of AgMedica and Atlas' contractual relations with provincial and territorial governments cannot be guaranteed. Part of AgMedica and Atlas' current revenues depend upon the supply contracts with the various Canadian provinces and territories. There are many factors which could impact these contractual agreements and alterations to, or the termination of, such contracts may adversely impact the business, financial condition and operating results of the Resulting Issuer. There are no assurances that the provincial cannabis customers will continue to list and purchase products from AgMedica and Atlas' at levels purchased in the past.

The Group's businesses in Israel are subject to geopolitical risks.

Cambrosia and the Cambrosia Purchased Entities are vulnerable to the political, economic, legal, regulatory, and military conditions affecting Israel and the Middle East. Armed conflicts between Israel and its neighbouring countries and territories, and acts of terrorism, occur periodically in the region and may adversely affect the business, results of operations and financial condition of the Resulting Issuer. In addition, Cambrosia and the Cambrosia Entities may be adversely affected by other events or factors affecting Israel such as the interruption or curtailment of trade between Israel and its trading partners, or any restrictions or pressure on Cambrosia's or the Cambrosia Purchased Entities' partners or customers or others to prevent or discourage them from doing business activities with Israel or Israeli businesses, a significant downturn in the economic or financial condition of Israel, a significant downgrading of Israel's internal credit rating, labour disputes and political instability, including riots, uprisings and government failures. Restrictive laws or policies directed towards Israel or Israeli businesses could have a material adverse effect on the Resulting Issuer's business, results of operations, financial condition and prospects.

Furthermore, under Israeli law, citizens and permanent residents of Israel are obligated to perform military reserve duty for extended periods of time and are subject to being called to active duty at any time under emergency circumstances. In response to increased hostilities, there have been periods of significant call-ups of military reservists. It is possible that there will be additional call-ups in the future, which may include officers and key personnel of Cambrosia or the Cambrosia Purchased Entities, which could disrupt business operations for a significant period of time.

Failure to adequately protect the Group's intellectual property could harm its businesses.

The Group's success depends in part on its ability to protect its respective rights to intellectual property and/or to license intellectual property rights on favourable terms. The Group relies upon various forms of intellectual property protection, including copyright, and trademarks, as well as contractual provisions, to protect intellectual property rights. Despite precautionary measures, the steps the Group takes may not prevent misappropriation of the Group's intellectual property, and the agreements the Group enters into may not be enforceable. It may also be possible for third parties to obtain and use the Group's intellectual property without authorization. Policing unauthorized use of intellectual property is difficult, time- consuming and costly. Further, some foreign laws do not protect proprietary rights to the same extent as the laws of Canada.

With respect to the trademark applications that AgMedica and Atlas have filed, AgMedica and Atlas cannot offer any assurances about whether such applications will be granted. Even if trademark applications are successfully approved, third parties may challenge their validity, enforceability, or scope, which may result in such trademarks being narrowed, found unenforceable or invalidated. Even if they are unchallenged, any trademark applications and future trademarks and patents may not adequately protect AgMedica's and Atlas' intellectual property or provide exclusivity for its products or processes. Any of these outcomes could impair AgMedica's and Atlas' ability to prevent competition from third parties, which may have an adverse impact on AgMedica's and Atlas' business

Trademark protection is an important factor in establishing product recognition. The Group's ability to protect its trademarks from infringement could result in injury to any goodwill which may be developed in those trademarks. Moreover, the Group may be unable to use one or more of their trademarks because of successful third-party claims.

To protect the Group's intellectual property, the Group may become involved in litigation, which could result in substantial expenses, divert the attention of management, cause significant delays, materially disrupt the conduct of business or adversely affect the business, financial condition and results of operations.

In addition, other parties may claim that the Group's products infringe on their proprietary or patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources and legal fees, result in injunctions or temporary restraining orders or require the payment of damages.

The Group also relies on certain trade secrets, technical know-how and proprietary information that are not protected by patents to maintain its competitive position. The Group's trade secrets, technical know-how and proprietary information, which are not protected by patents, may become known to or be independently developed by competitors, which could adversely affect the Group.

Failure or deterioration of quality control systems could have a material adverse effect on the business, financial condition and operating results of the Resulting Issuer.

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

The development of the Group's businesses and operating results may be hindered by applicable restrictions on sales and marketing activities.

The development of the Group's business and operating results may be hindered by applicable restrictions on sales and marketing activities and the potentially broad interpretation of such restrictions imposed by government authorities. If the Group is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased sales prices for its products, the Group's sales and operating results could be adversely affected.

The Group is subject to risks related to operating in a relatively new industry.

The Group is operating its businesses in a relatively new industry and market. In addition to being subject to general business risks, the Group must continue to build brand awareness in the industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry, such as the imposition of restrictions on sales and marketing or restrictions on sales in certain areas, could have a material adverse effect on the Resulting Issuer's business, financial conditions and results of operations.

Volatility in cannabis supply and demand could impact the Group's operations and prospects.

In the future, licensed producers in Canada, Israel and other countries may produce more cannabis than is needed to satisfy the collective demand of the Israeli medical market and Canadian adult-use a markets, and other markets the Group has entered or might enter, and they may be unable to export the oversupply into other markets where cannabis use is also legal. As a result, the available supply of cannabis could exceed demand, resulting in a significant decline in the market price for cannabis. If such supply or price fluctuations occur, the Group's revenue and profitability may fluctuate materially and the Resulting Issuer's business, financial condition, results of operations and prospects may be adversely affected.

In addition, demand for cannabis and cannabis products is dependent on a number of social, political and economic factors that are beyond the Group's control. A material decline in the economic conditions affecting consumers can cause a reduction in disposable income for the average consumer, change consumption patterns and result in a reduction in spending on cannabis products or a switch to other products obtained through illegal channels. There can be no assurance that market demand for cannabis will continue to be sufficient to support the Group's current or future production levels and revenue expectations.

The Group may not be successful in developing new products.

The Group and its competitors are actively seeking to develop new products in order to keep pace with any new market developments and generate revenue growth. The Group may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and prospects.

The technologies, processes and formulations the Group uses may also face competition or become obsolete. Rapidly evolving markets, technology, emerging industry standards and frequent introduction of new products characterize the cannabis business. The introduction of new products and new technologies, including new manufacturing processes or formulations, and the emergence of new industry standards may render the Group's current products obsolete, less competitive or less marketable.

The process of developing new products is complex and requires significant continuing costs, development efforts and third-party commitments. The Group may be unable to anticipate changes in customer requirements that could make its existing technology, processes or formulations obsolete. The Group's success will depend on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. Failure to develop new technologies and products and the obsolescence of existing technologies or processes could adversely affect the Group's business, financial condition, results of operations and prospects.

If any of the Group's operations or revenues are found to violate money laundering legislation, it could impact the Group's ability to distribute profits to the Resulting Issuer.

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

If any of the Group is found to be in violation of anti-bribery laws, the Group could suffer severe penalties, reputational damage, and other consequences.

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

The Group may face logistical problems, delays and increased costs to deliver products to customers due to reliance on secure third-party transportation services.

In order for customers of the Group to receive products from the Group must rely on third party transportation services. This can cause logistical problems with and delays in customers obtaining their orders and cannot be directly controlled by the Group. Cambrosia and the Cambrosia Purchased Entities also rely on third party transportation services to import cannabis products to Israel. Any delay by third party transportation and/or rising costs associated with these services may adversely affect the Group's financial performance.

Moreover, security of the product during transportation to and from the AgMedica Facility and the Atlas Facility is critical due to the nature of the product. A breach of security during transport could impact AgMedica and Atlas' ability to continue operating under the AgMedica Licence or the Atlas Licence, respectively, or impede the prospect of renewing such licences.

The Group depends on highly-skilled personnel to operate its business and if the Group is unable to retain its current, or hire additional, personnel, its ability to develop its businesses could be harmed.

The Group believes its future success will depend in part upon its ability to attract and retain highly skilled managerial, agricultural, sales, marketing and other personnel. The Group may be unable to attract and retain suitably qualified individuals who are capable of meeting its growing sales, operational and managerial requirements, or may be required to pay increased compensation in order to do so. If the Group is unable to attract and retain the qualified personnel it needs to succeed, its business will suffer. If the Group grows, the number of people it needs to hire will increase. The Group will also need to increase its hiring if it is not able to maintain its attrition rate through current recruiting and retention policies.

Further, the threat of strikes and work-stoppages occur relatively frequently in Israel. If Israeli trade unions threaten strikes or work-stoppages and such strikes or work-stoppages occur, those may, if prolonged, have a material adverse effect on the Israeli economy and on the Group's business, including its ability to deliver products and to receive raw materials from suppliers in a timely manner.

Competition could render the Group's products uncompetitive.

The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. It is possible that industry maturation could create larger companies that may have increased geographic scope. Such acquisitions or other consolidating transactions could harm the Group in a number of ways, including the loss of strategic partners (if they are acquired by or enter into relationships with a competitor), customers, or revenue and market share, all of which could harm the Group's operating results. The Group's operating results could also be harmed if the Group was forced to expend greater resources to meet new or additional competitive threats. Additional competition from larger, better-financed competitors with geographic advantages could outcompete the Group by placing downward pressure on retail prices for products and services. This could ultimately cause a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

To be competitive, the Group will require a continued high level of investment in research and development, marketing, sales and client support. Competition is also based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing and promotional activity, the ability to identify and satisfy consumer preferences, as well as convenience and service. The Group may not have sufficient resources to maintain research and development, marketing, sales, client support, product innovation, product quality, price, brand recognition and loyalty, marketing and promotional ability and the ability to satisfy consumer preference on a competitive basis which could materially affect the business, financial condition and results of operations of the Resulting Issuer.

In addition, the legal landscape for medical and adult-use cannabis is changing internationally. More countries have passed laws that allow for the production and distribution of medical cannabis in some form or another, and some of these countries may pass laws allowing for the production and distribution of adult-use cannabis as well. Increased international competition could materially adversely affect the Resulting Issuer's business, operations, or growth prospects.

The cannabis industry and/or the Group may be subject to unfavorable publicity or consumer perception.

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

The Group may fail to meet target production capacity.

The Group's sales agreements are subject to estimates in target production capacity at the time of such agreement. These estimates may prove to be inaccurate due to uncontrollable external factors such as genetic drifts in strain of plants grown and general difficulties in estimating growth of cannabis plants. Any adverse misalignments between the target production capacity and actual production capacity may result in a material adverse effect on the Group's business, financial condition.

The Group is subject to the risk of information systems failure.

The Group's operations will depend, in part, on how well it and its supply and distribution partners protect networks, equipment, information technology systems ("**IT systems**") and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Group's operations also will depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of IT systems or a component of IT systems could, depending on the nature of any such failure, adversely impact the Group's financial condition, operating results and reputation.

The Group's business is subject to cybersecurity risks.

The Group's information systems and its third-party service providers and vendors are vulnerable to increasing threat of continually evolving cybersecurity risks, resulting in data breaches and data losses. These risks arising from events including without limitation malware, computer viruses, employee error, extortion, malfeasance, system errors, and hacking. In order to minimize the risk of these events from occurring, the Group is performing timely maintenance, upgrade and replacement of networks, equipment, IT systems and software and other protective measures. However, any failure or delay in maintaining, upgrading or replacing such systems and software could materially increase the risk of cybersecurity incident and data breach or data loss, and the Group may experience operational delays, information system failures, and/or increases in capital expenses. Ultimately, the Group's business, financial condition, operating results and reputation may be impacted adversely by such occurrences.

To date none of Cambrosia, Atlas or AgMedica has experienced any material losses to date relating to cybersecurity-attacks or other information security breaches, but there can be no assurance that the Group will not incur such losses in the future. The Group's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Group may be required to expend additional resources to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

The Group may be subject to product liability claims, regulatory action and litigation.

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

The Group is reliant on international advisors and consultants.

The legal and regulatory requirements in the foreign countries in which the Group may invest or operate in with respect to the cultivation and sale of cannabis, banking systems and controls, as well as local business culture and practices are different from those in Canada. The Group's officers and directors must rely, to a great extent, on local legal counsel and consultants in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Group's business operations, and to assist with governmental relations. The Group must rely, to some extent, on those members of management and the Board who have previous experience working and conducting business in these countries, if any, in order to enhance the Group's understanding of and appreciation for the local business culture and practices. The Group also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of the cultivation and sale of cannabis as well as in respect of banking, financing, labour, litigation and tax matters in these jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the Group's control. The impact of any such changes may cause a material adverse effect to the Group's business, financial condition, operating results and prospects.

A recall of the Group's products could be harmful to its business.

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

The Group may not have adequate insurance coverage.

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

The Group may inadvertently undertake business in the United States of America.

The Group and, to the Group's knowledge, its subsidiaries do not currently engage in any U.S. cannabis related activities as defined in CSA Staff Notice 51-352. To date, the Group has caused its investees to only conduct business and invest in entities in federally-legal jurisdictions by including appropriate representations, warranties and covenants in its agreements with investees. However, an investee may breach such obligations. Any such violation of such obligation would result in a breach of the applicable agreement and, accordingly, may have a material adverse effect on the business, operations and financial condition of the Resulting Issuer.

ITEM 18: PROMOTERS

Other than as set forth below, management is not aware of any person or company who, within the two years immediately preceding the date of this Listing Statement, would be characterized as a promoter of the Issuer, Atlas, AgMedica or Cambrosia or a subsidiary of the Issuer, Atlas, AgMedica or Cambrosia.

A "Promoter" is defined in the *Securities Act* (British Columbia) as a "person who (a) alone or in concert with other persons directly or indirectly takes the initiative of founding, organizing or substantially reorganizing the business of the issuer; or (b) in connection with the founding, organization or substantial reorganization of the business of the issuer, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the issuer's own securities or 10% or more of the proceeds from the sale of a class of the issuer's own securities of a particular issue.

The Issuer has determined that Mr. Gedo would be considered a Promoter of Cambrosia pursuant to such securities law definition. Mr. Gedo will be a director and the Chair of the Resulting Issuer, and will hold, directly or indirectly, 27,883,263 Resulting Issuer Shares. In addition, Mr. Gedo will receive compensation from the Resulting Issuer, indirectly for his services as a director of the Resulting Issuer. No assets have been acquired by Cambrosia from Mr. Gedo. See *Item 13 – Directors & Officers*.

ITEM 19: LEGAL PROCEEDINGS

19.A.1. Legal Proceedings

Other than as set forth below, there are no legal proceedings to which either the Issuer, AgMedica, Atlas or Cambrosia is a party, or of which any of its property is the subject matter, and no such proceedings are known to the management of the Issuer, AgMedica, Atlas or Cambrosia to be contemplated.

On July 18, 2022 a claim was filed by McPhee Investments Ltd. in the Ontario Superior Court of Justice against AgMedica, Trevor Henry, Peter Van Mol and Trent Henry for an unquantified amount on damages. McPhee Investments Ltd. claims gross negligence, wilful misconduct, conspiracy, wilful and intentional breach of contract, breach of fiduciary duty, and concealment on the part of AgMedica, Trevor Henry, Peter Van Mol and Trent Henry, as applicable, in connection with AgMedica's CCAA process. Such claim is being contested.

19.A.2. Regulatory Actions

None of the Issuer, AgMedica, Atlas or Cambrosia are subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has the Issuer, AgMedica, Atlas or Cambrosia entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Issuer, AgMedica, Atlas or Cambrosia's securities or would be likely to be likely to be considered important to a reasonable investor making an investment decision.

ITEM 20: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except in regards to the executive compensation of directors and officers in their roles as same or the participation by directors and officers as shareholders in the Fundamental Change Transactions and the disclosure at *Item 16 – Indebtedness of Directors and Executive Officers*, no director or executive officer, insider of the Issuer, AgMedica, Atlas or Cambrosia or any associate or affiliate of such insider or director or executive officer, have had any material interest, direct or indirect, in any material transaction of within three years before the date of this Listing Statement, which has materially affected or will materially affect the Issuer, AgMedica, Atlas or Cambrosia .

ITEM 21: AUDITORS, TRANSFER AGENTS AND REGISTRARS

The Issuer's auditor is Manning Elliott LLP, Chartered Professional Accountants of 17th floor, 1030 West Georgia St., Vancouver, British Columbia V6E 2Y3.

AgMedica's auditor is MNP LLP, Chartered Professional Accountants of 1122 International Boulevard, 6th Floor, Burlington, Ontario L7L 6Z8.

Atlas' auditor is Deloitte LLP, Chartered Professional Accountants of 10180 101 Street North West, Suite 1500, Edmonton, Alberta T5J 4K1.

Cambrosia's auditor is, Horowitz Idan Sabo Tevet & Cohen Tabach, Certified Accountants (Isr.), trading as Baker Tilly,a n independent member of Baker Tilly International), 11 Menachem Begin St., Ramat-Gan 52681, Israel of ("**Baker Tilly Israel**").

The Issuer's transfer agent and registrar is Computershare Investor Services Inc. of 510 Burrard Street, 2nd Floor, Vancouver, British Columbia, V6C 3B9. The transfer agent and registrar for the Resulting Issuer will be the same. AgMedica, Atlas and Cambrosia do not have transfer agents.

ITEM 22: MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, set out below are the material contracts of the Resulting Issuer and the Group:

- the Atlas Debentures;
- the Agriroots Mortgage;
- the Hillmount Mortgage;
- the Atlas Office Lease; and
- the AFC Loan Agreement.

ITEM 23: INTERESTS OF EXPERTS

23.A.1. Names of Experts

Manning Elliott LLP prepared the auditor's reports for the Issuer's audited annual financial statements for the years ended December 31, 2021, 2020 and 2019, which are attached as Schedule C hereto. Manning Elliott LLP, the Issuer's auditor, is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

MNP LLP prepared the auditor's reports for AgMedica's audited financial statements for the 15 month period ended December 31, 2021 (beginning from the emergence from CCAA on October 9, 2020), which are attached as Schedule E hereto. MNP LLP, AgMedica's auditor, is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Deloitte LLP prepared the auditor's reports for Atlas' audited annual financial statements for years ended September 30, 2021 and 2020, which are attached as Schedule G hereto. Deloitte LLP is independent of Atlas in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

Baker Tilley Israel prepared the auditor's reports for Cambrosia's audited annual financial statements for the years ended December 31, 2021 and 2020, which are attached as Schedule I hereto. Baker Tilley Israel, Cambrosia's auditor, is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

23.A.2. Interests of Experts

To the knowledge of the Issuer, none of the experts above or their respective Associates or Affiliates, beneficially owns, directly or indirectly, any securities of the Issuer, AgMedica, Atlas or Cambrosia has received or will receive any direct or indirect interests in the property of the Issuer, AgMedica, Atlas or Cambrosia or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer, AgMedica, Atlas or Cambrosia or any Associate or Affiliate thereof.

ITEM 24: OTHER MATERIAL FACTS

None of the Issuer, AgMedica, Atlas and Cambrosia are aware of any other material facts relating to the Issuer, AgMedica, Atlas or Cambrosia or to the Fundamental Change Transactions that are not disclosed under the preceding items and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer, AgMedica, Atlas, Cambrosia and the Resulting Issuer, other than those set forth herein.

ITEM 25: FINANCIAL STATEMENTS

Schedule C-2 and Schedule C-2 contain the Issuer Financial Statements, and Schedule D-1 and Schedule D-2 contain the MD&A of the Issuer for the years ended December 31, 2021 and 2020, and the MD&A for the nine month period ended September 30, 2022, respectively.

Schedule E-1 and Schedule E-2 contain the AgMedica Financial Statements, and Schedule F-1 and Schedule F-2 contain the MD&A of AgMedica for the fifteen month period ended December 31, 2021, which commenced on October 9, 2020, and the MD&A for nine month period ended September 30, 2022, respectively.

Schedule G-1 and Schedule G-2 contain the Atlas Financial Statements, and Schedule H-1 and Schedule H-2 contains the MD&A of Atlas for the years ended September 30, 2021 and September 30, 2020 and the MD&A for the nine month period ended June 30, 2022, respectively.

Schedule I-1 and Schedule I-2 contains the Cambrosia Financial Statements, and Schedule J-1 and Schedule J-2 contains the MD&A of Cambrosia for the year ended December 31, 2021 and the nine month period ended September 30, 2022, respectively.

Schedule B contains the pro-forma financial statements.

ITEM 26: ADDITIONAL INFORMATION

Additional information relating to the Issuer is on SEDAR at www.sedar.com. Shareholders may contact the Issuer at 1600 - 609 Granville Street, P.O. Box 10068 Pacific Centre, Vancouver, British Columbia, V7Y 1C3. (Telephone: 778-331-8505) to request copies of the Issuer's financial statements and MD&A or a copy of this Listing Statement, or any of the Issuer documents incorporated herein by reference.

CERTIFICATE OF SILVER PHOENIX RESOURCES INC.

Pursuant to a resolution duly passed by its board of directors, Silver Phoenix Resources Inc., hereby applies for the listing of the above mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to Silver Phoenix Resources Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 23rd day of December, 2022.

(signed) "*Scott Ackerman*"	(signed) "*Doug McFaul*"
Chief Executive Officer - Scott Ackerman	Chief Financial Officer - Doug McFaul
(signed) "*Brent Ackerman*"	(signed) "*Rick Cox*"
Director - Brent Ackerman	Director - Rick Cox

CERTIFICATE OF AGMEDICA BIOSCIENCE INC.

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

Dated at Chatham, Ontario this 23rd day of December, 2022.

(signed) "*Trevor Henry*"	(signed) "*Peter Van Mol*"
Chief Executive Officer - Trevor Henry	Chief Financial Officer - Peter Van Mol
(signed) "*Donald Clow*"	(signed) "*George MacLeod*"
Director - Donald Clow	Director - George MacLeod

CERTIFICATE OF ATLAS BIOTECHNOLOGIES INC.

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

Dated at Edmonton, Alberta this 23rd day of December, 2022.

(signed) "*Sheldon Croome*"
Chief Executive Officer - Sheldon Croome

(signed) "*Jeffrey R. Gossain*"
Chief Operating Officer - Jeffrey R. Gossain

(signed) "*Elan MacDonald*"
Director - Elan MacDonald

(signed) "*Peter Elzinga*"
Director - Peter Elzinga

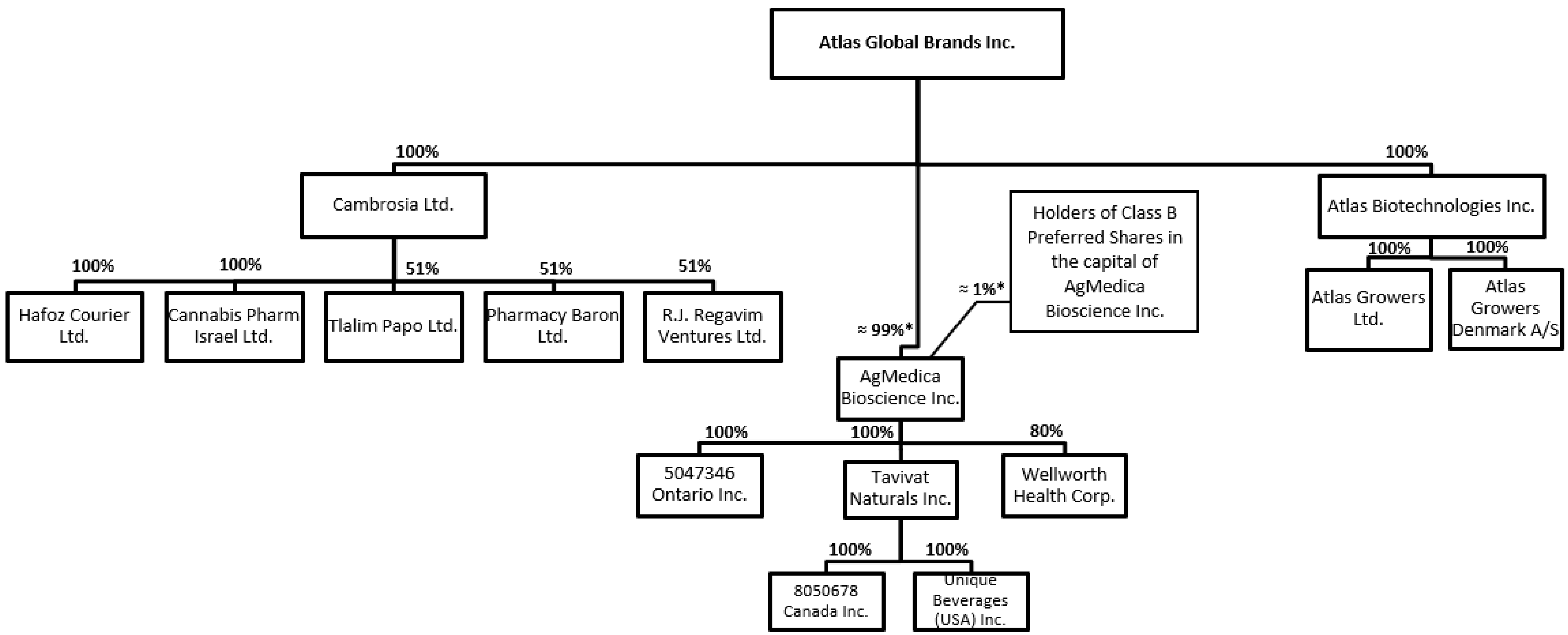
CERTIFICATE OF CAMBROSIA LTD.

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

Dated at Rishon LeZion, Israel this 23rd day of December, 2022.

(signed) "*Tamir Gedo*"	(signed) "*Jonathan Ben-Cnaan*"
Chief Executive Officer - Tamir Gedo	Chief Financial Officer – Jonathan Ben-Cnaan
(signed) "*David Pappo*"	(signed) "*Iftach Seri*"
Director - David Pappo	Director - Iftach Seri
(signed) "*Tamir Gedo*"	
Promoter - Tamir Gedo	

SCHEDULE A
CORPORATE STRUCTURE OF RESULTING ISSUER



SCHEDULE B
PRO FORMA FINANCIAL STATEMENTS OF RESULTING ISSUER

(see attached)

Atlas Global Brands Inc.

(formerly Silver Phoenix Resources Inc.)

Pro Forma Consolidated Financial Statements

As at September 30, 2022, for the nine months ended September 30, 2022, and for the year ended December 31, 2021

(Stated in Canadian Dollars)
(Unaudited – prepared by management)

Atlas Global Brands Inc.

(formerly Silver Phoenix Resources Inc.)

Pro Forma Consolidated Statement of Financial Position

As at September 30, 2022

(Stated in Canadian Dollars)

(Unaudited)

	Silver Phoenix Resources Inc. September 30, 2022	Atlas Biotechnologies Inc. June 30, 2022	AgMedica Bioscience Inc. September 30, 2022	Cambrosia Ltd. September 30, 2022	Note 4	Pro Forma Adjustments	Pro Forma September 30, 2022
ASSETS							
Current assets							
Cash and cash equivalents	2,159	657,419	327,999	17,692	a	6,000,000	
					b	40,000	7,045,269
Accounts receivables and prepaid expense	12,100	1,314,456	1,299,147	316,696		-	2,942,399
Biological assets	-	641,363	1,178,769	-		-	1,820,132
Inventory	-	5,651,764	6,490,327	-		-	12,142,091
Deposits and prepaids	-	521,446	1,012,658	-		-	1,534,104
Marketable securities	1	-	-	-		-	1
Total current assets	14,260	8,786,448	10,308,900	334,388		6,040,000	25,483,996
Deposits	-	155,118	-	-		-	155,118
Property, plant and equipment	-	13,682,865	26,784,140	-		-	40,467,005
Exploration and evaluation assets	1	-	-	-	b	(1)	-
Intangible assets	-	62,090	-	-	d	-	62,090
TOTAL ASSETS	**14,261**	**22,686,521**	**37,093,040**	**334,388**		**6,039,999**	**66,168,209**
LIABILITIES AND EQUITY							
Current liabilities							
Accounts payable and accrued liabilities	248,005	4,677,310	6,570,072	346,440		-	11,841,827
Lease liabilities	-	19,968	3,364	-		-	23,332
Loan payable	186,311	1,353,595	2,996,083	-		-	4,535,989
Deposits	-	-	5,272	-		-	5,272
Convertible debt	-	1,491,405	-	-		-	1,491,405
Unearned revenue	-	293,449	501,227	-		-	794,676
Total current liabilities	434,316	7,835,727	10,076,018	346,440		-	18,692,501
Lease Liabilities	-	130,377	8,769	-		-	139,146
Class B preferred shares	-	-	2,646,824	-		-	2,646,824
Loan payable	-	8,000,603	9,965,344	-		-	17,965,947
Total liabilities	434,316	15,966,707	22,696,955	346,440		-	39,444,418
Equity							
Share capital	3,273,079	37,973,886	130,223,912	4,548	a	6,000,000	
					c	(3,273,079)	
					c	210,000	
					d	2,310,690	
					d	(37,973,886)	
					e	2,310,690	
					e	(130,223,912)	10,835,928
Class A preferred shares	-	-	4,450,000	-	e	(4,450,000)	-
Contributed surplus	-	8,292,720	90,105	512,429	d	(8,292,720)	
					e	(90,105)	512,429
Equity reserve	363,699	-	-	1,426,387	c	(363,699)	1,426,387
Accumulated other comprehensive loss	-	-	-	10,881	d	-	10,881
Deficit	(4,056,833)	(39,546,792)	(120,367,932)	(1,966,297)	b	39,999	
					c	4,056,833	
					c	(39,999)	
					c	(590,056)	
					d	39,546,792	
					d	4,409,124	
					e	120,367,932	
					e	12,085,395	13,938,166
Total equity	(420,055)	6,719,814	14,396,085	(12,052)		6,039,999	26,723,791
TOTAL LIABILITIES AND EQUITY	**14,261**	**22,686,521**	**37,093,040**	**334,388**		**6,039,999**	**66,168,209**

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

Atlas Global Brands Inc.

(formerly Silver Phoenix Resources Inc.)

Pro Forma Consolidated Statement of Loss and Comprehensive Loss

For the nine months ended September 30, 2022

(Stated in Canadian Dollars)

(Unaudited)

	Silver Phoenix Resources Inc. For the nine months ended September 30, 2022	Atlas Biotechnologies Inc. For the nine months ended June 30, 2022	AgMedica Bioscience Inc. For the six months ended September 30, 2022	Cambrosia Ltd. For the nine months ended September 30, 2022	Note 4	Pro Forma Adjustments	Pro Forma For the six months ended June 30, 2022
Revenues	-	9,787,251	8,949,503	-		-	18,736,754
Excise taxes	-	(1,629,385)	(1,571,012)	-		-	(3,200,397)
Net revenue	-	8,157,866	7,378,491	-		-	15,536,357
Cost of sales							
Inventory production costs	-	(7,474,962)	(7,097,053)	-		-	(14,572,015)
Realized gain/(loss) included in inventory	-	1,222,070	(1,614,929)	-		-	(392,859)
Unrealized (loss)/gain on changes in fair value of biological asse	-	(1,595,552)	2,847,146	-		-	1,251,594
Impairment of biological assets	-	(24,566)	-	-		-	(24,566)
Write-down of inventory to net realizable value	-	(2,128,232)	(702,844)	-		-	(2,831,076)
Gross margin	-	(1,843,376)	810,811	-		-	(1,032,565)
Expenses							
Selling, general and administative	105	3,791,676	2,650,705	411,020		-	6,853,506
Share-based compensation	-	3,027,344	27,377	658,739		-	3,713,460
Research, development and exploration	10,026	-	131,365	-		-	141,391
Operations and support	-	-	1,088,915	-		-	1,088,915
Management fees	108,000	-	-	-		-	108,000
Depreciation		340,339	1,035,680	-		-	1,376,019
Professional fees	116,305	-	-	-		-	116,305
Transfer agent and filing fees	18,992	-	-	-		-	18,992
Listing expense	-	-	-	-		-	-
	253,428	7,159,359	4,934,042	1,069,759		-	13,416,588
Loss from operations	(253,428)	(9,002,735)	(4,123,231)	(1,069,759)		-	(14,449,153)
Other income (loss)							
Loss on investment	-	(11,168)	-	-		-	(11,168)
Gain (loss) on disposal of property, plant and equipment	-	61,587	(24,549)	-		-	37,038
Other loss	-	(59,223)	149,775	-		-	90,552
Interest income	-	25	130	265		-	420
Finance costs	(9,380)	-	(1,327,660)	(404)		-	(1,337,444)
Restructuring gains	-	-	1,070,681	-		-	1,070,681
Foreign exchange gain	-	11,123	(6,709)	-		-	4,414
	(9,380)	2,344	(138,332)	(139)		-	(145,507)
Income taxes (recovery)	-	(1,200,029)	-	-		-	(1,200,029)
Net loss for the period	**(262,808)**	**(7,800,362)**	**(4,261,563)**	**(1,069,898)**		**-**	**(13,394,631)**
Exchange differences on translation of foreign operations	-	-	-	(23,177)		-	(23,177)
Comprehensive loss for the period	**(262,808)**	**(7,800,362)**	**(4,261,563)**	**(1,093,075)**		**-**	**(13,417,808)**
Basic loss per share	**(0.02)**	**(0.32)**	**(0.01)**	**(0.01)**		**-**	**(0.08)**
Diluted loss per share	**(0.02)**	**(0.32)**	**(0.01)**	**(0.01)**		**-**	**(0.08)**

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

Atlas Global Brands Inc.

(formerly Silver Phoenix Resources Inc.)

Pro Forma Consolidated Statement of Loss and Comprehensive Loss

For the year ended December 31, 2021

(Stated in Canadian Dollars)

(Unaudited)

	Silver Phoenix Resources Inc. For the year ended December 31, 2021	Atlas Biotechnologies Inc. For the year ended September 30, 2021	AgMedica Bioscience Inc. For the period ended December 31, 2021	Cambrosia Ltd. For the period ended December 31, 2021	Note 4	Pro Forma Adjustments	Pro Forma For the year ended December 31, 2021
Revenues	-	8,533,922	13,451,538	-		-	21,985,460
Excise taxes	-	(1,495,575)	(2,945,811)	-		-	(4,441,386)
Net revenue	-	7,038,347	10,505,727	-		-	17,544,074
Cost of sales							
Inventory production costs	-	(6,354,830)	(10,003,551)	-		-	(16,358,381)
Realized gain/(loss) included in inventory	-	573,145	(3,245,489)	-		-	(2,672,344)
Unrealized (loss)/gain on changes in fair value of biological asse	-	544,064	2,556,536	-		-	3,100,600
Write-down of inventory to net realizable value	-	(645,437)	(2,527,873)	-		-	(3,173,310)
Write-down of obsolete inventory	-	(4,135,947)	-	-		-	(4,135,947)
Gross margin	-	(2,980,658)	(2,714,650)	-		-	(5,695,308)
Expenses							
Selling, general and administative	103	5,185,389	5,333,375	128,423		-	10,647,290
Share-based compensation	-	1,766,736	62,728	767,648		-	2,597,112
Research and development	-	-	342,648	-		-	342,648
Operations and support	-	-	1,515,445	-		-	1,515,445
Management fees	144,000	-	-	-		-	144,000
Depreciation	-	654,590	1,257,637	-		-	1,912,227
Professional fees	18,419	-	-	-		-	18,419
Transfer agent and filing fees	32,615	-	-	-		-	32,615
	195,137	7,606,715	8,511,833	896,071		-	17,209,756
Loss from operations	(195,137)	(10,587,373)	(11,226,483)	(896,071)		-	(22,905,064)
Other income (loss)							
Listing costs	-	-	-	-	c	(590,056)	(590,056)
Gains on bargain purchase	-	-	-	-	d & e	16,494,519	16,494,519
Restructuring costs	-	-	(225,922)	-		-	(225,922)
Gain/(loss) on disposal of property, plant and equipment	-	(1,924,946)	(425,784)	-		-	(2,350,730)
Other income	-	2,220,786	2,897,783	-		-	5,118,569
Interest income	-	2	3,403	-		-	3,405
Finance costs	(3,872)	-	(2,879,397)	(328)		-	(2,883,597)
Impairment loss on assets	-	-	(26,652)	-		-	(26,652)
Foreign exchange gain/(loss)	-	155,984	(10,778)	-		-	145,206
	(3,872)	451,826	(667,347)	(328)		15,904,463	15,684,742
Income taxes	-	-	-	-			-
Net loss for the period	**(199,009)**	**(10,135,547)**	**(11,893,830)**	**(896,399)**		**15,904,463**	**(7,220,322)**
Exchange differences on translation of foreign operations	-	372,022	-	34,058		-	406,080
Comprehensive loss for the period	**(199,009)**	**(9,763,525)**	**(11,893,830)**	**(862,341)**		**15,904,463**	**(6,814,242)**
Basic loss per share	**(0.02)**	**(0.38)**	**(0.02)**	**(0.01)**		**-**	**(0.05)**
Diluted loss per share	**(0.02)**	**(0.38)**	**(0.02)**	**(0.01)**		**-**	**(0.05)**

Atlas Global Brands Inc.

(formerly Silver Phoenix Resources Inc.)
Notes to the Pro Forma Consolidated Financial Statements
As at September 30, 2022, for the nine months ended September 30, 2022, and the year ended December 31, 2021
(Stated in Canadian Dollars)
(Unaudited)

1. Basis of Presentation

These unaudited pro forma consolidated financial statements of Atlas Global Brands Inc., formerly Silver Phoenix Resources Inc., (the "**Company**"), have been prepared by management of the Company for illustrative purposes only to show the effect of the Amalgamation and Share Exchange Agreement ("**ASEA**"), the result of which is referred to as the transaction, (the "**Transaction**") (notes 3 and 4).

These unaudited pro forma consolidated financial statements have been prepared for inclusion in the Listing Statement in connection with the proposed listing of the Company on the Canadian Securities Exchange ("**CSE**") and in connection with the proposed amalgamation (the "**Amalgamation**") of the Company with Atlas Biotechnologies Inc. ("**Atlas**"), AgMedica Biosciences Inc. ("**AgMedica**"), and Cambrosia Ltd. ("**Cambrosia**"). The Amalgamation and listing together constitute the Transaction.

These pro forma consolidated financial statements include:

A. A pro forma consolidated statement of financial position as of September 30, 2022. This unaudited pro forma consolidated statement of financial position has been prepared as if the transactions described in notes 3 and 4 had occurred on September 30, 2022.

B. A pro forma consolidated statement of loss and comprehensive loss for the nine-month period ended September 30, 2022. This unaudited consolidated statement of income and comprehensive loss has been prepared as if the transactions described in notes 3 and 4 had occurred on January 1, 2021.

C. A pro forma consolidated statement of loss and comprehensive loss for the year ended December 31, 2021. This unaudited consolidated statement of loss and comprehensive loss has been prepared as if the transactions described in notes 3 and 4 had occurred on January 1, 2021.

In the opinion of the Company's management, these unaudited pro forma consolidated financial statements include all adjustments necessary for fair presentation of the transactions contemplated in the ASEA.

2. Pro Forma Assumptions

The Transaction is subject to the satisfaction of all closing conditions and receipt of regulatory and, where necessary, shareholder approvals.

These unaudited pro forma consolidated financial statements should be read in conjunction with the historical financial statements, including the notes thereto, of the Company, Atlas, AgMedica and Cambrosia, as referred to below and included in the Company's Filing Statement filed with the CSE in connection with the Transaction (the "Filing Statement").

These unaudited pro forma consolidated financial statements have been compiled from and includes:

a) the unaudited interim financial statements of the Company for the nine-month period ended September 30, 2022 and the audited financial statements of the Company for the year ended December 31, 2021;
b) the unaudited interim financial statements of Atlas for the nine-month period ended June 30, 2022 and the audited financial statements of Atlas for the year ended September 30, 2021;

Atlas Global Brands Inc.

(formerly Silver Phoenix Resources Inc.)
Notes to the Pro Forma Consolidated Financial Statements
As at September 30, 2022, for the nine months ended September 30, 2022, and the year ended December 31, 2021
(Stated in Canadian Dollars)
(Unaudited)

2. Pro Forma Assumptions (continued)

c) the audited interim financial statements of AgMedica for the nine-month period ended September 30, 2022 and the audited financial statements of AgMedica for the 15-month period ended December 31, 2021; and
d) the unaudited interim financial statements of Cambrosia for the nine-month period ended September 30, 2022 and the audited financial statements of Cambrosia for the period from inception on March, 2021 to December 31, 2021.

These unaudited pro forma consolidated financial statements are not intended to reflect the results of operations or the financial position of the Company which would have resulted had the transactions occurred on the dates indicated. Actual amounts recorded upon consummation of the Transaction will likely differ from those recorded in these unaudited pro forma consolidated financial statements.

It is management's opinion that these unaudited pro forma consolidated financial statements present, in all material respects, the Transaction, assumptions and adjustments described in accordance with International Financial Reporting Standards ("**IFRS**").

3. Amalgamation and Share Exchange

On July 14, 2022, the Company entered into the ASEA with Atlas, AgMedica and Cambrosia (collectively, the "**Targets**") whereby the Company will acquire 100% of the shares of the Targets. In accordance with the ASEA, the Company will issue a total of 154,206,000 common shares to the shareholders of the Targets.

The Transaction will result in the shareholders of Cambrosia acquiring control of the Resulting Issuer. Therefore, the transaction has been accounted for as an acquisition of the Company by Cambrosia combined with the acquisitions of Atlas and AgMedica. The transaction has been accounted for as a reverse take-over ("RTO"). As the Company does not meet the definition of a business as defined by IFRS 3 Business Combinations, it has been accounted for as a share-based payment transaction in accordance with IFRS 2 Share Based Payments.

4. Pro Forma Adjustments

The unaudited pro forma consolidated financial statements reflect the following adjustments as if the transactions had occurred on the dates described in note 2:

a) Cambrosia will issue 100,000,000 common shares in exchange for the equivalent of $6,000,000 (NIS 15,000,000). No issue costs of these shares are anticipated.

b) Pursuant to the Silver Phoenix Asset Purchase Agreement, the Company will dispose of its exploration and evaluation assets in exchange for $40,000.

c) As a result of the Transaction, the shareholders of Cambrosia will acquire control of the Company, thereby constituting a reverse acquisition of the Company. For accounting purposes, Cambrosia is deemed to be the acquirer and the Company is deemed to be acquired. The Transaction is considered a purchase of the Company's net assets, including the cash received pursuant to the Silver Phoenix Asset Purchase Agreement, by Cambrosia.

(Stated in Canadian Dollars)

4. Pro Forma Adjustments (continued)

The purchase price is deemed to be the cost to Cambrosia to acquire the Company's common shares at their fair value at the time of the transaction. The fair value is calculated as $210,000 being the cost of acquiring the 3,500,000 common shares of the Company at a price of $0.060, being the fair value of each share in Cambrosia's most recently negotiated financing.

The assets and liabilities of the Company are included in the unaudited pro forma consolidated statement of financial position and are presented at their fair value, which is equal to their carrying value. The fair value of the consideration exceeds the fair value of the net assets of the Company. As the Company does not qualify as a business according to the definition in IFRS 3, this transaction does not constitute a business combination, rather it is treated as an issuance of shares by Cambrosia for the net assets of the Company and the Company's listing status and Cambrosia is the continuing entity.

The excess of the amount paid over the fair value of the net assets acquired, estimated at $590,056, is charged to profit or loss as a listing expense. The excess was calculated as follows:

Fair Value of consideration		
3,500,000 common shares at $0.06 per share		210,000
Total consideration	$	210,000
Net assets acquired		
Cash and cash equivalents	$	42,159
Accounts receivable		12,100
Marketable securities		1
Accounts payable and accrued liabilities		(248,005)
Loan payable		(186,311)
Net assets	$	(380,056)
Excess of consideration over net assets acquired	$	590,056

d) Concurrently, the Reporting Issuer will acquire Atlas. Atlas is considered a business according to the definition in IFRS 3.

The purchase price is deemed to be the fair value of the shares issued by the resulting issuer in exchange for all of the shares of Atlas. The fair value of the consideration paid is calculated as $2,310,690, calculated by issuing 38,511,500 common shares of the Company at a price of $0.06, being the fair value of each share in Cambrosia's most recent negotiated financing.

The assets and liabilities of Atlas are included in the unaudited pro forma consolidated statement of financial position and are presented at their fair value, which is assumed to be equal to their carrying value.

Atlas Global Brands Inc.

(formerly Silver Phoenix Resources Inc.)
Notes to the Pro Forma Consolidated Financial Statements
As at September 30, 2022, for the nine months ended September 30, 2022, and the year ended December 31, 2021
(Stated in Canadian Dollars)
(Unaudited)

4. Pro Forma Adjustments (continued)

The excess of the net assets acquired over the consideration paid is considered a bargain purchase and is recognized as income.

The details of the purchase price and the Atlas net assets acquired are as follows:

Fair Value of consideration		
38,511,500 common shares at $0.06 per share		2,310,690
Total consideration	$	2,310,690
Net assets acquired		
Cash and cash equivalent	$	657,419
Accounts receivable		1,314,456
Biological assets		641,363
Inventory		5,651,764
Deposits and prepaids		521,446
Deposits, long term		155,118
Property, plant and equipment		13,682,865
Intangible assets		62,090
Accounts payable and accrued liabilities		(4,677,310)
Lease liabilities		(19,968)
Loan payable		(1,353,595)
Convertible debt		(1,491,405)
Unearned revenue		(293,449)
Lease liabilities, long term		(130,377)
Loan payable		(8,000,603)
Net assets acquired		6,719,814
Excess of net assets acquired over consideration considered bargain purchase	$	4,409,124

e) Concurrently, the Reporting Issuer will also acquire AgMedica. AgMedica is considered a business according to the definition in IFRS 3

The purchase price is deemed to be the fair value of the shares issued by the resulting issuer in exchange for all of the shares of AgMedica. The fair value of the consideration paid is calculated as $2,310,690, being the cost of issuing 38,511,500 common shares of the Company at a price of $0.060, being the fair value of each share in Cambrosia's most recent negotiated financing.

Atlas Global Brands Inc.

(formerly Silver Phoenix Resources Inc.)
Notes to the Pro Forma Consolidated Financial Statements
As at September 30, 2022, for the nine months ended September 30, 2022, and the year ended December 31, 2021
(Stated in Canadian Dollars)
(Unaudited)

4. Pro Forma Adjustments (continued)

The assets and liabilities of AgMedica are included in the unaudited pro forma consolidated statement of financial position and are presented at their fair value, which is assumed to be equal to their carrying value.

The details of the purchase price and the AgMedica net assets acquired are as follows:

Fair Value of consideration	
38,511,500 common shares at $0.060 per share	2,310,690
Total consideration	$ 2,310,690
Net assets acquired	
Cash and cash equivalent	$ 327,999
Accounts receivable	1,299,147
Biological assets	1,178,769
Inventory	6,490,327
Deposits and prepaids	1,012,658
Property, plant and equipment	26,784,140
Accounts payable and accrued liabilities	(6,570,072)
Lease liabilities	(12,133)
Loan payable	(12,961,427)
Deposits	(5,272)
Deferred revenue	(501,227)
Class B preferred shares	(2,646,824)
Net assets acquired	14,396,085
Excess of net assets acquired over consideration considered bargain purchase	$ 12,085,395

The excess of the net assets acquired over the consideration paid is considered a bargain purchase and is recognized as income.

Atlas Global Brands Inc.

(formerly Silver Phoenix Resources Inc.)
Notes to the Pro Forma Consolidated Financial Statements
As at September 30, 2022, for the nine months ended September 30, 2022, and the year ended December 31, 2021
(Stated in Canadian Dollars)
(Unaudited)

5. Pro Forma Share Capital

A continuity of the Company's common shares after giving effect to the pro forma transactions described in note 4 above is as follows:

	Number of Shares		Amount
Company shares at June 30, 2022	3,500,000	$	3,273,079
Concurrent fundraising by Cambrosia	-		6,000,000
Issued upon reverse takeover of Cambrosia	77,103,000		210,000
Reverse value of the Company's shares	-		(3,273,079)
Add value of Cambrosia's common shares	-		4,548
Issued upon reverse takeover of Atlas	38,551,500		2,310,690
Issued upon reverse takeover of AgMedica	38,551,500		2,310,690
Pro forma common shares outstanding	157,706,000	$	10,835,928

6. Pro Forma Loss Per Share – Basic and Diluted

The calculation of the pro forma consolidated basic and diluted loss per share in the pro forma consolidated statements of loss for the six months ended June 30, 2022 and for the year ended December 31, 2021 is based on the assumption that the Company issued 77,103,000 common shares to the shareholders of Cambrosia, 38,551,500 common shares to the shareholders of Atlas and 38,551,500 common shares to the shareholders of AgMedica to complete the Transaction.

7. Pro Forma Statutory Income Tax Rate

The pro forma effective statutory income tax rate of the combined companies will be 26.5%. No provision for loss carry forwards and the resulting income tax benefits have been made for the combined entity in the pro forma financial statements.

SCHEDULE C-1
ISSUER ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

SILVER PHOENIX RESOURCES INC.

(An Exploration Stage Company)

Financial Statements
(Expressed in Canadian Dollars)

For the years ended December 31, 2021 and 2020

manning elliott

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Silver Phoenix Resources Inc.

Opinion

We have audited the financial statements of Silver Phoenix Resources Inc. (the "Company") which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which describes matters that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

manning elliott

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Joseph Bonvillain.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 25, 2022

SILVER PHOENIX RESOURCES INC.
Statements of Financial Position
(Expressed in Canadian dollars)

		December 31, 2021		December 31, 2020
Assets				
Current Assets				
Cash	**$**	**3,343**	$	1,096
Amounts receivable		**9,354**		14,914
Marketable securities (Note 5)		**1**		1
		12,698		16,011
Non-current Assets				
Exploration and evaluation assets (Note 6)		**1**		1
Total Assets	**$**	**12,699**	$	16,012
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**73,015**	$	209,352
Loan payable (Note 7)		**96,931**		27,398
		169,946		236,750
Equity (Deficiency)				
Share capital (Note 8)		**3,273,079**		3,010,579
Equity reserve (Note 8)		**363,699**		363,699
Deficit		**(3,794,025)**		(3,595,016)
		(157,247)		(220,738)
Total Liabilities and Equity	**$**	**12,699**	$	16,012

Nature and continuance of operations (Note 1)
Commitments (Note 12)
Subsequent events (Note 14)

Approved on Behalf of the Board on April 25, 2022:

"Scott Ackerman"
Scott Ackerman – CEO and Director

"Doug McFaul"
Doug McFaul – CFO and Director

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

SILVER PHOENIX RESOURCES INC.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the years ended December 31, 2021	2020
Expenses		
Finance expense (Note 9)	**$ 3,872**	$ 398
General and administrative	**103**	946
Interest and penalties	**-**	14,336
Management fees	**144,000**	144,000
Professional fees	**18,419**	15,860
Transfer agent and filing fees	**32,615**	10,807
Net loss and comprehensive loss	**(199,009)**	(186,347)
Weighted average number of common shares outstanding	**8,357,865**	7,711,564
Basic and diluted loss per share	**$ (0.02)**	$ (0.02)

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

SILVER PHOENIX RESOURCES INC.
Statements of Changes in Equity (Deficiency)
(Expressed in Canadian dollars)

	Number of Common Shares[1]	Share Capital	Equity Reserve	Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31, 2019	7,711,564	$ 3,010,579	$ 363,699	$ (3,408,669)	$ (34,391)
Net loss and comprehensive loss	-	-	-	(186,347)	(186,347)
Balance, December 31, 2020	7,711,564	$ 3,010,579	$ 363,699	$ (3,595,016)	$ (220,738)

Balance, December 31, 2020	7,711,564	$ 3,010,579	$ 363,699	$ (3,595,016)	$ (220,738)
Exercise of warrants	700,000	262,500	-	-	262,500
Net loss and comprehensive loss	-	-	-	(199,009)	(199,009)
Balance, December 31, 2021	**8,411,564**	**$ 3,273,079**	**$ 363,699**	**$ (3,794,025)**	**$ (157,247)**

[1]On June 30, 2021, the Company completed a consolidation of the Company's shares on a 5 old for 1 new share basis. All share and per share information has been retroactively adjusted to reflect the share consolidation.

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

SILVER PHOENIX RESOURCES INC.
Statements of Cash Flows
(Expressed in Canadian dollars)

	For the years ended December 31, 2021	2020
Cash (used in) provided by:		
Operating Activities		
Loss for the year	$ **(199,009)**	$ (186,347)
Items not affecting cash:		
Accrued interest expense	**2,931**	398
Changes in non-cash working capital items:		
Amounts receivable	**5,560**	4,738
Accounts payable and accrued liabilities	**60,865**	146,583
	(129,653)	(34,628)
Financing Activities		
Loan from credit facility	**194,000**	27,000
Repayment for loan from credit facility and debt assignment	**(324,600)**	-
Proceeds from issuance of common shares	**262,500**	-
	131,900	27,000
Change in cash for the year	**2,247**	(7,628)
Cash, beginning of the year	**1,096**	8,724
Cash, end of the year	$ **3,343**	$ 1,096

Supplemental cash flow information:		
Interest paid	$ -	$ -
Income taxes	$ -	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Silver Phoenix Resources Inc. (the "Company") was incorporated on February 14, 2003 under the Company Act (British Columbia). The Company is an exploration stage company engaged in acquiring, exploring and developing mineral properties, principally located in British Columbia, Canada. The Company is listed on the Canadian Securities Exchange, under the trading symbol SP. The address of the Company's corporate office and principal place of business is 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3, and the registered and records office is located at 2200 – 885 West Georgia Street, Vancouver, BC V6C 3E8.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. As of December 31, 2021, the Company has not generated revenues from its principal activities and is considered to be in the exploration stage.

Going Concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception, has working capital deficiency of $157,248 and an accumulated deficit of $3,794,025 at December 31, 2021. The Company has no source of operating cash flows and expects to incur further losses in the exploration and development of its mineral properties. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. The Company's continuing operations, and the recoverability of the amounts shown for exploration and evaluation assets are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests. The Company has been successful in the past in raising funds for operations by issuing shares but there is no assurance that it will be able to continue to do so in the future.

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 therefore 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 the accompanying financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

2. BASIS OF PRESENTATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on an accrual basis and are based on historical costs, modified for specific financial instruments at fair value where applicable. These financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

The Company's financial statements were authorized for issue by the Board of Directors on April 25, 2022.

3. CRITICAL ACCOUNTING JUDGMENT AND ESTIMATES

The preparation of these financial statements in conformity of 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.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below:

<u>Exploration and Evaluation Expenditure</u>
The application of the Company's accounting policy for deferred development expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumption about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

3. CRITICAL ACCOUNTING JUDGMENT AND ESTIMATES (CONTINUED)

Share-based Compensation

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Recovery of Deferred Tax Assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimate of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Company operations could limit the ability of the Company to obtain tax deductions in future periods.

Going concern

Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

4. SIGNIFICANT ACCOUNTING POLICIES

a. Cash and equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value.

b. Marketable securities

Investments in shares of public companies traded on an active market over which the Company does not have control or exercises significant influence are classified as available-for-sale and accounted for at fair market value, based upon quote market share prices at the balance sheet date. Unrealized gains or losses on these investments are recorded as other comprehensive income or loss, unless a decline in value is considered to be other than temporary. Purchases and sales of investment are measured on a settlement date basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Measurement basis

These financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 4(m). All amounts are expressed in Canadian dollars unless otherwise stated.

d. Exploration and evaluation assets

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as mineral properties exploration and classified as intangible assets. General exploration costs not related to specific mineral properties are expensed as incurred. When shares are issued as part of mineral property exploration costs, they are valued at the closing share price on the date of issuance unless the fair value of goods or services received is determined.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full be development or sale.

The recoverability of mineral properties and capitalized exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

Mineral properties are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount of reserve properties may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized, however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Payments on mineral property Option Agreements are made at the discretion of the Company and, accordingly, are recorded on a cash basis.

e. Impairment of non-financial assets

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

f. Government assistance

B.C. mining exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development costs of the respective mineral property. Until such time that there is significant uncertainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt. No gain or loss is realized during the exploration stage until all carrying costs of the specific interest have been offset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is recorded over the estimated useful life of the equipment using the declining balance method at the following annual rates (one-half of these rates is applied in the year of acquisition):

Computer equipment	30%
Equipment	20%

h. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As at December 31, 2021, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

i. Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

j. Flow-through shares

Canadian tax legislation permits a company to issue flow-through instruments whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the company.

Flow-through shares are recognized in share capital based on the fair value attributed to common shares without a flow-through feature on the date the Company and the investors agree to the transaction. The difference (“premium”) between the amount recognized in common shares and the amount the investors pay for the flow-through shares is recognized as a flow-through share related liabilities which is reversed into the statement of loss within other income when the eligible expenditures are incurred. The amount recognized as flow-through share related liabilities represents the difference between the fair value of the common shares and the amount the investor pays for the flow-through shares.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

k. Share-based payment

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

l. Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

m. Financial instruments

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

Financial assets – Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value hierarchy

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

Level 1 - Unadjusted quoted prices 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 or indirectly; and
Level 3 - Inputs for the asset or liability that are not based upon observable market data.

Cash and marketable securities are carried at fair value using a level 1 fair value measurement.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

• Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

Cash and marketable securities are measured at FVTPL. The Company has not designated any financial assets as amortized cost and FVOCI.

Financial liabilities

The Company classifies its financial liabilities into the following categories:

- Financial liabilities at FVTPL; and
- Amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not designate any financial liabilities at FVTPL. The Company has designated its accounts payable and loan payable at amortized cost.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is accounted for using a temporary difference approach and is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated based on the expected manner in which temporary differences related to the carrying amounts of assets and liabilities and are expected to reverse using tax rates and laws enacted or substantively enacted at the balance sheet date which are expected to apply in the period of reversal.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and which do not affect accounting or taxable profit or loss at the time of the transaction.

o. Accounting standards and amendments issued but not yet adopted

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company’s financial statements.

(Expressed in Canadian dollars)

5. MARKETABLE SECURITIES

As at December 31, 2021, the Company owns 475,000 common shares (2020 - 475,000 shares) of Armadillo Resources Ltd. During the year ended December 31, 2013, the shares of Armadillo Resources Ltd. were halted from trading. As a result, the marketable securities were written down to $1.

6. EXPLORATION AND EVALUATION ASSETS

December 31, 2021	Big Showing	Total
	$	$
Acquisition costs:		
Opening balance, January 1, 2021	1	1
Balance, December 31, 2021	**1**	**1**

December 31, 2020	Big Showing	Total
	$	$
Acquisition costs:		
Opening balance, January 1, 2020	1	1
Balance, December 31, 2020	**1**	**1**

Big Showing Property, British Columbia

On February 14, 2003, the Company entered into an agreement to acquire a 100% interest in the Big Showing property for mineral claims for a total area of 1,000 hectares in the Revelstoke Mining Division of British Columbia. The Company acquired 90% of the property from the former President and director of the Company and 10% from an individual who became a director of the Company on November 1, 2006.

During the year ended December 31, 2018, due to a lack of available funding, the Company temporarily ceased exploration of the Big Showing Property and considered to instead explore opportunities to sell the property. Accordingly, the Company wrote the property down to $1 by recording an impairment charge of $82,488 against the carrying value of the property.

The Company continues to actively pursue opportunities to sell the property, and, dependent upon the availability of funding, is also considering plans to recommence further exploration activities. During the year ended December 31, 2021, the Company made a payment instead of exploration and development work of $5,711 (2020 - $2,871) to the Ministry of Finance in order to keep the claims in good standing, and this amount is included in expenses in net loss.

(Expressed in Canadian dollars)

7. LOAN PAYABLE

On June 1, 2020, the Company entered into a credit facility agreement (the "Agreement") with The Emprise Special Opportunities Fund (2017) Limited Partnership ("LP2017") whereby LP2017 agreed to lend up to an aggregate principal amount of $100,000. Any amounts advanced under this credit facility accrue simple interest calculated daily at a rate of 10% per annum and are due on demand. Subsequently, the Agreement was amended on January 1, 2021 and LP2017 agreed to lend up to an aggregate principal amount of $250,000.

As at December 31, 2021, the Company utilized $194,000 (2020 - $27,000) of the credit facility. Interest expense for the year ended December 31, 2021 was $3,872 (2020 - $398). As at December 31, 2021, there is $96,931 (2020 - $27,398) owing.

8. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Shares issued

	Number of Common shares
Balance as at December 31, 2019 and 2020	7,711,564
Exercise of warrants	700,000
Balance as at December 31, 2021	**8,411,564**

On January 28, 2021, the Company issued 700,000 common shares through exercise of warrants at a price of $0.375 per common share.

(c) Share consolidation

On June 30, 2021, the Company completed a consolidation of the Company's shares on a 5 old for 1 new share basis. All share and per share information has been retroactively adjusted to reflect the share consolidation.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (CONTINUED)

(d) Stock options

The Company has a stock option plan whereby the maximum number of shares subject to the plan, in the aggregate, shall not exceed 10% of the Company's issued and outstanding shares. The maximum term of any option will be five years and the vesting is at the direction of the board, however, options granted to consultants performing "investor relations' activities" must at a minimum vest in stages over a period of not less than twelve months, with no more than ¼ of the options vesting in any three-month period or such longer period as the board determines. The exercise price shall be no less than the discount market price as determined in accordance with stock exchange on which the common shares are listed.

A summary of the Company's stock option activity is as follows:

	Number of stock options	Weighted average exercise price
Balance as at December 31, 2019, 2020 and December 31, 2021	**262,068**	**$ 0.725**

As at December 31, 2021, outstanding and exercisable options were as follows:

Grant Date	Number of Options	Exercise Price	Expiry date	Weighted average contractual life (years)
December 14, 2018	262,068	$ 0.725	December 14, 2023	1.95

On March 18, 2022, the Company cancelled a total of 262,068 stock options through an Omnibus Option Cancellation Agreement.

(e) Warrants

A summary of the Company's share purchase warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance as at December 31, 2019 and 2020	**5,000,000**	**$ 0.375**
Exercised	(700,000)	$ 0.375
Balance as at December 31, 2021	**4,300,000**	**$ 0.375**

As at December 31, 2021, the following share purchase warrants were issued and outstanding:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average contractual life (years)
4,300,000	$ 0.375	February 28, 2024	2.33

9. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. A transaction is considered to be a related party transaction when there is a transfer of resources on obligations between related parties.

The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. During the year ended December 31, 2021, the Company paid $nil (2020 - $nil) for key management compensation.

During the year ended December 31, 2020, the Company secured a credit facility with a majority shareholder LP2017 (See Note 7) which is a related party balance. As at December 31, 2021, there is $96,931 owing (2020 – $27,398).

During the year ended December 31, 2021, LP2017 entered into a debt assignment agreement with a vendor of the Company for a total amount of $197,600 (the "Settlement Amount"). The Settlement Amount included $185,000 related to management fees payable by the Company as at December 31, 2020. On February 1, 2021, the Company paid an amount totaling $324,600 to LP2017 which included the Settlement Amount and a portion of the loan payable owing by the Company (Note 7).

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises all the 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. The Company's investment policy is to invest its cash in financial instruments of high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

11. FINANCIAL INSTRUMENTS

The fair value of the Company's amounts receivable, accounts payable and loan payable, approximate their carrying values due to the short-term nature of the instruments. The Company's other financial instruments, being cash and marketable securities are classified as FVTPL.

Financial Risk Factors

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

(i) *Credit risk*

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

(ii) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company has a working capital deficiency of $157,248, (2020 - $220,739) and requires additional funds to meet its current obligations. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at December 31, 2021, the Company has no sources of revenue to fund its operating expenditures or fund any identified business acquisition and as such requires additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital, or debt financing. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern as disclosed in Note 1. Consequently, the Company is currently exposed to a significant level of liquidity risk.

(iii) *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 equity prices.

i. Interest rate risk

As of December 31, 2021, the Company did not have any investments in investment-grade short-term deposit certificates, and interest exposure with respect to its cash balances is minimal.

As at December 31, 2021, the Company has a loan bearing interest at a fixed rate of 10% and as such is not exposed to interest rate fluctuations.

11. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (continued)

ii. 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 closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

iii. Currency risk
The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

12. COMMITMENTS

On November 30, 2018, the Company entered into a management services agreement with Emprise Management Services Corp. The agreement requires payments of $12,000 per month. The contract is payable monthly and may be terminated by both parties by giving six months' notice.

13. INCOME TAXES

In assessing deferred income tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment and concluding the deferred tax assets were not realized.

	2021	**2020**
Canadian statutory income tax rate	**27%**	27%
	$	**$**
Income tax recovery at statutory rate	**(53,000)**	(50,000)
Non taxable/ deductible items	**-**	3,000
Effect of change in income tax rates	**-**	-
Change in unrecognized deferred tax assets	**53,000**	47,000
Income taxes recoverable	**-**	-

(Expressed in Canadian dollars)

13. INCOME TAXES (CONTINUED)

The nature and effect of the Company's deferred tax assets is as follows:

	2021	2020
	$	**$**
Non capital losses carried forward	**746,000**	693,000
Mineral properties	**101,000**	101,000
Marketable securities	**17,000**	17,000
Equipment	**3,000**	3,000
	867,000	814,000
Deferred tax assets not recognized	**(867,000)**	(814,000)
Net deferred tax asset	-	-

As at December 31, 2021, the Company had non-capital losses carried forward of approximately $2,765,000 (2020 - $2,566,000) which may be applied to reduce future years' taxable income, expiring as follows:

2026	$	53,000
2027		116,000
2028		202,000
2029		227,000
2030		217,000
2031		153,000
2032		189,000
2033		188,000
2034		156,000
2035		149,000
2036		211,000
2037		156,000
2038		205,000
2039		172,000
2040		172,000
2041		199,000
	$	2,765,000

14. SUBSEQUENT EVENTS

(a) On March 18, 2022, the Company cancelled a total of 262,068 stock options through an Omnibus Option Cancellation Agreement.

(b) The Company entered a binding memorandum of understanding (the "MOU") dated effective April 8, 2022, with respect to a proposed business combination (the "Proposed Transaction") by the Company of all the issued and outstanding share capital of Atlas Biotechnologies Inc., AgMedica Bioscience Inc., and Cambrosia Ltd., (collectively, the "Target"). The Proposed Transaction of the Target will constitute a reverse takeover.

Completion of the Proposed Transaction is subject to a number of conditions, including receipt of all necessary shareholder and regulatory approvals, execution of related transaction documents, approval of the Canadian Securities Exchange, disposition of the Company's mining assets, there being no adverse material change in the affairs of the parties and completion of satisfactory due diligence by each of the parties. There can be no assurance that the Transaction will be completed as proposed or at all.

SCHEDULE C-2
ISSUER INTERIM FINANCIAL STATEMENT FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2022

SILVER PHOENIX RESOURCES INC.

(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the nine months ended September 30, 2022 and 2021

		September 30, 2022		December 31, 2021
Assets				
Current Assets				
Cash	**$**	**2,159**	$	3,343
Amounts receivable		**12,100**		9,354
Marketable securities (Note 4)		**1**		1
		14,260		12,698
Non-current Assets				
Exploration and evaluation assets (Note 5)		**1**		1
Total Assets	**$**	**14,261**	$	12,699
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**248,005**	$	73,015
Loan payable (Note 6)		**186,311**		96,931
		434,316		169,946
Equity (Deficiency)				
Share capital (Note 7)		**3,273,079**		3,273,079
Equity reserve (Note 7)		**363,699**		363,699
Deficit		**(4,056,833)**		(3,794,025)
		(420,055)		(157,247)
Total Liabilities and Equity	**$**	**14,261**	$	12,699

Nature and continuance of operations (Note 1)
Commitments (Note 11)
Proposed Transaction (Note 12)

Approved on Behalf of the Board on November 24, 2022:

"Scott Ackerman"
Scott Ackerman – CEO and Director

"Doug McFaul"
Doug McFaul – CFO and Director

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	**2022**	2021
Expenses				
Exploration expenses (Note 5)	**$ 10,026**	$ -	**$ 10,026**	$ -
Finance expense (Note 6)	**3,839**	1,203	**9,380**	2,267
General and administrative	**44**	18	**105**	79
Management fees	**36,000**	36,000	**108,000**	108,000
Professional fees	**43,747**	6,206	**116,305**	8,224
Transfer agent and filing fees	**7,590**	8,313	**18,992**	23,997
Net loss and comprehensive loss	**(101,246)**	(51,740)	**(262,808)**	(142,567)
Weighted average number of common shares outstanding	**8,411,564**	8,411,564	**8,411,564**	8,344,562
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.02)

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

	Number of Common Shares[1]	Share Capital	Equity Reserve	Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31, 2021	8,411,564	$ 3,273,079	$ 363,699	$ (3,794,025)	$ (157,247)
Net loss and comprehensive loss	-	-	-	(262,808)	(262,808)
Balance, September 30, 2022	8,411,564	$ 3,273,079	$ 363,699	$ (4,056,833)	$ (420,055)

Balance, December 31, 2020	7,711,564	$ 3,010,579	$ 363,699	$ (3,595,016)	$ (220,738)
Exercise of warrants	700,000	262,500	-	-	262,500
Net loss and comprehensive loss	-	-	-	(142,567)	(142,567)
Balance, September 30, 2021	8,411,564	$ 3,273,079	$ 363,699	$ (3,737,583)	$ (100,805)

[1]On June 30, 2021, the Company completed a consolidation of the Company's shares on a 5 old for 1 new share basis. All share and per share information has been retroactively adjusted to reflect the share consolidation.

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

		For the nine months ended September 30,	
		2022	2021
Cash (used in) provided by:			
Operating Activities			
Loss for the period	$	**(262,808)**	$ (142,567)
Items not affecting cash:			
Accrued interest expense (Note 6)		**9,380**	928
Changes in non-cash working capital items:			
Amounts receivable		**(2,746)**	7,512
Accounts payable and accrued liabilities		**174,990**	(145,843)
		(81,184)	(279,970)
Financing Activities			
Loan from credit facility (Note 6)		**80,000**	17,000
Proceeds from issuance of common shares (Note 7)		**-**	262,500
		80,000	279,500
Change in cash for the period		**(1,184)**	(470)
Cash, beginning of the period		**3,343**	1,096
Cash, end of the period	$	**2,159**	$ 626

Supplemental cash flow information:			
Interest paid	$	-	$ -
Income taxes	$	-	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Silver Phoenix Resources Inc. (the "Company") was incorporated on February 14, 2003 under the Company Act (British Columbia). The Company is an exploration stage company engaged in acquiring, exploring and developing mineral properties, principally located in British Columbia, Canada. The Company is listed on the Canadian Securities Exchange, under the trading symbol SP. The address of the Company's corporate office and principal place of business is 1600 – 609 Granville Street, Vancouver, B.C., V7Y 1C3, and the registered and records office is located at 2200 – 885 West Georgia Street, Vancouver, B.C., V6C 3E8.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. As of September 30, 2022, the Company has not generated revenues from its principal activities and is considered to be in the exploration stage.

Going Concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception, has working capital deficiency of $420,056 and an accumulated deficit of $4,056,833 at September 30, 2022. The Company has no source of operating cash flows and expects to incur further losses in the exploration and development of its mineral properties. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. The Company's continuing operations, and the recoverability of the amounts shown for exploration and evaluation assets are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests. The Company has been successful in the past in raising funds for operations by issuing shares but there is no assurance that it will be able to continue to do so in the future.

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 therefore 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 the accompanying financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

2. BASIS OF PRESENTATION

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, these condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent audited annual financial statements of the Company as at and for the year ended December 31, 2021. The Board of Directors authorized these condensed interim consolidated financial statements for issue on November 24, 2022.

The accounting policies applied in these condensed interim consolidated financial statements are the same as those applied in the Company's most recent audited annual financial statements as at and for the year ended December 31, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

These consolidated financial statements include accounts of the Company and the following subsidiaries:

Name of subsidiary	Province and Country of incorporation	Percentage ownership	Principal activity
2432998 Alberta Ltd.	Alberta, Canada	100%	Inactive[1]
14060407 Canada Inc.	Canada	100%	Inactive[1]

[1] Subsidiaries were incorporated on May 20, 2022 for the sole purpose of the Proposed Transaction (Note 12) and were inactive during the period.

All intercompany balances and transactions have been eliminated on consolidation.

(b) Basis of Measurement

These condensed unaudited interim consolidated financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for the statements of cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Critical Accounting Estimates, Judgment and Assumptions

The preparation of these financial statements in conformity of 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.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below:

Exploration and Evaluation Expenditure
The application of the Company's accounting policy for deferred development expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumption about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Share-based Compensation
The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Recovery of Deferred Tax Assets
Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimate of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Company operations could limit the ability of the Company to obtain tax deductions in future periods.

4. MARKETABLE SECURITIES

As at September 30, 2022, the Company owns 475,000 common shares (2021 - 475,000 shares) of Armadillo Resources Ltd. During the year ended December 31, 2013, the shares of Armadillo Resources Ltd. were halted from trading. As a result, the marketable securities were written down to $1.

5. EXPLORATION AND EVALUATION ASSETS

September 30, 2022	Big Showing	Total
	$	$
Acquisition costs:		
Opening balance, January 1, 2022	1	1
Balance, September 30, 2022	1	1

December 31, 2021	Big Showing	Total
	$	$
Acquisition costs:		
Opening balance, January 1, 2021	1	1
Balance, December 31, 2021	**1**	**1**

Big Showing Property, British Columbia

On February 14, 2003, the Company entered into an agreement to acquire a 100% interest in the Big Showing Property for mineral claims for a total area of 1,000 hectares in the Revelstoke Mining Division of British Columbia. The Company acquired 90% of the property from the former President and a director of the Company ("William Murray") and 10% from an individual who became a director of the Company on November 1, 2006.

During the year ended December 31, 2018, due to a lack of available funding, the Company temporarily ceased exploration of the Big Showing Property and considered to instead explore opportunities to sell the property. Accordingly, the Company wrote the property down to $1 by recording an impairment charge of $82,488 against the carrying value of the property.

During the current period, the Company completed exploration and development work on the property of $10,026 (2021 - $nil) in order to keep the claims in good standing. The Company continues to actively pursue opportunities to sell the property, and, dependent upon the availability of funding, is also considering plans to recommence further exploration activities. During the year ended December 31, 2021, the Company made a payment instead of exploration and development work of $5,711 to the Ministry of Finance in order to keep the claims in good standing, and this amount is included in expenses in net loss.

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

On June 28, 2022, the Company entered into a mineral claim purchase agreement (the "Big Showing Agreement") with 1369307 B.C. Ltd. ("1369307 BC"), a private company controlled by William Murray, whereby subject to closing of the Proposed Transaction (Note 12), the Company has agreed to sell the Big Showing Property to 1369307 BC for $40,000. In the event that the Proposed Transaction does not close, the Company will not proceed with the sale of the Big Showing Property.

6. LOAN PAYABLE

On June 1, 2020, the Company entered into a credit facility agreement (the "Agreement") with The Emprise Special Opportunities Fund (2017) Limited Partnership ("LP2017") whereby LP2017 agreed to lend up to an aggregate principal amount of $100,000. Any amounts advanced under this credit facility accrue simple interest calculated daily at a rate of 10% per annum and are due on demand. Subsequently, the Agreement was amended on January 1, 2021 and LP2017 agreed to lend up to an aggregate principal amount of $250,000.

As at September 30, 2022, the Company utilized $174,000 (2021 - $194,000) of the credit facility. Interest expense for the nine months ended September 30, 2022 was $12,311 (2021 - $2,267). As at September 30, 2022, there is $186,311 (2021 - $96,931) owing.

7. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Shares issued

	Number of Common shares
Balance as at December 31, 2020	7,711,564
Exercise of warrants	700,000
Balance as at December 31, 2021 and September 30, 2022	**8,411,564**

On January 28, 2021, the Company issued 700,000 common shares through exercise of warrants at a price of $0.375 per common share.

(c) Share consolidation

On June 30, 2021, the Company completed a consolidation of the Company's shares on a 5 old for 1 new share basis. All share and per share information has been retroactively adjusted to reflect the share consolidation.

7. SHARE CAPITAL (CONTINUED)

(d) Stock options

The Company has a stock option plan whereby the maximum number of shares subject to the plan, in the aggregate, shall not exceed 10% of the Company's issued and outstanding shares. The maximum term of any option is five years and vesting is at the direction of the board, however, options granted to consultants performing "investor relations' activities" must at a minimum vest in stages over a period of not less than twelve months, with no more than ¼ of the options vesting in any three-month period or such longer period as the board determines. The exercise price shall be no less than the discount market price as determined in accordance with stock exchange on which the common shares are listed.

A summary of the Company's stock option activity is as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance as at December 31, 2020 and 2021	**262,068**	**$ 0.725**
Cancelled	(262,068)	$ 0.725
Balance as at September 30, 2022	**-**	**-**

On March 18, 2022, the Company cancelled a total of 262,068 stock options through an Omnibus Option Cancellation Agreement.

(e) Warrants

A summary of the Company's share purchase warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance as at December 31, 2020	**5,000,000**	**$ 0.375**
Exercised	(700,000)	$ 0.375
Balance as at December 31, 2021 and September 30, 2022	**4,300,000**	**$ 0.375**

As at September 30, 2022, the following share purchase warrants were issued and outstanding:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average contractual life (years)
4,300,000	$ 0.375	February 28, 2024	1.42

8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. A transaction is considered to be a related party transaction when there is a transfer of resources on obligations between related parties.

The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. During the period ended September 30, 2022, the Company paid $nil (2021 - $nil) for key management compensation.

During the year ended December 31, 2020, the Company secured a credit facility with a majority shareholder, LP2017, (Note 6) which is a related party balance. As at September 30, 2022, there is $186,311 owing (2021 – $96,931).

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises all the 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. The Company's investment policy is to invest its cash in financial instruments of high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

10. FINANCIAL INSTRUMENTS

The fair value of the Company's amounts receivable, accounts payable and loan payable, approximate their carrying values due to the short-term nature of the instruments. The Company's other financial instruments, being cash and marketable securities are classified as FVTPL.

Financial Risk Factors

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

(i) *Credit risk*

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

10. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (continued)

(ii) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2022, the Company has a working capital deficiency of $420,056 (2021 - $157,248) and requires additional funds to meet its current obligations. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at September 30, 2022, the Company has no sources of revenue to fund its operating expenditures or fund any identified business acquisition and as such requires additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital, or debt financing. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern as disclosed in Note 1. Consequently, the Company is currently exposed to a significant level of liquidity risk.

(iii) *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 equity prices.

i. Interest rate risk

As of September 30, 2022, the Company did not have any investments in investment-grade short-term deposit certificates, and interest exposure with respect to its cash balances is minimal.

As at September 30, 2022, the Company has a loan bearing interest at a fixed rate of 10% and as such is not exposed to interest rate fluctuations.

ii. 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 closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

iii. Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

11. COMMITMENTS

On November 30, 2018, the Company entered into a management services agreement with Emprise Management Services Corp. The agreement requires payments of $12,000 per month. The contract is payable monthly and may be terminated by both parties by giving six months' notice.

12. PROPOSED TRANSACTION

The Company entered into an amalgamation and share exchange agreement dated as of July 14, 2022, with Atlas Biotechnologies Inc., AgMedica Bioscience Inc. and Cambrosia Ltd. and the ordinary shareholders of Cambrosia (collectively, the “Target”) to complete a business combination that will result in a reverse takeover of the Company by the shareholders of the Targets (the “Proposed Transaction”).

Upon completion of the Proposed Transaction, the combined entity will continue to carry on the businesses presently carried on by the Targets and will change its name to Atlas Global Health Inc. or such other name as the parties may agree.

Completion of the Proposed Transaction is subject to a number of conditions, including, but not limited to, exchange acceptance of the Proposed Transaction. The Proposed Transaction cannot close until the required shareholder approval is obtained in respect of the applicable matters. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

SCHEDULE D-1
ISSUER ANNUAL MD&A FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

SILVER PHOENIX RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021

Dated: April 25, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of Silver Phoenix Resources Inc. for the year ended December 31, 2021 and is prepared as at April 25, 2022. Throughout this MD&A, unless otherwise specified, "Silver Phoenix" or "Company" refer to Silver Phoenix Resources Inc. This MD&A should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2021 and 2020 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that this MD&A does not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the periods covered. The financial statements together with the other financial information included in this MD&A fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date hereof and for the periods presented herein. The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith, and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements concerning:

- The Company's strategies and objectives

- General business and economic conditions
- Foreign political policies and objectives
- The Company’s ability to successfully negotiate mining licenses
- The Company’s success at completing future financings
- The continued financial support of its debtors and shareholders

Readers are cautioned that the preceding list of risks, uncertainties, assumptions, and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in or implied by these forward-looking statements. Due to the risks, uncertainties, and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this document are made as of the date hereof. Accordingly, readers should not place undue reliance on forward-looking statements.

CORPORATE OVERVIEW

Silver Phoenix was incorporated on February 14, 2003 under the Company Act (British Columbia). The Company is an exploration stage company engaged in acquiring, exploring, and developing mineral properties, principally located in British Columbia, Canada. The Company is listed on the Canadian Securities Exchange, under the trading symbol SP. The address of the Company’s corporate office and principal place of business is 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3, and its registered and records office is located at 2200 – 885 West Georgia Street, Vancouver, BC V6C 3E8.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. As of December 31, 2021, the Company has not generated revenues from its principal activities and is considered to be in the exploration stage.

The Company entered a binding memorandum of understanding (the “MOU”) dated effective April 8, 2022, with respect to a proposed business combination (the “Proposed Transaction”) by the Company of all the issued and outstanding share capital of Atlas Biotechnologies Inc., AgMedica Bioscience Inc., and Cambrosia Ltd., (collectively, the “Target”). The Proposed Transaction of the Target will constitute a reverse takeover.

Completion of the Proposed Transaction is subject to a number of conditions, including receipt of all necessary shareholder and regulatory approvals, execution of related transaction documents, approval of the Canadian Securities Exchange, disposition of the Company’s mining assets, there being no adverse material change in the affairs of the parties and completion of satisfactory due diligence by each of the parties. There can be no assurance that the Transaction will be completed as proposed or at all.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financials markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The

Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

MINERAL PROPERTIES

Big Showing Property, British Columbia

On February 14, 2003, the Company entered into an agreement to acquire a 100% interest in the Big Showing property for mineral claims for a total area of 1,000 hectares in the Revelstoke Mining Division of British Columbia. The Company acquired 90% of the property from the former President and director of the Company and 10% from an individual who became a director of the Company on November 1, 2006. As at December 31, 2021, the mineral claims are held for the Company in trust by the former President of the Company.

During the year ended December 31, 2018, due to a lack of available funding, the Company temporarily ceased exploration of the Big Showing Property and considered to instead explore opportunities to sell the property. Accordingly, the Company wrote the property down to $1 by recording an impairment charge of $82,488 against the carrying value of the property. The Company continues to actively pursue opportunities to sell the property, and, dependent upon the availability of funding, is also considering plans to recommence further exploration activities. In fiscal 2020 and 2021, the Company made a payment instead of exploration and development work to the Ministry of Finance to ensure that the claims remain in good standing.

SELECTED ANNUAL INFORMATION[1]

Silver Phoenix is a publicly traded Canadian exploration company with no mineral producing properties, and thus, does not have revenues from any mineral properties. The Company had limited operating activities during 2019, 2020 and 2021 with costs principally relating to the maintenance of the Company as a public company.

	For the year ended December 31, 2021	**For the year ended December 31, 2020**	**For the year ended December 31, 2019**
Revenue	$ -	$ -	$ -
Loss and comprehensive loss for the period	$ (199,009)	$ (186,347)	$ (122,513)
Basic/diluted loss per share[2]	$ (0.02)	$ (0.02)	$ (0.02)
Total assets	$ 12,699	$ 16,012	$ 28,378
Current liabilities	$ 169,946	$ 236,750	$ 62,769
Long-term liabilities	$ -	$ -	$ -

1 *Audited financial information prepared in accordance with International Financial Reporting Standards ("IFRS")*
2 *Per share information has been retroactively adjusted to reflect the February 28, 2019 1.45 old for 1 new common share consolidation, and the June 30, 2021 5 old for 1 new common share consolidation.*

SUMMARY OF QUARTERLY RESULTS[1]

	4th Quarter Ended December 31, 2021	3rd Quarter Ended September 30, 2021	2nd Quarter Ended June 30, 2021	1st Quarter Ended March 31, 2021
(a) Revenue	$ -	$ -	$ -	$ -
(b) Loss and comprehensive loss for the period	$ (56,442)	$ (51,740)	$ (49,367)	$ (41,460)
(c) Basic/diluted loss per share[2]	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
	4th Quarter Ended December 31, 2020	**3rd Quarter Ended September 30, 2020**	**2nd Quarter Ended June 30, 2020**	**1st Quarter Ended March 31, 2020**
(a) Revenue	$ -	$ -	$ -	$ -
(b) Loss and comprehensive loss for the period	$ (59,411)	$ (45,357)	$ (42,600)	$ (38,979)
(c) Basic/diluted loss per share[2]	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

[1] Unaudited financial information prepared in accordance with IFRS
[2] Per share information has been retroactively adjusted to reflect the June 30, 2021 5 old for 1 new common share consolidation.

Quarterly results vary in accordance with the Company's exploration and financing activities. Mineral exploration is typically a seasonal business, and accordingly, the Company's operating expenses, and cash requirements, will fluctuate depending upon the season and the level of activity. The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen, and the Company is able to secure equity financing with favorable terms, the Company's activity levels, and the size and scope of planned exploration projects will typically increase.

RESULTS OF OPERATIONS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2021 COMPARED TO THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2020

The following is an analysis of the Company's operating results for the three months and year ended December 31, 2021 and includes a comparison against the three months and year ended December 31, 2020.

Expenses:

Finance expense for the three months and year ended December 31, 2021 was $1,605 and $3,872 respectively, compare to $280 and $398 for the three months and year ended December 31, 2020, respectively. Finance expense relates to accrued interest on the loan payable.

General and administrative expenses for the three months and year ended December 31, 2021 were $24 and $103, respectively, compared to $383 and $946 for the three months and year ended December 31, 2020, respectively. These charges were incurred for various services related to the operation of a publicly listed company.

Interest and penalties for the three months and year ended December 31, 2021 were $Nil and $Nil, respectively, compared to $14,336 and $14,336 for the three months and year ended December 31, 2020. These related to the flow-through financing from 2015.

Management fees for the three months and year ended December 31, 2021 were $36,000 and $144,000 respectively, compared to $36,000 and $144,000 for the three months and year ended December 31, 2020, respectively. The fees relate to a contract entered into in November 2018 for accounting and administrative services.

Professional fees for the three months and year ended December 31, 2021 were $10,195 and $18,419 respectively, compared to $12,360 and $15,860 for the three months and year ended December 31, 2020, respectively. These fees include auditing and legal costs.

Transfer agent and filing fees for the three months and year ended December 31, 2021 were $8,618 and $32,615 respectively, compared to $(3,830) and $10,807 for the three months and year ended December 31, 2020, respectively.

Net loss and comprehensive loss for the periods

As a result of the above activities, the Company experienced a loss and comprehensive loss for the three months and year ended December 31, 2021 of $56,442 and $199,009 respectively, compared to a loss and comprehensive loss of $59,411 and $186,347 for the three months and year ended December 31, 2020, respectively.

LOAN PAYABLE

On June 1, 2020, the Company entered into a credit facility agreement (the "Agreement") with The Emprise Special Opportunities Fund (2017) Limited Partnership ("LP2017") whereby LP2017 agreed to lend up to an aggregate principal amount of $100,000. Any amounts advanced under this credit facility accrue simple interest calculated daily at a rate of 10% per annum and are due on demand. Subsequently, the Agreement was amended on January 1, 2021 and LP2017 agreed to lend up to an aggregate principal amount of $250,000.

As at December 31, 2021, the Company utilized $194,000 (2020 - $27,000) of the credit facility.

Interest expense for the year ended December 31, 2021 was $3,872, (2020 - $398). As at December 31, 2021, there is $96,931 (2020 - $27,398) owing.

SHARE CAPITAL

Authorized

Unlimited common shares without par value. On June 30, 2021, the Company completed a share consolidation on a 5 old for 1 new share basis. All share and per share information has been retroactively adjusted to reflect the share consolidation.

Shares issued

	Number of Common shares
Balance as at December 31, 2019 and 2020	**7,711,564**
Warrants exercised	700,000
Balance as at December 31, 2021 and the date of this MD&A	**8,411,564**

On January 28, 2021, 700,000 share purchase warrants were exercised at $0.375 per warrant for proceeds of $262,500.

Stock options

The Company has a stock option plan whereby the maximum number of shares subject to the plan, in the aggregate, shall not exceed 10% of the Company's issued and outstanding shares. The maximum term of any option will be five years and the vesting is at the direction of the board, however, options granted to consultants performing “investor relations’ activities” must at a minimum vest in stages over a period of not less than twelve months, with no more than ¼ of the options vesting in any three-month period or such longer period as the board determines. The exercise price shall be no less than the discount market price as determined in accordance with stock exchange on which the common shares are listed.

A summary of the Company’s stock option activity is as follow:

	Number of stock options	Weighted average exercise price
Balance as at December 31, 2019, 2020, 2021	**262,068**	**$ 0.725**
Cancelled	(262,068)	0.725
Balance as at the date of this MD&A	**-**	**-**

On March 18, 2022, the Company cancelled a total of 262,068 stock options through an Omnibus Option Cancellation Agreement. As at the date of this MD&A, there are nil stock options outstanding.

Warrants

A summary of the Company's share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price
Balance as at December 31, 2019 and 2020	**5,000,000**	**$ 0.375**
Warrants exercised	(700,000)	$0.375
Balance, as at December 31, 2021 and the date of this MD&A	**4,300,000**	**$0.375**

As at the date of this MD&A, the following share purchase warrants are issued and outstanding:

Number of Warrants	Exercise Price	Expiry date	Remaining contractual life (years)
4,300,000	$0.375	February 28, 2024	2.33

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of $157,248 as at December 31, 2021 as compared to a working capital deficiency of $220,739 as at December 31, 2020. At December 31, 2021, the Company had cash in the amount of $3,343 as compared to $1,096 at December 31, 2020.

The Company has no operating revenues and finances its operations principally through equity financing. Although the Company has been successful in raising the above funds, there can be no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities. In these uncertain times, the Company carefully monitors its expenditure and cash flows. The Company anticipates that it will continue to rely on the equity market to raise additional funds when needed. Debt financing has not been used to fund property acquisitions and exploration and the Company has no current plans to use debt financing.

Since incorporation, the Company's capital resources have been limited. The Company has had to rely upon the sale of equity securities and loans from related parties for the cash required for capital acquisitions, exploration and development, and administration.

The Company does not have any commitments for material capital expenditures, and none are presently contemplated other than as disclosed above normal operating requirements. The Company may require funds in order to fund exploration programs on the Big Showing Property, and as a result, the Company will have to continue to rely on equity and debt financing in the future. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties. The following discussion summarizes certain risk factors that apply to the Company's business. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially adversely affect the business, financial condition and results of operations, or the trading price of the Company's common shares if any such risks actually occur.

An investment in the Company's common shares should be considered highly speculative due to the nature of the Company's existing business and operations.

The Company requires financing in order to maintain and continue its operations.

The Company's ability to continue will largely be reliant on its continued attractiveness to equity investors and its ability to obtain additional financing to maintain and grow operations. Failure to obtain sufficient financing may result in delaying, scaling back, elimination of, or indefinite postponement of, the development schedule and its current or future programs. Additionally, should the Company require additional capital to continue, failure to raise such capital could result in the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

From time to time, the Company may issue new shares, seek debt financing, dispose of assets, or enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards.

The Company depends on the business and technical expertise of its management team.

The Company is dependent on the business and technical expertise of its management team. If it is unable to rely on this business and technical expertise, or if any of the expertise is inadequately performed, the business, financial condition, and results of operations of the Company could be materially adversely affected until such time as the expertise could be replaced.

The Company's share price is expected to be volatile.

Securities of micro- and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies involved. These factors include macroeconomic development globally and market perceptions of the attractiveness of particular industries and location of the assets. The Company's share price is expected to be volatile and will be affected by the Company's financial conditions or results of operations as reflected in its liquidity position and earnings reports.

Other factors unrelated to the Company's operations and performance that may have an effect on the price of the Company's shares include: the lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Company's securities to be delisted further reducing market liquidity.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

The Company is subject to risks presented by fluctuations in exchange rates.

The Company publishes its financial statements in Canadian dollars. Substantially all of its expenses are denominated in Canadian dollars and the US Dollar. Any significant fluctuation in the exchange rates between the Canadian dollar, and the US Dollar may have an adverse impact on its results of operations and may adversely affect the value of its revenue and net income.

CRITICAL ACCOUNTING ESTIMATES

The critical accounting estimates used by the Company are described in the audited financial statements for the year ended December 31, 2021.

FINANCIAL INSTRUMENTS

The fair value of the Company's amounts receivable, accounts payable and accrued liabilities, and loan payable, approximate their carrying values due to the short-term nature of the instruments. The Company's other financial instruments, being cash and marketable securities, are classified as FVTPL.

(a) Financial Risk Factors

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

(i) *Credit risk*

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

(ii) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company had a cash balance of $3,343 (December 31, 2020 - $1,096) to settle current liabilities of $169,946 (December 31, 2020 -

$236,750). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at December 31, 2021, the Company has no sources of revenue to fund its operating expenditures or fund any identified business acquisition and as such will likely require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital, or debt financing. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern as disclosed in Note 1 of the Financial Statements. Consequently, the Company is currently exposed to a significant level of liquidity risk.

(iii) *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 equity prices.

i. Interest rate risk

As of December 31, 2021, the Company did not have any investments in investment-grade short-term deposit certificates, and interest exposure with respect to its cash balances is minimal.

As at December 31, 2021, the Company has a loan bearing interest at a fixed rate of 10% and as such, is not exposed to interest rate fluctuations.

ii. 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 closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

iii. Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

RELATED PARTY TRANSACTIONS

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. A transaction is considered to be a related party transaction when there is a transfer of resources on obligations between related parties.

The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. During the year ended December 31, 2021, the Company paid $nil (2020 - $nil) for key management compensation.

During the year ended December 31, 2020, the Company secured a credit facility with a majority shareholder, LP2017, which is a related party balance. As at December 31, 2021, there is $96,931 owing (2020 - $27,398).

During the year ended December 31, 2021, LP2017 entered into a debt assignment agreement with a vendor of the Company for a total amount of $197,600 (the "Settlement Amount"). The Settlement Amount included $185,000 related to management fees payable by the Company as at December 31, 2020. On February 1, 2021, the Company paid an amount totaling $324,600 to LP2017 which included the Settlement Amount and a portion of the loan payable owing by the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into off-balance sheet arrangements. The Company does not have any outstanding derivative financial instruments, forward contracts, foreign exchange contracts or off-balance sheet guarantees.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.

SCHEDULE D-2
ISSUER INTERIM MD&A FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2022

SILVER PHOENIX RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS AT AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

Dated: November 24, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of Silver Phoenix Resources Inc. for the nine months ended September 30, 2022 and is prepared as at November 24, 2022. Throughout this MD&A, unless otherwise specified, "Silver Phoenix" or "Company" refer to Silver Phoenix Resources Inc. This MD&A should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2021 and 2020 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"), together with the unaudited condensed interim consolidated financial statements as at and for the nine months ended September 30, 2022, which were prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting (collectively referred to as the "Financial Statements"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that this MD&A does not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the periods covered. The financial statements together with the other financial information included in this MD&A fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date hereof and for the periods presented herein. The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith, and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements concerning:

- The Company’s strategies and objectives
- General business and economic conditions
- Foreign political policies and objectives
- The Company’s ability to successfully negotiate mining licenses
- The Company’s success at completing future financings
- The continued financial support of its debtors and shareholders

Readers are cautioned that the preceding list of risks, uncertainties, assumptions, and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in or implied by these forward-looking statements. Due to the risks, uncertainties, and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this document are made as of the date hereof. Accordingly, readers should not place undue reliance on forward-looking statements.

CORPORATE OVERVIEW

Silver Phoenix was incorporated on February 14, 2003 under the Company Act (British Columbia). The Company is an exploration stage company engaged in acquiring, exploring, and developing mineral properties, principally located in British Columbia, Canada. The Company is listed on the Canadian Securities Exchange, under the trading symbol SP. The address of the Company’s corporate office and principal place of business is 1600 – 609 Granville Street, Vancouver, B.C., V7Y 1C3, and its registered and records office is located at 2200 – 885 West Georgia Street, Vancouver, B.C., V6C 3E8.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. As of September 30, 2022, the Company has not generated revenues from its principal activities and is considered to be in the exploration stage.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financials markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

PROPOSED TRANSACTION

The Company entered into an amalgamation and share exchange agreement dated as of July 14, 2022, with Atlas Biotechnologies Inc., AgMedica Bioscience Inc. and Cambrosia Ltd. and the ordinary shareholders of Cambrosia (collectively, the "Target") to complete a business combination that will result in a reverse takeover of the Company by the shareholders of the Targets (the "Proposed Transaction").

Upon completion of the Proposed Transaction, the combined entity will continue to carry on the businesses presently carried on by the Targets and will change its name to Atlas Global Health Inc. or such other name as the parties may agree.

Acquisition of the Targets

It is intended that: (i) all of the outstanding Atlas shares shall be exchanged, on a pro rata basis, for an aggregate of 38,551,500 resulting issuer shares; (ii) all of the outstanding AgMedica Class A preferred shares and common shares shall be exchanged, on a pro rata basis (after giving effect to a liquidation preference attached to the Class A preferred shares of AgMedica), for an aggregate of 38,551,500 resulting issuer shares and each of the outstanding Class B preferred shares of AgMedica shall be exchanged for a Class B preferred share of AgMedica Amalco having the same terms and conditions; and (iii) all of the outstanding Cambrosia shares shall be exchanged, on a pro rata basis, for an aggregate of 77,103,000 post-consolidation resulting issuer shares (less the resulting issuer Cambrosia acquisition shares and less the resulting issuer shares issuable on exercise of the 9.4 million legacy options held by an insider of Cambrosia, as adjusted for the exchange ratio of Cambrosia shares for resulting issuer shares), all on a post-consolidation (as defined herein) basis.

Consolidation

Prior to the completion of the Proposed Transaction, the Company will effect a consolidation of its shares such that the number of issued and outstanding common shares of the Company immediately prior to the closing of the Proposed Transaction is no more than 3.5 million outstanding common shares in the Company.

Convertible securities

Prior to the completion of the Proposed Transaction, all issued and outstanding warrants of the Company that have not been exercised shall be cancelled.

Big Showing Property

As a condition to the Proposed Transaction, the Company will dispose of the Big Showing Property. The completion of the sale of the Big Showing Property is conditional upon the closing of the Proposed Transaction. In the event that the Proposed Transaction does not close, the Company will not proceed with the sale of the Big Showing Property.

Completion of the Proposed Transaction is subject to a number of conditions, including, but not limited to, exchange acceptance of the Proposed Transaction. The Proposed Transaction cannot close until the required shareholder approval is obtained in respect of the applicable matters. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

MINERAL PROPERTIES

Big Showing Property, British Columbia

On February 14, 2003, the Company entered into an agreement to acquire a 100% interest in the Big Showing Property for mineral claims for a total area of 1,000 hectares in the Revelstoke Mining Division of British Columbia. The Company acquired 90% of the property from the former President and director of the Company ("William Murray") and 10% from an individual who became a director of the Company on November 1, 2006. As at March 31, 2022, the mineral claims are held for the Company in trust by the former President of the Company.

During the year ended December 31, 2018, due to a lack of available funding, the Company temporarily ceased exploration of the Big Showing Property and considered to instead explore opportunities to sell the property. Accordingly, the Company wrote the property down to $1 by recording an impairment charge of $82,488 against the carrying value of the property. During the nine months ended September 30, 2022, the Company completed exploration and development work on the property of $10,026 (2021 - $nil) in order to keep the claims in good standing. The Company continues to actively pursue opportunities to sell the property, and, dependent upon the availability of funding, is also considering plans to recommence further exploration activities. In fiscal 2021, the Company made a payment instead of exploration and development work to the Ministry of Finance in order to keep the claims in good standing.

On June 28, 2022, the Company entered into a mineral claim purchase agreement with 1369307 B.C. Ltd. ("1369307 BC"), a private company controlled by William Murray, whereby subject to closing of the Proposed Transaction (see Proposed Transaction section), the Company has agreed to sell the Big Showing Property to 1369307 BC for $40,000. In the event that the Proposed Transaction does not close, the Company will not proceed with the sale of the Big Showing Property.

SELECTED ANNUAL INFORMATION[1]

Silver Phoenix is a publicly traded Canadian exploration company with no mineral producing properties, and thus, does not have revenues from any mineral properties. The Company had limited operating activities during 2019, 2020, and 2021 with costs principally relating to the maintenance of the Company as a public company.

	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue	$ -	$ -	$ -
Loss and comprehensive loss for the period	$ (199,009)	$ (186,347)	$ (122,513)
Basic/diluted loss per share[2]	$ (0.02)	$ (0.02)	$ (0.02)
Total assets	$ 12,699	$ 16,012	$ 28,378
Current liabilities	$ 169,946	$ 236,750	$ 62,769
Long-term liabilities	$ -	$ -	$ -

[1] *Audited financial information prepared in accordance with International Financial Reporting Standards ("IFRS")*

[2] *Per share information has been retroactively adjusted to reflect the February 28, 2019 1.45 old for 1 new common share consolidation, and the June 30, 2021 5 old for 1 new common share consolidation.*

SUMMARY OF QUARTERLY RESULTS[1]

	3rd Quarter Ended September 30, 2022	2nd Quarter Ended June 30, 2022	1st Quarter Ended March 31, 2022	4th Quarter Ended December 31, 2021
(a) Revenue	$ -	$ -	$ -	$ -
(b) Loss and comprehensive loss for the period	$ (101,246)	$ (118,251)	$ (43,311)	$ (56,442)
(c) Basic/diluted loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
	3rd Quarter Ended September 30, 2021	**2nd Quarter Ended June 30, 2021**	**1st Quarter Ended March 31, 2021**	**4th Quarter Ended December 31, 2020**
(a) Revenue	$ -	$ -	$ -	$ -
(b) Loss and comprehensive loss for the period	$ (51,740)	$ (49,367)	$ (41,460)	$ (59,411)
(c) Basic/diluted loss per share[2]	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

[1] *Unaudited financial information prepared in accordance with IFRS*

[2] *Per share information has been retroactively adjusted to reflect the June 30, 2021 5 old for 1 new common share consolidation.*

Quarterly results vary in accordance with the Company's exploration and financing activities. Mineral exploration is typically a seasonal business, and accordingly, the Company's operating expenses, and cash requirements, will fluctuate depending upon the season and the level of activity. The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen, and the Company is able to secure equity financing with favorable terms, the Company's activity levels, and the size and scope of planned exploration projects will typically increase.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 COMPARED TO THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

The following is an analysis of the Company's operating results for the three and nine months ended September 30, 2022 and includes a comparison against the three and nine months ended September 30, 2021.

Exploration expense for the three and nine months ended September 30, 2022 was $10,026 and $10,026, respectively, compared to $Nil and $Nil, respectively, for the three and nine months ended September 30, 2021. In the current period the Company completed data review and fieldwork that was required to keep the claims in good standing. In the prior fiscal year, the Company opted to make a payment instead of exploration and development work to the Ministry of Finance to ensure that the claims remained in good standing.

Finance expense for the three and nine months ended September 30, 2022 was $3,839 and $9,380 respectively, compared to $1,203 and $2,267 for the three and nine months ended September 30, 2021, respectively. Finance expense relates to accrued interest or interest paid on the loan payable.

General and administrative expenses for the three and nine months ended September 30, 2022 were $44 and $105 respectively, compared to $18 and $79 for the three and nine months ended September 30, 2021, respectively. These expenses related to bank charges and IT costs.

Management fees for the three and nine months ended September 30, 2022 were $36,000 and $108,000 respectively, compared to $36,000 and $108,000 for the three and nine months ended September 30, 2021, respectively. The fees relate to a contract entered into in November 2018 for accounting and administrative services.

Professional fees for the three and nine months ended September 30, 2022 were $43,747 and $116,305 respectively, compared to $6,206 and $8,224 for the three and nine months ended September 30, 2021, respectively. The fees in both periods were legal and audit costs, with fiscal 2022 significantly higher due to legal and audit costs associated with the Proposed Transaction.

Transfer agent and filing fees for the three and nine months ended September 30, 2022 were $7,590 and $18,992 respectively, compared to $8,313 and $23,997 for the three and nine months ended September 30, 2021, respectively.

Net loss and comprehensive loss for the periods

As a result of the above activities, the Company experienced a loss and comprehensive loss for the three and nine months ended September 30, 2022 of $101,246 and $262,808, respectively, compared to a loss and comprehensive loss of $51,740 and $142,567 for the three and nine months ended September 30, 2021, respectively.

LOAN PAYABLE

On June 1, 2020, the Company entered into a credit facility agreement (the “Agreement”) with The Emprise Special Opportunities Fund (2017) Limited Partnership (“LP2017”) whereby LP2017 agreed to lend up to an aggregate principal amount of $100,000. Any amounts advanced under this credit facility accrue simple interest calculated daily at a rate of 10% per annum and are due on demand. Subsequently, the Agreement was amended on January 1, 2021 and LP2017 agreed to lend up to an aggregate principal amount of $250,000.

As at September 30, 2022, the Company utilized $174,000 (2021 - $94,000) of the credit facility. Interest expense for the nine months ended September 30, 2022 was $9,380 (2021 - $2,931). As at September 30, 2022, there is $186,311 (2021 - $96,931) owing.

SHARE CAPITAL

Authorized

Unlimited common shares without par value. On June 30, 2021, the Company completed a share consolidation on a 5 old for 1 new share basis. All share and per share information has been retroactively adjusted to reflect the share consolidation.

Shares issued

	Number of Common Shares
Balance as at December 31, 2020	**7,711,564**
Warrants exercised	700,000
Balance as at December 31, 2021, September 30, 2022 and the date of this MD&A	**8,411,564**

On January 28, 2021, 700,000 share purchase warrants were exercised at $0.375 per warrant for proceeds of $262,500.

Stock options

The Company has a stock option plan whereby the maximum number of shares subject to the plan, in the aggregate, shall not exceed 10% of the Company's issued and outstanding shares. The maximum term of any option is five years and the vesting is at the direction of the board, however, options granted to consultants performing “investor relations’ activities” must at a minimum vest in stages over a period of not less than twelve months, with no more than ¼ of the options vesting in any three-month period or such longer period as the board determines. The exercise price shall be no less than the discount market price as determined in accordance with stock exchange on which the common shares are listed.

A summary of the Company's stock option activity is as follow:

	Number of Stock Options	Weighted Average Exercise Price
Balance as at December 31, 2020, and 2021	**262,068**	**$ 0.725**
Cancelled	(262,068)	0.725
Balance as at September 30, 2022, and the date of this MD&A	**-**	**-**

On March 18, 2022, the Company cancelled a total of 262,068 stock options through an Omnibus Option Cancellation Agreement. As at the date of this MD&A, there are no stock options outstanding.

Warrants

A summary of the Company's share purchase warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance as at December 31, 2020	**5,000,000**	**$ 0.375**
Warrants exercised	(700,000)	$0.375
Balance, as at December 31, 2021, September 30, 2022 and the date of this MD&A	**4,300,000**	**$0.375**

As at the date of this MD&A, the following share purchase warrants are issued and outstanding:

Number of Warrants	Exercise Price	Expiry Date	Remaining Contractual Life (Years)
4,300,000	$0.375	February 28, 2024	1.42

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of $420,056 as at September 30, 2022 as compared to a working capital deficiency of $157,248 as at December 31, 2021. At September 30, 2022, the Company had cash in the amount of $2,159 as compared to $3,343 at December 31, 2021.

The Company has no operating revenues and finances its operations principally through equity financing. Although the Company has been successful in raising the above funds, there can be no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities. In these uncertain times, the Company carefully monitors its expenditure and cash flows. The Company anticipates that it will continue to rely on the equity market to raise additional funds when needed. Debt financing has not been used to fund property acquisitions and exploration and the Company has no current plans to use debt financing.

Since incorporation, the Company's capital resources have been limited. The Company has had to rely upon the sale of equity securities and loans from related parties for the cash required for capital acquisitions, exploration and development, and administration.

The Company does not have any commitments for material capital expenditures, and none are presently contemplated other than as disclosed above normal operating requirements. The Company may require funds in order to fund exploration programs on the Big Showing Property, and as a result, the Company will have to continue to rely on equity and debt financing in the future. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties. The following discussion summarizes certain risk factors that apply to the Company's business. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially adversely affect the business, financial condition and results of operations, or the trading price of the Company's common shares if any such risks actually occur.

An investment in the Company's common shares should be considered highly speculative due to the nature of the Company's existing business and operations.

The Company requires financing in order to maintain and continue its operations.

The Company's ability to continue will largely be reliant on its continued attractiveness to equity investors and its ability to obtain additional financing to maintain and grow operations. Failure to obtain sufficient financing may result in delaying, scaling back, elimination of, or indefinite postponement of, the development schedule and its current or future programs. Additionally, should the Company require additional capital to continue, failure to raise such capital could result in the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

From time to time, the Company may issue new shares, seek debt financing, dispose of assets, or enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards.

The Company depends on the business and technical expertise of its management team.

The Company is dependent on the business and technical expertise of its management team. If it is unable to rely on this business and technical expertise, or if any of the expertise is inadequately performed, the business, financial condition, and results of operations of the Company could be materially adversely affected until such time as the expertise could be replaced.

The Company’s share price is expected to be volatile.

Securities of micro- and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies involved. These factors include macroeconomic development globally and market perceptions of the attractiveness of particular industries and location of the assets. The Company’s share price is expected to be volatile and will be affected by the Company’s financial conditions or results of operations as reflected in its liquidity position and earnings reports.

Other factors unrelated to the Company’s operations and performance that may have an effect on the price of the Company’s shares include: the lessening in trading volume and general market interest in the Company’s securities may affect an investor’s ability to trade significant numbers of shares; the size of the Company’s public float may limit the ability of some institutions to invest in the Company’s securities; and a substantial decline in the price of the Company’s common shares that persists for a significant period of time could cause the Company’s securities to be delisted further reducing market liquidity.

As a result of any of these factors, the market price of the Company’s common shares at any given point in time may not accurately reflect the Company’s long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management’s attention and resources.

CRITICAL ACCOUNTING ESTIMATES

The critical accounting estimates used by the Company are described in the interim unaudited condensed consolidated financial statements for the nine months ended September 30, 2022.

FINANCIAL INSTRUMENTS

The fair value of the Company’s amounts receivable, accounts payable and accrued liabilities, and loan payable, approximate their carrying values due to the short-term nature of the instruments. The Company’s other financial instruments, being cash and marketable securities, are classified as FVTPL.

(a) Financial Risk Factors

The Company’s risk exposure and the impact on the Company’s financial instruments are summarized below:

(i) *Credit risk*

Credit risk is the risk of loss due to the counterparty’s inability to meet its obligations. The Company’s exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

(ii) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2022, the Company had a cash balance of $2,159 (December 31, 2021 - $3,343) to settle current liabilities of $434,316 (December 31, 2021 - $169,946). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at September 30, 2022, the Company has no sources of revenue to fund its operating expenditures or fund any identified business acquisition and as such will likely require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital, or debt financing. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern as disclosed in Note 1 of the Financial Statements. Consequently, the Company is currently exposed to a significant level of liquidity risk.

(iii) *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 equity prices.

i. Interest rate risk

As of September 30, 2022, the Company did not have any investments in investment-grade short-term deposit certificates, and interest exposure with respect to its cash balances is minimal.

As at September 30, 2022, the Company has a loan bearing interest at a fixed rate of 10% and as such, is not exposed to interest rate fluctuations.

ii. 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 closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

iii. Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

RELATED PARTY TRANSACTIONS

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. A transaction is considered to be a related party transaction when there is a transfer of resources on obligations between related parties.

The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. During the nine months ended September 30, 2022, the Company paid $nil (2021 - $nil) for key management compensation.

During the year ended December 31, 2021, the Company secured a credit facility with a majority shareholder, LP2017, which is a related party balance. As at September 30, 2022, there is $186,311 owing (2021 - $96,931).

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements. The Company does not have any outstanding derivative financial instruments, forward contracts, foreign exchange contracts or off-balance sheet guarantees.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.

SCHEDULE E-1
AGMEDICA ANNUAL FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD ENDED DECEMBER 31, 2021

AGMEDICA BIOSCIENCE INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE REPORTING PERIODS ENDED
OCTOBER 9, 2020 TO DECEMBER 31, 2021

(expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of AgMedica Bioscience Inc.:

Qualified Opinion

We have audited the consolidated financial statements of AgMedica Bioscience Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and October 9, 2020, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and October 9, 2020, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

Because we were appointed auditors of the Company during 2022, we were not able to observe the counting of physical opening inventories and biological assets at October 9, 2020 nor satisfy ourselves concerning those inventory and biological assets quantities by alternative means. Consequently, we were unable to determine whether any adjustments to the financial position as at October 9, 2020, or to the financial performance and cash flows for the period ended December 31, 2021 might be necessary.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the period ended December 31, 2021 and, as of that date, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

MNP LLP

Burlington, Ontario — Chartered Professional Accountants

December 1, 2022 — Licensed Public Accountants

AGMEDICA BIOSCIENCE INC.
Consolidated Statements of Financial Position
As at December 31, 2021 and October 9, 2020
(in Canadian dollars)

	Note Reference	December 31, 2021	October 9, 2020
ASSETS			
CURRENT			
Cash		$ 1,216,934	$ 134,830
Accounts receivable	5	1,543,848	5,293,347
Prepaid expenses and other current assets	6	1,299,031	1,263,755
Inventory	7	3,853,506	6,041,708
Biological assets	8	591,399	603,314
		8,504,718	**13,336,954**
NON CURRENT			
Property, plant & equipment	10	28,907,621	32,015,528
		28,907,621	**32,015,528**
TOTAL ASSETS		**$ 37,412,339**	**$ 45,352,482**
LIABILITIES			
CURRENT			
Account payable and accrued liabilities	9	$ 2,913,039	$ 2,799,975
Current portion of loans payable and long-term debt	12	12,869,477	9,557,033
Current portion of lease liabilities	11	2,859	4,958
Deposits		11,118	17,610
		15,796,493	**12,379,576**
NON CURRENT			
Lease liabilities		5,519	1,995
Class B preferred shares	13	2,980,056	2,509,539
		2,985,575	**2,511,534**
EQUITY			
Share capital	14(a)	130,223,912	130,223,912
Class A preferred shares	14(b)	4,450,000	4,450,000
Contributed surplus	14(f)	62,728	-
Deficit		(116,106,370)	(104,212,540)
		18,630,270	**30,461,372**
TOTAL LIABILITIES AND EQUITY		**$ 37,412,339**	**$ 45,352,482**

APPROVED BY THE BOARD

SIGNED "Donald Clow" DIRECTOR

SIGNED "George MacLeod" DIRECTOR

The accompanying notes are an integral part of these Consolidated Financial Statements

Commitments - Note 25

AGMEDICA BIOSCIENCE INC.
Consolidated Statements of Operations and Comprehensive Loss
For the reporting period ended October 10, 2020 to December 31, 2021
(in Canadian dollars, except for number of common shares)

	Note Reference		For the Reporting Period Ended December 31, 2021
Revenue	26	**$**	**13,451,538**
Excise Taxes			2,945,811
NET REVENUE			**10,505,727**
Cost of Sales			10,003,551
Impairment loss on inventory	7		2,527,873
GROSS LOSS BEFORE FAIR VALUE ADJUSTMENTS			**(2,025,697)**
Realized fair value adjustments on inventory sold	7		3,245,489
Unrealized gain on changes in fair value of biological assets	8		(2,556,536)
Product Returns to Record to Inventory			-
GROSS LOSS			**(2,714,650)**
OPERATING EXPENSES			
Research and development			342,648
General and administration			4,070,329
Sales and marketing			1,263,046
Operations and support			1,515,445
Depreciation	10		1,257,637
Share based compensation	14f.		62,728
TOTAL OPERATING EXPENSES			**8,511,833**
NET LOSS BEFORE OTHER INCOME & EXPENSES			**(11,226,483)**
OTHER (INCOME) EXPENSES			
Other Income	17		(2,942,342)
Other Expense			44,559
Finance income	18ii.		(3,403)
Finance costs	18i.		2,879,397
Realized and unrealized (gain) loss on foreign exchange			10,778
Loss on disposal of property plant and equipment	10		425,784
Impairment loss on assets	10		26,652
Restructuring expenses			225,922
TOTAL OTHER (INCOME) EXPENSES			**667,347**
NET LOSS BEFORE INCOME TAXES		**$**	**(11,893,830)**
INCOME TAX			
Current	23		-
Deferred	23		-
NET LOSS		**$**	**(11,893,830)**
BASIC AND DILUTED LOSS PER SHARE	14g.	**$**	**(0.02)**
BASIC AND DILUTED WEIGHTED AVERATE NUMBER OF COMMON SHARES AND CLASS A PREFERRED SHARES (in 000's)	14a.		**659,414**
DILUTED WEIGHTED AVERATE NUMBER OF COMMON SHARES AND CLASS A PREFERRED SHARES (in 000's)	14a.		**659,414**

The accompanying notes are an integral part of these Consolidated Financial Statements

AGMEDICA BIOSCIENCE INC.
Consolidated Statements of Cash Flows
For the reporting period ended October 10, 2020 to Deceml
(in Canadian dollars)

	Note Reference		For the reporting period ended December 31, 2021
NET (OUTFLOW) INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
Net loss		$	(11,893,830)
Items not affecting cash			
Unrealized gain on changes in fair value of biological assets	8		(2,556,536)
Changes in fair value included in inventory sold	7		3,245,489
Depreciation of property, plant and equipment	10		3,555,056
Impairment of assets	10		26,652
Restructuring expenses			45,090
Impairment of inventory	7		2,527,873
Stock-based compensation expense	14(e)		62,728
Interest accretion on the current portion of long-term liablities	18(i)		510,230
Interest accretion on Class-B Preferred Shares	18(i)		470,517
Interest accretion on lease liabilities	18(i)		698
Loss (gain) on sale of property, plant and equipment	10		425,784
Unrealized gain on changes in fair value foreign exchange			765
		$	**(3,579,484)**
Changes in working capital items	16		2,804,085
Cash outflow from operating activities		**$**	**(775,399)**
FINANCING			
Proceeds from current portion of loans payable and long-term debt	12		3,000,000
Transaction fees incurred for long-term debt	12		(197,786)
Proceeds of the lease liability	11		-
Repayment of lease liability	11		(6,764)
Cash inflow from financing activities		**$**	**2,795,450**
INVESTING			
Acquisition of property, plant and equipment	10		(1,410,122)
Proceeds on disposition of property, plant and equipment	10		472,175
Cash outflow from investing activities		**$**	**(937,947)**
NET CASH (OUTFLOW) INFLOW		**$**	**1,082,104**
NET CASH, BEGINNING OF PERIOD		$	134,830
NET CASH, END OF PERIOD		$	1,216,934

The accompanying notes are an integral part of these Consolidated Financial Statements

AgMedica Bioscience Inc.

Consolidated Statements of Changes in Shareholders' Equity
For the reporting period-ended December 31, 2021

	Number of outstanding Common Shares – freely tradeable	Share Capital	Number of outstanding Class A - Preferred Shares – restricted	Share Capital – Class A - Preferred Shares	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, October 9, 2020	**214,413,797**	**$ 130,223,912**	**445,000,000**	**$ 4,450,000**	**$ -**	**$ (104,212,540)**	**$ 30,461,372**
Share-based compensation	-	-	-	-	62,728	-	62,728
Net loss for the period attributable to the Company	-	-	-	-	-	(11,893,830)	(11,893,830)
Balance, December 31, 2021	**214,413,797**	**$ 130,223,912**	**445,000,000**	**$ 4,450,000**	**$ 62,728**	**$ (116,106,370)**	**$ 18,630,270**

The accompanying notes to the Consolidated Financial Statements are an integral part of these consolidated financial statements.

AgMedica Bioscience Inc.
Notes to Consolidated Financial Statements
For the reporting period-ended December 31, 2021

1. The Company and its Operations

AgMedica Bioscience Inc. (the "Company" or “AgMedica”) is a private company federally incorporated on November 22, 2013 in Canada under the Canada Business Corporations Act (“CBCA”). The Company changed its name to AgMedica Bioscience Inc., on December 6, 2017 (formerly AgriMed Botanicals Inc.). The principal activities of the Company are the production and sale of cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations (Canada) (the "ACMPR") in Canada up to and including October 16, 2018. On October 17, 2018, the ACMPR was superseded by the Cannabis Act which regulates the production, distribution, and possession of cannabis for both medical and adult recreational access in Canada. The Company obtained a license authorizing the cultivation, processing and sale of substances listed in the license, issued by Health Canada to the Company on June 15, 2018 in respect of the Company's Riverview facility located in Chatham, Ontario (the "Riverview Facility", and such license is referred to as the "Riverview License"). On August 3, 2018, the Company received an amendment to its Riverview License allowing for the production of cannabis oils and effective May 31, 2019, the license was amended to allow for the sale of cannabis oil products. On August 19, 2019, the Company received an additional amendment to the Riverview License resulting in expanded cultivation capacity at the Riverview Facility. The Company’s Riverview License was renewed on December 7, 2020 and again on April 8, 2021, if not renewed, the license will expire on April 8, 2024. On August 2, 2019, the Company attained a sales license for medicinal purposes for its Heritage administrative location, which the Company made a request to Health Canada on March 31, 2021 to revoke the Heritage license due to an move of the Corporate Head Office. The revocation took effect on May 21, 2021. Prospectively all cultivation, processing, medical sales and administrative activities will be through the Riverview facility and license. The Company exports cannabis internationally and attains export licenses from Health Canada on an ad hoc basis, based on customer import licenses obtained. The Company's head office is located at 566 Riverview Drive Suite 104, Chatham, Ontario, N7M 0N2.

On December 2, 2019, the Company filed for protection from its creditors under the Companies’ Creditors Arrangement Act (the “CCAA”) and on October 9, 2020 the Company was discharged from this process. These notes support the Consolidated Statement of Financial Position as at October 9, 2020 and Consolidated Statement of Operations and Comprehensive Loss, Cash Flows and Statement of Changes in Shareholders Equity for the period October 9, 2020 to December 31, 2021. The opening balance sheet is presented as October 9, 2020, no comparatives figures or Company history prior to this date are presented.

Going Concern Assumption

Resulting from the Company’s emergence from CCAA, the Company on October 9th, 2020 demonstrated to the court appointed monitor that it was a going concern. These Consolidated Financial Statements have been prepared on a going concern basis and do not reflect adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern. During the reporting period the Company had a net loss of $11,893,830 and as at December 31, 2021 had an accumulated deficit of $116,106,370 and a working capital deficit of $7,291,776, which is a Non-GAAP financial metric calculated as current assets minus current liabilities.

The Company has historically financed its working capital requirements primarily through equity and debt financing. The Company’s ability to continue as a going concern is dependent upon its ability to achieve and maintain profitable operations and generate the necessary funds or raise additional financing in order to meet current and future obligations, however, when the Company can attain profitability and positive cash flows from operations is subject to material uncertainty. While the Company has been successful in raising financing in the past, there is no assurance that it will be able to obtain additional financing or that such financing will be available on reasonable terms. The above events and conditions indicate there is a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These Consolidated Financial Statements have been prepared on a going concern basis and do not reflect adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. Basis of Presentation

a) *Statement of compliance*

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretation Committee (“IFRIC”) aside from IAS – 1, which governs the

“Presentation of Financial Statements”, as these Consolidated Financial Statements do not include comparative figures for the Consolidated Statement of Operations and Comprehensive Loss, Consolidated Statement of Cash Flows or the Consolidated Statement of Shareholders’ Equity. The Statement of Financial Position is presented as at October 9, 2020 and December 31, 2021. The Consolidated Statement of Operations and Comprehensive Loss, Cash Flows and Shareholders’ Equity are for the reporting period October 9, 2020, to December 31, 2021. The October 9, 2020, to December 31, 2021 is considered the fiscal reporting period for these financial statements and prospectively the Company will utilize the reporting period January 1st to December 31st.

These Consolidated Financial Statements were authorized for issue by the Board of Directors on December 1, 2022.

a) *Basis of measurement*

These Consolidated Financial Statements have been prepared in Canadian dollars on a historical cost basis except for biological assets and financial assets and liabilities which are measured at fair value as included in Note 3(c). Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

b) *Basis of consolidation*

Subsidiaries

For the purpose of preparing these Consolidated Financial Statements subsidiaries are entities controlled by the Company. Control exists when the Company has power over a subsidiary that exposes or give rights to variable returns that are related to its involvement in the subsidiary and is able to use its power to affect, either directly or indirectly, the amount of those returns. Each subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.

2. Basis of Presentation (continued)

The Consolidated Financial Statements include the accounts and results of operations of the Company and its subsidiaries over which the Company has control. On April 1, 2021 the Company completed an Amalgamation of certain legal entities in order to simplify its corporate reporting structure. The Company has presented the Corporate Organizational structure prior to and post the April 1, 2021 amalgamation. As at October 9, 2020, March 31, 2021 and December 31, 2021, subsidiaries over which the Company has control include:

Name of Subsidiary – October 9, 2020 and March 31, 2021	Nature of Operations	Jurisdiction of Incorporation	Ownership Interest
2472602 Ontario Inc.	Real-estate	Ontario	100%
2642466 Ontario Inc.	Real-estate	Ontario	100%
Wellworth Health Corp.	Dormant	Canada	100%
8895309 Canada Inc.	Dormant	Canada	100%
8050678 Canada Inc.	Dormant	Canada	100%
8326851 Canada Inc.	Dormant	Canada	100%
Unique Beverages (USA) Inc.	Dormant	USA	100%
WorldWide Beverage Innovations Inc.	Dormant	Canada	100%
Tavivat Naturals Inc.	Dormant	Canada	100%
Eseela Inc.	Dormant	Ontario	100%

Name of Subsidiary – April 1, 2021 – December 31, 2021	Nature of Operations	Jurisdiction of Incorporation	Ownership Interest
5047346 Ontario Inc.	Real-estate	Ontario	100%
Tavivat Naturals Inc.	Dormant	Canada	100%
Wellworth Health Corp.	Dormant	Canada	100%
8050678 Canada Inc.	Dormant	Canada	100%
Unique Beverages (USA) Inc.	Dormant	USA	100%

All intercompany balances and transactions have been eliminated upon consolidation.

c) Critical accounting estimates and judgements

The preparation of these Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Significant estimates and judgements used in the preparation of these Consolidated Financial Statements include the following:

i. Valuation of biological assets:

The Company measures its biological assets, consisting of cannabis plants, at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling prices per gram and also for any additional costs to be incurred, such as post-harvest costs.

2. Basis of Presentation (continued)

d) Critical accounting estimates and judgements (continued)

The following are the significant estimates required in determining the fair value of the Company's biological assets:

- Selling price
- Stage of growth and value associated with the stage
- Yield by plant
- Wastage
- Post-harvest costs

Further information on biological asset estimates is available in Note 8.

ii. Estimated useful lives and depreciation of property, plant and equipment and finite life intangible assets:

Depreciation of property, plant and equipment and intangible assets with finite lives is dependent upon estimates of useful lives, which are determined through the exercise of judgment. Property, plant and equipment and finite-lived intangible assets are recorded at cost less accumulated depreciation and accumulated impairment losses. Management is required to exercise judgement in determining whether there are factors indicating an impairment in the value of an asset, and if so, management will use judgement in the estimates of recoverable amounts which considers factors such as economic and market conditions and the useful lives of assets.

iii. Share-based compensation:

In calculating the share-based compensation expense, key estimates such as the value of the common shares, the rate of forfeiture of options granted, the expected life of the option, the probability factor for milestone achievements, the expected milestone achievement dates, the volatility of the value of the Company's common shares and the risk-free interest rate are used.

iv. Income taxes:

The Company estimates the amount of current and deferred income tax expenses, liabilities and assets, each reporting period. In estimating tax expense, management must use judgement in making estimates and assumptions including but not limited to, the timing of when future tax assets or liabilities will be realized, the tax rates expected to be in effect and applicable to temporary differences when they reverse, taxable income, and the utilization of tax loss carry forwards and credits available, if any.

v. Financial assets and financial liabilities:

Certain of the Company's financial assets and liabilities are measured at fair value. In estimating fair value, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company will use valuation techniques and unobservable inputs as disclosed in Note 13 for the Class B Preferred Shares and Note 14(d) for Stock Options.

vi. Inventory net realizable value:

Inventory is valued at the lower of cost and net realizable value. Determining the net realizable value requires the Company to make assumptions about the estimated selling price in the ordinary course of business, the estimated costs of packaging and the estimated variable costs to sell. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory are written-down to net realizable value.

2. Basis of Presentation (continued)

e) Restructuring expenses

Restructuring expenses represent one-time expenses that have been incurred by the Company, as a result of the Company's CCAA reorganization which was completed on October 9, 2020. Restructuring expenses include charges incurred by the Company relating to the court appointed monitor and legal counsel, referred to as administrative costs. Restructuring expenses also include employee related costs relating to severance, unpaid salary, and unpaid vacation. Finally, restructuring expense includes obligations incurred upon the termination of the Company's obligations under certain contracts.

f) COVID-19 estimation and uncertainty

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Company's operations from the date of this original announcement. The production and sale of cannabis have been recognized as essential services across Canada. As at October 9, 2020 and December 31, 2021, the Company has also not observed any material impairments of its assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. Additionally, it is possible that estimates in the Company's Consolidated Financial Statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

3. Significant Accounting Policies

The accounting policies described below have been applied consistently throughout the reporting period presented in these Consolidated Financial Statements.

(a) Revenue recognition

Revenue is recognized at the transaction price, which is the amount of consideration to which the Company expects to be entitled in exchange for transferring control of promised goods to a customer. Gross revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Net revenue from sale of goods, as presented in the Consolidated Statement of Operations and Comprehensive Loss, represents revenue from the sale of goods less applicable excise taxes, expected price discounts, and allowances for customer returns. Excise taxes are a production tax which become payable when a cannabis product is delivered to the customer and are not directly related to the value of revenue.

i. Revenue from the Sale of Goods

Revenue from the sale of cannabis products is generally recognized when the performance obligation under the terms of the contract with a customer have been satisfied. The Company has concluded that revenue from the sale of these products should be recognized at the point in time when control is transferred to the customer, which is on shipment or delivery of these products, depending on the contract.

3. Significant Accounting Policies (continued)

(a) Revenue recognition (continued)

ii. Variable Consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated as the most likely amount, based on the Company's historical information, at the inception of the contract.

iii. Payment Consideration

The Company's payment terms vary by the type of customer. For individual consumer sales, payment is due prior to the transfer of control. For domestic non-individual consumers, payment terms range from 15 – 60 days after the transfer of control. For international non-individual consumers, payment terms require a 50% deposit with the balance due 30 days after the change of control.

(b) Cash

Cash comprises of cash that is held in the Company's bank accounts and are stated at fair value through profit or loss "FVTPL".

(c) Biological assets

While the Company's biological assets are accounted for within the scope of IAS 41, *Agriculture*, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2, *Inventories*. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included, as well as depreciation on production rooms, buildings, equipment and overhead costs such as utilities, to the extent it is associated with the growing space. All direct and indirect costs of biological assets are capitalized as they are incurred, and they are all subsequently recorded as cost of sales on the Consolidated Statement of Operations and Comprehensive Loss in the period that the related product is sold. Biological assets are measured at their fair value less costs to sell in the Consolidated Statement of Financial Position. Unrealized fair value gains on growth of the biological assets are recorded separately in the Consolidated Statement of Operations and Comprehensive Loss. Further information on estimates used in determining the fair value of biological assets can be found in Note 8.

(d) Inventory

Inventories of harvested dried cannabis, and cannabis oil, work-in-process and finished goods are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories of purchased dried cannabis and

3. Significant Accounting Policies (continued)

(d) Inventory (continued)

packaging and supplies are valued at the lower of cost and net realizable value, with cost determined using the average cost basis. Upon the sale of inventory, the capitalized production costs and processing costs are recorded in cost of sales before fair value adjustments in the Consolidated Statement of Operations and Comprehensive Loss. The related realized fair value adjustments on inventory sold in the year is recorded separately in the Consolidated Statement of Operations and Comprehensive Loss.

(e) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including any related capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is recognized on a straight-line basis, over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Land is not depreciated as its useful life is deemed to be indefinite. Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted, prospectively, if appropriate.

The estimated useful lives are as follows:

Computer hardware	3 years
Leasehold improvements	4 years
Vehicles	5 years
Furniture and office equipment	5 years
Production equipment	5 years
Production rooms	10 years
Buildings	20 years

Construction in process is transferred to the appropriate property, plant and equipment account at the time when it becomes available for productive use. Upon transfer, the Company begins to depreciate the asset over its useful life.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in the Consolidated Statement of Operations and Comprehensive Loss.

(f) Intangible assets

Intangible assets are recorded at cost less any accumulated amortization and accumulated impairment loss. Intangible assets acquired through a business combination are measured at fair value at the acquisition date.

3. Significant Accounting Policies (continued)

(f) Intangible assets (continued)

Intangible assets with finite useful lives are amortized over their estimated useful lives using the straight-line method. Amortization begins when assets become available for use. The estimated useful life, amortization method, and rate are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

(g) Leases

Under IFRS 16, the Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured as the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

i. fixed payments, including in-substance fixed payments
ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
iii. amounts expected to be payable under a residual value guarantee; and
iv. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made

3. Significant Accounting Policies (continued)

(g) Leases (continued)

to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.
The Company presents ROU assets within property, plant and equipment and lease liabilities separately in the Statement of Financial Position. The Company elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

(h) Impairment of non-financial assets

Indefinite lived intangible assets are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets with finite lives are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

For purposes of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows ("cash-generating units" or "CGU"). The recoverable amount is the greater of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of the recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

(i) Income taxes

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in the Consolidated Statement of Operations and Comprehensive Loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the years, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

3. Significant Accounting Policies (continued)

(i) Income taxes (continued)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Research and development

Research costs are expensed as incurred. Development costs are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in the Consolidated Statement of Operations and Comprehensive Loss. To date, no development costs have been capitalized.

(k) Share-based payment transactions

Where equity-settled share-based payments are awarded to management, employees and non-employees, the fair value of the equity instruments at the date of grant is recognized over the vesting period and charged to the Consolidated Statement of Operations and Comprehensive Loss. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of shares that eventually vest. Non-vesting conditions are factored into the fair value of the common shares (“Shares”) and/or options granted. The cumulative expense is not adjusted where a non-vesting condition is not satisfied. Where the terms and conditions are modified before they vest, any increase in the fair value of the Shares and/or options is measured immediately before and after the modification and is also charged to the Consolidated Statement of Operations and Comprehensive Loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received unless that fair value cannot be estimated reliably in which case, they are measured at the fair value of the equity instruments granted. Amounts related to the issuance costs of Shares are recorded as a reduction of share capital. If the fair value of the goods or services received cannot be estimated reliably, the goods or services received, and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

(l) Government grants

The Company recognizes government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. Government grants related to income are recognized as other gains (losses) in the Consolidated Statement of Operations and Comprehensive Loss while government grants related to assets, including non-monetary grants at fair value, are recognized as a reduction of the related asset’s carrying amount.

3. Significant Accounting Policies (continued)

(m) Foreign currency

The Consolidated Financial Statements are presented in Canadian dollars (“CAD”), the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in currencies other than an Entity’s functional currency are recognized in the Consolidated Statement of Operations and Comprehensive Loss, except for gains and losses resulting from intercompany balances included in the net investment in foreign operations, for which foreign exchange gains and losses are recorded in accumulated other comprehensive (loss) income.

(n) Financial Instruments

The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets is based on the Company’s business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest (“SPPI”). Financial assets (except for trade receivables without significant financing components) are initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs and are subsequently measured at either:

(i) amortized cost;
(ii) fair value through other comprehensive income ("FVTOCI"), or
(iii) at fair value through profit or loss ("FVTPL")

The classification at amortized cost is based on whether the contractual cash flow characteristics meet the SPPI test as well as the business model under which the financial assets are managed. 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.

Debt investment financial assets are only recorded at amortized cost if they are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows and meet the SPPI test.

The assessment of the Company’s business models for managing the financial assets was made as of the date of initial application, on April 1, 2018 or upon initial recognition, if later. The assessment of whether contractual cash flows on debt instruments meet the SPPI test was made based on the facts and circumstances as at the initial recognition of the financial assets. All financial liabilities held by the Company are measured under IFRS 9.

3. Significant Accounting Policies (continued)

(n) Financial instruments (continued)

The following table summarizes the original measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities:

Financial asset / liability	**IFRS 9**
Cash	FVTPL
Accounts receivable	Amortized cost
Other financial assets	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Term debt	Amortized cost
Deposits	Amortized cost
Class B - preferred shares	Amortized cost

(o) Basic and diluted loss per share

The Company presents basic loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options, convertible debentures and similar instruments outstanding that may add to the total number of common shares. As at December 31, 2021, the Company's diluted loss per share does not include the effect of stock options as they would be considered anti-dilutive.

(p) New IFRS standards in issue but not yet adopted by the Company

i. IFRIC 23 *Uncertainty over income tax treatments* clarifies the application of recognition and measurement requirement in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances.

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. The Company has not completed its analysis of the impact of this new standard but in the Company preliminary analysis it does not expect a material impact on its financial position and financial performance for the adoptions of IFRIC 23.

ii. On May 14, 2020, the IASB issued amendments to IAS 37 to specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract', which addresses *onerous contracts and cost of fulfilling a contract*. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. This amendment is effective on January 1, 2022. The Company intends to adopt this amendment in its consolidated financial statement for the annual period beginning January 1, 2022. The extent of the impact of the adoption of this amendment has not yet been determined.

4. Acquisitions and Divestitures

During the reporting period-ended December 31, 2021, the Company did not complete any Acquisitions or Divestitures.

5. Accounts Receivable

	December 31, 2021	October 9, 2020
Trade accounts receivable	$ 1,224,819	$ 494,232
Accrued receivables	131,015	4,260,786[(1)]
HST receivables	188,014	538,329
Total accounts receivable	**$ 1,543,848**	**$ 5,293,347**

(1) Included accrued accounts receivable as at October 9, 2020 was $3,192,152 of subscriptions for the Class A Preferred Shares which were held in trust by counsel but had not yet been received by the Company.

6. Prepaid expenses and other current assets

The Company's prepaid expenses and other current assets consists of the following:

	December 31, 2021	October 9, 2020
Prepaid expenses	$ 609,999	$ 654,610
Deposits	689,032	609,145
Total prepaid expenses and other current assets	**$ 1,299,031**	**$ 1,263,755**

7. Inventory

Inventory is comprised of:

	Capitalized cost	Fair value adjustments	Carrying Value – December 31, 2021	Carrying Value - October 9, 2020
Harvested cannabis				
Work-in-process	$ 1,628,648	$ 461,336	$ 2,089,984	$ 4,607,872
Finished goods	342,932	85,158	428,090	176,385
Extracted cannabis				
Work-in-process	424,603	121,960	546,563	710,563
Finished goods	77,672	1,944	79,616	19,068
Purchased cannabis				
Work-in-process				
Dried Cannabis	106,044	-	106,044	87,804
Cannabis Oil	111	-	111	162,128
Finished goods				
Dried Cannabis	7,533	-	7,533	39,757
Cannabis Oil	13,012	-	13,012	-
Packaging and supplies	582,553	-	582,553	238,131
	$ 3,183,108	**$ 670,398**	**$ 3,853,506**	**$ 6,041,708**

Inventory expensed in cost of sales during the reporting period-ended December 31, 2021, was $5,095,063. Inventory expensed includes realized fair value gains included in inventory of $3,245,489.

During the reporting period-ended December 31, 2021, the Company recorded an impairment to inventory resulting in a write-down to net realizable value of $2,527,873. The impairment of inventory recorded by the Company was comprised of the following;

i) Identification of obsolete inventory; and
ii) Adjustment to fair market value.

As at December 31, 2021 the Company had 1,910.3 Kilograms (“kg”) (October 9, 2020 – 2,697.5 kg) of cannabis flower in work-in-process and finished good states as well as 860.9 kg (October 9, 2020 – 873.9 kg) of extracted cannabis.

On April 11, 2021, the Company experienced a loss 255 kg of cannabis product due to a truck fire during the transportation of product by a third-party logistics company. The inventory that was destroyed in the fire had a book value of $662,290. On May 27, 2021, the Company received insurance settlement proceeds, net of the deductible, in the amount of $497,500. During the reporting period the Company recorded an impairment to inventory of $167,060 related to this fire which has been included in the $2,527,873 impairment loss on inventory recorded on the company’s Consolidated Statement of Operations and Comprehensive Loss.

8. Biological Assets

The Company's biological assets consist of cannabis plants. The continuity of biological assets as at October 9, 2020 to December 31, 2021 are as follows:

		December 31, 2021
Carrying amount, beginning of the reporting period, October 9, 2020	$	**603,314**
Production costs capitalized		6,011,684
Impairment loss on grown biological assets		(130,039)
Net change in fair value due to biological transformation less cost to sell		2,394,339
Transferred to inventory upon harvest		(8,287,899)
Biological assets	$	**591,399**

The Company measures its biological assets at their fair value less costs to sell and harvest. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling prices per gram and also for any additional costs to be incurred, such as post-harvest costs. For in-process biological assets, the fair value at the point of harvest is adjusted based on the stage of growth. As at December 31, 2021, and October 9, 2020, on average, in-process biological assets were 49% and 50% complete as to the expected harvest date respectively. For the reporting period-ended December 31, 2021, the Company recorded an unrealized gain of $2,556,536 on the changes in the fair value of biological assets.

The Company estimates the harvest yields for the plants at various stages of growth. As of December 31, 2021, and October 9, 2020, it is expected that the Company's biological assets will yield approximately 817,948 and 465,258 grams of A/B cannabis flower respectively. The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in unrealized gain on changes in fair value of biological assets in the future periods.

The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 12-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value (subject to any wastage adjustments).

The following significant unobservable inputs, all of which are classified as Level-3 on the fair value hierarchy, were used by management as part of this model:

- Selling price - based upon a historical selling price by type, being Flower, Trim and Extracts, for the variety of all strains of dry cannabis and extracts produced by the Company, which is expected to approximate future selling prices;
- Average growth cycle – represents the weighted average number of weeks out of the 12-week growing cycle that the biological assets have reached as of the measurement date;
- Stage of growth and value associated with each stage – Value for each stage of growth is determined by reference to the percentage of completion, based on the average growth cycle, and the total expected costs and selling price from inception to harvest;
- Yield by plant – represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannab00is plant;
- Wastage – represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested; and

8. Biological Assets *(continued)*

- Post-harvest costs – calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of cost of direct and indirect materials and labour related to labelling and packaging.

The following table quantifies each significant unobservable input, and also provides the impact that a 10% increase and / or decrease in each input would have on the fair value of biological assets:

Level 3 Estimate	December 31, 2021	October 9, 2020	10% Change as at December 31, 2021	10% Change as at October 9, 2020
Selling price	$ 3.50	$ 4.81	$ 127,800	$ 103,900
Average growth cycle	12 weeks	12 weeks	109,600	91,000
Yield by plant[1]	72 grams	71 grams	59,100	60,300
Wastage	~1%	~1%	600	600
Post-harvest costs[2]	33%	24%	61,400	39,800

(1) Includes Flower and Trim forecasted from a plant. Yield varies based on grown strains.
(2) Percentage of selling price.

9. Accounts Payable and Accrued Liabilities

	December 31, 2021	October 9, 2020
Accounts payable(1)	$ 1,579,924	$ 328,281
Accrued liabilities	364,149	248,244
Government remittances payable	-	30,862
Payroll liabilities	699,237	280,239
Refund liabilities	-	1,618,519
Other liabilities	269,729	293,830
Total accounts payable and accrued liabilities	**$ 2,913,039**	**$ 2,799,975**

(1) Included in the accounts payable balance as at December 31, 2021 is $906,202 (October 9, 2020 - $3,718) for excise taxes outstanding.

10. Property, Plant & Equipment

Cost	Balance at October 9, 2020	Additions	Disposals	Impairment	Transfers	Balance at December 31, 2021
Land	$ 704,715	$ -	$ -	$ -	$ -	$ 704,715
Buildings	4,547,595	66,072	(5,211)(1)	-	230,989	4,839,445
Production rooms	14,483,093	49,291	-	-	1,776,346	16,308,730
Production equipment	2,607,104	448,349	-	(29,075)	3,800,175	6,826,553
Furniture & office equipment	304,259	-	-	-	-	304,259
Leasehold improvements	73,044	-	(73,044)(1)	-	-	-
Computer hardware	1,026,764	4,949	(1,413)	-	-	1,030,300
Vehicles	34,857	-	-	-	-	34,857
Right of use assets	16,586	7,491	-	-	-	24,077
Construction in process	14,656,646	833,970	(897,881)	-	(5,807,510)	8,785,225
Cost - total	**$ 38,454,663**	**$ 1,410,122**	**$ (977,549)**	**$ (29,075)**	**$ -**	**$ 38,858,161**
Accumulated depreciation	**Balance at October 9, 2020**	**Depreciation**	**Disposals**	**Impairment**	**Transfers**	**Balance at December 31, 2021**
Buildings	$ (735,470)	$ (300,501)	$ 725(1)	$ -	$ -	$ (1,035,246)
Production rooms	(3,706,263)	(1,872,285)	-	-	-	(5,578,548)
Production equipment	(969,640)	(1,104,374)	-	2,423	-	(2,071,591)
Furniture & office equipment	(138,165)	(75,840)	-	-	-	(214,005)
Leasehold improvements	(28,515)	(10,652)	39,167(1)	-	-	-
Computer hardware	(835,361)	(177,153)	1,334	-	-	(1,011,180)
Vehicles	(14,088)	(8,714)	-	-	-	(22,802)
Right of use assets	(11,631)	(5,537)	-	-	-	(17,168)
Construction in process	-	-	-	-	-	-
Depreciation - total	**$ (6,439,133)**	**$ (3,555,056)**	**$ 41,226**	**$ 2,423**	**$ -**	**$ (9,950,540)**
Net book value	**$ 32,015,528**	**$ (2,144,934)**	**$ (936,323)**	**$ (26,652)**	**$ -**	**$ 28,907,621**

(1) Amount included as Restructuring Expenses on the Consolidated Statement of Operations and Comprehensive Loss.

Total depreciation expense for the reporting period-ended December 31, 2021, was $3,555,056, of which $2,297,419 had been capitalized to inventory (Note 7) and biological assets (Note 8).

As at December 31, 2021, construction in process with a carrying value of $8,785,225 was not yet available for use. As such, the cost associated with these assets has been capitalized, but not yet amortized.

10. Property, Plant & Equipment *(continued)*

During the reporting period-ended December 31, 2021, the Company recorded a $425,784 loss on disposal of property, plant and equipment with proceeds of $472,175.

The Company has right-of-use assets as follows:

Right-of-use assets	Office space	Equipment	Total
Balance as at October 9, 2020	**$ -**	**$ 4,955**	**$ 4,955**
Additions	-	7,491	7,491
Depreciation expense	-	(5,537)	(5,537)
Balance as at December 31, 2021	**$ -**	**$ 6,909**	**$ 6,909**

The Company exited its only leased office space during the reporting period, on April 30, 2021. The term of the lease was month-to-month at the completion of the office lease agreement. Due to the month-to-month term, the Company elected not to recognize ROU assets and lease liabilities for short-term office leases that have a lease term of 12 months or less and leases of low-value assets.

11. Lease Liabilities

The Company has lease liabilities as follows:

Lease liabilities	Office space	Equipment	Total
Impact of adoption as at October 9, 2020	**$ -**	**$ 6,953**	**$ 6,953**
Additions	-	7,491	7,491
Lease payments	-	(6,764)	(6,764)
Interest expenses	-	698	698
Balance as at December 31, 2021	**$ -**	**$ 8,378**	**$ 8,378**
Current			$ 2,859
Non-current			$ 5,519

Due to the month-to-month term, the Company elected not to recognize ROU assets and lease liabilities for short-term office leases that have a lease term of 12 months or less and leases of low-value assets.

12. Term Debt

The Company has entered into multiple term debt arrangements as summarized below:

		December 31, 2021	October 9, 2020
(i)	First mortgage payable with a one-year term, a principal balance of $3,000,000, monthly interest only payments of $28,750 at an interest rate of 11.5% per annum upon the origination of the loan and $23,750 monthly interest only payments at a renewal interest rate of 9.5% per annum upon renewal, compounded annually with the balance due at the end of the term, being October 31, 2022. The Company incurred $77,967 of costs associated with the loan origination and $46,113 in costs associated with the renewal.	$ 2,961,593	$ 2,922,033
(ii)	Second mortgage payable with a one-year term, a principal balance of $10,000,000, monthly interest only payments of $122,385 at an interest rate of 15.0% per annum, compounded semi-annually with the balance due at the end of the term, being August 9, 2022. The Company incurred $365,000 of costs associated with the origination of the loan and $151,673 on the renewal of the loan.	9,907,884	6,635,000
		$ 12,869,477	**$ 9,557,033**
Less: current-portion		**(12,869,477)**	**(9,577,033)**
Long-term portion		**$ -**	**$ -**

Principal repayments required on the term debt in the next five fiscal years are as follows:

2022	$ 13,000,000
2023 and beyond	-
	$ 13,000,000

(i) On September 30, 2020, the Company, and its wholly owned subsidiaries, entered into a mortgage loan agreement for a $3,000,000 and on November 1, 2021, the Company renewed the loan for another 12 months. The initial loan had interest at 11.5% per annum where the renewal interest is 9.5%, payable monthly in arrears. The Company paid $77,967 in fees in connection with the origination of the loan and $46,113 in connection with the renewal, which has been amortized over the life of the loan and the security is a first mortgage security on the Company's 566 Riverview facility. During the period-ended December 31, 2021, the Company recorded interest expense in relation to the mortgage of $415,185.

(ii) On September 28, 2020, the Company, and its wholly owned subsidiaries, entered into a mortgage loan agreement for a $7,000,000 and on October 9, 2021, the Company renewed and extended the loan to August 9, 2022 for an additional 12 months. The principal amount increased $2,000,000 on August 10, 2021, and an additional $1,000,000 on September 6, 2021, for a total principal outstanding of $10,000,000. The loan bears interest at 15.0% per annum, calculated semi-annually, payable monthly. The Company paid $365,000 in fees in connection with the origination of the loan and an additional $151,673 upon renewal, which has been amortized over the life of the loan and the security is a first mortgage security on the Company's 566 Riverview facility but ranks secondary to the $3,000,000 principal loan. During the period-ended December 31, 2021, the Company recorded interest expense in relation to the mortgage of $1,458,414.

13. Non-Current Liabilities

In conjunction with its exit from CCAA on October 9, 2020, the Company issued 4,999,933 Class B - Preferred Shares. The Class B - Preferred Shares are non-voting in nature. Each Class B Preferred Share shall be entitled to receive a pro rata annual cumulative return of capital from an amount equal to 10% of AgMedica's Free Cash Flow (defined below) during that fiscal year, based on AgMedica's annual financial statements, with payment to be rendered within 60 days after AgMedica issues its annual financial statements. The first potential Free Cash Flow payment will be rendered the first full fiscal year after the Plan Implementation Date, which was October 9, 2020. Thus, the first fiscal year-end where a payment would be required would be the fiscal year-ended December 31, 2021, upon the Company is able to achieve Free Cash Flow.

The Class B - Preferred Shares shall become automatically redeemable by AgMedica on the date on which the entire principal amount of $4,999,933 has been returned to the Class B Converting Creditors by way of preferential return of capital or any other distributions of capital.

"Free Cash Flow" means the sum of:

(a) AgMedica's consolidated net income (that is attributable to AgMedica) after tax, before the free cash flow sweep; plus/minus

(b) All of AgMedica's non-cash charges or credits (i.e., depreciation, deferred tax, etc.) included in the calculation of "(a)" above; plus/minus

(c) The changes in AgMedica's working capital in the year; less

(d) The capital expenditures (including, without limitation, capital expenditures relating to expansion and maintenance) incurred in the course of AgMedica's business in the year; less

(e) Mandatory debt principal payments.

The Company has determined that the Class B - Preferred Shares are a financial liability, as the Company has a contractual obligation to deliver cash to settle the Class B - Preferred Shares. The legal form of the contract is a Preferred Share, but in effect the substance of the instrument is a financial liability. The Class B - Preferred Shares have no fixed repayment terms and repayment is based on the Company's ability to generate Free Cash Flow. At the time of issuance, the Company performed a forecast to prospectively assess when the Company expects to settle the Class B - Preferred Shares in full, resulting in a discount upon issuance of the Class B - Preferred Shares of $2,490,394. During the period-ended December 31, 2021, the Company recorded interest accretion in relation to the discount on the debt obligation of $470,517.

	December 31, 2021	**October 9, 2020**
Class B – Preferred Shares	$ 4,999,933	$ 4,999,933
Discount on debt obligation	(2,019,877)	(2,490,394)
Total Class B – Preferred Shares	**$ 2,980,056**	**$ 2,509,539**

14. Share Capital

a. Common Shares – Authorized and Issued

An unlimited number of voting common shares without par value are authorized.

Common Shares Issued	Number of Common Shares		$
Balance, October 9, 2020 and December 31, 2021	**214,413,797**	**$**	**130,223,912**

b. Class A - Preferred Shares

There are an unlimited number of voting Class A - Preferred Shares that are authorized. The Company issued 445,000,000 Class A - Preferred Shares, which are non-interest bearing at a price of $0.01 per Class A - Preferred Share raising $4,450,000. The Class A - Preferred Shares contain one voting right per share, contain a liquidity priority over Class B - Preferred Shares (Note 13) and Common Shares in the event of a liquidation, winding-up or amalgamation. In the event of a material change of control in the Company the Class A - Preferred Shareholder are entitled to a return of capital, of their initial investment and their Class A – Preferred Shares will automatically convert into Common Shares of the Company.

Class A - Preferred Shares	Number of Class A - Preferred Shares		$
Balance, October 9, 2020 and December 31, 2021	**445,000,000**	**$**	**4,450,000**

c. Class B - Preferred Shares

Refer to Note 13 for the details relating to the Class B - Preferred Shares.

14. Share Capital *(continued)*

d. Stock Options

On January 15, 2021, the directors of the Company approved a stock option plan (the "Plan"). The Plan is a 10% floating plan based on the aggregate number of Common Shares and Class A - Preferred Shares in the Company to be set aside and reserved for issuance upon the exercise of options granted under the Plan. The Plan was developed to encourage ownership of the Company's Common Shares by its key officers, directors, and employees. During the reporting period-ended December 31, 2021, the Company granted 32,970,190 stock options, at an exercise price of $0.02 per stock option.

The following table is a summary of the Plan Options granted and changes for the reporting periods then ended:

	December 31, 2021		October 9, 2020	
	Number of Outstanding	Weighted Average Exercise Price	Number of Outstanding	Weighted Average Exercise Price
Options outstanding, beginning of period	**-**	**-**	**-**	**-**
Granted	32,970,190	0.02	-	-
Exercised	-	-	-	-
Forfeited and expired	-	-	-	-
Options outstanding, end of period	32,970,190	0.02	**-**	**-**
Options exercisable, end of period	**-**	**-**	**-**	**-**

The following table summarizes information about the Plan Options outstanding as at:

December 31, 2021(1)					
		Options outstanding		Options exercisable	
Exercise Price ($)	Number of options outstanding	Weighted average life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
0.02	32,970,190	4.04	0.02	-	-

(1) The Company did not have any Stock Options outstanding as of the opening statement of financial position date of October 9, 2020.

14. Share Capital *(continued)*

d. Stock Options (continued)

In determining the amount of share-based compensation related to the granted Stock Options, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the period-ended December 31, 2021, on their measurement date by applying the following weighted average assumptions:

	December 31, 2021	October 9, 2020
Share price(1)	$0.01	N/A
Risk-free rate(2)	0.35%	N/A
Expected life of options (years) (2)	3.25	N/A
Expected annualized volatility(2)	83.4%	N/A
Expected dividend yield	nil	N/A
Black-Scholes value of each option	$0.004	N/A

(1) The Company used $0.01 as the share price for the valuation of the stock options as that is the same share price used for the valuation of the Class A Preferred Shares upon the Company's exit from CCAA. From the exit of CCAA to the grant of the stock options, the Company did not achieve any material achievements that would have negatively or positively impacted share price.

(2) As the Company does not have historical trading data for which to calculate volatility, the Company used Level 2 reporting metrics, by utilizing the volatility calculations reported by other comparable cannabis reporting issuers. The expected life in years represents the period of time that options that were granted or committed are expected to be outstanding. The risk-free rate was based on the zero-coupon Canada government bonds with a term similar to the expected life of the options.

For the period-ended December 31, 2021, the Company recorded $62,728 in share-based compensation expense related to the grant of stock options to employees. No stock options relating to the Plan have been exercised by option holders during the reporting period-ended December 31, 2021.

e. Reconciliation of Share-Based Compensation

	December 31, 2021	October 9, 2020
Total Share-based Compensation Expense	**$ 62,728**	**$ -**
Statements of Cash Flows		
Stock options	62,728	-
Total per Statement of Cash Flows	**$ 62,728**	**$ -**
Statement of Operations		
Share-based compensation	62,728	-
Total per Statements of Operations	**$ 62,728**	**$ -**

f. Contributed Surplus

Balance – October 9, 2020	**$ -**
Share-based compensation	62,728
Exercise of options	-
Balance – December 31, 2021	**$ 62,728**

14. Share Capital *(continued)*

g. Earnings (Loss) per share

There were no dilutive items exercisable as at December 31, 2021 or October 9, 2020. Diluted loss per share does not take into account any outstanding stock options as their effect would be anti-dilutive for the reporting period. As at December 31, 2021, the Company had 32,970,190 stock options outstanding and nil were exercisable at that time.

15. Related Party Transactions

Summary of key management personnel compensation:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and Corporate Officers.

The remuneration of directors and key management personnel made during the reporting periods-ended December 31, 2021, is set out below:

		December 31, 2021
Salaries and benefits	$	1,136,351
Share-based compensation		37,324
	$	**1,173,675**

As at December 31, 2021, the related parties to the Company had an amount receivable from the Company of $5,152 (October 9, 2020 - $nil), which is included in accounts payable and accrued liabilities for amounts owing to related parties for reimbursement of expenses incurred in the normal course of business.

16. Operating Expenditures by Nature

The following is a reconciliation of the Company’s operating expenditures by function to operating expenditures by nature for the reporting period ended December 31, 2021:

Presentation by Nature		**December 31, 2021**
Salaries, wages and other employee benefits	$	3,961,817
Commissions		246,681
Equipment costs		15,649
Share-based compensation		62,728
Depreciation		1,257,637
Legal and professional fees		177,706
Consultants		61,148
Facility expenses		783,441
Insurance		913,358
Marketing and promotion		103,518
Office expenses		690,481
Travel and other employee expenses		23,287
Bank and payment processor fees		15,864
Raw materials and consumables		37,551
Other		160,967
Total	**$**	**8,511,833**

16. Changes in Non-Cash Working Capital Items

		December 31, 2021
Accounts receivable	$	3,749,499
Prepaid expenses and other current assets		(35,276)
Inventory		(1,040,537)
Biological Assets		23,829
Accounts payable and accrued liabilities		113,064
Deposits		(6,494)
Total	**$**	**2,804,085**

17. Other Income

The Company generated $2,942,342 and of Other Income during the reporting period-ended December 31, 2021 which was recorded to the Consolidated Statement of Operations and Comprehensive Loss. Of that total $460,813 relates to rental income earned from operating leases with third party tenants in the Company's owned properties. These properties are carried at amortized cost and included in property, plant and equipment on the Consolidated Statements of Financial Position. Additionally, during the reporting period-ended December 31, 2021, the Company received $256,578 of excise tax refunds and $2,224,951 of COVID-19 wage subsidies through the Canada Emergency Wage Subsidy ("CEWS") program. The Company determined that it qualified for this CEWS subsidy.

The Company expects to generate other income from lease payments under non-cancellable operating leases within the next five years as follows:

2022	$	363,800
2023		264,800
2024		179,500
2025		132,800
2026 and thereafter		33,200
	$	**974,100**

18. Net Finance Costs

(i) Finance Costs

The Company incurred finance costs as detailed below for the reporting period-ended:

		December 31, 2021
Interest accretion on the current portion of term liabilities valued at amortized cost (Note 12)	$	510,230
Interest accretion on Class B – Preferred Shares (Note 13)		470,517
Interest expense on lease liabilities (Note 11)		698
Interest other		24,354
Interest expense on the term debt (Note 12)		1,873,598
Total	**$**	**2,879,397**

18. Net Finance Costs (continued)

(ii) Finance Income

The Company earned finance income as detailed below for the reporting period-ended:

	December 31, 2021
Interest income from cash on hand	$ 2,131
Interest on sales tax refunds	1,272
Total	**$ 3,403**

19. Reconciliation of Liabilities Arising from Financing Activities

	October 9, 2020	Cash flows	Additions	Interest accretion	December 31, 2021
Term debt(1)	$ 9,557,033	$ (197,786)	$ 3,000,000	$ 510,230	$ 12,869,477
Lease liabilities	6,953	(6,764)	7,491	698	8,378
Class B – Preferred Shares	2,509,539	-	-	470,517	2,980,056
Total	**$ 12,073,525**	**$ (204,550)**	**$ 3,007,491**	**$ 981,445**	**$ 15,857,911**

(1) Cash flows for the Term Debt relate to the transaction fees incurred in relation to the renewal of the term loans.

20. Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or issue new debt.

The Company considers its capital under management to be total debt and equity of $34,479,803 (October 9, 2020 – $42,527,944), as shown below:

	December 31, 2021	October 9, 2020
Total Debt		
Term debt	$ 12,869,477	$ 9,557,033
Class B - Preferred Shares	2,980,056	2,509,539
Total Debt	**$ 15,849,533**	**$ 12,066,572**
Equity		
Equity	$ 18,630,270	$ 30,461,372
Total Equity	**$ 18,630,270**	**$ 30,461,372**

21. Financial Instruments

a. Market risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to other factors including changes in equity prices.

(i) Currency risk

As at December 31, 2021, $216,718 of the Company's financial assets (October 9, 2020 – $71) and $nil of the Company's financial liabilities (October 9, 2020 – $nil) are denominated in U.S. dollars.

The Company is exposed to the U.S. dollar and a 10% strengthening or weakening in the U.S. dollar against the Canadian dollar on financial assets and financial liabilities would result in a decrease or increase of approximately $21,672 (October 9, 2020 - $7) in net loss for the reporting period-ended December 31, 2021. As at December 31, 2021, the Company has not entered into any hedging agreements or purchased any financial instruments to hedge its foreign currency risk.

(ii) Interest rate risk

Cash flow sensitivity

Interest rate risks on the interest-bearing financial liabilities are limited due to the fact that they are fixed rate interest instruments carried at amortized cost.

b. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk principally impacts the Company's cash, accounts receivable and other financial assets measured at FVTPL. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company has assessed that it has limited customer credit risk due to the fact that accounts receivable is primarily from the sale of cannabis to government agencies and large retail outlets and have a payment terms of 30 – 60 days. For smaller customers, payment is fulfilled through the processing of a credit card or obtaining payment in advance of delivery, therefore limiting the Company's credit risk exposure on these types of transactions.

As at December 31, 2021, included in the $1,543,848 (October 9, 2020 - $5,293,347) accounts receivable balance included $nil (October 9, 2020 - $4,450,000) of subscriptions receivable, whereby the funds had been received in Trust for the subscription of the Class A - Preferred Shares, but the funds had yet to be received by the Company.

As at December 31, 2021, $188,014 (October 9, 2020 - $538,329) of HST receivable owing from the CRA is included in the consolidated accounts receivables. Trade accounts receivable are reported net of expected credit losses of $nil (October 9, 2020 - $nil).

21. Financial Instruments (continued)

b. Credit risk (continued)

During the reporting period-ended December 31, 2021, the Company earned a total gross revenues of $11,718,558 from three major customers. These customers each had revenues of over 10% of the Company's total revenue for the reporting period-ended December 31, 2021. Total amounts receivable owing from these customers at December 31, 2021, was $958,180 (October 9, 2020 - $551,263).

The carrying amount of cash and accounts receivable represents the maximum exposure to credit risk on the statement of financial position, and as at December 31, 2021, this amounted to $2,760,782 (October 9, 2020 - $5,428,177).

Since the inception of the Company, no credit losses have been incurred in relation to cash held by the bank or on any other amounts receivable.

The Company's aging of receivables was approximately as follows per the reporting periods-ended:

	December 31, 2021	October 9, 2020
Current	$ 1,233,500	$ 493,774
61 – 120 Days	2,013	-
Greater than 121 Days	-	458
Total	**$ 1,235,513**	**$ 494,232**

c. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements and raises capital as required to support investment in production facilities and working capital requirements. During the reporting period-ended December 31, 2021, the Company did not complete any equity financings.

The Company is obligated to the following contractual maturities of undiscounted cash flows:

As at December 31, 2021	Carrying amount	Contractual cash flows	Year 1	Year 2 - 3	Year 4 -5 and thereafter
Accounts payable and accrued liabilities	$ 2,913,039	$ 2,913,039	$ 2,913,039	$ -	$ -
Term debt	12,869,477	13,000,000	13,000,000	-	-
Lease liabilities	8,378	9,976	3,607	4,632	1,737
Deposits held	11,118	11,118	11,118	-	-
Class B – Preferred shares[1]	2,980,056	4,999,933	534,400	3,013,900	1,451,633
Total	**$ 18,782,068**	**$ 20,934,066**	**$ 16,462,164**	**$ 3,018,532**	**$ 1,453,370**

21. Financial Instruments (continued)

c. Liquidity risk (continued)

As at October 9, 2020	**Carrying amount**	**Contractual cash flows**	**Year 1**	**Year 2 - 3**	**Year 4 -5 and thereafter**
Accounts payable and accrued liabilities	$ 2,799,975	$ 2,799,975	$ 2,799,975	$ -	$ -
Term debt	9,557,033	10,000,000	10,000,000	-	-
Lease liabilities	6,953	8,378	2,412	3,946	2,020
Deposits held	17,610	17,610	17,610	-	-
Class B – Preferred shares[1]	2,509,539	4,999,933	388,000	1,807,500	2,804,433
Total	**$ 14,891,110**	**$ 17,825,896**	**$ 13,207,997**	**$ 1,811,446**	**$ 2,806,453**

(1) The Class B - Preferred Shares have no fixed repayment terms and repayment is based on the Company's ability to generate Free Cash Flow, which has been displayed in the above table. The Company performed a forecast at the time of issuance of the Class B - Preferred Shares to assess when the Company expects to settle the Class B - Preferred Shares in full. This forecast is subject to change and will be assessed annually by the Company.

d. Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurements are classified using 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 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. Further information on fair value measurements is available in Note 2.

Presently the Company is not employing any Level 3 valuation techniques for significant unobservable inputs in the fair value measurement of Level 3 financial instruments other than for valuation of Biological Assets in Note 8 and Class A and B Preferred Shares in Note 14 and Note 13 respectively.

Financial Instruments (continued)

e. Fair value of financial assets and liabilities that are not measured at fair value, but fair value disclosures are required

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The fair value of the promissory notes and term debt and equipment financings approximate their fair value.

22. Segmented Information

The Company operates in one segment, the production and sale of cannabis and cannabis related products. All property, plant and equipment is located in Canada.

23. Income taxes

The following table reconciles the expected income tax expenses (recovery) at the Canadian statutory tax rate to the amounts recognized in the statements of loss and comprehensive loss for the reporting period- ended December 31, 2021:

		December 31, 2021
Loss for the year before income tax	$	(11,893,300)
Statutory tax rate		26.50%
Expected income tax (recovery)		**(3,151,725)**
Non-deductible expenses		142,880
Tax rate differential		-
Other		(53,504)
Change in tax benefits not recognized		3,062,349
Total income tax expense (recovery)	**$**	**-**
Current tax expense (recovery)	$	-
Deferred tax expense (recovery)		-
	$	-

The following table summarizes the components of deferred tax:

Deferred Tax Asset		**December 31, 2021**		**October 9, 2020**
Non-capital losses carried forward	$	515,578	$	2,307,751

Deferred Tax Liabilities		**December 31, 2021**		**October 9, 2020**
Term debt	$	(34,589)	$	(117,386)
Inventory		(177,656)		(780,556)
Biological assets		-		(34,322)
Property, plant & equipment		(303,334)		(1,375,487)
	$	**-**	**$**	**-**

23. Income taxes (continued)

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2021	October 9, 2020
Non-capital loss carry-forwards	$ 10,158,512	$ 2,997,465
Farm losses carry-forwards	30,425,352	24,723,019
Financing costs	963,701	2,378,715
Lease liability	8,378	6,953
Total unrecognized deductible temporary differences	**$ 41,555,943**	**$ 30,115,152**

The non-capital loss carry forwards and farm loss carryforwards expire as noted in the table below. Financing costs will be fully amortized in the next few years. The remaining deductible temporary differences may be carried forwards indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits there from.

		Non-capital losses	Farm losses
	2034	$ -	$ 5,806
	2035	1,056	13,559
	2036	11,918	-
	2037	458,376	-
	2038	5,945,028	-
	2039	347,351	17,512,677
	2040	4,942,231	7,190,977
	2041	398,130	5,702,333
Total unrecognized deductible temporary differences		**$ 12,104,090**	**$ 30,425,352**

24. Relationship with MedC Biopharma Corporation

The Company has a relationship with MedC Biopharma Corporation (“MedC”). MedC is a private corporation focused on developing and commercializing pharmaceutical grade solutions for cannabis-related intellectual property.

a. Convertible Promissory Note and Derivative Asset

In conjunction with the Company’s exit from CCAA, the Company fully impaired the convertible promissory note due to uncertainty surrounding MedC’s ability to fund current projects, as historically AgMedica was the only company that had provided capital to MedC. Additional uncertainty exits, as the Company has not received a substantive business or financial update from MedC during the Reporting Period. The principal value of the convertible promissory note is $3,000,000 and matures on November 27, 2022. As at October 9, 2020 and December 31, 2021 the convertible promissory note and derivative assets had a book value of $nil and $nil, respectively. The impairments were recorded prior to the opening balance sheet date of October 9, 2020. The Company, post CCAA, retained its rights prescribed in the convertible promissory note and derivative asset, whereby the actual amount settled between MedC and the Company may exceed the $nil book value recorded on these December 31, 2021 financial statements.

24. Relationship with MedC Biopharma Corporation (continued)

b. Investment in Associates

The Company, as at December 31, 2021, holds 2,500,000 shares in MedC, which represents a 10.0% ownership interest. Based on both quantitative and qualitative aspects of the Agreement, the Company has determined the investment in MedC amounts to significant influence and has has accordingly accounted for the investment using the equity method. In conjunction with the Company's exit from CCAA, it was determined that the investment in MedC was fully impaired, due to uncertainty surrounding MedC's ability to fund current projects which would impact its ability to complete a Qualifying Go-Public Event. The Company, post CCAA, on September 28, 2021, received 500,000 additional common shares in MedC to increase its ownership interest from 2,000,000 to 2,500,000 common shares in MedC. Ultimately, the actual amount realized from AgMedica's investment in MedC may exceed the $nil book value recorded on the December 31, 2021 financial statements.

25. Commitments and Contingencies

i) Royalty fees

In accordance with a genetics license agreement to utilize specific strains of cannabis, the Company is obligated to pay i) minimum of $20,000 annually; and ii) 3% of gross domestic sales from products derived from CBD strains or 8% of gross international sales from products derived from CBD strains. The agreement, executed on March 8, 2021, renews annually on April 1st, unless terminated by written notice 30 days prior to the end of the term. During the reporting period-ended December 31, 2021, the Company expensed royalty fees of $84,832 to cost of sales on the Consolidated Statement of Operations and Comprehensive Loss.

ii) *Contractual commitment*

On February 5, 2021, the Company entered into a financial advisory agreement with a third-party company. The third party has been engaged to provide advisory services to the Company to execute a business combination or a debt financing or equity financing arrangement. Per the terms of this agreement the Company has committed to pay the third party a 3.5% success fee for a completed business combination and 3.0% success fee for a completed debt financing, upon the public announcement of such a transaction. This agreement officially expired on July 31, 2021. The parties have agreed to renew this financial advisory agreement verbally, in good faith. The Company has not recorded any expense on its Consolidated Statement of Operations and Comprehensive Loss related to this financial advisory agreement during the reporting period ended December 31, 2021.

26. Revenue Breakdown

The Company during the reporting period ended December 31, 2021, generated gross revenues of $13,451,538, which were subject to excise taxes of $2,945,811 resulting in net revenues of $10,505,727. The Company during the reporting period-ended December 31, 2021 recognized domestic revenues of $10,666,410 (79.3%) and international revenues of $2,785,128 (20.7%). For the $2,785,128 of international revenues, Australia accounted for 66.9% and Israel was 33.1%.

27. Subsequent Events

1. On April 4, 2022, the Company, and its wholly owned subsidiaries, further increased the principal amount of its second mortgage l by and additional $1,050,000 to bring the aggregate principal under this debt obligation to $11,050,000. The entire principal on the loan is due on August 9, 2022 and bears interest at 15.0% per annum,

27. Subsequent Events (continued)

calculated semi-annually, payable monthly. The Company paid $21,000 in fees in connection with this increase of the loan and the transaction fees will be amortized over the life of the loan. See Note 27(4) below. The security is a first mortgage security on the Company's 566 Riverview facility, but ranks secondary to the $3,000,000 principal loan.

2. On April 8, 2022, a public Company on the Canadian Securities Exchange ("CSE"), Silver Phoenix Resources ("SPR") entered into a binding memorandum of understanding dated as of April 8, 2022 (the "MOU") with Atlas Biotechnologies Inc. ("Atlas"), AgMedica Bioscience Inc. ("AgMedica") and Cambrosia Ltd. ("Cambrosia") (collectively, the "Target"). The MOU outlines the proposed terms and conditions pursuant to which SPR and the Target will affect a business combination that will result in a reverse takeover of SPR by the securityholders of the Target (the "Proposed Transaction"). The MOU was negotiated at arm's length.

   Subject to satisfactory tax, corporate and securities law advice for both SPR and the Target, the Proposed Transaction will be structured as an amalgamation, arrangement, takeover bid, share purchase or other similar form of transaction or a series of transactions that have a similar effect, and pursuant to which:

   a. SPR will acquire all voting securities of the Target;
   b. (ii) the existing shareholders of the Company as of immediately prior to the completion of the Proposed Transaction will hold common shares of the Company with a value of $3 million (including cash on hand and subject to indebtedness of not more than $250,000); and
   c. the shareholders of Target will be issued common shares of the Company (the "Consideration Shares"), with an aggregate deemed value of $189 million.

   Certain of the Consideration Shares will be subject to escrow and resale restrictions pursuant to the policies of the Canadian Securities Exchange (the "Exchange").

3. On April 8, 2022, the Company recorded an other expense of $1,823,553 on its Consolidated Statement of Operations and Comprehensive Loss for the three and six months ended June 30, 2022, related to the Contractual Commitment outlined in Note 25ii. Pursuant to an advisory agreement, the announcement of the Proposed Transaction triggred an obligation on the part of the Company to issue shares of AgMedica immediately prior to the completion of the Proposed Transaction. The total expense for recorded for the three and six months ended June 30, 2022 was $1,713,565, which is less than the advisory agreement expense recorded due to the reversal of a previous accrual during the reporting period.

4. The Company, on August 22, 2022, entered into a commitment to extend its outstanding second mortgage for an additional 24 months, commencing September 1, 2022. The second mortgage has a principal amount owing of $11,050,000. The terms of the loan extension, results in a $400,000 lender commitment fee and a $200,000 broker fee, whereby 50% of the balance is due at signing and 50% is to be paid over the next 12 months with monthly payments of $25,000. The 50% due at signing has been added to the principal amount of the mortgage, which is now $11,350,000. All other terms associated with the second mortgage remain in unchanged.

   Additionally, on November 21, 2021, the Company further expanded its second mortgage by $750,000 with a term of 22 months, commencing on December 1, 2022 and maturing on September 1, 2024. The second mortgage has a principal amount owing of $12,100,000. The terms of the loan extension, results in a $7,500 lender commitment fee and a $7,500 broker fee. All other terms associated with the second mortgage remain in unchanged.

27. Subsequent Events (continued)

5. The Company, on August 30, 2022, extended its outstanding first mortgage for an additional 24 months, commencing November 1, 2022. The first mortgage has a principal amount outstanding of $3,000,000. The terms of the loan extension resulted in a $60,000 renewal fee and the interest rate for the first mortgage will be the greater of 9.5% or 5.0% plus the RBC Prime Lending Rate. The $60,000 renewal fee is being paid by the Company over the term of 12 months with $5,000 monthly payments. All other terms associated with the first mortgage remained unchanged.

SCHEDULE E-2
AGMEDICA INTERIM FINANCIAL STATEMENT FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2022

AgMEDICA®

BIOSCIENCE INC.

Independent Auditor's Report

To the Shareholders of AgMedica Bioscience Inc.:

Opinions

We have audited the consolidated financial statements of AgMedica Bioscience Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2022 and December 31, 2021, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2022 and the period from October 9, 2020 to December 31, 2021 , and notes to the consolidated financial statements, including a summary of significant accounting policies.

Unmodified Opinion on the Consolidated Financial Position, Consolidated Results of Operations and Cash Flows

In our opinion, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2022 and December 31, 2021 and the consolidated results of its operations and its cash flows for the period ended September 30, 2022 in accordance with International Financial Reporting Standards.

Qualified Opinion on the Consolidated Results of Operations and Cash Flows

In our opinion, except for the effects of the matter described in the Basis for Opinions, Including Basis for Qualified Opinion on the Consolidated Results of Operations and Cash flows section of our report, the accompanying consolidated statement of operations and comprehensive loss, changes in shareholders' equity and cash flows present fairly, in all material respects, the consolidated results of operations and cash flows of the Company for the period ended December 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinions, Including Basis for Qualified Opinion on the Consolidated Results of the Operations and Cash Flows

Because we were appointed auditors of the Company during 2022, we were not able to observe the counting of physical inventories and biological assets at October 9, 2020 or satisfy ourselves concerning those inventory and biological assets quantities by alternative means. Since opening inventories and biological assets affect the determination of the results of operations and cash flows, we were unable to determine whether adjustments to the consolidated results of operations and cash flows might be necessary for the period ended December 31, 2021.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the consolidate financial position as at September 30, 2022 and December 31, 2021, and the consolidated results of operations and cash flows for the period ended September 30, 2022, and our qualified opinion on the consolidated results of operations and cash flows the period ended December 31, 2021.

MNP LLP
1122 International Blvd, 6th floor, Burlington ON, L7L 6Z8
T: 905.333.9888 F: 905.333.9583

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the period ended September 30, 2022 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

MNP LLP

Burlington, Ontario — Chartered Professional Accountants

December 23, 2022 — Licensed Public Accountants

MNP

AGMEDICA BIOSCIENCE INC.
Consolidated Statements of Financial Position
As at September 30, 2022 and December 31, 2021
(in Canadian dollars)

	Note Reference	September 30, 2022	December 31, 2021
ASSETS			
CURRENT			
Cash		$ 327,999	$ 1,216,934
Accounts receivable	5	1,299,147	1,543,848
Prepaid expenses and other current assets	6	1,178,769	1,299,031
Inventory	7	6,490,327	3,853,506
Biological assets	8	1,012,658	591,399
		10,308,900	**8,504,718**
NON CURRENT			
Property, plant & equipment	10	26,784,140	28,907,621
Intangible Assets		-	-
Deferred income taxes		-	-
		26,784,140	**28,907,621**
TOTAL ASSETS		**$ 37,093,040**	**$ 37,412,339**
LIABILITIES			
CURRENT			
Account payable and accrued liabilities	9	$ 6,570,072	$ 2,913,039
Current portion of loans payable and long-term debt	12	2,996,083	12,869,477
Current portion of lease liabilities	11	3,364	2,859
Deferred revenue		501,227	-
Deposits		5,272	11,118
		10,076,018	**15,796,493**
NON CURRENT			
Loans payable and long-term debt	12	9,965,344	-
Lease liabilities	11	8,769	5,519
Class B preferred shares	13	2,646,824	2,980,056
		12,620,937	**2,985,575**
EQUITY			
Share capital	14(a)	130,223,912	130,223,912
Class A preferred shares	14(b)	4,450,000	4,450,000
Contributed surplus	14(f)	90,105	62,728
Deficit		(120,367,932)	(116,106,370)
		14,396,085	**18,630,270**
TOTAL LIABILITIES AND EQUITY		**$ 37,093,040**	**$ 37,412,339**

APPROVED BY THE BOARD

SIGNED "Trevor Henry" DIRECTOR

SIGNED "Donald Clow" DIRECTOR

The accompanying notes are an integral part of these Consolidated Financial Statements

AGMEDICA BIOSCIENCE INC.
Consolidated Statements of Operations and Comprehensive Loss
For the nine months ended September 30, 2022 and the period from October 9, 2020 to December 31, 2021
(in Canadian dollars, except for number of common shares)

	Note Reference		For the nine months Ended September 30, 2022		For the period from October 9, 2020 to December 31, 2021
Revenue	27	$	**8,949,503**	$	**13,451,538**
Excise taxes			1,571,012		2,945,811
NET REVENUE			**7,378,491**		**10,505,727**
Cost of Sales			7,097,053		10,003,551
Impairment loss on inventory	7		702,844		2,527,873
GROSS LOSS BEFORE FAIR VALUE ADJUSTMENTS			**(421,406)**		**(2,025,697)**
Realized fair value adjustments on inventory sold	7		1,614,929		3,245,489
Unrealized gain on changes in fair value of biological assets	8		(2,847,146)		(2,556,536)
GROSS PROFIT (LOSS)			**810,811**		**(2,714,650)**
OPERATING EXPENSES					
Research and development			131,365		342,648
General and administration			1,956,970		4,070,329
Sales and marketing			693,735		1,263,046
Operations and support			1,088,915		1,515,445
Depreciation	10		1,035,680		1,257,637
Share based compensation	14(e)		27,377		62,728
TOTAL OPERATING EXPENSES			**4,934,042**		**8,511,833**
NET LOSS BEFORE OTHER INCOME & EXPENSES			**(4,123,231)**		**(11,226,483)**
OTHER (INCOME) EXPENSES					
Other income	18		(415,395)		(2,942,342)
Other expense	28		265,620		44,559
Finance income	19(ii)		(130)		(3,403)
Finance costs	19(i)		1,327,660		2,879,397
Realized and unrealized (gain) loss on foreign exchange			6,709		10,778
Loss on disposal of property plant and equipment	10		24,549		425,784
Impairment loss on assets	10		-		26,652
Other (gains) losses	29		(1,070,681)		225,922
TOTAL OTHER (INCOME) EXPENSES			**138,331**		**667,347**
NET LOSS BEFORE INCOME TAXES		$	**(4,261,562)**	$	**(11,893,830)**
INCOME TAX					
Current	24		-		-
Deferred	24		-		-
NET LOSS		$	**(4,261,562)**	$	**(11,893,830)**
BASIC AND DILUTED LOSS PER SHARE	14(g)	$	**(0.01)**	$	**(0.02)**
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES AND CLASS A PREFERRED SHARES (in 000's)	14(g)		**659,414**		**659,414**
DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES AND CLASS A PREFERRED SHARES (in 000's)	14(g)		**659,414**		**659,414**

The accompanying notes are an integral part of these Consolidated Financial Statements

AGMEDICA BIOSCIENCE INC.
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2022 and the period from October 9, 2020 to December 31, 2021
(in Canadian dollars)

	Note Reference	For the nine months ended September 30, 2022	For the period from October 9, 2020 to December 31, 2021
NET (OUTFLOW) INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
Net loss		$ (4,261,562)	$ (11,893,830)
Items not affecting cash			
Unrealized gain on changes in fair value of biological assets	8	(3,503,811)	(2,556,536)
Changes in fair value included in inventory sold	7	1,614,929	3,245,489
Depreciation of property, plant and equipment	10	2,709,249	3,555,056
Impairment of assets	10	-	26,652
Other (gains) losses	29	(1,071,082)	45,090
Impairment of inventory	7	702,844	2,527,873
Stock-based compensation expense	14(e)	27,377	62,728
Interest accretion on the current portion of long-term liablities	19(i)	234,032	510,230
Interest accretion (reversal) on Class-B Preferred Shares	19(i)	(331,660)	470,517
Interest accretion on lease liabilities	19(i)	398	698
Additions to lease liabilities	11	7,180	-
Loss on sale of property, plant and equipment	10	24,549	425,784
Changes in working capital items	17	2,645,335	2,804,849
Cash outflow from operating activities		**$ (1,202,223)**	**$ (775,399)**
FINANCING			
Proceeds from current portion of loans payable and long-term debt	12	1,550,000	3,000,000
Transaction fees incurred for long-term debt	12	(621,000)	(197,786)
Repayment of lease liability	11	(4,519)	(6,764)
Cash inflow from financing activities		**$ 924,481**	**$ 2,795,450**
INVESTING			
Acquisition of property, plant and equipment	10	(628,693)	(1,410,122)
Proceeds on disposition of property, plant and equipment	10	17,500	472,175
Cash outflow from investing activities		**$ (611,193)**	**$ (937,947)**
NET CASH (OUTFLOW) INFLOW		**$ (888,935)**	**$ 1,082,104**
NET CASH, BEGINNING OF PERIOD		$ 1,216,934	$ 134,830
NET CASH, END OF PERIOD		$ 327,999	$ 1,216,934

The accompanying notes are an integral part of these Consolidated Financial Statements

AgMedica Bioscience Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the nine months ended September 30, 2022 and the period from October 9, 2020 to December 31, 2021

	Number of outstanding Common Shares	Share Capital	Number of outstanding Class A - Preferred Shares – restricted	Share Capital – Class A - Preferred Shares	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, October 9, 2020	**214,413,797**	**$ 130,223,912**	**445,000,000**	**$ 4,450,000**	**$ -**	**$ (104,212,540)**	**$ 30,461,372**
Share-based compensation	-	-	-	-	62,728	-	62,728
Net loss for the period attributable to the Company	-	-	-	-	-	(11,893,830)	(11,893,830)
Balance, December 31, 2021	**214,413,797**	**$ 130,223,912**	**445,000,000**	**$ 4,450,000**	**$ 62,728**	**$ (116,106,370)**	**$ 18,630,270**
Share-based compensation	-	-	-	-	27,377	-	27,377
Net loss for the period attributable to the Company	-	-	-	-	-	(4,261,562)	(4,261,562)
Balance, September 30, 2022	**214,413,797**	**$ 130,223,912**	**445,000,000**	**$ 4,450,000**	**$ 90,105**	**$ (120,367,932)**	**$ 14,396,085**

The accompanying notes to the Consolidated Financial Statements are an integral part of these consolidated financial statements.

1. The Company and its Operations

AgMedica Bioscience Inc. (the "Company" or “AgMedica”) is a private company federally incorporated on November 22, 2013 in Canada under the Canada Business Corporations Act (“CBCA”). The Company changed its name to AgMedica Bioscience Inc., on December 6, 2017 (formerly AgriMed Botanicals Inc.). The principal activities of the Company are the production and sale of cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations (Canada) (the "ACMPR") in Canada up to and including October 16, 2018. On October 17, 2018, the ACMPR was superseded by the Cannabis Act which regulates the production, distribution, and possession of cannabis for both medical and adult recreational access in Canada. The Company obtained a license authorizing the cultivation, processing and sale of substances listed in the license, issued by Health Canada to the Company on June 15, 2018 in respect of the Company's Riverview facility located in Chatham, Ontario (the "Riverview Facility", and such license is referred to as the "Riverview License"). On August 3, 2018, the Company received an amendment to its Riverview License allowing for the production of cannabis oils and effective May 31, 2019, the license was amended to allow for the sale of cannabis oil products. On August 19, 2019, the Company received an additional amendment to the Riverview License resulting in expanded cultivation capacity at the Riverview Facility. The Company’s Riverview License was renewed on December 7, 2020 and again on April 8, 2021, if not renewed, the license will expire on April 8, 2024. On August 2, 2019, the Company attained a sales license for medicinal purposes for its Heritage administrative location, which the Company made a request to Health Canada on March 31, 2021 to revoke the Heritage license due to a move of the Corporate Head Office. The revocation took effect on May 21, 2021. Prospectively all cultivation, processing, medical sales and administrative activities is now through the Riverview facility and license. The Company exports cannabis internationally and attains export licenses from Health Canada on an ad hoc basis, based on customer import licenses obtained. The Company's head office is located at 566 Riverview Drive Suite 104, Chatham, Ontario, N7M 0N2.

Going Concern Assumption

Resulting from the Company’s emergence from Companies’ Creditors Arrangement Act (the “CCAA”), the Company on October 9th, 2020 demonstrated to the court appointed monitor that it was a going concern. These Consolidated Financial Statements have been prepared on a going concern basis and do not reflect adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern. During the nine months ended September 30, 2022, the Company had a net loss of $4,261,562 (period from October 9, 2020 to December 31, 2021 - $11,893,830) and as at September 30, 2022 had an accumulated deficit of $120,367,932 (December 31, 2021 - $116,106,370) and a working capital surplus of $232,882 (December 31, 2021 deficit $7,297,291), which is a Non-GAAP financial metric calculated as current assets minus current liabilities.

The Company has historically financed its working capital requirements primarily through equity and debt financing. The Company’s ability to continue as a going concern is dependent upon its ability to achieve and maintain profitable operations and generate the necessary funds or raise additional financing in order to meet current and future obligations, however, when the Company can attain profitability and positive cash flows from operations is subject to material uncertainty. While the Company has been successful in raising financing in the past, there is no assurance that it will be able to obtain additional financing or that such financing will be available on reasonable terms. The above events and conditions indicate there is a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These Consolidated Financial Statements have been prepared on a going concern basis and do not reflect adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. Basis of Presentation

a) Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Statement of Financial Position is presented as at September 30, 2022 and December 31, 2021. The Consolidated Statement of Operations and Comprehensive Loss, Cash Flows and Shareholders' Equity are for the nine months ended January 1, 2022 to September 30, 2022 with comparatives presented for the period from October 9, 2020 to December 31, 2021.

These Consolidated Financial Statements were authorized for issue by the Board of Directors on December 23, 2022.

b) Basis of measurement

These Consolidated Financial Statements have been prepared in Canadian dollars on a historical cost basis except for biological assets and financial assets and liabilities which are measured at fair value as included in Note 3(c). Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

c) Basis of consolidation

Subsidiaries

For the purpose of preparing these Consolidated Financial Statements subsidiaries are entities controlled by the Company. Control exists when the Company has power over a subsidiary that exposes or give rights to variable returns that are related to its involvement in the subsidiary and is able to use its power to affect, either directly or indirectly, the amount of those returns. Each subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.

The Consolidated Financial Statements include the accounts and results of operations of the Company and its subsidiaries over which the Company has control. During the comparative period, on April 1, 2021 the Company completed an Amalgamation of certain legal entities in order to simplify its corporate reporting structure. As at September 30, 2022 subsidiaries over which the Company has control include:

Name of Subsidiary – January 1, 2021 – September 30, 2022	**Nature of Operations**	**Jurisdiction of Incorporation**	**Ownership Interest**
5047346 Ontario Inc.	Real-estate	Ontario	100%
Tavivat Naturals Inc.	Dormant	Canada	100%
Wellworth Health Corp.	Dormant	Canada	100%
8050678 Canada Inc.	Dormant	Canada	100%
Unique Beverages (USA) Inc.	Dormant	USA	100%

All intercompany balances and transactions have been eliminated upon consolidation.

2. Basis of Presentation (continued)

d) Critical accounting estimates and judgements

The preparation of these Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Significant estimates and judgements used in the preparation of these Consolidated Financial Statements include the following:

i. Valuation of biological assets:

The Company measures its biological assets, consisting of cannabis plants, at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling prices per gram and also for any additional costs to be incurred, such as post-harvest costs.

The following are the significant estimates required in determining the fair value of the Company's biological assets:

- Selling price
- Stage of growth and value associated with the stage
- Yield by plant
- Wastage
- Post-harvest costs

Further information on biological asset estimates is available in Note 8.

ii. Estimated useful lives and depreciation of property, plant and equipment:

Depreciation of property, plant and equipment and intangible assets with finite lives is dependent upon estimates of useful lives, which are determined through the exercise of judgment. Property, plant and equipment and finite-lived intangible assets are recorded at cost less accumulated depreciation and accumulated impairment losses. Management is required to exercise judgement in determining whether there are factors indicating an impairment in the value of an asset, and if so, management will use judgement in the estimates of recoverable amounts which considers factors such as economic and market conditions and the useful lives of assets.

iii. Share-based compensation:

In calculating the share-based compensation expense, key estimates such as the value of the common shares, the rate of forfeiture of options granted, the expected life of the option, the probability factor for milestone achievements, the expected milestone achievement dates, the volatility of the value of the Company's common shares and the risk-free interest rate are used.

2. Basis of Presentation (continued)

d) Critical accounting estimates and judgements (continued)

iv. Income taxes:

The Company estimates the amount of current and deferred income tax expenses, liabilities and assets, each reporting period. In estimating tax expense, management must use judgement in making estimates and assumptions including but not limited to, the timing of when future tax assets or liabilities will be realized, the tax rates expected to be in effect and applicable to temporary differences when they reverse, taxable income, and the utilization of tax loss carry forwards and credits available, if any.

v. Financial assets and financial liabilities:

Certain of the Company's financial assets and liabilities are measured at fair value. In estimating fair value, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company will use valuation techniques and unobservable inputs as disclosed in Note 13 for the Class B Preferred Shares and Note 14(d) for Stock Options.

vi. Inventory net realizable value:

Inventory is valued at the lower of cost and net realizable value. Determining the net realizable value requires the Company to make assumptions about the estimated selling price in the ordinary course of business, the estimated costs of packaging and the estimated variable costs to sell. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory are written-down to net realizable value.

vii. Broker fee accrual

The Company triggered a contractual commitment per an advisory agreement. The issuance of a press release became an obligating event for which settlement is predicated on the close of the proposed transaction and is calculated based on the Company's valuation at the time of the transaction. The liability was calculated based on the book value of the Company as at September 30, 2022 but is subject to adjustments based on final outcome of the proposed transaction. See also Note 28 for further details of the expense.

e) Restructuring (gains) losses

Restructuring expenses represent one-time expenses that have been incurred by the Company, as a result of the Company's CCAA reorganization which was completed on October 9, 2020. Restructuring expenses include charges incurred by the Company relating to the court appointed monitor and legal counsel, referred to as administrative costs. Restructuring expenses also include employee related costs relating to severance, unpaid salary, and unpaid vacation. Finally, restructuring expense includes obligations incurred upon the termination of the Company's obligations under certain contracts. Further, debt modification gains were recorded associated with the accounting under IFRS 9 of the modification to the loan agreement, see Note 12 (ii).

f) COVID-19 estimation and uncertainty

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Company's operations from the date of this original announcement. The production and sale of cannabis have been recognized as essential services across Canada. As at December 31, 2021 and September 30, 2022, the Company has also not observed any material impairments of its assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. Additionally, it is possible that estimates in the Company's Consolidated Financial Statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

3. Significant Accounting Policies

The accounting policies described below have been applied consistently throughout the reporting period presented in these Consolidated Financial Statements.

(a) Revenue recognition

Revenue is recognized at the transaction price, which is the amount of consideration to which the Company expects to be entitled in exchange for transferring control of promised goods to a customer. Gross revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Net revenue from sale of goods, as presented in the Consolidated Statement of Operations and Comprehensive Loss, represents revenue from the sale of goods less applicable excise taxes, expected price discounts, and allowances for customer returns. Excise taxes are a production tax which become payable when a cannabis product is delivered to the customer and are not directly related to the value of revenue.

i. Revenue from the Sale of Goods

Revenue from the sale of cannabis products is generally recognized when the performance obligation under the terms of the contract with a customer have been satisfied. The Company has concluded that revenue from the sale of these products should be recognized at the point in time when control is transferred to the customer, which is on shipment or delivery of these products, depending on the contract.

ii. Variable Consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated as the most likely amount, based on the Company's historical information, at the inception of the contract.

iii. Payment Consideration

The Company's payment terms vary by the type of customer. For individual consumer sales, payment is due prior to the transfer of control. For domestic non-individual consumers, payment terms range from 15 – 60 days after the transfer of control. For international non-individual consumers, payment terms require a 50% deposit with the balance due 30 days after the change of control.

(b) Cash

Cash comprises of cash that is held in the Company’s bank accounts and are stated at fair value through profit or loss "FVTPL".

3. Significant Accounting Policies (continued)

(c) Biological assets

While the Company's biological assets are accounted for within the scope of IAS 41, *Agriculture*, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2, *Inventories*. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included, as well as depreciation on production rooms, buildings, equipment and overhead costs such as utilities, to the extent it is associated with the growing space. All direct and indirect costs of biological assets are capitalized as they are incurred, and they are all subsequently recorded as cost of sales on the Consolidated Statement of Operations and Comprehensive Loss in the period that the related product is sold. Biological assets are measured at their fair value less costs to sell in the Consolidated Statement of Financial Position. Unrealized fair value gains on growth of the biological assets are recorded separately in the Consolidated Statement of Operations and Comprehensive Loss. Further information on estimates used in determining the fair value of biological assets can be found in Note 8.

(d) Inventory

Inventories of harvested dried cannabis, and cannabis oil, work-in-process and finished goods are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories of purchased dried cannabis and packaging and supplies are valued at the lower of cost and net realizable value, with cost determined using the average cost basis. Upon the sale of inventory, the capitalized production costs and processing costs are recorded in cost of sales before fair value adjustments in the Consolidated Statement of Operations and Comprehensive Loss. The related realized fair value adjustments on inventory sold in the year is recorded separately in the Consolidated Statement of Operations and Comprehensive Loss.

(e) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including any related capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is recognized on a straight-line basis, over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Land is not depreciated as its useful life is deemed to be indefinite. Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted, prospectively, if appropriate.

3. Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

The estimated useful lives are as follows:

Computer hardware	3 years
Leasehold improvements	Lease term
Vehicles	5 years
Furniture and office equipment	5 years
Production equipment	5 years
Production rooms	10 years
Buildings	20 years

Construction in process is transferred to the appropriate property, plant and equipment account at the time when it becomes available for productive use. Upon transfer, the Company begins to depreciate the asset over its useful life.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in the Consolidated Statement of Operations and Comprehensive Loss.

(f) Leases

Under IFRS 16, the Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined based on the lease term and estimated renewals, if any. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured as the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3. Significant Accounting Policies (continued)

(f) Leases (continued)

Lease payments included in the measurement of the lease liability comprise:

i. fixed payments, including in-substance fixed payments
ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
iii. amounts expected to be payable under a residual value guarantee; and
iv. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Company presents ROU assets within property, plant and equipment and lease liabilities separately in the Statement of Financial Position. The Company elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

(g) Impairment of non-financial assets

Long-lived assets with finite lives are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

For purposes of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows ("cash-generating units" or "CGU"). The recoverable amount is the greater of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of the recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

3. Significant Accounting Policies (continued)

(h) Income taxes

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in the Consolidated Statement of Operations and Comprehensive Loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the years, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Research and development

Research costs are expensed as incurred. Development costs are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in the Consolidated Statement of Operations and Comprehensive Loss. To date, no development costs have been capitalized.

(j) Share-based payment transactions

Where equity-settled share-based payments are awarded to management, employees and non-employees, the fair value of the equity instruments at the date of grant is recognized over the vesting period and charged to the Consolidated Statement of Operations and Comprehensive Loss. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of shares that eventually vest. Non-vesting conditions are factored into the fair value of the common shares (“Shares”) and/or options granted. The cumulative expense is not adjusted where a non-vesting condition is not satisfied. Where the terms and conditions are modified before they vest, any increase in the fair value of the

3. Significant Accounting Policies (continued)

(j) Share-based payment transactions (continued)

Shares and/or options is measured immediately before and after the modification and is also charged to the Consolidated Statement of Operations and Comprehensive Loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received unless that fair value cannot be estimated reliably in which case, they are measured at the fair value of the equity instruments granted. Amounts related to the issuance costs of Shares are recorded as a reduction of share capital. If the fair value of the goods or services received cannot be estimated reliably, the goods or services received, and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

(k) Government grants

The Company recognizes government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. Government grants related to income are recognized as other gains (losses) in the Consolidated Statement of Operations and Comprehensive Loss while government grants related to assets, including non-monetary grants at fair value, are recognized as a reduction of the related asset's carrying amount.

(l) Foreign currency

The Consolidated Financial Statements are presented in Canadian dollars ("CAD"), the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in currencies other than an Entity's functional currency are recognized in the Consolidated Statement of Operations and Comprehensive Loss, except for gains and losses resulting from intercompany balances included in the net investment in foreign operations, for which foreign exchange gains and losses are recorded in accumulated other comprehensive (loss) income.

(m) Financial Instruments

The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets (except for trade receivables without significant financing components) are initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs and are subsequently measured at either:

(i) amortized cost;
(ii) fair value through other comprehensive income ("FVTOCI"), or
(iii) at fair value through profit or loss ("FVTPL")

3. Significant Accounting Policies (continued)

(m) Financial Instruments (continued)

The classification at amortized cost is based on whether the contractual cash flow characteristics meet the SPPI test as well as the business model under which the financial assets are managed. 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.

Debt investment financial assets are only recorded at amortized cost if they are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows and meet the SPPI test.

The assessment of the Company's business models for managing the financial assets was made as of the date of initial application, or upon initial recognition, if later. The assessment of whether contractual cash flows on debt instruments meet the SPPI test was made based on the facts and circumstances as at the initial recognition of the financial assets. All financial liabilities held by the Company are measured under IFRS 9.

The following table summarizes the original measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities:

Financial asset / liability	**IFRS 9**
Cash	FVTPL
Accounts receivable	Amortized cost
Other financial assets	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Term debt	Amortized cost
Deposits	Amortized cost
Class B - preferred shares	Amortized cost

(n) Basic and diluted loss per share

The Company presents basic loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options, convertible debentures and similar instruments outstanding that may add to the total number of common shares. As at September 30, 2022 and December 31, 2021, the Company's diluted loss per share includes 214,413,797 Common Shares plus 445,000,000 Class A Preferred Shares and does not include the effect of stock options as they would be considered anti-dilutive.

3. Significant Accounting Policies (continued)

(o) New IFRS standards in issue but not yet adopted by the Company

i. IFRIC 23 *Uncertainty over income tax treatments* clarifies the application of recognition and measurement requirement in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances.

ii. On May 14, 2020, the IASB issued amendments to IAS 37 to specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract', which addresses *onerous contracts and cost of fulfilling a contract*. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. This amendment is effective on January 1, 2022. The Company has adopted this amendment in its consolidated financial statement for the annual period beginning January 1, 2022. The extent of the impact of the adoption of this amendment has had no material impact on the financial statements.

4. Acquisitions and Divestitures

During the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021 respectively, the Company did not complete any Acquisitions or Divestitures.

5. Accounts Receivable

	September 30, 2022	December 31, 2021
Trade accounts receivable	$ 917,806	$ 1,224,819
Accrued receivables	-	131,015
HST receivables	381,341	188,014
Total accounts receivable	**$ 1,299,147**	**$ 1,543,848**

6. Prepaid expenses and other current assets

The Company's prepaid expenses and other current assets consists of the following:

	September 30, 2022	December 31, 2022
Prepaid expenses	$ 414,737	$ 609,999
Deposits	764,032	689,032
Total prepaid expenses and other current assets	**$ 1,178,769**	**$ 1,299,031**

7. Inventory

Inventory is comprised of:

	Capitalized cost	Fair value adjustments	Carrying Value – September 30, 2022	Carrying Value – December 31, 2021
Harvested cannabis				
Work-in-process	$ 3,059,848	$ 2,077,638	$ 5,137,486	$ 2,089,984
Finished goods	-	-	-	428,090
Extracted cannabis				
Work-in-process	130,296	6,179	136,475	546,563
Finished goods	145,985	-	145,985	79,616
Purchased cannabis				
Work-in-process				
Dried Cannabis	81,527	-	81,527	106,044
Cannabis Oil	89,336	-	89,336	111
Finished goods				
Dried Cannabis	239,735	100,966	340,701	7,533
Cannabis Oil	29,849	6,224	36,073	13,012
Packaging and supplies	522,744	-	522,744	582,553
	$ 4,299,320	**$ 2,191,007**	**$6,490,327**	**$ 3,853,506**

Inventory expensed during the nine months ended September 30, 2022 includes realized fair value gains included in inventory of $1,614,929 (period from October 9, 2020 to December 31, 2021 - $3,245,489).

During the nine months ended September 30, 2022, the Company recorded an impairment to inventory resulting in a write-down to net realizable value of $702,844 (period from October 9, 2020 to December 31, 2021 - $2,527,873). The impairment of inventory recorded by the Company was comprised of the following;

i) Identification of obsolete inventory; and
ii) Adjustment to fair market value.

As at September 30, 2022 the Company had 4,189.2 Kilograms ("kg") (December 31, 2021 – 1,910.3 kg) of cannabis flower in work-in-process and finished good states as well as 267.8 kg (December 31, 2021 – 860.9 kg) of extracted cannabis.

During the comparative year ended December 31, 2021, the Company experienced a loss of 255 kg of cannabis product due to a truck fire during the transportation of product by a third-party logistics company. The inventory that was destroyed in the fire had a book value of $662,290. On May 27, 2021, the Company received insurance settlement proceeds, net of the deductible, in the amount of $497,500. During the year ended December 31, 2021, the Company recorded an impairment to inventory of $167,060 related to this fire which has been included in the $2,527,873 impairment loss on inventory recorded on the company's Consolidated Statement of Operations and Comprehensive Loss.

8. Biological Assets

The Company's biological assets consist of cannabis plants. The continuity of biological assets as at December 31, 2021 to September 30, 2022 are as follows:

	September 30, 2022
Carrying amount, beginning of the year ended, December 31, 2021	$ **591,399**
Production costs capitalized	4,586,230
Net change in fair value due to biological transformation less cost to sell	2,847,146
Transferred to inventory upon harvest	(7,012,117)
Biological assets	$ **1,012,658**

The Company measures its biological assets at their fair value less costs to sell and harvest. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling prices per gram and also for any additional costs to be incurred, such as post-harvest costs. For in-process biological assets, the fair value at the point of harvest is adjusted based on the stage of growth. As at September 30, 2022, and December 31, 2021, on average, in-process biological assets were 46% and 49% complete as to the expected harvest date respectively. For the nine months ended September 30, 2022, the Company recorded an unrealized gain of $2,847,146 (Year ended December 31, 2021 - $2,556,536) on the changes in the fair value of biological assets.

The Company estimates the harvest yields for the plants at various stages of growth. As of September 30, 2022, and December 31, 2021, it is expected that the Company's biological assets will yield approximately 1,132,753 and 817,948 grams of cannabis flower respectively. The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in unrealized gain on changes in fair value of biological assets in the future periods.

The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 12-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value (subject to any wastage adjustments).

The following significant unobservable inputs, all of which are classified as Level-3 on the fair value hierarchy, were used by management as part of this model:

- Selling price – based upon a historical selling price by type, being Flower, Trim and Extracts, for the variety of all strains of dry cannabis and extracts produced by the Company, which is expected to approximate future selling prices;
- Average growth cycle – represents the weighted average number of weeks out of the 12-week growing cycle that the biological assets have reached as of the measurement date;
- Stage of growth and value associated with each stage – Value for each stage of growth is determined by reference to the percentage of completion, based on the average growth cycle, and the total expected costs and selling price from inception to harvest;
- Yield by plant – represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant;
- Wastage – represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested; and

8. Biological Assets *(continued)*

- Post-harvest costs – calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of cost of direct and indirect materials and labour related to labelling and packaging.

The following table quantifies each significant unobservable input, and also provides the impact that a 10% increase and / or decrease in each input would have on the fair value of biological assets:

Level 3 Estimate	September 30, 2022	December 31, 2021	10% Change as at September 30, 2022	10% Change as at December 31, 2021
Selling price	$ 3.50	$ 3.50	$ 189,100	$ 127,800
Average growth cycle	12 weeks	12 weeks	164,100	109,600
Yield by plant[1]	72 grams	72 grams	101,300	59,100
Wastage	~1%	~1%	1,000	600
Post-harvest costs[2]	33%	33%	91,500	61,400

(1) Includes Flower and Trim forecasted from a plant. Yield varies based on grown strains.
(2) Percentage of selling price.

9. Accounts Payable and Accrued Liabilities

	September 30, 2022	December 31, 2021
Accounts payable[(1)]	$ 4,200,813	$ 1,579,924
Accrued liabilities	1,329,297	364,149
Government remittances payable	472,140	-
Payroll liabilities	542,269	699,237
Other liabilities	25,553	269,729
Total accounts payable and accrued liabilities	**$ 6,570,072**	**$ 2,913,039**

(1) Included in the accounts payable balance as at September 30, 2022 is $2,372,120 (December 31, 2021 - $906,202) for excise taxes outstanding.

10. Property, Plant & Equipment

Cost	Balance at December 31, 2021	Additions	Disposals	Impairment	Transfers	Balance at September 30, 2022
Land	$ 704,715	$ -	$ -	$ -	$ -	$ 704,715
Buildings	4,839,445	25,628	-	-	346,483	5,211,556
Production rooms	16,308,730	45,074	-	-	2,376,946	18,730,751
Production equipment	6,826,553	125,296	(58,673)	-	622,144	7,515,320
Furniture & office equipment	304,259	-	-	-	-	304,259
Computer hardware	1,030,300	-	-	-	-	1,030,300
Vehicles	34,857	-	-	-	-	34,857
Right of use assets	24,077	7,181	-	-	-	31,258
Construction in process	8,785,225	424,638	-	-	(3,345,573)	5,864,290
Cost - total	**$ 38,858,161**	**$ 627,817**	**$ (58,673)**	**$ -**	**$ -**	**$ 39,428,181**
Accumulated depreciation	**Balance at December 31, 2021**	**Depreciation**	**Disposals**	**Impairment**	**Transfers**	**Balance at September 30, 2022**
Buildings	$ (1,035,246)	$ (214,578)	$ -	$ -	$ -	$ (1,249,823)
Production rooms	(5,578,548)	(1,345,236)	-	-	-	(6,923,785)
Production equipment	(2,071,591)	(1,080,791)	16,624	-	-	(3,135,758)
Furniture & office equipment	(214,005)	(42,677)	-	-	-	(256,682)
Computer hardware	(1,011,180)	(17,084)	-	-	-	(1,028,264)
Vehicles	(22,802)	(5,229)	-	-	-	(28,031)
Right of use assets	(17,168)	(3,654)	-	-	-	(20,822)
Depreciation - total	**$ (9,950,540)**	**$ (2,709,249)**	**$ 16,624**	**$ -**	**$ -**	**$ (12,644,041)**
Net book value	**$ 28,907,621**	**$ (2,081,432)**	**$ (42,049)**	**$ -**	**$ -**	**$ 26,784,140**

10. Property, Plant & Equipment (continued)

Cost	Balance at October 9, 2020	Additions	Disposals	Impairment	Transfers	Balance at December 31, 2021
Land	$ 704,715	$ -	$ -	$ -	$ -	$ 704,715
Buildings	4,547,595	66,072	(5,211)	-	230,989	4,839,445
Production rooms	14,483,093	49,291	-	-	1,776,346	16,308,730
Production equipment	2,607,104	448,349	-	(29,075)	3,800,175	6,826,553
Furniture & office equipment	304,259	-	-	-	-	304,259
Leasehold improvements	73,044	-	(73,044)	-	-	-
Computer hardware	1,026,764	4,949	(1,413)	-	-	1,030,300
Vehicles	34,857	-	-	-	-	34,857
Right of use assets	16,586	7,491	-	-	-	24,077
Construction in process	14,656,646	833,970	(897,881)	-	(5,807,510)	8,785,225
Cost - total	**$ 38,454,663**	**$ 1,410,122**	**$ (977,549)**	**$ (29,075)**	**$ -**	**$ 38,858,161**

Accumulated depreciation	Balance at October 9, 2020	Depreciation	Disposals	Impairment	Transfers	Balance at December 31, 2021
Buildings	$ (735,470)	$ (300,501)	$ 725	$ -	$ -	$ (1,035,246)
Production rooms	(3,706,263)	(1,872,285)	-	-	-	(5,578,548)
Production equipment	(969,640)	(1,104,374)	-	2,423	-	(2,071,591)
Furniture & office equipment	(138,165)	(75,840)	-	-	-	(214,005)
Leasehold improvements	(28,515)	(10,652)	39,167	-	-	-
Computer hardware	(835,361)	(177,153)	1,334	-	-	(1,011,180)
Vehicles	(14,088)	(8,714)	-	-	-	(22,802)
Right of use assets	(11,631)	(5,537)	-	-	-	(17,168)
Depreciation - total	**$ (6,439,133)**	**$ (3,555,056)**	**$ 41,226**	**$ 2,423**	**$ -**	**$ (9,950,540)**
Net book value	**$ 32,015,528**	**$ (2,144,934)**	**$ (936,323)**	**$ (26,652)**	**$ -**	**$ 28,907,621**

Total depreciation expense for the nine months ended September 30, 2022 was $2,709,249 (period from October 9, 2020 to December 31, 2021 - $3,555,056), of which $2,470,395 (Year ended December 31, 2021 - $2,297,419) had been capitalized to inventory (Note 7) and biological assets (Note 8).

As at September 30, 2022, construction in process with a carrying value of $5,864,290 (December 31, 2021 - $8,785,225) was not yet available for use. As such, the cost associated with these assets has been capitalized, but not yet depreciated.

10. Property, Plant & Equipment *(continued)*

During the nine months-ended September 30, 2022, the Company recorded a $24,549 (period from October 9, 2020 to December 31, 2021 - $425,784) loss on disposal of property, plant and equipment with proceeds of $17,500 (period from October 9, 2020 to December 31, 2021 - $472,175).

The Company has right-of-use assets as follows:

Right-of-use assets	Office space	Equipment	Total
Balance as at October 9, 2020	**$ -**	**$ 4,954**	**$ 4,954**
Additions	-	7,491	7,491
Depreciation expense	-	(5,537)	(5,537)
Balance as at December 31, 2021	**$ -**	**$ 6,909**	**$ 6,909**
Additions	-	7,181	7,181
Depreciation expense	-	(2,777)	(2,777)
Balance as at September 30, 2022	**$ -**	**$ 10,435**	**$ 10,435**

The Company exited its only leased office space on April 30, 2021. The term of the lease was month-to-month at the completion of the office lease agreement. Due to the month-to-month term, the Company elected not to recognize ROU assets and lease liabilities for short-term office leases that have a lease term of 12 months or less and leases of low-value assets. The related expenditures were expensed directly to General and Administration Operating Expenses.

11. Lease Liabilities

The Company has lease liabilities as follows:

Lease liabilities	Office space	Equipment	Total
Balance as at December 31, 2021	**$ -**	**$ 8,378**	**$ 8,378**
Additions	-	7,180	7,180
Lease payments	-	(4,519)	(4,519)
Interest expenses	-	1,094	1,094
Balance as at September 30, 2022	**$ -**	**$ 12,133**	**$ 12,133**
Current			$ 3,364
Non-current			$ 8,769

Due to the month-to-month term, the Company elected not to recognize ROU assets and lease liabilities for short-term office leases that have a lease term of 12 months or less and leases of low-value assets.

12. Term Debt

The Company has entered into multiple term debt arrangements as summarized below:

		September 30, 2022	December 31, 2021
(i)	First mortgage payable with a one-year term, a principal balance of $3,000,000, monthly interest only payments of $28,750 at an interest rate of 11.5% per annum upon the origination of the loan and $23,750 monthly interest only payments at a renewal interest rate of 9.5% per annum upon renewal, compounded annually with the balance due at the end of the term, being October 31, 2022. The Company incurred $77,967 of costs associated with the loan origination and $46,113 in costs associated with the renewal.	$ 2,996,083	$ 2,961,593
(ii)	Second mortgage payable with a one-year term, a principal balance of $11,550,000, monthly interest only payments of $139,260 at an interest rate of 15.0% per annum, compounded semi-annually with the balance due at the end of the term, being August 31, 2024. The Company incurred $365,000 of costs associated with the origination of the loan and $151,673 and $621,000 for the first and second renewal of the loans respectively.	9,965,344	9,907,884
		$ 12,961,427	**$ 12,869,477**
Less: current-portion		**(2,996,083)**	**(12,869,477)**
Long-term portion		**$ 9,965,344**	**$ -**

Principal repayments required on the term debt in the next five fiscal years are as follows:

October 1 to December 31, 2022	3,000,000
2023	-
2024 and beyond	$ 11,550,000
	$ 14,550,000

(i) On September 30, 2020, the Company, and its wholly owned subsidiaries, entered into a mortgage loan agreement for $3,000,000 and on November 1, 2021, the Company renewed the loan for another 12 months. The initial loan had interest at 11.5% per annum where the renewal interest is 9.5%, payable monthly in arrears. The Company paid $77,967 in fees in connection with the origination of the loan and $46,113 in connection with the renewal, which has been amortized over the life of the loan and the security is a first mortgage security on the Company's 566 Riverview facility. During the nine months ended September 30, 2022, the Company recorded interest expense in relation to the mortgage of $213,750 (period from October 9, 2020 to December 31, 2021 - $415,185). See Subsequent Events Note 30 whereby the Company negotiated an extension of this first mortgage.

12. Term Debt (Continued)

(ii) On September 28, 2020, the Company, and its wholly owned subsidiaries, entered into a mortgage loan agreement for a $7,000,000 and on October 9, 2021, the Company renewed and extended the loan to August 9, 2022 for an additional 12 months. The principal amount increased $2,000,000 on August 10, 2021, $1,000,000 on September 6, 2021, $1,050,000 on April 1, 2022 and $300,000 on September 1, 2022 for a total principal outstanding of $11,350,000. The lender further advanced an additional $200,000 with no terms on September 19, 2022 in anticipation of a further amendment that was finalized subsequent to the reporting period, refer to Note 30, bringing the total amount outstanding as at September 30, 2022 to $11,550,000.

The term for all tranches, excluding the advance payment on September 19, 2022 of $200,000, were also extended to September 1, 2024 per the loan extension agreement dated and signed August 9, 2022. The loan bears interest at 15.0% per annum, calculated semi-annually, payable monthly. The Company paid $621,000 in fees in connection with the loan during the nine months ended September 30, 2022 (period from October 9, 2020 to December 31, 2021 - $151,673; Origination of loan - $365,000), which has been amortized over the life of the loan and the security is a first mortgage security on the Company's 566 Riverview facility but ranks secondary to the $3,000,000 principal loan. During the period-ended September 30, 2022, the Company recorded interest expense in relation to the mortgage of $1,183,962 (period from October 9, 2020 to December 31, 2021 - $1,458,414). The extension of the second mortgage term has been accounted under IFRS 9 as a debt modification with a resulting gain of $1,071,082 as included in Restructuring gains, see Note 29.

13. Non-Current Liabilities

The Company issued 4,999,933 Class B - Preferred Shares on October 9, 2020. The Class B - Preferred Shares are non-voting in nature. Each Class B Preferred Share shall be entitled to receive a pro rata annual cumulative return of capital from an amount equal to 10% of AgMedica's Free Cash Flow (defined below) during that fiscal year, based on AgMedica's annual financial statements, with payment to be rendered within 60 days after AgMedica issues its annual financial statements. The first potential Free Cash Flow payment will be rendered the first full fiscal year after the Plan Implementation Date. Thus, the first fiscal year-end where a payment would be required is the fiscal year-ended December 31, 2021, predicated on the Company's ability to generate Free Cash Flows. For the year-ended December 31, 2021 the Company did not generate Free Cash Flows.

The Class B - Preferred Shares shall become automatically redeemable by AgMedica on the date on which the entire principal amount of $4,999,933 has been returned to the Class B Converting Creditors by way of preferential return of capital or any other distributions of capital.

13. Non-Current Liabilities (Continued)

"Free Cash Flow" means the sum of:

(a) AgMedica's consolidated net income (that is attributable to AgMedica) after tax, before the free cash flow sweep; plus/minus

(b) All of AgMedica's non-cash charges or credits (i.e., depreciation, deferred tax, etc.) included in the calculation of "(a)" above; plus/minus

(c) The changes in AgMedica's working capital in the year; less

(d) The capital expenditures (including, without limitation, capital expenditures relating to expansion and maintenance) incurred in the course of AgMedica's business in the year; less

(e) Mandatory debt principal payments.

The Company has determined that the Class B - Preferred Shares are a financial liability, as the Company has a contractual obligation to deliver cash to settle the Class B - Preferred Shares. The legal form of the contract is a Preferred Share, but in effect the substance of the instrument is a financial liability. The Class B - Preferred Shares have no fixed repayment terms and repayment is based on the Company's ability to generate Free Cash Flow. At the time of issuance, the Company performed a forecast to prospectively assess when the Company expects to settle the Class B - Preferred Shares in full, resulting in a discount upon issuance of the Class B - Preferred Shares of $2,490,394. During nine months ended September 30, 2022 the Company recorded interest accretion income in relation to the discount on the debt obligation of $333,232 and interest accretion expense of $470,517 for the period from October 9, 2020 to December 31, 2021.

The interest accretion income of $333,232 recorded in the reporting period was a result of a change in estimated future cash flows based on new projections compiled by the Company resulting from material changes arising from the Proposed Transaction further described in Note 28.

	September 30, 2022	December 31, 2021
Class B – Preferred Shares	$ 4,999,933	$ 4,999,933
Discount on debt obligation	(2,353,109)	(2,019,877)
Total Class B – Preferred Shares	**$ 2,646,824**	**$ 2,980,056**

14. Share Capital

a. Common Shares – Authorized and Issued

An unlimited number of voting common shares without par value are authorized.

Common Shares Issued	Number of Common Shares		$
Balance, September 30, 2022 and December 31, 2021	**214,413,797**	**$**	**130,223,912**

b. Class A - Preferred Shares

There are an unlimited number of voting Class A - Preferred Shares that are authorized. The Company issued 445,000,000 Class A - Preferred Shares, which are non-interest bearing at a price of $0.01 per Class A - Preferred Share raising $4,450,000. The Class A - Preferred Shares contain one voting right per share, contain a liquidity priority over Class B - Preferred Shares (Note 13) and Common Shares in the event of a liquidation, winding-up or amalgamation. Pursuant to an amended agreement in connection with the Fundamental Change Transaction, the Class A – Preferred shares will be exchanged for Common Shares immediately prior to the closing of the transaction which supersedes any prior rights in the event of a material change of control.

Class A – Preferred Shares	Number of Class A – Preferred Shares		$
Balance, September 30, 2022 and December 31, 2021	**445,000,000**	**$**	**4,450,000**

c. Class B – Preferred Shares

Refer to Note 13 for the details relating to the Class B – Preferred Shares.

d. Stock Options

On January 15, 2021, the directors of the Company approved a stock option plan (the “Plan”). The Plan is a 10% floating plan based on the aggregate number of Common Shares and Class A – Preferred Shares in the Company to be set aside and reserved for issuance upon the exercise of options granted under the Plan. The Plan was developed to encourage ownership of the Company’s Common Shares by its key officers, directors, and employees. The Company did not grant any stock options during the nine months ended September 30, 2022. During the period from October 9, 2020 to December 31, 2021, the Company granted 32,970,190 stock options, at an exercise price of $0.02 per stock option.

d. Stock Options (Continued)

The following table is a summary of the Plan Options granted and changes for the reporting periods then ended:

	September 30, 2022		December 31, 2021	
	Number of Outstanding	Weighted Average Exercise Price	Number of Outstanding	Weighted Average Exercise Price
Options outstanding, beginning of period	32,970,190	**-**	**-**	**-**
Granted	-	-	32,970,190	0.02
Exercised	-	-	-	-
Forfeited and expired	11,580,779	0.02	-	-
Options outstanding, end of period	**21,389,411**	**0.02**	**32,970,190**	**0.02**
Options exercisable, end of period	**7,129,804**	**0.02**	**-**	**-**

The following table summarizes information about the Plan Options outstanding as at:

September 30, 2022					
		Options outstanding		Options exercisable	
Exercise Price ($)	Number of options outstanding	Weighted average life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
0.02	21,389,411	3.29	0.02	7,129,804	0.02

December 31, 2021					
		Options outstanding		Options exercisable	
Exercise Price ($)	Number of options outstanding	Weighted average life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
0.02	32,970,190	4.04	0.02	-	-

d. Stock Options (continued)

In determining the amount of share-based compensation related to the granted Stock Options, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021 respectively, on their measurement date by applying the following weighted average assumptions:

	September 30, 2022(1)	December 31, 2021
Share price(2)	N/A	$0.01
Risk-free rate(3)	N/A	0.35%
Expected life of options (years) (2)	N/A	3.25
Expected annualized volatility(2)	N/A	83.4%
Expected dividend yield	N/A	nil
Black-Scholes value of each option	N/A	$0.004

(1) All amounts for the nine months ended September 30, 2022 were N/A, as there were no grants initiated during this period.

(2) The Company used $0.01 as the share price for the valuation of the stock options as that is the same share price used for the valuation of the Class A Preferred Shares upon the Company's exit from CCAA. From the exit of CCAA to the grant of the stock options, the Company did not achieve any material achievements that would have negatively or positively impacted share price.

(3) As the Company does not have historical trading data for which to calculate volatility, the Company used Level 2 reporting metrics, by utilizing the volatility calculations reported by other comparable cannabis reporting issuers. The expected life in years represents the period of time that options that were granted or committed are expected to be outstanding. The risk-free rate was based on the zero-coupon Canada government bonds with a term similar to the expected life of the options.

For the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021 respectively, the Company recorded $27,377 and $62,728 in share-based compensation expense related to the grant of stock options to employees. No stock options relating to the Plan have been exercised by option holders during the nine months and year ended September 30, 2022 and period from October 9, 2020 to December 31, 2021 respectively.

e. Reconciliation of Share-Based Compensation

		September 30, 2022		December 31, 2021
Total Share-based Compensation Expense	**$**	**27,377**	**$**	**62,728**
Statements of Cash Flows				
Stock options		27,377		62,728
Total per Statement of Cash Flows	**$**	**27,377**	**$**	**62,728**
Statement of Operations				
Share-based compensation		27,377		62,728
Total per Statements of Operations	**$**	**27,377**	**$**	**62,728**

14. Share Capital *(continued)*

f. Contributed Surplus

Balance – December 31, 2021	**$**	**62,728**
Share-based compensation		27,377
Exercise of options		-
Balance – September 30, 2022	**$**	**90,105**

g. Earnings (Loss) per share

Diluted loss per share does not take into account any outstanding stock options as their effect would be anti-dilutive for the nine months ended September 30, 2022, and period from October 9, 2020 to December 31, 2021 respectively. As at September 30, 2022, the Company had 21,389,411 stock options outstanding and 7,129,804 were exercisable at that time. As at December 31, 2021, the Company had 32,970,190 stock options outstanding and nil were exercisable at that time.

15. Related Party Transactions

Summary of key management personnel compensation:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and Corporate Officers.

The remuneration of directors and key management personnel made during the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021 respectively, are set out below:

	September 30, 2022		December 31, 2021	
Salaries and benefits	$	661,797	$	1,136,351
Share-based compensation		16,290		37,324
	$	**678,087**	**$**	**1,173,675**

As at September 30, 2022, the related parties to the Company had an amount receivable from the Company of $88,395 (period from October 9, 2020 to December 31, 2021 - $5,152) to an officer, which is included in accounts payable and accrued liabilities for amounts owing to related parties for reimbursement of expenses incurred in the normal course of business. For the $88,395 owing at September 30, 2022, $18,686 was owed to officers of the Company, where $70,709 was owed to a related party whom is both an officer and a director.

16. Operating Expenditures by Nature

The following is a reconciliation of the Company's operating expenditures by function to operating expenditures by nature for the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021:

Presentation by Nature	**September 30, 2022**	**December 31, 2021**
Salaries, wages and other employee benefits	$ 2,297,851	$ 3,961,817
Commissions	108,044	246,681
Equipment costs	79,214	15,649
Share-based compensation	27,377	62,728
Depreciation	228,854	1,257,637
Legal and professional fees	509,190	177,706
Consultants	211,604	61,148
Facility expenses	485,218	783,441
Insurance	386,018	913,358
Marketing and promotion	106,386	103,518
Office expenses	376,754	690,481
Travel and other employee expenses	14,322	23,287
Bank and payment processor fees	5,368	15,864
Raw materials and consumables	25,080	37,551
Other	72,762	160,967
Total	**$4,934,042**	**$ 8,511,833**

17. Changes in Non-Cash Working Capital Items

	September 30, 2022	**December 31, 2021**
Accounts receivable	$ 244,701	$ 3,749,499
Prepaid expenses and other current assets	120,261	(35,276)
Inventory	(1,185,082)	(1,040,537)
Biological Assets	(686,959)	23,829
Accounts payable and accrued liabilities	3,657,032	113,064
Deposits	(5,845)	(6,494)
Deferred Revenue	501,227	-
Total	**$ 2,645,335**	**$ 2,804,085**

18. Other Income

The Company generated $415,395 and $2,942,342 of other income during the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021 respectively, which was recorded to the Consolidated Statement of Operations and Comprehensive Loss. Of that total $304,810 (period from October 9, 2020 to December 31, 2021 - $460,813) relates to rental income earned from operating leases with third party tenants in the Company's owned properties. These properties are carried at amortized cost and included in property, plant and equipment on the Consolidated Statements of Financial Position. Additionally, during the nine months ended September 30, 2022, the Company received $nil (period from October 9, 2020 to December 31, 2021 - $256,578) of excise tax refunds and $110,586 (period from October 9, 2020 to December 31, 2021 - $2,224,951) of COVID-19 wage subsidies through the Canada Emergency Wage Subsidy ("CEWS") program. The Company determined that it qualified for this CEWS subsidy.

18. Other Income (Continued)

The Company expects to generate other income from lease payments under non-cancellable operating leases within the next five years as follows:

2022	$	91,000
2023		264,800
2024		179,500
2025		132,800
2026 and thereafter		33,200
	$	**701,300**

19. Net Finance Costs

(i) Finance Costs

The Company incurred finance costs as detailed below for the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021 respectively:

		September 30, 2022		December 31, 2021
Interest accretion on the current portion of term liabilities valued at amortized cost (Note 12)	$	234,032	$	510,230
Interest accretion (reversal) on Class B – Preferred Shares (Note 13)		(331,660)		470,517
Interest expense on lease liabilities (Note 11)		398		698
Interest other		29,148		24,354
Interest expense on the term debt (Note 12)		1,395,742		1,873,598
Total	**$**	**1,327,660**	**$**	**2,879,397**

(ii) Finance Income

The Company earned finance income as detailed below for the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021 respectively:

		September 30, 2022		December 31, 2021
Interest income from cash on hand	$	130	$	2,131
Interest on sales tax refunds		-		1,272
Total	**$**	**130**	**$**	**3,403**

20. Reconciliation of Liabilities Arising from Financing Activities

	December 31, 2021	Cash flows	Additions	Interest accretion (gain)	September 30, 2022
Term debt(1)	$ 12,869,477	(621,000)	$ 1,550,000	($837,050)(2)	$ 12,961,427
Lease liabilities	8,378	(4,519)	7,180	1,094	12,133
Class B – Preferred Shares	2,980,056	-	-	(333,232)	2,646,824
Total	**$ 15,857,911**	**($ 625,519)**	**$ 1,557,180**	**($1,169,188)**	**$ 15,620,384**

	October 9, 2020	Cash flows	Additions	Interest accretion	December 31, 2021
Term debt(1)	$ 9,557,033	$ (197,786)	$ 3,000,000	$ 510,230	$ 12,869,477
Lease liabilities	6,953	(6,764)	7,491	698	8,378
Class B – Preferred Shares	2,509,539	-	-	470,517	2,980,056
Total	**$ 12,073,525**	**$ (204,550)**	**$ 3,007,491**	**$ 981,445**	**$ 15,857,911**

(1) Cash flows for the Term Debt relate to the transaction fees incurred in relation to the renewal of the term loans.
(2) Includes gain of $1,071,082 resulting from gain on modification of debt, see Note 12 (ii)

21. Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or issue new debt.

The Company considers its capital under management as at September 30, 2022 to be total debt and equity of $20,038,992 (December 31, 2021 – $34,479,803), as shown below:

		September 30, 2022		December 31, 2021
Total Debt				
Term debt	$	12,961,427	$	12,869,477
Class B - Preferred Shares		2,646,824		2,980,056
Total Debt	**$**	**15,608,251**	**$**	**15,849,533**
Equity				
Equity	$	14,396,085	$	18,630,270
Total Equity	**$**	**14,396,085**	**$**	**18,630,270**

22. Financial Instruments

a. Market risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to other factors including changes in equity prices.

(i) Currency risk

As at September 30, 2022, $nil of the Company's financial assets (December 31, 2021 – $216,718) and $74,106 of the Company's financial liabilities (December 31, 2021 – $nil) are denominated in U.S. dollars.

The Company is exposed to the U.S. dollar and a 10% strengthening or weakening in the U.S. dollar against the Canadian dollar on financial assets and financial liabilities would result in a decrease or increase of approximately $7,411 (Year ended December 31, 2021 - $21,672) in net loss for the nine months ended September 30, 2022. As at September 30, 2022 and December 31, 2021, the Company has not entered into any hedging agreements or purchased any financial instruments to hedge its foreign currency risk.

(ii) Interest rate risk

Cash flow sensitivity

Interest rate risks on the interest-bearing financial liabilities are limited due to the fact that they are fixed rate interest instruments carried at amortized cost.

b. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk principally impacts the Company's cash, and accounts receivable. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company has assessed that it has limited customer credit risk due to the fact that accounts receivable is primarily from the sale of cannabis to government agencies and large retail outlets and have a payment terms of 30 – 60 days. For smaller customers, payment is fulfilled through the processing of a credit card or obtaining payment in advance of delivery, therefore limiting the Company's credit risk exposure on these types of transactions.

As at September 30, 2022, included in the $1,334,045 (December 31, 2021 - $1,543,848) accounts receivable balance was HST receivable owing from CRA of $381,264 (December 31, 2021 - $188,014). Trade accounts receivable are reported net of expected credit losses of $nil (December 31, 2021 - $nil).

22. Financial Instruments (continued)

b. Credit risk (continued)

During the nine months ended September 30, 2022, the Company earned a total gross revenues of $8,002,363 (Year ended December 31, 2021 - $11,718,558) from three major customers. These customers each had revenues of over 10% of the Company's total revenue for the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021 respectively. Total amounts receivable owing from these customers at September 30, 2022, was $777,114 (December 31, 2021 - $958,180).

The carrying amount of cash and accounts receivable represents the maximum exposure to credit risk on the statement of financial position, and as at September 30, 2022, this amounted to $1,627,069 (December 31, 2021 - $2,760,782).

Since the inception of the Company, no credit losses have been incurred in relation to cash held by the bank or on any other amounts receivable.

The Company's aging of receivables was approximately as follows per the reporting periods-ended:

	September 30, 2022	December 31, 2021
Current	$ 875,492	$ 1,222,806
61 – 120 Days	605	2,013
Greater than 121 Days	41,709	-
Total	**$ 917,806**	**$ 1,224,819**

c. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements and raises capital as required to support investment in production facilities and working capital requirements. During the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021 respectively, the Company did not complete any equity financings.

The Company is obligated to the following contractual maturities of undiscounted cash flows:

As at September 30, 2022	**Carrying amount**	**Contractual cash flows**	**Year 1**	**Year 2 - 3**	**Year 4 -5 and thereafter**
Accounts payable and accrued liabilities [1]	$ 6,570,072	$ 6,570,072	$ 6,570,072	$ -	$ -
Term debt	12,961,427	14,550,000	-	14,550,000	-
Lease liabilities	12,133	14,337	4,536	9,072	729
Deposits held	5,272	5,272	5,272	-	-
Class B – Preferred shares[2]	2,646,824	4,999,933	467,248	2,474,749	2,057,936
Total	**$ 22,195,728**	**$ 26,139,614**	**$ 7,047,128**	**$ 17,033,821**	**$ 2,058,665**

22. Financial Instruments (continued)

c. Liquidity risk (continued)

As at December 31, 2021	Carrying amount	Contractual cash flows	Year 1	Year 2 - 3	Year 4 -5 and thereafter
Accounts payable and accrued liabilities	$ 2,913,039	$ 2,913,039	$ 2,913,039	$ -	$ -
Term debt	12,869,477	13,000,000	13,000,000	-	-
Lease liabilities	8,378	9,976	3,607	4,632	1,737
Deposits held	11,118	11,118	11,118	-	-
Class B – Preferred shares[1]	2,980,056	4,999,933	534,400	3,013,900	1,451,633
Total	**$ 18,782,068**	**$ 20,934,066**	**$ 16,462,164**	**$ 3,018,532**	**$ 1,453,370**

(1) Excludes liability for Broker Fees (see Note 2(e) and Note 28) as pursuant to the agreement the balance will be settled in equity.

(2) The Class B - Preferred Shares have no fixed repayment terms and repayment is based on the Company's ability to generate Free Cash Flow, which has been displayed in the above table. The Company performed a forecast at the time of issuance of the Class B - Preferred Shares to assess when the Company expects to settle the Class B - Preferred Shares in full. This forecast is subject to change and will be assessed annually by the Company.

d. Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurements are classified using 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 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. Further information on fair value measurements is available in Note 2.

Presently the Company is not employing any Level 3 valuation techniques for significant unobservable inputs in the fair value measurement of Level 3 financial instruments other than for valuation of the Class B Preferred Shares in Note 13.

22. Financial Instruments (continued)

e. Fair value of financial assets and liabilities that are not measured at fair value, but fair value disclosures are required

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The carrying value of the debt and equipment financings approximate their fair value as the loans were taken out with third parties on commercial terms.

23. Segmented Information

The Company operates in one segment, the production and sale of cannabis and cannabis related products.

All property, plant and equipment is located in Canada.

24. Income taxes

The following table reconciles the expected income tax expenses (recovery) at the Canadian statutory tax rate to the amounts recognized in the statements of loss and comprehensive loss for the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021:

	September 30, 2022	December 31, 2021
Loss for the year before income tax	$ (4,261,562)	$ (11,893,300)
Statutory tax rate	26.50%	26.50%
Expected income tax (recovery)	**(1,129,314)**	**(3,151,725)**
Non-deductible expenses	(79,855)	142,880
Tax rate differential	-	-
Other		(53,504)
Change in tax benefits not recognized	1,209,169	3,062,349
Total income tax expense (recovery)	**$ -**	**$ -**
Current tax expense (recovery)	$ -	$ -
Deferred tax expense (recovery)	-	-
	$ -	$ -

24. Income taxes (continued)

The following table summarizes the components of deferred tax:

Deferred Tax Asset	**September 30, 2022**	**December 31, 2021**
Farm Losses Carry Forwards	$ 848,469	$ 515,578

Deferred Tax Liabilities	**September 30, 2022**	**December 31, 2021**
Term debt	$ (420,972)	$ (34,589)
Inventory	(406,688)	(177,656)
Biological assets	(20,809)	-
Property, plant & equipment	-	(303,334)
	$ -	**$ -**

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	September 30, 2022	**December 31, 2021**
Non-capital loss carry-forwards	$ 2,573,093	$ 10,158,512
Property, plant and equipment	1,582,837	-
Farm losses carry-forwards	46,306,156	30,425,352
Financing costs	1,215,540	963,701
Investments	3,000,000	-
Tax Reserves	375,608	-
Lease liability	12,133	8,378
Total unrecognized deductible temporary differences	**$ 55,065,367**	**$ 41,555,943**

The non-capital loss carry forwards and farm loss carryforwards expire as noted in the table below. Financing costs will be fully amortized in the next few years. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits there from.

		Non-capital losses	**Farm losses**
	2035	$ 1,056	$ -
	2036	1,182	-
	2037	181,520	-
	2038	270,604	-
	2039	347,351	-
	2040	4,942,231	36,833,176
	2041	398,130	3,686,586
	2042	248,956	3,417,304
Total unrecognized deductible temporary differences		**$ 6,391,030**	**$ 46,306,156**

25. Relationship with MedC Biopharma Corporation

The Company has a relationship with MedC Biopharma Corporation ("MedC"). MedC is a private corporation focused on developing and commercializing pharmaceutical grade solutions for cannabis-related intellectual property.

a. Convertible Promissory Note and Derivative Asset

In conjunction with the Company's exit from CCAA, the Company fully impaired the convertible promissory note due to uncertainty surrounding MedC's ability to fund current projects, as historically AgMedica was the only company that had provided capital to MedC. Additional uncertainty exits, as the Company has not received a substantive business or financial update from MedC during the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021 respectively. The principal value of the convertible promissory note is $3,000,000 and matures on November 27, 2022. As at September 30, 2022 and December 31, 2021 the convertible promissory note and derivative assets had a book value of $nil and $nil, respectively. The impairments were recorded prior to the opening statement of financial position date of October 9, 2020. The Company, post CCAA, retained its rights prescribed in the convertible promissory note and derivative asset, whereby the actual amount settled between MedC and the Company may exceed the $nil book value recorded on these September 30, 2022 (December 31, 2021 - $nil) financial statements.

b. Investment in Associates

The Company, as at September 30, 2022 and December 31, 2021, holds 2,500,000 shares in MedC, which represents a 10.0% ownership interest. Based on both quantitative and qualitative aspects of the Agreement, the Company has determined the investment in MedC amounts to significant influence and has has accordingly accounted for the investment using the equity method. In conjunction with the Company's exit from CCAA, it was determined that the investment in MedC was fully impaired, due to uncertainty surrounding MedC's ability to fund current projects which would impact its ability to complete a Qualifying Go-Public Event. The Company, post CCAA, on September 28, 2021, received 500,000 additional common shares in MedC to increase its ownership interest from 2,000,000 to 2,500,000 common shares in MedC. Ultimately, the actual amount realized from AgMedica's investment in MedC may exceed the $nil book value recorded on the September 30, 2022 and December 31, 2021 financial statements. There is no exposure or liability for losses attributable to the Company other than the initial investment relating to these shares.

26. Commitments and Contingencies

i) Royalty fees

In accordance with a genetics license agreement to utilize specific strains of cannabis, the Company is obligated to pay i) minimum of $20,000 annually; and ii) 3% of gross domestic sales from products derived from CBD strains or 8% of gross international sales from products derived from CBD strains. The agreement, executed on March 8, 2021, renews annually on April 1st, unless terminated by written notice 30 days prior to the end of the term. During the nine months ended September 30, 2022, the Company expensed royalty fees of $24,629 (Year ended December 31, 2021 - $84,832) to cost of sales on the Consolidated Statement of Operations and Comprehensive Loss.

27. Revenue breakdown

The Company during the nine months ended September 30, 2022, generated gross revenues of $8,949,503, (period from October 9, 2020 to December 31, 2021 - $13,451,538) which were subject to excise taxes of $1,571,012 (period from October 9, 2020 to December 31, 2021 - $2,945,811) resulting in net revenues of $7,378,491 (period from October 9, 2020 to December 31, 2021 - $10,505,727). The Company during the nine months ended September 30, 2022 recognized domestic revenues of $5,182,018 (58.1%) (period from October 9, 2020 to December 31, 2021 - $10,666,410 (79.3%) and international revenues of $3,767,485 (41.9%) (period from October 9, 2020 to December 31, 2021 - $2,785,128 (20.7%). For the $3,767,485 (period from October 9, 2020 to December 31, 2021 - $2,785,128) of international revenues, Australia accounted for 93.5% (period from October 9, 2020 to December 31, 2021 – 66.9%), Israel was 4.5% (period from October 9, 2020 to December 31, 2021 – 33.1%) and Denmark was 2.0% (period from October 9, 2020 to December 31, 2021 - $nil).

28. Other expenses

On April 8, 2022, a public Company on the Canadian Securities Exchange (“CSE”), Silver Phoenix Resources (“SPR”) entered into a binding memorandum of understanding dated as of April 8, 2022 (the "MOU") with Atlas Biotechnologies Inc. ("Atlas"), AgMedica Bioscience Inc. ("AgMedica") and Cambrosia Ltd. ("Cambrosia") (collectively, the "Target"). The MOU outlines the proposed terms and conditions pursuant to which SPR and the Target will affect a business combination that will result in a reverse takeover of SPR by the securityholders of the Target (the "Proposed Transaction"). The MOU was negotiated at arm's length.

On April 8, 2022, stemming from the issuance of the press release the Company recorded an expense during the nine months ended September 30, 2022, of $375,608 (period from October 9, 2020 to December 31, 2021 - $nil) on its Consolidated Statement of Operations and Comprehensive Loss, related to a Contractual Commitment. Per an advisory agreement, the issuance of a press release became an obligating event, which is to be fulfilled with the issuance of AgMedica shares immediately prior to the completion of the announced Proposed Transaction. The total other expense recorded during the nine months ended September 30, 2022 was $265,620, which is the value of the advisory agreement expense recorded less the reversal of an accrual reversed from a prior period during the nine months ended September 30, 2022.

29. Restructuring gains and expenses

The Company recorded restructuring gains and expenses as detailed below for the nine months ended September 30, 2022 and period from October 9, 2020 to December 31, 2021 respectively:

	September 30, 2022	December 31, 2021
Debt modification gain (Note 12(ii))	$ 1,071,082	-
Professional Fees paid	($ 403)	($ 187,559)
Loss on disposal of assets	-	($ 38,362)
Total gain (loss) due to restructuring	**$ 1,070,681**	**($ 225,922)**

30. Subsequent events

(i) On November 21, 2022, the Company further expanded its second mortgage by $750,000 with a term of 22 months, commencing on December 1, 2022 and maturing on September 1, 2024. The second mortgage has a principal amount owing of $12,100,000. The terms of the loan extension, results in a $7,500 lender commitment fee and a $7,500 broker fee. All other terms associated with the second mortgage remain in unchanged.

30. Subsequent events (continued)

(ii) The Company, on November 22, 2022, extended its outstanding first mortgage for an additional 24 months, commencing November 1, 2022. The first mortgage has a principal amount outstanding of $3,000,000. The terms of the loan extension resulted in a $60,000 renewal fee and the interest rate for the first mortgage will be the greater of 9.5% or 5.0% plus the RBC Prime Lending Rate. The $60,000 renewal fee is being paid by the Company over the term of 12 months with $5,000 monthly payments. All other terms associated with the first mortgage remained unchanged.

(iii) On December 6, 2022 the Company amended its advisory agreement, see Note 2d)(vii) and Note 28, to lock in settlement of the liability on a fix number of shares in the Company.

SCHEDULE F-1
AGMEDICA ANNUAL MD&A FOR THE 15 MONTH PERIOD ENDED DECEMBER 31, 2021

The following is the MD&A of AgMedica for the 15 month period ended December 31, 2021. This MD&A should be read in conjunction with Listing Statement to which this MD&A is appended, AgMedica's audited financial statements for the period commencing October 9, 2020 and ending December 31, 2021 (the "**Financial Statements**"), the accompanying notes thereto, and the MD&A, which have been prepared in accordance with IFRS.

All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information within the meaning of applicable securities laws. Refer to "*Cautionary Statement Regarding Forward-Looking Statements and Forward-Looking Information*" at *Item 1.B.2* of the Listing Statement.

Business Overview

Description of the Business

AgMedica was incorporated under the Canada Business Corporations Act (the "CBCA") on November 22, 2013 under the name "8705127 Canada Inc.". On February 18, 2014, it changed its name to "AgriMed Botanicals Inc." and then to "AgMedica Bioscience Inc.", on December 6, 2017. AgMedica's head office is currently located in Chatham, Ontario.

AgMedica has five subsidiaries all of which are wholly-owned, except for Wellworth Health Corp., which is 80% owned by AgMedica. AgMedica and its subsidiaries are governed by the CBCA, except for 5047346 Ontario Inc., which is governed by the Business Corporations Act (Ontario), and Unique Beverages (USA) Inc., which is governed by the Delaware General Corporation Law.

In 2016, AgMedica purchased a 215,000 sq. ft. industrial building in Chatham, Ontario, where 114,000 sq ft. of the space is dedicated to an indoor growing facility. On June 15, 2018, AgMedica was issued a cannabis license by Health Canada for standard cultivation, standard processing and sale for medical purposes. The Company's business primary focus was to build a medical cannabis service platform, employ health care practitioners, provide assessment, education, prescription, fulfillment and continued service through both a physical location and virtual kiosks located in pharmacies and health care facilities across the country. An amendment to the license on August 3, 2018 then allowed AgMedica to produce, distribute and sell cannabis oil products.

Upon the legalization of adult-use cannabis in the country in October 2018, AgMedica entered several provincial markets with the "Vertical" brand of premium cannabis, selling four strain varieties of cannabis flower.

In early 2019, following the launch of dried flower products, AgMedica subsequently launched a selection of "Vertical" branded pre-rolls.

Effective May 31, 2019, AgMedica's license was further amended to allow for the sale of cannabis oil products. In mid-2019, AgMedica expanded to launch a line of ingestible oils and by the end of 2019, it began exporting medical cannabis into international markets, such as Australia.

AgMedica's principal business activities have now expanded to include the production, distribution and sale of dried cannabis flower, pre-rolled cannabis, soft get capsules and cannabis oil, through strategic relationships to aid in developing technologies that can assist cannabis production targeted at the food and pharmaceutical sectors.

CCAA

On December 2, 2019, AgMedica underwent a CCAA order to restructure their business and affairs, which included the issuance of common shares and classes of preferred shares, and the execution of a second mortgage. Following the CCAA order, AgMedica's efforts have been shifted to focus on supplying medical cannabis to international markets. As a result of their efforts, AgMedica has been focused on obtaining an EU GMP (European Union Good

Manufacturing Practices) certification. In the summer of 2022, AgMedica received EU GMP certification for flower and then in 2020 winter of 2022, AgMedica received EU GMP certification for oil. The EU GMP certification is recognized as the highest certification available to companies in the pharmaceutical space and encompasses the production, handling, storage, and packaging of plant materials.

Fundamental Change Transaction

On July 14, 2022, AgMedica entered into the Amalgamation and Share Exchange Agreement for the completion of the Fundamental Change Transaction. Refer to "*Fundamental Change Transactions*" at *Item 1.A* of the Listing Statement.

Overall Financial Performance Summary

AgMedica's financial performance during the 15 month period ending December 31, 2021was negatively affected by high taxation on domestic sales. In response, AgMedica is increasing its focus on the international market for medical and recreational cannabis and in conjunction therewith, AgMedica intends to expand its facility by December 2023 to increase the capacity of four vertically tiered rooms at an estimated cost of $4.5 to 5 million. AgMedica's financial performance will likely be affected by its ability to successfully expand its international sales and increase production capacity using cash flow or third party financing (which in turn is dependent on general economic conditions). See "*Liquidity and Capital Resources*" below.

Statement of Operations	For the Reporting Period Ending December 31, 2021
Net Revenue	$10,505,727
Gross Profit before Fair Value Adjustments	$(2,025,697)
Gross Profit before Fair Value Adjustments %	(19.3%)
Gross Profit	(2,714,650)
Operating Expenses	$8,511,833
Other (Income) Expenses	$667,347
Net Loss	**$(11,893,830)**
Basic and Diluted Loss Per Share[1]	**$(0.02)**

(1) The basic and diluted loss per share is calculated using the combined Common Shares and Class A – Preferred Shares outstanding as at December 31, 2021, being 214,413,797 and 445,000,000 respectively.

Statement of Financial Position	As at December 31, 2021 ($)	As at October 9, 2020 ($)
Total Assets	37,412,339	45,352,482
Total Liabilities	18,782,069	14,891,110
Total Shareholders Equity	18,630,270	30,461,372

Statement of Operations

AgMedica recorded a net loss during the reporting period ended December 31, 2021, of $11,893,830.

Revenues

AgMedica generated gross revenues of $13,451,538 during the reporting period, which were subject to excise taxes of $2,945,811 resulting in net revenues of $10,505,727. Throughout the reporting period, AgMedica grew sales internationally as can be viewed in the table below both in aggregate dollars and as a percentage of overall sales. Domestic revenues totalled $10,666,411 while international revenues totalled $2,785,127, representing 79.3% and 20.7% respectively of total gross revenues. The chart below represents the unaudited results for the three month periods ended:

Statement of Operations	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020[1]
Domestic Revenues ($)	2,552,477	2,370,006	2,114,910	1,278,849	2,350,169
International Revenues ($)	1,089,749	250,483	537,700	695,021	212,174
Total Revenues ($)[2]	**3,642,226**	**2,620,489**	**2,652,610**	**1,973,870**	**2,562,343**
Domestic Revenues (%)	70.1%	90.4%	79.7%	64.8%	91.7%
International Revenues (%)	29.9%	9.6%	20.3%	35.2%	8.3%

1 – This quarterly period is from October 10, 2020 to December 31, 2020 and is not a complete quarterly period.

2 – This figure represents the gross revenues earned by the Company prior to the netting of pricing discounts and adjustments.

Excise Taxes

During the reporting period, AgMedica incurred $2,945,811 of excise taxes related to domestic sales, representing 27.6% of domestic gross revenues. As it continues to execute on its international expansion plans, AgMedica expects the percentage of excise taxes to gross revenues to decrease, as international revenues are not subject to excise taxes, resulting in higher margins.

In accordance with a genetics license agreement to utilize specific strains of cannabis, AgMedica is obligated to pay a minimum of $20,000 annually; and an amount equal to 3% of gross domestic sales from products derived from CBD strains or 8% of gross international sales from products derived from CBD strains. The agreement was executed on March 8, 2021 and renews annually on April 1st unless terminated by written notice 30 days prior to the end of the term. During the reporting period-ended December 31, 2021, AgMedica incurred $84,832 in royalty fees.

Cost of Sales

AgMedica's cost of sales for the period was $12,531,424 resulting in gross loss before fair value adjustments of $2,025,697, or (19.3%) of net revenues. As it completes the onboarding of additional Phase II grow rooms, AgMedica anticipates economies of scale will result in a lower cost to grow on a per gram basis, which will increase the gross margins before the fair value adjustments.

Included in the $10,003,551 of cost of sales is a $5,095,063 drawdown of inventory cost of goods sold, which included $1,790,421 of non-cash costs to grow. Included in the $2,527,873 of impairment loss on inventory is $1,544,819 of non-cash unrealized fair value.

Gross Profit

AgMedica's 's gross profit is calculated net of the following:

- Production costs – represents current period costs that are directly attributable to the cannabis growing and harvesting process.

- Fair value adjustment on sale of inventory – relates to the previous fair value increase associated with biological assets that were transferred to inventory upon harvest.

- Fair value adjustment on growth of biological assets – represents the estimated fair value less the costs to sell of biological assets as at the reporting date.

Biological assets consist of cannabis plants at various after-harvest stages.

Gross profit (loss) for the reporting period was ($2,714,650) and included:

- $3,245,489 as an expense for the realized fair value adjustments on inventory sold; and

- $2,556,536 of unrealized gain on the change in fair value of biological assets.

During the reporting period, AgMedica harvested approximately 2,922.4 kg of cannabis product for flower related sales, in addition to approximately 436.2 kg of cannabis earmarked for extraction.

AgMedica bifurcates the cash and non-cash costs associated with growing product. As AgMedica expands into Phase II of its operation, it expects to gain some economies of scale, lowering the cash and non-cash costs per gram to produce the high-quality biological asset being transferred to inventory. In addition to the costs being capitalized to biological assets, the yield results achieved from growing the biological assets are an important factor in the costs per gram AgMedica is able to achieve.

The below table reflects the cash and non-cash costs to grow cannabis, which are transferred from biological assets into inventory.

Costs to Grow per Gram	**For the Period Ended December 31, 2021 ($)**
Flower – Cash costs	1.00
Flower – Non-cash costs	0.62
Flower – Unrealized Fair Value	0.81
Flower grown for extracts – Cash costs	0.59
Flower grown for extracts – Non-cash costs	0.37
Flower grown for extracts – Unrealized Fair Value	0.64

Operating Expenses

During the reporting period, AgMedica incurred operating expenses of $8,511,833, or 81.0% of net revenues, which were comprised of:

Operating Expenses	For the Reporting Period Ended December 31, 2021 ($)
Research and development	342,648
General and administration	4,070,329
Sales and marketing	1,263,046
Operations and support	1,515,445
Depreciation	1,257,637
Share based compensation	62,728
Total Operating Expenses	**8,511,833**

The operating expenses incurred by AgMedica are expected to continue prospectively, but due to economies of scale expected to be realized from its Phase II expansion plans, AgMedica anticipates that the growth in these operating expenses will be proportionately less than the growth in revenues.

Research and Development

During the reporting period, AgMedica expensed $342,648 in research and development costs, most of which related to salaries incurred for employees focused on research activities. Also included was $125,534 of inventory deemed experimental as AgMedica was testing a new strain and approach. Adjusting for this one-time experiment, the research and development expense would have been $217,124 for the reporting period ended December 31, 2021.

General and Administration

During the reporting period, AgMedica expensed $4,070,329 related to general and administration costs, approximately 50% of which related to employee salaries. Additionally, $913,358 was incurred for insurance and $238,855 for professional fees of auditors, tax advisors and legal counsel. Of the professional fees incurred during the reporting period, $89,192 were recorded as one-time expenses.

On February 5, 2021, AgMedica entered into a financial advisory agreement with a third-party. The third party has been engaged to provide advisory services to execute a business combination or a debt or equity financing arrangement. Per the terms of the financial advisory agreement the Company has committed to pay the third party a 3.5% success fee for a completed business combination or 3.0% success fee for a completed debt or equity fund raising, upon the public announcement of such a transaction. This agreement officially expired on July 31, 2021. The parties have agreed to renew this financial advisory agreement verbally, in good faith. The Company has not recorded any expense on its Consolidated Statement of Operations and Comprehensive Loss related to this financial advisory agreement during the reporting period ended December 31, 2021.

Resulting from the announcement of the SPR Proposed Transaction on April 8, 2022, the Company recorded a $1,823,553 expense per the terms of the financial advisory agreement. This expense was recorded on the Consolidated Statement of Operations and Comprehensive Loss during the three-months ended June 30, 2022, as an Other Expense. Pursuant to an advisory agreement, the announcement of the SPR Proposed Transaction triggered an obligation on the part of AgMedica to issue shares of AgMedica immediately prior to the completion of the announced SPR Proposed Transaction. The total expense for recorded for the three and six months ended June 30, 2022 was $1,713,565, which is less than the advisory agreement expense recorded due to the reversal of a previous accrual during the reporting period.

Sales and Marketing

During the reporting period, AgMedica expensed $1,263,046 related to sales and marketing, including $857,894 for direct salaries, $246,681 for a third-party field sales team and $78,018 for direct advertising and promotional activities.

Operations and Support

During the reporting period, AgMedica expensed $1,515,445 related to operations and support, including $854,143 for direct salaries. AgMedica incurred $1,144,227 related to utilities during the reporting period, of which $883,513 was capitalized to biological assets and $260,714 was expensed to operations and support for (representing that portion deemed not directly attributable to the growing of the biological assets). Additionally, $264,845 was incurred for property taxes related to AgMedica's owned facility.

Depreciation

During the reporting period, AgMedica recorded total depreciation of $3,555,056, of which $1,257,637 was expensed directly while the balance of $2,297,419 was capitalized to biological assets as a non-cash cost to grow. Depreciation expense will increase prospectively as AgMedica incurs additional capital costs in on-boarding additional Phase II capacity.

Share-based Compensation

During the reporting period, AgMedica expensed $62,728 related to share-based compensation. All options outstanding as at December 31, 2021 were granted during the reporting period and none of the granted options have been exercised. As at December 31, 2021, of the 32,970,190 options outstanding, none have vested.

Other (Income) Expenses

AgMedica incurred $667,346 in other (income) expenses during the reporting period as broken down in the table below:

Other (Income) Expenses	**For the Period Ended December 31, 2021 ($)**
Other Income	(2,942,342)
Other Expense	44,559
Finance income	(3,403)
Finance costs	2,879,397
Realized and unrealized (gain) loss on foreign exchange	10,778
Loss on disposal of property plant and equipment	425,784
Impairment loss on assets	26,652
Restructuring expenses	225,921
Total Other (Income) Expenses	**667,346**

The key drivers of other (income) expense during the reporting period relate to interest on the loans payable of $1,897,952, and non-cash interest accretion related to the Class B Preferred Shares of $471,216. These interest costs were largely offset by the government COVID relief funding of $2,224,951, received during the reporting period. Additionally, AgMedica received rental income from tenants of $460,813 from its surplus space at is owned facility in Chatham, Ontario.

Loss per Share

Basic loss per share is calculated by dividing the net profit attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted profit per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other potentially dilutive securities. The weighted average number of common shares used as the denominator in calculating diluted profit per share excludes un-issued common shares related to stock options.

Basic and diluted loss per share for the reporting period ended December 31, 2021, was $0.02 per share where the basic and diluted weighted average number of common shares outstanding during the period was 659,413,797. The basic and diluted loss per share is calculated using the combination of the Common Shares and Class A – Preferred Shares outstanding as at December 31, 2021, being 214,413,797 and 445,000,000 respectively. The Class A – Preferred Shares were included as they have equal voting rights as the Common Shareholders and convert on a one for one basis.

Total Assets

Total assets as at December 31, 2021 were $37,412,339, compared to $45,352,482 as at October 9, 2020, a decrease of $7,940,143 or 17.5%. The decrease is due to a reduction in accounts receivable, $3,192,152 of which were one-time subscriptions for the Class A Preferred Shares held in trust by counsel at October 9, 2020 and a $2,188,203 decrease in inventory and from the recording of $3,555,056 in depreciation for property plant and equipment.

Total Liabilities

Total liabilities as at December 31, 2021 were $18,782,068 compared to $14,891,110 as at October 9 2020, an increase of $3,890,958 or 26.1%. The increase is primarily due to the increase in loan payable and long-term debt outstanding from $9,557,033 to $12,869,477, an increase of $3,312,444 or 34.7%.

Class B – Preferred Shares

AgMedica has determined that the Class B - Preferred Shares are a financial liability. The Class B Preferred Shares were issued in conjunction with AgMedica's exit from CCAA on October 9, 2020. AgMedica issued 4,999,933 Class B - Preferred Shares, all with a stated value of $1 per Class B Preferred Share. The Class B - Preferred Shares are non-voting. Each Class B Preferred Share is entitled to receive a pro rata annual cumulative dividend from an amount equal to 10% of AgMedica's free cash flow during that fiscal year, based on AgMedica's annual financial statements, with payment to be rendered within 60 days after AgMedica issues its annual financial statements.

The obligation for the Class B – Preferred shares on October 9, 2020, December 31, 2021 and as of the date of this MD&A is $4,999,933. The Company did not generate free cash flows during the reporting period ended December 31, 2021 and thus did not reduce the Class B – Preferred Share obligation.

Summary of Quarterly Results

A summary of quarterly results has not been provided as AgMedica, not previously having been a reporting issuer, has not previously prepared financial statements on a quarterly basis.

Liquidity and Capital Resources

As at October 9, 2020, AgMedica had cash of $134,830 compared to $1,216,934 as at December 31, 2021.

During the reporting period, AgMedica's activities have been funded primarily by the capital received upon the exit of CCAA through the issuance of the Class A Preferred Shares and by an increase in its debt facilities (based on a material increase in the value of its real estate).

Based on the current funds held, AgMedica does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital.

AgMedica assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact AgMedica's ability to access equity or debt markets in the future.

AgMedica anticipates investing capital resources to complete the AgMedica Expansion during the next twelve to twenty-four months at an approximate cost of $4.5 million to $5.0 million. The AgMedica Expansion will be completed in the following phases (subject to available funds).

	Estimated Cost	**Estimated Completion Date**
Additional cooling chillers	$750,000	June 30, 2023
Grow room environmental controls, electrical connections, irrigation and air handling commissioning	$900,000	June 30, 2023
Harvesting and processing equipment	$600,000	August 31, 2023
Additional cooling chillers	$750,000	November 30, 2023
Grow Room environmental controls, electrical connections, irrigation and air handling commissioning	$1,000,000	March 31, 2024
Additional grow lights	$1,000,0000	March 31, 2024
Total	**$5,000,000**	

For the reporting period ended December 31, 2021, cash used by operating activities was $775,399. Cash used by operations for the reporting period resulted primarily from a net loss, and unrealized gain on changes in fair value of biological assets, which was primarily offset by changes in fair value included in the inventory sold, depreciation of property, plant and equipment, an impairment of inventory and changes in working capital items. The net loss was incurred because AgMedica was not able to generate sufficient sales volumes from its existing facility at high enough margins to generate net income. AgMedica plans to mitigate or eliminate operating losses by increasing operating margins prospectively through (i) the completion of AgMedica Expansion, which will increase its grow capacity and (ii) an increase in international sales (where excise taxes are not applicable).

For the reporting period ended December 31, 2021, cash generated from financing activities was $2,795,450 resulting from the proceeds generated from an increase in AgMedica's debt facilities, which was partially offset by the transaction fees incurred for the expansion of the term debt.

For the reporting period ended December 31, 2021, cash used by investing activities was $937,947 resulting primarily from the acquisition of property, plant and equipment for the proposed expansion, which was partially offset by the proceeds generated on the disposition of surplus property, plant and equipment.

AgMedica at the date hereof AgMedica is not subject to any externally imposed capital covenants related to its indebtedness.

As at October 9, 2020, December 31, 2021 and currently, AgMedica does not have credit facilities in place to allow for additional access to capital if required.

Off Balance Sheet Arrangements

AgMedica has not entered into any off-balance sheet transactions that have, or are reasonably likely to have, a current or future effect on the financial performance of financial condition of AgMedica.

Changes in Accounting Policies Including Initial Adoption

AgMedica has not adopted any accounting policies during the reporting period and, other than as set forth below, has not and does not expect to adopt any in the period subsequent to the reporting period.

IFRIC 23 *Uncertainty over income tax treatments* clarifies the application of recognition and measurement requirement in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances.

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. AgMedica has not completed its analysis of the impact of this new standard but in its preliminary analysis it does not expect a material impact on its financial position and financial performance for the adoptions of IFRIC 23.

On May 14, 2020, the IASB issued amendments to IAS 37 to specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract', which addresses *onerous contracts and cost of fulfilling a contract*. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. This amendment is effective on January 1, 2022. AgMedica intends to adopt this amendment in its consolidated financial statement for the annual period beginning January 1, 2022. The extent of the impact of the adoption of this amendment has not yet been determined.

Proposed Transactions

Please refer to the Listing Statement for a description of the proposed Fundamental Change Transaction, including the pro forma financial statements appended thereto as Schedule B.

Related Party Transactions

AgMedica's key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of AgMedica as a whole. AgMedica has determined that key management personnel consist of members of the Board of Directors and executive officers.

The remuneration of directors and key management personnel during the reporting periods-ended December 31, 2021, is set out below:

Related Party Reconciliation	**For the Period Ended December 31, 2021 ($)**
Salaries and benefits	1,136,351
Share-based compensation	37,324
Total Related Party Compensation	**1,173,675**

As at December 31, 2021, Mr. Peter Van Mol, a related party of AgMedica, had an amount receivable of $5,152 (October 9, 2020 - $nil), which is included in accounts payable and accrued liabilities for amounts owing to him for reimbursement of expenses incurred in the normal course of business.

Outstanding Share Data

Please refer to *Items 9.B* and *10.B* of the Listing Statement for a description of the outstanding share data of AgMedica.

Financial Instruments

AgMedica's financial instruments consist of cash, cash equivalents accounts payable, accounts receivable, the Class B Preferred Shares and other financial assets and accrued liabilities.

The following table summarizes the original measurement categories under IFRS 9 for each class of AgMedica's financial assets and financial liabilities:

Financial asset / liability	IFRS 9
Cash	Fair Value Through Profit or Loss (FVTPL)
Accounts receivable	Amortized cost
Other financial assets	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Term debt	Amortized cost
Deposits	Amortized cost
Class B - preferred shares	Amortized cost

AgMedica classifies its cash and cash equivalents as fair value through profit or loss. The carrying values of accounts payable, amounts payable and consideration payable, which have been classified as financial liabilities, are measured at amortized cost using the effective interest method.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, AgMedica considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurements are classified using 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 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
>
> Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. Further information on fair value measurements is available in Note 2 of the Financial Statements.

Presently AgMedica is not employing any Level 3 valuation techniques for significant unobservable inputs in the fair value measurement of Level 3 financial instruments other than for valuation of biological assets in Note 8 and Class A and B Preferred Shares in Note 14 and Note 13 of the Financial Statements.

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The fair value of the promissory notes and term debt and equipment financings also approximate their fair value.

The risks associated with AgMedica's financial instruments and how these risks are managed are summarized below.

Credit risk

Credit risk is the risk of potential loss if a counter party to a financial instrument fails to meet its payment obligations. AgMedica is exposed to credit risk with respect to its cash and accounts receivable in the aggregate amount of $2,760,782 as at December 31, 2021 (October 9, 2020 - $5,428,177). Cash is held with certain Canadian financial institutions with high credit worthiness.

AgMedica provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. AgMedica has assessed that it has limited customer credit risk due to the fact that accounts receivable is primarily from the sale of cannabis to government agencies and large retail outlets and have a payment terms of 30 – 60 days. For smaller customers, payment is fulfilled through the processing of a credit card or obtaining payment in advance of delivery, therefore limiting the AgMedica's credit risk exposure on these types of transactions.

To mitigate credit risk exposure for its international customers, AgMedica receives a minimum of a 50% deposit prior to shipment.

During the reporting period-ended December 31, 2021, AgMedica earned total gross revenues of $11,718,558 from three major customers. These customers each had revenues of over 10% of AgMedica's total revenue for the reporting period-ended December 31, 2021. Total amounts receivable owing from these customers as at December 31, 2021, was $958,180 (October 9, 2020 - $551,263).

The aging of AgMedica's trade receivables has not changed significantly between October 9, 2020 and December 31, 2021. As at December 31, 2021, no financial assets were past due except for the outstanding accounts receivable, of which $2,013 (October 9, 202 $458) was greater than 60 days outstanding as at December 31, 2021.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. AgMedica manages its liquidity risk by reviewing on an ongoing basis its capital requirements and raises capital as required to support investment in production facilities.

Based on the current funds held, AgMedica will need to rely upon financing from shareholders and/or debt holders to obtain sufficient capital. There is no assurance that such financing will be available on terms and conditions acceptable to AgMedica.

With that being stated, AgMedica has extended the terms of its existing loan obligations by 24 months beyond the current expiry dates to November 1, 2024 and September 1, 2024 for the first and second mortgages respectively. Upon renewal, there are no assurances that loan extensions will be available on terms and conditions acceptable to the Company.

Market Risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument held by AgMedica will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to other factors including changes in equity prices.

Interest rate risks on the interest-bearing financial liabilities are limited due to the fact that they are fixed rate interest instruments carried at amortized cost.

AgMedica, through its international customers and vendors is exposed to currency risk. As at December 31, 2021, $216,718 of its financial assets (October 9, 2020 – $71) are denominated in U.S. dollars. As at December 31, 2021, $216,718 of AgMedica's financial assets (October 9, 2020 – $71) and $nil of its financial liabilities (October 9, 2020 – $nil) are denominated in U.S. dollars.

AgMedica is exposed to the U.S. dollar and a 10% strengthening or weakening in the U.S. dollar against the Canadian dollar on financial assets and financial liabilities would result in a decrease or increase of approximately $21,672 (October 9, 2020 - $7) in net loss for the reporting period-ended December 31, 2021.

AgMedica has not entered into any hedging agreements or purchased any financial instruments to hedge its foreign currency risk.

Risks and Uncertainties

Please refer to the Listing Statement for a description of the risks that could affect AgMedica's financial condition, results of operation or business and that could cause actual results to differ materially from those expressed in our forward-looking statements.

SCHEDULE F-2
AGMEDICA INTERIM MD&A FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2022

The following is the MD&A of AgMedica for the nine month period ended September 30, 2022. This MD&A should be read in conjunction with the Listing Statement to which this MD&A is appended, AgMedica's audited financial statements for the period commencing January 1, 2022 and ending September 30, 2022 with comparative figures commencing October 9, 2020 and ended December 31, 2021 (the "**Financial Statements**"). The accompanying notes thereto, and the MD&A, have been prepared in accordance with IFRS.

All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information within the meaning of applicable securities laws. Refer to "*Cautionary Statement Regarding Forward-Looking Statements and Forward-Looking Information*" at Item *1.B.2* of the Listing Statement.

Business Overview

Description of the Business

AgMedica was incorporated under the CBCA on November 22, 2013 under the name "8705127 Canada Inc.". On February 18, 2014, it changed its name to "AgriMed Botanicals Inc." and then to "AgMedica Bioscience Inc.", on December 6, 2017. AgMedica's head office is currently located in Chatham, Ontario.

AgMedica has five subsidiaries all of which are wholly-owned, except for Wellworth Health Corp., which is 80% owned by AgMedica. AgMedica and its subsidiaries are governed by the CBCA, except for 5047346 Ontario Inc., which is governed by the Business Corporations Act (Ontario), and Unique Beverages (USA) Inc., which is governed by the Delaware General Corporation Law.

In 2016, AgMedica purchased a 215,000 sq. ft. industrial building in Chatham, Ontario, where 114,000 sq ft. of the space is dedicated to an indoor growing facility. On June 15, 2018, AgMedica was issued a cannabis license by Health Canada for standard cultivation, standard processing and sale for medical purposes. AgMedica's business primary focus was to build a medical cannabis service platform, employ health care practitioners, provide assessment, education, prescription, fulfillment and continued service through both a physical location and virtual kiosks located in pharmacies and health care facilities across the country. An amendment to the license on August 3, 2018 then allowed AgMedica to produce, distribute and sell cannabis oil products.

Upon the legalization of adult-use cannabis in the country in October 2018, AgMedica entered several provincial markets with the "Vertical" brand of premium cannabis, selling four strain varieties of cannabis flower.

In early 2019, following the launch of dried flower products, AgMedica subsequently launched a selection of "Vertical" branded pre-rolls.

Effective May 31, 2019, AgMedica's license was further amended to allow for the sale of cannabis oil products. In mid-2019, AgMedica expanded to launch a line of ingestible oils and by the end of 2019, it began exporting medical cannabis into international markets, such as Australia.

AgMedica's principal business activities have now expanded to include the production, distribution and sale of dried cannabis flower, pre-rolled cannabis, soft get capsules and cannabis oil, through strategic relationships to aid in developing technologies that can assist cannabis production targeted at the food and pharmaceutical sectors..

The Companies' Creditors Arrangement Act ("CCAA")

On December 2, 2019, AgMedica underwent a CCAA order to restructure their business and affairs, which included the issuance of common shares and classes of preferred shares, and the execution of a second mortgage. Following the CCAA order, AgMedica's efforts have been shifted to focus on supplying medical cannabis to international markets. As a result of their efforts, AgMedica has been focused on obtaining an EU GMP (European Union Good

Manufacturing Practices) certification. In the summer of 2022, AgMedica received EU GMP certification for flower and then in 2020 winter of 2022, AgMedica received EU GMP certification for oil. The EU GMP certification is recognized as the highest certification available to companies in the pharmaceutical space and encompasses the production, handling, storage, and packaging of plant materials.

Fundamental Change Transaction

On July 14, 2022, AgMedica entered into the Amalgamation and Share Exchange Agreement for the completion of the Fundamental Change Transaction. Refer to "*Fundamental Change Transactions*" at *Item 1.A* of the Listing Statement.

Overall Financial Performance Summary

Statement of Operations	For the Reporting Period Ending September 30, 2022	For the Reporting Period Ending December 31, 2021
Net Revenue	$7,378,491	$10,505,727
Gross Profit before Fair Value Adjustments	$ (421,406)	$ (2,025,697)
Gross Profit before Fair Value Adjustments %	(5.7%)	(19.3%)
Gross Profit	$810,811	$(2,714,650)
Operating Expenses	$4,934,042	$8,511,833
Other (Income) Expenses	$138,331	$667,347
Net Loss	$ (4,261,562)	$ (11,893,830)
Basic and Diluted Loss Per Share[1]	$(0.01)	$(0.02)

(1) The basic and diluted loss per share is calculated using the combined Common Shares and Class A – Preferred Shares outstanding as at September 30, 2022 and December 31, 2021, being 214,413,797 and 445,000,000 respectively.

Statement of Financial Position	As at September 30, 2022 ($)	As at December 31, 2021 ($)	As at October 9, 2020 ($)
Total Assets	37,093,040	37,412,339	45,352,482
Total Liabilities	22,696,955,	18,782,069	14,891,110
Total Shareholders Equity	14,396,085	18,630,270	30,461,372

Statement of Operations

AgMedica recorded a net loss during the reporting period ended September 30, 2022, of $4,261,562 (December 31, 2021 - $11,893,830).

Revenues

AgMedica generated gross revenues of $8,949,503 during the reporting period ended September 30, 2022 (December 31, 2021 - $13,451,538), which were subject to excise taxes of $1,571,012 (December 31, 2021 - $2,945,811) resulting in net revenues of $7,378,491 (December 31, 2021 - $10,505,727). Throughout the reporting period, AgMedica grew sales internationally as can be viewed in the table below both in aggregate dollars and as a percentage of overall sales. Domestic revenues totalled $5,182,018 (December 31, 2021 - $10,666,411) while international revenues totalled

$3,767,485 (December 31, 2021 - $2,785,127), representing 57.5% (December 31, 2021 - 79.3%) and 42.5% (December 31, 2021 - 20.7%) respectively of total gross revenues. The chart below represents the unaudited results for the three-months periods ended

Statement of Operations	September 30, 2022	June 30, 2021	March 31, 2021	December 31, 2021
Domestic Revenues ($)	1,421,624	1,896,338	1,825,475	2,552,477
International Revenues ($)	1,195,382	1,529,853	1,042,250	1,089,749
Total Revenues ($)[2]	2,655,586	3,426,191	2,867,725	3,642,226
Domestic Revenues (%)	53.5%	55.3%	63.7%	70.1%
International Revenues (%)	46.5%	44.7%	36.3%	29.9%
Statement of Operations	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**	**December 31, 20201**
Domestic Revenues ($)	2,370,006	2,114,910	1,278,849	2,350,169
International Revenues ($)	250,483	537,700	695,021	212,174
Total Revenues ($)2	2,620,489	2,652,610	1,973,870	2,562,343
Domestic Revenues (%)	90.4%	79.7%	64.8%	91.7%
International Revenues (%)	9.6%	20.3%	35.2%	8.3%

1 – This quarterly period is from October 10, 2020 to December 31, 2020 and is not a complete quarterly period.

2 – This figure represents the gross revenues earned by AgMedica prior to the netting of pricing discounts and adjustments.

Excise Taxes

During the reporting period, AgMedica incurred $1,571,012 (December 31, 2021 - $2,945,811) of excise taxes related to domestic sales, representing 30.3% (December 31, 2021 - 27.6%) of domestic gross revenues. As AgMedica continues to execute on its international expansion plans, AgMedica expects the percentage of excise taxes to gross revenues to decrease, as international revenues are not subject to excise taxes, resulting in higher margins. Excise taxes as a percentage of total revenue was 17.6% (December 31, 2021 – 21.9%) for the reporting period ended September 30, 2022.

In accordance with a genetics license agreement to utilize specific strains of cannabis, AgMedica is obligated to pay a minimum of $20,000 annually; and an amount equal to 3% of gross domestic sales from products derived from CBD strains or 8% of gross international sales from products derived from CBD strains. The agreement was executed on March 8, 2021 and renews annually on April 1st unless terminated by written notice 30 days prior to the end of the term. During the reporting period-ended September 30, 2022, AgMedica incurred $24,629 (December 31, 2021 - $84,832) in royalty fees.

Cost of Sales

Agmedica's cost of sales for the period ending September 31, 2022 was $7,799,896 (December 31, 2021 - $12,531,424) resulting in gross loss before fair value adjustments of $421,406, or 5.7% (December 31, 2021 - $2,025,697 or (19.3%)) of net revenues. As it completes the onboarding of additional Phase II grow rooms, AgMedica anticipates economies of scale will result in a lower cost to grow on a per gram basis, which will increase the gross margins before the fair value adjustments.

Included in the $7,799,896 (December 31, 2021 - $10,003,551) of cost of sales is a $4,037,918 (December 31, 2021 - $5,095,063) drawdown of inventory cost of goods sold, which included $1,383,578 (December 31, 2021 - $1,790,421) of non-cash costs to grow. Included in the $702,844 (December 31, 2021 - $2,527,873) of impairment loss on inventory is $184,116 (December 31, 2021 - $1,544,819) of non-cash unrealized fair value.

Gross Profit

AgMedica's 's gross profit is calculated net of the following:

- Production costs – represents current period costs that are directly attributable to the cannabis growing and harvesting process.
- Fair value adjustment on sale of inventory – relates to the previous fair value increase associated with biological assets that were transferred to inventory upon harvest.
- Fair value adjustment on growth of biological assets – represents the estimated fair value less the costs to sell of biological assets as at the reporting date.

Biological assets consist of cannabis plants at various after-harvest stages.

Gross profit (loss) for the reporting period ending September 30, 2022 was $810,811 compared to a loss of ($2,714,650) for the reporting period ending December 31, 2021 and included:

- $1,614,929 (December 31, 2021 - $3,245,489) as an expense for the realized fair value adjustments on inventory sold; and
- $2,847,146 (December 31, 2021 - $2,556,536) of unrealized gain on the change in fair value of biological assets.

AgMedica bifurcates the cash and non-cash costs associated with growing product. As AgMedica expands into Phase II of its operation, it expects to gain some economies of scale, lowering the cash and non-cash costs per gram to produce the high-quality biological asset being transferred to inventory. In addition to the costs being capitalized to biological assets, the yield results achieved from growing the biological assets are an important factor in the costs per gram AgMedica is able to achieve.

Operating Expenses

During the reporting period, AgMedica incurred operating expenses of $4,934,042 or 66.9% of net revenues (December 31, 2021 - $8,511,833, or 81.0% of net revenues), which were comprised of:

Operating Expenses	For the Reporting Period Ended September 30, 2022 ($)	For the Reporting Period Ended December 31, 2021 ($)
Research and development	131,365	342,648
General and administration	1,956,970	4,070,329
Sales and marketing	693,735	1,263,046
Operations and support	1,088,915	1,515,445
Depreciation	1,035,680	1,257,637
Share based compensation	27,377	62,728
Total Operating Expenses	**4,934,042**	**8,511,833**

The operating expenses incurred by AgMedica are expected to continue prospectively, but due to economies of scale expected to be realized from its Phase II expansion plans, AgMedica anticipates that the growth in these operating expenses will be proportionately less than the growth in revenues.

Research and Development

During the reporting period ending September 30, 2022, AgMedica expensed $131,365 (December 31, 2021 - $342,648) in research and development costs, most of which related to salaries incurred for employees focused on research activities. Also included was $nil (December 31, 2021 - $125,534) of inventory deemed experimental as AgMedica was testing a new strain and approach. Adjusting for this one-time experiment, the research and development expense would have been $131,365 (December 31, 2021 - $217,124) for the reporting period ended September 30, 2022.

General and Administration

During the reporting period, AgMedica expensed $1,956,970 (December 31, 2021 - $4,070,329) related to general and administration costs, approximately 58% of which related to employee salaries. Additionally, $386,018 (December 31, 2021 - $913,358) was incurred for insurance and $509,190 (December 31, 2021 - $238,855) for professional fees of auditors, tax advisors and legal counsel. Of the professional fees incurred during the reporting period, $117,552 (December 31, 2021 - $89,192) were recorded as one-time expenses.

Sales and Marketing

During the reporting period, AgMedica expensed $693,735 (December 31, 2021 - $1,263,046) related to sales and marketing, including $466,938 (December 31, 2021 - $857,894) for direct salaries, $108,044 (December 31, 2021 - $246,681) for a third-party field sales team and $106,386 (December 31, 2021 - $78,018) for direct advertising and promotional activities.

Operations and Support

During the reporting period, AgMedica expensed $1,088,915 (December 31, 2021 - $1,515,445) related to operations and support, including $594,916 (December 31, 2021 - $854,143) for direct salaries. AgMedica incurred $690,602 (December 31, 2021 - $1,144,227) related to utilities during the reporting period, of which $513,899 (December 31, 2021 - $883,513) was capitalized to biological assets and $176,704 (December 31, 2021 - $260,714) was expensed to operations and support for (representing that portion deemed not directly attributable to the growing of the biological assets). Additionally, $156,060 (December 31, 2021 - $264,845) was incurred for property taxes related to AgMedica's owned facility.

Depreciation

During the reporting period, AgMedica recorded total depreciation of $2,709,249 (December 31, 2021 - $3,555,056), of which $1,035,680 (December 31, 2021 - $1,257,637) was expensed directly while the balance of $1,673,569 (December 31, 2021 - $2,297,419) was capitalized to biological assets as a non-cash cost to grow. Depreciation expense will increase prospectively as AgMedica incurs additional capital costs in on-boarding additional Phase II capacity.

Share-based Compensation

During the reporting period, AgMedica expensed $27,377 (December 31, 2021 - $62,728) related to share-based compensation. All options outstanding at September 30, 2022 and December 31, 2021 were granted in January, 2021 and none of the granted options have been exercised.

Other (Income) Expenses

AgMedica incurred $138,331 and $667,346 in other (income) expenses during the reporting periods ended September 30, 2022 and December 31, 2021 respectively, as broken down in the table below:

Other (Income) Expenses	For the Reporting Period Ended September 30, 2022 ($)	For the Reporting Period Ended December 31, 2021 ($)
Other Income	(415,395)	(2,942,342)
Other Expense	265,620	44,559
Finance income	(130)	(3,403)
Finance costs	1,327,660	2,879,397
Realized and unrealized (gain) loss on foreign exchange	6,709	10,778
Loss on disposal of property plant and equipment	24,549	425,784
Impairment loss on assets	-	26,652
Other (gains) losses	(1,070,681)	225,921
Total Other (Income) Expenses	**138,331**	**667,346**

The key drivers of other (income) expense during the reporting period ended September 30, 2022 relate to interest on the loans payable of $1,424,890 (December 31, 2021 - $1,897,952), non-cash interest accretion (reversal) related to the Class B Preferred Shares of ($331,262) (December 31, 2021 - $471,216) and non-cash expense for AgMedica's financial advisor1 of $375,608 (December 31, 2021 - $nil). These costs were largely offset by the government COVID relief funding of $110,586 (December 31, 2021 - $2,224,951), received during the reporting period. Additionally, AgMedica received rental income from tenants of $304,810 (December 31, 2021 - $460,813) from its surplus space at is owned facility in Chatham, Ontario.

On April 8, 2022, stemming from the issuance of the press release the Company recorded an expense during the nine months ended September 30, 2022, of $375,608 (period from October 9, 2020 to December 31, 2021 - $nil) on its Consolidated Statement of Operations and Comprehensive Loss, related to a Contractual Commitment. Per an advisory agreement, the issuance of a press release became an obligating event, which is to be fulfilled with the issuance of AgMedica shares immediately prior to the completion of the announced Proposed Transaction. The total other expense recorded during the nine months ended September 30, 2022 was $265,620, which is the value of the advisory agreement expense recorded less the reversal of an accrual reversed from a prior period during the nine months ended September 30, 2022.

Loss per Share

Basic loss per share is calculated by dividing the net profit attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted profit per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other potentially dilutive securities. The weighted average number of common shares used as the denominator in calculating diluted profit per share excludes un-issued common shares related to stock options.

Basic and diluted loss per share for the reporting period ended September 30, 2022, was $0.01 (December 31, 2021 - $0.02) per share where the basic and diluted weighted average number of common shares outstanding during the period was 659,413,797 (December 31, 2021 - 659,413,797). The basic and diluted loss per share is calculated using the combination of the Common Shares and Class A – Preferred Shares outstanding as at September 30, 2022 December 31, 2021, being 214,413,797 and 445,000,000 respectively. The Class A – Preferred Shares were included as they have equal voting rights as the Common Shareholders and convert on a one for one basis.

Total Assets

Total assets at September 30, 2022 were $37,093,040, compared to $37,412,339 as at December 31, 2021, a decrease of $319,298 or 1%. The decrease is due to the recording of $2,693,501 in depreciation for property plant and equipment and $888,935 usage of cash, which was partially offset by a $2,636,821 increase in inventory and $421,259 increase in biological asset values.

Total Liabilities

Total liabilities at September 30, 2022 were $22,696,955 compared to $18,782,068 as at December 31, 2021, an increase of $3,914,886 or 20.8%. The increase is primarily due to a $2,620,889 increase in accounts payable and recording a $501,227 deferred revenue balance.

Class B – Preferred Shares

AgMedica has determined that the Class B - Preferred Shares are a financial liability. The Class B Preferred Shares were issued in conjunction with AgMedica's exit from CCAA on October 9, 2020. AgMedica issued 4,999,933 Class B - Preferred Shares, all with a stated value of $1 per Class B Preferred Share. The Class B - Preferred Shares are non-voting. Each Class B Preferred Share is entitled to receive a pro rata annual cumulative dividend from an amount equal to 10% of AgMedica's free cash flow during that fiscal year, based on AgMedica's annual financial statements, with payment to be rendered within 60 days after AgMedica issues its annual financial statements.

The obligation for the Class B – Preferred shares on September 30, 2022, December 31, 2021 and as of the date of this MD&A is $4,999,933. AgMedica did not generate free cash flows during the reporting periods ended September 30, 2022 and December 31, 2021 respectively and thus did not reduce the Class B – Preferred Share obligation.

Liquidity and Capital Resources

As at September 30, 2022, AgMedica had cash of $327,999 compared to $1,216,934 as at December 31, 2021.

During the reporting period, AgMedica's activities have been funded primarily by the capital received upon the exit of CCAA through the issuance of the Class A Preferred Shares and by an increase in its debt facilities (based on a material increase in the value of its real estate).

Based on the current funds held, AgMedica does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital.

AgMedica assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact AgMedica's ability to access equity or debt markets in the future.

AgMedica anticipates investing capital resources to complete the AgMedica Expansion during the next twelve to twenty-four months at an approximate cost of $4.5 million to $5.0 million. The AgMedica Expansion will be completed in the following phases (subject to available funds):

	Estimated Cost ($)	Estimated Completion Date
Additional cooling chillers	750,000	June 30, 2023
Grow room environmental controls, electrical connections, irrigation and air handling commissioning	900,000	June 30, 2023
Harvesting and processing equipment	600,000	August 31, 2023
Additional cooling chillers	750,000	November 30, 2023
Grow Room environmental controls, electrical connections, irrigation and air handling commissioning	1,000,000	March 31, 2024
Additional grow lights	1,000,0000	March 31, 2024
Total	**5,000,000**	

For the nine month reporting period ended September 30, 2022, cash used by operating activities was $1,209,403. Cash used by operations for the reporting period resulted primarily from a net loss, and unrealized gain on changes in fair value of biological assets, which was primarily offset by changes in fair value included in the inventory sold, depreciation of property, plant and equipment, an impairment of inventory and changes in working capital items. The net loss that was incurred by AgMedica during the reporting period transpired as AgMedica was not able to generate enough sales volumes from its exciting facility at high enough margins to generate net income. AgMedica is attempting to mitigate or eliminate operating losses prospectively through the completion of the Phase II expansion, which will increase AgMedica's grow capacity and the transition of sales from domestic to international where exist taxes are not applicable, all of which will increase operating margins.

For the nine month reporting period ended September 30, 2022, cash generated from financing activities was $931,661 resulting from the proceeds generated from an increase in AgMedica's debt facilities, which was partially offset by the transaction fees incurred for the expansion of the term debt.

For the nine month reporting period ended September 30, 200, cash used by investing activities was $611,193 resulting primarily from the acquisition of property, plant and equipment for the proposed expansion, which was partially offset by the proceeds generated on the disposition of surplus property, plant and equipment.

AgMedica during the September 30, 2022 and December 31, 2021 and as of the date of this MD&A is not subject to any externally imposed capital covenants related to its indebtedness.

As at September 30, 2022, December 31, 2021 and at the time of this MD&A, AgMedica does not have credit facilities in place to allow for additional access to capital if required.

Off Balance Sheet Arrangements

AgMedica has not entered into any off-balance sheet transactions that have, or are reasonably likely to have, a current or future effect on the financial performance of financial condition of AgMedica.

Changes in Accounting Policies Including Initial Adoption

AgMedica has not adopted any accounting policies during the reporting period and, other than as set forth below, has not and does not expect to adopt any in the period subsequent to the reporting period.

IFRIC 23 Uncertainty over income tax treatments clarifies the application of recognition and measurement requirement in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances.

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. AgMedica has not completed its analysis of the impact of this new standard but in its preliminary analysis it does not expect a material impact on its financial position and financial performance for the adoptions of IFRIC 23.

On May 14, 2020, the IASB issued amendments to IAS 37 to specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract', which addresses onerous contracts and cost of fulfilling a contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. This amendment is effective on January 1, 2022. AgMedica intends to adopt this amendment in its consolidated financial statement for the annual period beginning January 1, 2022. The extent of the impact of the adoption of this amendment has not yet been determined.

Proposed Transactions

Please refer to the Listing Statement for a description of the proposed Fundamental Change Transaction, including the pro forma financial statements appended thereto as Schedule B.

Related Party Transactions

AgMedica's key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of AgMedica as a whole. AgMedica has determined that key management personnel consist of members of the Board of Directors and executive officers.

The remuneration of directors and key management personnel during the reporting periods-ended September 30, 2022 and December 31, 2021, is set out below:

Related Party Reconciliation	**For the Reporting Period Ended September 30, 2022 ($)**	**For the Reporting Period Ended December 31, 2021 ($)**
Salaries and benefits	$661,797	$1,136,351
Share-based compensation	16,290	37,324
Total Related Party Compensation	$678,087	1,173,675

As at September 30, 2022, the related parties to AgMedica had an amount receivable from AgMedica of $88,395 (December 31, 2021 - $5,152), which is included in accounts payable and accrued liabilities for amounts owing to related parties for reimbursement of expenses incurred in the normal course of business.

Outstanding Share Data

Please refer to Items 9.C and 10.C of the Listing Statement for a description of the outstanding share data of AgMedica.

Financial Instruments

AgMedica's financial instruments consist of cash, cash equivalents accounts payable, accounts receivable, the Class B Preferred Shares and other financial assets and accrued liabilities.

The following table summarizes the original measurement categories under IFRS 9 for each class of AgMedica's financial assets and financial liabilities:

Financial asset / liability	IFRS 9
Cash	Fair Value Through Profit or Loss (FVTPL)
Accounts receivable	Amortized cost
Other financial assets	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Term debt	Amortized cost
Deposits	Amortized cost
Class B - preferred shares	Amortized cost

AgMedica classifies its cash and cash equivalents as fair value through profit or loss. The carrying values of accounts payable, amounts payable and consideration payable, which have been classified as financial liabilities, are measured at amortized cost using the effective interest method.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, AgMedica considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurements are classified using 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 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. Further information on fair value measurements is available in Note 2 of the Financial Statements.

Presently AgMedica is not employing any Level 3 valuation techniques for significant unobservable inputs in the fair value measurement of Level 3 financial instruments other than for valuation of biological assets in Note 8 and Class A and B Preferred Shares in Note 14 and Note 13 of the Financial Statements.

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The fair value of the promissory notes and term debt and equipment financings also approximate their fair value.

The risks associated with AgMedica's financial instruments and how these risks are managed are summarized below.

Credit risk

Credit risk is the risk of potential loss if a counter party to a financial instrument fails to meet its payment obligations. AgMedica is exposed to credit risk with respect to its cash and accounts receivable in the aggregate amount of $1,627,146 as at September 30, 2022 (December 31, 2021 - $2,760,782). Cash is held with certain Canadian financial institutions with high credit worthiness.

AgMedica provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. AgMedica has assessed that it has limited customer credit risk due to the fact that accounts receivable is primarily from the sale of cannabis to government agencies and large retail outlets and have a payment terms of 30 – 60 days. For smaller customers, payment is fulfilled through the processing of a credit card or obtaining payment in advance of delivery, therefore limiting the AgMedica's credit risk exposure on these types of transactions.

To mitigate credit risk exposure for its international customers, AgMedica receives a minimum of a 50% deposit prior to shipment.

During the reporting period-ended September 30, 2022, AgMedica earned a total gross revenues of $8,002,363 (December 31, 2021 - $11,718,558) from three major customers. These customers each had revenues of over 10% of AgMedica total revenue for the reporting period-ended September 30, 2022 and December 31, 2021 respectively. Total amounts receivable owing from these customers at September 30, 2022, was $777,113.80 (December 31, 2021 - $958,180).

The aging of AgMedica's trade receivables has not changed significantly between September 30, 2022 and December 31, 2021. As at September 30, 2022, no financial assets were past due except for the outstanding accounts receivable, of which $42,314 (December 31, 2021 - $2,013) was greater than 60 days outstanding as at September 30, 2022.

Liquidity risk

Liquidity risk is the risk that AgMedica will not be able to meet its obligations as they become due. AgMedica manages its liquidity risk by reviewing on an ongoing basis its capital requirements and raises capital as required to support investment in production facilities and working capital requirements.

Based on the current funds held, AgMedica does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to AgMedica.

With that being stated, AgMedica has extended the terms of its existing loan obligations by 24 months beyond the current expiry dates to November 1, 2024 and September 1, 2024 for the first and second mortgages respectively. Upon renewal, there are no assurances that loan extensions will be available on terms and conditions acceptable to AgMedica.

Market Risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument held by AgMedica will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to other factors including changes in equity prices.

Interest rate risks on the interest-bearing financial liabilities are limited due to the fact that they are fixed rate interest instruments carried at amortized cost.

AgMedica, through its international customers and vendors is exposed to currency risk. As at September 30, 2022, $nil (December 31, 2021, $216,718) of its financial assets and September 30, 2022 $74,106 (December 31, 2021, $nil) of its financial liabilities (October 9, 2020 – $nil) are denominated in U.S. dollars.

AgMedica is exposed to the U.S. dollar and a 10% strengthening or weakening in the U.S. dollar against the Canadian dollar on financial assets and financial liabilities would result in a decrease or increase of approximately $7,411 (December 31, 2021 - $21,672) in net loss for the reporting period-ended September 30, 2022.

AgMedica has not entered into any hedging agreements or purchased any financial instruments to hedge its foreign currency risk.

Risks and Uncertainties

Please refer to the Listing Statement for a description of the risks that could affect AgMedica's financial condition, results of operation or business and that could cause actual results to differ materially from those expressed in our forward-looking statements.

SCHEDULE G-1
ATLAS ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 31, 2021 AND 2020

Consolidated financial statements of
Atlas Biotechnologies Inc.

September 30, 2021

Deloitte.

Deloitte LLP
10180 - 101 Street NW
Suite 1500
Manulife Place
Edmonton AB T5J 4K1
Canada

Tel: 780-421-3611
Fax: 780-421-3782
www.deloitte.ca

Independent Auditor's Report

To the Shareholders of
Atlas Biotechnologies Inc.

Opinion

We have audited the consolidated financial statements of Atlas Biotechnologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2021, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
December 13, 2021

Atlas Biotechnologies Inc.
Consolidated statement of financial position
As at September 30, 2021
(Expressed in Canadian dollars)

	Notes	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents		2,426,905	220,850
Accounts receivable	6	1,498,055	769,393
Biological assets	7	671,612	1,240,741
Inventory	8	5,340,867	6,003,868
Deposits and prepaid expenses	9	272,164	101,961
		10,209,603	8,336,813
Non-current assets			
Deposits	9	232,268	1,480,556
Property, plant and equipment	10	14,964,194	21,831,172
Intangible assets	11	62,090	60,890
		15,258,552	23,372,618
Total assets		25,468,155	31,709,431
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		2,703,955	2,907,408
Debt	12	1,091,419	890,475
Lease liabilites	13	23,829	134,904
Convertible debt	14	820,220	—
Shareholder loans		—	475,000
Unearned revenue		70,266	26,941
		4,709,689	4,434,728
Long term debt classified as current		—	8,834,470
		4,709,689	13,269,198
Non-current liabilities			
Lease liabilities	13	—	4,710,246
Convertible debentures	14	562,021	861,357
Debt	5 & 12	8,765,293	679,812
		9,327,314	6,251,415
Total liabilites		14,037,003	19,520,613
Equity			
Share capital	15	36,499,033	27,659,679
Contributed surplus		6,678,549	6,512,044
Accumulated other comprehensive loss		—	(372,022)
Accumulated deficit		(31,746,430)	(21,610,883)
		11,431,152	12,188,818
Total equity		11,431,152	12,188,818
Total liabilities and equity		25,468,155	31,709,431
History of the Company and nature of operations	1		

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

On behalf of the Board of Directors

Elan MacDonald, Director

_______________, Director

Atlas Biotechnologies Inc.
Consolidated statement of loss and comprehensive loss
Year ended September 30, 2021
(Expressed in Canadian dollars)

	Notes	2021 $	2020 $
Revenue	16	8,533,922	5,382,355
Excise taxes		(1,495,575)	(176,451)
Net revenue	16	7,038,347	5,205,904
Inventory production costs expensed to cost of sales	8	(6,354,830)	(5,185,004)
Gross margin, excluding fair value items		683,517	20,900
Realized gain/(loss) included in inventory expensed to cost of sales	8	573,145	(2,523,646)
Unrealized gain on changes in fair value of biological assets	7	544,064	4,999,526
Write-down of inventory to net realizable value	8	(645,437)	(1,724,091)
Write-down of obsolete inventory	8	(4,135,947)	—
Gross margin		(2,980,658)	772,689
Expenses			
General and administrative	18	5,185,389	4,541,717
Share-based compensation expense	17	1,766,736	3,111,359
Depreciation	10	654,590	607,496
Total expenses		7,606,715	8,260,572
Loss from operations		(10,587,373)	(7,487,883)
Other income (loss)			
Loss on disposal of property, plant and equipment	10	(1,924,946)	—
Other income	5	2,220,786	992,573
Interest income		2	170
Foreign exchange gain		155,984	176,520
		451,826	1,169,263
Net loss for the year		(10,135,547)	(6,318,620)
Exchange differences on translation of foreign operations		372,022	(310,551)
Comprehensive loss for the year		(9,763,525)	(6,629,171)

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

Atlas Biotechnologies Inc.
Consolidated statement of changes in equity
Year ended September 30, 2021
(Expressed in Canadian dollars)

	Notes	Share capital $	Contributed surplus $	Accumulated deficit $	Accumulated other comprehensive loss $	Total equity $
Balance, September 30, 2019		**26,182,056**	**4,727,054**	**(15,292,263)**	**(61,471)**	**15,555,376**
Shares issued	15	57,504	—	—	—	57,504
Share-based compensation expense	18	—	3,111,359	—	—	3,111,359
Vesting of share grants	15 & 18	1,420,119	(1,420,119)	—	—	—
Convertible debt reserve		—	93,750	—	—	93,750
Translation of foreign operations		—	—	—	(310,551)	(310,551)
Net loss for the year ended September 30, 2020		—	—	(6,318,620)	—	(6,318,620)
Balance, September 30, 2020		**27,659,679**	**6,512,044**	**(21,610,883)**	**(372,022)**	**12,188,818**
Shares issued	15	7,117,001	—	—	—	7,117,001
Share-based compensation expense	18	—	1,766,736	—	—	1,766,736
Vesting of share grants	15 & 18	1,684,853	(1,684,853)	—	—	—
Convertible debt reserve	14 & 15	—	122,122	—	—	122,122
Conversion of debt	14 & 15	37,500	(37,500)	—	—	—
Translation of foreign operations		—	—	—	372,022	372,022
Net loss for the year ended September 30, 2021		—	—	(10,135,547)	—	(10,135,547)
Balance, September 30, 2021		36,499,033	6,678,549	(31,746,430)	—	11,431,152

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

Atlas Biotechnologies Inc.

Consolidated statement of cash flows

Year ended September 30, 2021

(Expressed in Canadian dollars)

	Notes	2021 $	2020 $
Operating activities			
Net loss for the year		(10,135,547)	(6,318,620)
Items not involving cash			
Depreciation	10	2,090,509	1,736,322
Share-based compensation expense	17	1,766,736	3,111,359
Loss on disposal of property, plant, and equipment		1,924,946	—
Unrealized gain on changes in fair value of biological assets	8	(544,063)	(4,999,526)
Realized loss included in inventory expensed to cost of sales	9	(573,145)	2,523,646
Write-down of inventory to net realizable value	9	645,437	1,724,091
Writedown of obsolete inventory		4,135,947	—
		(689,180)	(2,222,728)
Changes in non-cash working capital	20	(3,939,957)	(910,620)
		(4,629,137)	(3,133,348)
Investing activities			
Purchase of property, plant and equipment	10	(135,335)	(1,202,731)
Purchase of intangible assets	11	(1,200)	(10,711)
		(136,535)	(1,213,442)
Financing activities			
Proceeds from issuance of common shares	15	6,645,500	57,504
Repayment of shareholder loans		(475,000)	—
Proceeds from shareholder loans		—	150,000
Repayment of lease liability		(137,256)	(25,663)
Proceeds from issuance of debt		1,195,158	3,929,957
Repayment of debt		(628,697)	(394,364)
		6,599,705	3,717,434
Increase/(decrease) in cash and cash equivalents		1,834,033	(629,356)
Effects of exchange rate changes on cash held in foreign currencies		372,022	(216,799)
Cash and cash equivalents, beginning of the year		220,850	1,067,005
Cash and cash equivalents, end of the year		2,426,905	220,850

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

1. History of the company and nature of operations

Atlas Biotechnologies Inc. (“Atlas” or “the Company”) was incorporated on December 1, 2017, and is the parent company of Atlas Growers Ltd., which was originally incorporated as MMJ Genetics Ltd. (“MMJ”) under the laws of the Province of Alberta, Canada on February 6, 2015. MMJ subsequently changed its’ name to Atlas Growers Ltd. (“AGL”) on August 9, 2017. Atlas is a privately held corporation based in Edmonton, Alberta.

These consolidated financial statements (the “Financial Statements”) reflect the accounts of Atlas, AGL, and another subsidiary companies (which are currently inactive).

These Financial Statements have been prepared by management on a going concern basis which assumes that Atlas will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. In 2020, Atlas obtained Health Canada licenses for the production, standard cultivation, and processing of cannabis allowing them to sell cannabis in accordance with subsection 11(5) and 17(5) of the Cannabis Regulations. Atlas is in the process of commercializing its business and building up its operations to full capacity to generate ongoing profitable operations. During the year ended September 30, 2021, Atlas generating net losses of $10,135,547 and had an accumulated deficit of $31,746,300 as of September 31, 2021, however it also has positive working capital of $1,834,033 and shareholder equity of $11,431,152 as of this date. Atlas expects to continue operations for the foreseeable future, satisfy its commitments, and repay its liabilities arising from normal business operations as they become due.

2. Basis of presentation

(a) Statement of compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These Financial Statements were approved by the Company’s Board of Directors on December 09, 2021.

(b) Basis of measurement

These Financial Statements have been prepared on a going concern basis, at historical cost except for share - based compensation expense, biological assets and certain financial instruments, which are measured at fair value.

(c) Functional and presentation currency

These Financial Statements are presented in Canadian dollars. The functional currency of the Company and all its subsidiaries is Canadian dollars aside from Atlas Growers Denmark A/S which has a functional currency of the Danish Krone. All dollar amounts presented are in Canadian dollars unless otherwise specified.

2. Basis of presentation (continued)

(d) Basis of consolidation

The Financial Statements consolidate the assets, liabilities, revenues, and expenses of the below subsidiaries after the elimination of inter-company transactions and balances:

Entity name	Ownership percentage at September 30, 2021	Ownership percentage at September 30, 2020
Atlas Growers Ltd. ("Atlas Growers")	100%	100%
Atlas Growers Denmark A/S (Inactive)	100%	100%

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. This control is evidenced through, among other things, owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. The financial statements of the subsidiary are included in the Financial Statements of the Company from the date that control commences until the date that control ceases.

3. Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents is comprised of holdings in business and savings accounts and term deposits with an original maturity of three months or less, held at Canadian chartered banks.

Biological assets

The Company's biological assets consist of seeds, clones, and cannabis plants before harvest. The Company capitalizes all the direct and indirect costs as incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest including labor related costs, grow consumables, materials, utilities, facilities costs, quality and testing costs, and production related depreciation. The Company then measures the biological assets at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Cost to sell includes post-harvest production, shipping and fulfillment costs. The net unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the consolidated statement of loss and comprehensive loss of the related reporting year. Seeds and clones are measured at fair value, which approximates cost.

3. Significant accounting policies (continued)

Inventory

The Company's inventory consists of cannabis products after the point of harvest and consumable supplies. Inventory is valued at the lower of cost and net realizable value, with cost determined using the weighted average cost basis. Inventory of harvested cannabis is transferred from biological assets at its fair value less cost to sell up to the point of harvest, which becomes the initial deemed cost. All subsequent direct and indirect post-harvest costs are capitalized to inventory as incurred, including labor related costs, consumables, materials, packaging supplies, utilities, facilities costs, quality and testing costs, and production related depreciation. Inventory of consumable supplies are initially recognized at cost. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant, and equipment

Property, plant, and equipment is carried at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the asset acquisition. The cost of self-constructed assets includes the cost of materials, direct labor, other costs directly attributable to make the asset available for its intended use, as well as relevant borrowing costs on qualifying assets.

Depreciation is calculated from the point when an asset is available for use on a straight-line basis over the following estimated useful lives:

Production facility	20 years
Buildings	10 years
Production equipment	5–10 years
Office and computer equipment	5–7 years
Vehicles	5 years
Leasehold improvements	Term of the lease

Residual values and estimated useful lives are reviewed annually and any changes are accounted for prospectively. When an item of property, plant and equipment have major components, they are depreciated separately.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses.

Amortization is calculated on a straight-line basis over the following estimated useful lives:

Trademarks	Indefinite useful life
Health Canada licenses	Indefinite useful life

Estimated useful lives are reviewed annually and any changes are accounted for prospectively.

3. Significant accounting policies (continued)

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless other systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(a) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

Fixed lease payments, less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

(b) Remeasurement of lease liability

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. Significant accounting policies (continued)

Leases (continued)

(c) *Right-of-use assets*

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of long-lived assets' policy.

Revenue

The Company generates revenue from the sale of cannabis and cannabis related products. Revenue from the sale of cannabis and cannabis related products is generally recognized when control over the goods has been transferred to the customer based on the terms of the contract. Payment for wholesale transactions is due within a specified time period as permitted by the underlying agreement and the Company's credit policy upon the transfer of goods to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

Revenue from the sale of cannabis and cannabis related products, as presented on the consolidated statement of loss and comprehensive loss represents revenue from the sale of goods less applicable excise taxes and any discounts or rebates.

Government assistance

The Company recognizes a government grant when it has reasonable assurance that it will comply with the relevant conditions and the grant will be received. This may be a judgmental matter, particularly when governments are introducing new programs that may require new legislation, or for which there is little established practice for assessing whether the conditions to receive a grant are met.

If the conditions are met, the Company recognizes government grants in profit or loss on a systematic basis and in line with its recognition of the expenses that the grants are intended to compensate. Grants related to income or expense are presented separately under the heading of 'Other income".

3. Significant accounting policies (continued)

Share-based compensation expense

Atlas has in place share-based programs which are intended to provide compensation incentives to key members of its Board of Directors, management, consultants and employees in the form of the issuance of time-vested restricted share units ("RSUs"), performance-vested restricted share units ("Performance RSUs"), share grants, and stock options ("Options"), pursuant to which the holder is able to acquire Atlas Class B common shares.

Atlas records share-based compensation expense for RSUs, Performance RSUs, share grants, and Options granted using the fair value method, whereby the fair value is calculated at the date of grant using the Black-Scholes option pricing model, which incorporates input assumptions related to factors such as:

- the estimated fair value of Atlas common shares;
- the estimated volatility in the underlying Atlas common shares which may be acquired;
- potential future forfeitures by the holders of RSUs, share grants and Options; and,
- risk free rates.

Amounts are recorded as expense over the vesting period of the RSUs, Performance RSUs, share grants, and Options, and results in an offsetting increase in contributed surplus. When Options become exercised, the consideration received by Atlas is credited to share capital. In addition, contributed surplus is reduced and share capital is increased by the amount of cumulative share-based compensation expense that has been recorded for each security that is exercised. RSUs, Performance RSUs and share grants have no exercise price and once vested the amounts previously recorded in contributed surplus are transferred to share capital. When the terms of the Options, RSUs, Performance RSUs, or share grants are modified and the modification results in an increase to the fair value, the incremental fair value is recognized over the remaining vesting period.

At each financial position reporting date, the cumulative amount recognized as expense is adjusted to reflect the actual number of RSUs, Performance RSUs, share grants, and Options that are expected to vest. No cumulative expense is recognized for awards that do not ultimately vest.

In situations where equity securities are issued to non-employees and the fair value of the goods or services received by Atlas cannot be reliably determined, they are measured at the fair value of the share-based payment.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments related to amendments to taxes payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax basis of assets and liabilities for financial reporting purposes and the amounts used for income taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss, to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax recorded is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3. Significant accounting policies (continued)

Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless the Company has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

Classification and measurement of financial assets

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Company classifies its financial assets:

- Amortized cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;
- Fair Value through Other Comprehensive Income ("FVOCI"): Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or
- Fair Value Through Profit or Loss ("FVTPL"): Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial instruments.

On initial recognition, the Company may irrevocably designate a financial asset that meets the amortized cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. There is no subsequent reclassification of fair value changes to earnings following the derecognition of the investment. However, dividends that reflect a return on investment continue to be recognized in net loss. This election is made on an investment-by-investment basis.

The Company's financial assets consist of cash and cash equivalents classified as FVTPL and government investment certificates and accounts receivable classified as amortized cost.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in net loss and comprehensive loss.

Financial assets are reclassified subsequent to their initial recognition only if the business model for managing those financial assets changes. The affected financial assets will be reclassified on the first day of the first reporting period following the change in the business model. A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

3. Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses ("ECL"s) on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

Classification and measurement of financial liabilities

A financial liability is initially classified as amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held- for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

At in initial recognition, the Company determines whether a contact contains a hybrid instrument comprising a host financial liability and one or more embedded derivatives. The Company then assesses whether the embedded derivative(s) is required to be separated from the host financial liability.

The Company's financial liabilities consist of accounts payable and accrued liabilities, shareholder loans and debt classified as amortized cost.

Financial liabilities at FVTPL are measured at fair value with changes in fair value, along with any interest expense, recognized in net loss and comprehensive loss. Financial liabilities at amortized cost are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in net loss and comprehensive loss. Any gain or loss on derecognition is also recognized in net loss and comprehensive loss.

A financial liability is derecognized when the obligation is discharged, cancelled, or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified it is considered to be extinguished and a gain or loss is recognized in net loss and comprehensive loss based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in net loss and comprehensive loss.

3. Significant accounting policies (continued)

Impairment of non-financial assets

At the end of each reporting period, the Company's non-financial assets including property, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets may be impaired. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets, referred to as cash generating units ("CGU"). If such indication exists, the recoverable amount of the asset or CGU is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the cost of disposition.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Foreign currency

Transactions undertaken in currencies other than the individual entity functional currencies are translated into the functional currency at daily exchange rates prevailing when the transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates and non-monetary items are translated at historical exchange rates. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Realized and unrealized exchange gains and losses are recognized in the consolidated statement of loss and comprehensive loss.

The assets and liabilities of foreign operations are translated into Canadian dollars using the period-end exchange rates. Income, expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from the translation of foreign operations into Canadian dollars are recognized in other comprehensive income and accumulated in equity as a accumulated other comprehensive loss.

Significant accounting judgments and estimates

The preparation of Financial Statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported revenues and expenses during the year. Actual results may differ materially from these estimates.

Significant estimates and judgements used in the preparation of these Financial Statements include, but are not limited to, the following:

3. Significant accounting policies (continued)

Significant accounting judgments and estimates (continued)

Consolidation

The Company applies judgement in determining control over certain subsidiaries based on a review of all contractual agreements to determine if the Company has control over the activities, projects, financial and operating policies of the subsidiary.

Provisions for ECLs

The Company calculates ECLs considering historical default rates and forward-looking assumptions to calculate, which is reviewed by management on a quarterly basis. Assessments are made by management after taking into consideration the customer's payment history, the current economic environment, and their credit worthiness. The Company recently commenced revenue generation therefore the history of bad debt expense has not been significant; however, a customer's ability to fulfill its payment obligations can change suddenly without notice. Specific provisions may be used where there is information that a specific customer's ECLs has increased.

Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, average or expected selling prices and list prices, expected yields for the cannabis plants, and oil conversion factors. In calculating final inventory values, management compares the inventory cost to estimated net realizable value. The Company uses judgment in determining the net realizable value of inventory. When assessing net realizable value, the Company considers the impact of price fluctuation, inventory spoilage and inventory damage.

Estimated useful lives of property, plant and equipment and intangible assets

Atlas makes estimates and utilizes assumptions in determining the useful lives and residual value of property, plant and equipment and related depreciation and useful lives of intangible assets and related amortization. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain assets.

Assets under construction

The Company applies judgement in determining when assets under construction are ready for their intended use at which point depreciation is commenced.

Impairment

The recoverable amount of a non-financial asset is based on estimates and assumptions regarding the expected market outlook and future cash flows. Assumptions, judgments and estimates about future values are complex and often subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in the Company's business strategy or internal forecasts. Different assumptions, judgments and estimates could materially affect the Company's reported financial results.

3. Significant accounting policies (continued)

Share-based compensation expense

The fair value of share-based compensation expense is estimated using the Black-Scholes option pricing model and relies on a number of estimated inputs, such as the expected life of the option, the volatility of the underlying share price, forfeiture rates, and the risk-free rate of return. Changes in the underlying estimated inputs may result in materially different results.

Deferred taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In assessing the probability of realizing deferred tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Provisions and contingencies

The amount recognized as a provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. Atlas assesses its liabilities and contingencies based upon the best information available.

4. Future accounting pronouncements

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's financial statements.

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

(Expressed in Canadian dollars)

5. Impact of COVID-19

On 11 March 2020, COVID-19 was declared a global pandemic by the World Health Organization. The COVID-19 pandemic continues to have a significant adverse impact on the global economy. This has included locking down economies and restricting travel and these two factors have impacted the Company's business**.** While the Company is unable to quantify the duration and magnitude of the impact on its operations, it has noted several observations:

The Company has not yet experienced any supply chain interruptions as a result of the COVID- 19 pandemic.

Within Canada, the Company has been able to continue all its operations to date, including its Lac. Ste. Anne manufacturing plant and introduced changes to ensure the operations are maintained while ensuring the safety of its employees and all key stakeholders. Employees temporarily worked at home throughout the fiscal year. The Company believes it can adjust to operate remotely if it was required to do so again due to recommendations of public health authorities.

The Company monitors each month its eligibility for wage subsidies under the Canadian government CEWS program. It has received $1,749,293 for 2021 ($992,573 in 2020) and is recorded in other income. The CEWS Program ended in October 2021, and approximately $35,288 is anticipated to be collected.

The Company monitors each month its eligibility for rent subsidies under the Canadian government CERS program. It has received $193,469 for 2021 (nil in 2020) and is recorded in other income. The CERS Program ended in October 2021, and approximately $65,645 is anticipated to be collected.

The Company also received $ nil ($577,000 in 2020) from the Regional Relief and Recovery Fund (RRRF) Loan provided by the Western Economic Diversification Canada to aid with payments for operating costs. No future amounts are expected to be received.

Overall, the Company is unable to determine the impact that COVID-19 may have on its operations and profitability in 2022 and beyond.

6. Accounts receivable

Accounts receivable is comprised of:

	2021	2020
	$	$
Indirect tax receivable	**16,024**	25,975
Trade receivables	**1,238,791**	562,186
Other	**243,240**	181,232
	1,498,055	769,393

As more fully described in note 22, the Company evaluates the necessity for an allowance for expected credit losses resulting from the inability to collect on its trade accounts. The evaluation considers specific customers' credit risk, the aging of trade accounts receivable, historical experience and current economic information. No allowance for expected credit losses was provided as of September 30, 2021 and September 30, 2020 and no amounts were written off as uncollectible during the respective periods ended September 30, 2021 and September 30, 2020.

(Expressed in Canadian dollars)

7. Biological assets

The changes in the carrying value of biological assets during the period are as follows:

	2021	2020
	$	$
Balance, beginning of year	**1,240,741**	963,928
Capitalized production costs	**4,879,577**	4,568,327
Unrealized gain on changes in fair value of biological assets	**544,064**	4,999,526
Transferred to inventory upon harvest	**(5,992,770)**	(9,291,040)
Balance, end of year	**671,612**	1,240,741

Because there is no actively traded commodity market for cannabis plants, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data (Level 3). The following are the key valuation inputs used in the market approach:

- Stage of completion: Determined by taking the number of days in production over a total average grow cycle of approximately 100 days. As of September 30, 2021, the estimated stage of completion of biological assets ranged from 13% to 83%, with a weighted average of 50% (44% in 2020). An increase or decrease of 5% in the estimated stage of completion would increase or decrease the fair value of biological assets by approximately $34,552 ($113,668 in 2020).

- Costs to complete: Based on production costs incurred divided by the production during the period.

- Average selling price per gram: Obtain through average historical selling prices or estimated future selling prices if historical prices are not available. Historical prices used ranged from $1.37 to $4.13 ($3.26 to $4.08 in 2020) with a weighted average of $2.34 ($3.75 in 2020). An increase or decrease of 5% in the expected selling price would increase or decrease the fair value of biological assets by approximately $32,825 ($51,653 in 2020).

- Average yield per plant: Obtained through historical growing results or grower estimate if historical results are not available. Historical yield ranged from 66 grams per plant to 174 grams per plant with a weighted average of 154 grams per plant (114 grams in 2020). An increase or decrease of 5% in expected grams yield per plant would increase or decrease the fair value of biological assets by approximately $32,825 ($51,653 in 2020).

As of September 30, 2021, the weighted average fair value less cost to complete and cost to sell a gram of dried cannabis was $2.34 per gram ($3.75 per gram in 2020).

During the year ended September 30, 2021, the Company’s biological assets produced 2,995,541 grams (2,121,304 grams in 2020) of dried harvested cannabis. As of September 30, 2021, it is expected that the Company’s biological assets will yield approximately 563,234 grams (608,044 grams in 2020) of cannabis when harvested.

(Expressed in Canadian dollars)

8. Inventory

Inventory is comprised of:

	2021 $	2020 $
Work-in-process		
Fresh undried flower	**473,936**	555,084
Dried flower	**2,031,182**	3,285,931
Oil	**1,653,401**	1,910,832
	4,158,520	5,751,847
Finished Goods		
Dried Flower	**392,048**	252,021
Extracts	**533,932**	—
	925,980	252,021
Supplies and consumables	**256,367**	—
	5,340,867	6,003,868

Included in work-in-process inventory is:

	2021 $	2020 $
Capitalized production costs and purchases of flower	**686,002**	704,017
Fair value transferred from biological assets net of net realizable value adjustment	**3,472,518**	5,047,830
	4,158,520	5,751,847

Inventory expensed as capitalized production costs during the year ended September 30, 2021, was $5,863,072 ($2,661,358 in 2020). The fair value changes in biological assets included in inventory sold for the year ended September 30, 2021, is a gain of $573,145 (loss of $2,523,646 in 2020).

9. Deposits and prepaid expenses

	2021 $	2020 $
Prepaid expenses	**27,349**	12,346
Business deposits	**244,815**	89,615
Total current	**272,164**	101,961
Security deposits	**232,268**	154,268
Property deposits	**—**	1,326,288
Total non-current	**232,268**	1,480,556
	504,432	1,582,517

(Expressed in Canadian dollars)

10. Property, plant, and equipment

	Land	Buildings	Production facility	Production equipment	Vehicles	Office and computer equipment	Leasehold improvements	Property under finance lease	ROU Asset (i)	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
September 30, 2019	404,285	570,478	13,182,253	3,394,154	162,076	531,255	322,163	4,684,064	–	23,250,727
Additions	–	–	–	262,529	131,602	393,224	415,376	–	–	1,202,731
Transition from IAS 17 to IFRS 16	–	–	–	–	–	–	–	(4,684,064)	4,975,018	290,954
Disposals	–	–	–	–	–	–	–	–	–	–
September 30, 2020	404,285	570,478	13,182,253	3,656,683	293,678	924,479	737,539	–	4,975,018	24,744,412
Additions	–	–	–	74,563	–	56,076	4,696	–	–	135,335
Disposals	–	–	(197,864)	(29,876)	–	–	–	–	(4,684,064)	(4,911,804)
September 30, 2021	**404,285**	**570,478**	**12,984,389**	**3,701,370**	**293,678**	**980,555**	**742,235**	**–**	**290,954**	**19,967,943**
Accumulated depreciation										
September 30, 2019	–	82,696	498,444	448,481	52,675	66,164	28,457	–	–	1,176,918
Depreciation expense	–	19,359	226,233	226,315	19,560	43,093	45,281	–	27,656	607,496
Depreciation capitalized to biological assets	–	37,689	440,429	440,584	38,079	83,893	88,152	–	–	1,128,826
Disposals	–	–	–	–	–	–	–	–	–	–
September 30, 2020	–	139,744	1,165,106	1,115,380	110,314	193,150	161,890	–	27,656	2,913,240
Depreciation expense		17,863	211,993	208,764	18,392	66,572	54,354	–	76,651	654,589
Depreciation capitalized to biological assets	–	39,185	454,667	527,635	40,344	87,074	118,872	–	168,143	1,435,920
Disposals	–	–	–	–	–	–	–	–	–	–
September 30, 2021	**–**	**196,792**	**1,831,766**	**1,851,779**	**169,050**	**346,796**	**335,116**	**–**	**272,450**	**5,003,749**
Net book value										
September 30, 2020	404,285	430,734	12,017,147	2,541,303	183,364	731,329	575,649	–	263,298	21,831,172
September 30, 2021	**404,285**	**373,686**	**11,152,623**	**1,849,591**	**124,628**	**633,759**	**407,119**	**–**	**18,504**	**14,964,194**

(Expressed in Canadian dollars)

10. Property, plant, and equipment (continued)

The production facility included in property under finance lease in Denmark was under construction and was not depreciated as of September 30, 2020. The property under finance lease in Denmark was subsequently terminated and disposed as of September 30, 2021, which resulted in a loss of $1,924,946.

(i) Right of use assets

	$
Cost	
At October 1, 2020	**4,975,018**
Termination of lease	**(4,684,064)**
At September 30, 2021	**290,954**
Accumulated Depreciation	
At October 1, 2020	**27,656**
Additions	**244,794**
At September 30, 2021	**272,450**
Carrying Amount	
At September 30, 2021	**18,504**

The right-of-use assets are building premises leases to support the Company's operations. The remaining term of the lease is 1 year and does not carry an option to renew. The Company does not have the option to purchase the buildings at the end of the lease.

11. Intangible assets

	Trademarks $	Health Canada licenses $	Total $
Cost			
September 30, 2020	46,990	13,900	60,890
Additions	1,200	—	1,200
September 30, 2021	**48,190**	**13,900**	**62,090**
Net book value			
September 30, 2020	46,990	13,900	60,890
September 30, 2021	**48,190**	**13,900**	**62,090**

The intangibles have an indefinite useful life and are therefore not being amortized.

(Expressed in Canadian dollars)

12. Debt

	Demand loans	Direct loans	Vehicle Loans	Government Loan	Total
	$	$	$	$	$
September 30, 2020	125,315	9,560,170	142,272	577,000	10,404,757
Less: current portion of debt	125,315	9,560,170	39,460	—	9,724,945
Amount classified as non-current	—	—	102,812	577,000	679,812
September 30, 2021	50,493	9,123,930	105,289	577,000	9,856,712
Less: current portion of debt	50,493	1,021,510	19,416	—	1,091,419
Amount classified as non-current	—	8,102,420	85,873	577,000	8,765,293

(i) Demand loans

On September 5, 2019, Atlas entered into a loan agreement for a principal amount of $350,000 ("Demand Loan"). The Demand Loan bears interest at 10% per annum, calculated monthly and is repayable within 30 days of the lender providing notice of demand. The loan is personally guaranteed by the Company's CEO and two members of the Board of Directors, has an assignment of $350,000 plus accrued interest payable to Atlas from the lender of the First Direct Loan, and is secured by a general security agreement. Interest expense of $1,481 for the year ended September 30, 2021 ($24,316 in 2020) has been paid and is included in general and administrative expenses on the consolidated statement of loss and comprehensive loss. The loan has been paid in full and the guarantees have been subsequently discharged.

On February 12, 2021, Atlas entered into a loan agreement for a principal amount of $50,000 ("Demand Loan"). The Demand Loan bears interest at 12% per annum, is calculated and paid monthly, and is repayable in 365 days, with an option to extend for 1 year, and the loan is unsecured. Interest expense of $3,781 for the year ended September 30, 2021 (nil in 2020) and is included in general and administrative expenses on the consolidated statement of loss and comprehensive loss.

(ii) Direct loans

First direct loan

On September 3, 2019, Atlas secured a direct loan ("First Direct Loan") for $7,350,000 of which the purpose of $5,250,000 was to settle an existing loan and $2,100,000 was received to complete infrastructure upgrades. The interest rate on the First Direct Loan is 4.15% and is repayable in blended monthly installments of $76,758 with a maturity date of August 1, 2025. If, at maturity date Atlas is not in default of principal and interest payments, and there is any principal amount remaining unpaid under the First Direct Loan, Atlas may renew the First Direct Loan for a further term upon terms and conditions agreed to between Atlas and the lender.

Providing Atlas is not in default of principal and interest payments, Atlas may prepay all or part of the First Direct Loan at any time without notice or penalty. The prepayment option represents an embedded derivative, however, is not separated from the host First Direct Loan as the prepayment option's exercise price is approximately equal on each exercise date to the amortized cost of the host First Direct Loan and therefore is considered closely related.

12. Debt

(ii) Direct loans (continued)

First direct loan (continued)

The First Direct Loan is personally guaranteed by the Company's CEO and two members of the Board of Directors limited to $700,000 each and an unlimited guarantee from Atlas Growers for all present and future debts. The amounts are secured by a $15,000,000 mortgage and a general assignment of rents and leases on the Facility and a security agreement on all the present and after acquired personal property, including proceeds, and including but not limited to all harvested and unharvested crops whether growing or matured and all production, processing and packaging equipment of Atlas and Atlas Growers. Interest expense of $277,653 for the year ended September 30, 2021 ($334,009 in 2020), for which $252,788 is paid and $24,865 is accrued and unpaid and is included in general and administrative expenses on the consolidated statement of loss and comprehensive loss.

Second direct loan

Also on September 3, 2019, Atlas secured an additional direct loan ("Second Direct Loan") for $4,150,000 for the purpose of purchasing equipment and completing additional infrastructure upgrades. The Second Direct Loan was available to be drawn until May 19, 2020, and $2,050,000 was ultimately drawn. The interest rate on the Second Direct Loan is 4.15% and is repayable in blended monthly installments of $38,337 with a maturity date of August 1, 2025. Providing Atlas is not in default of principal and interest payments, Atlas may prepay all or part of the Second Direct Loan at any time without notice or penalty. The amounts are secured by the same security under the First Direct Loan. Interest expense of $75,322 for the year ended September 30, 2021 ($78,859 in 2020), for which $68,609 is paid and $6,713 is accrued and unpaid and is included in general and administrative expenses on the consolidated statement of loss and comprehensive loss.

Classification

The First and Second Direct Loans are subject to financial covenants which are calculated based on the financial results for the preceding year as of September 30 of each year. As of September 30, 2021, Atlas was not in compliance with these covenants. Before year end, Atlas obtained a waiver for the covenants and as such the debt is classified as long-term debt and this is effective until October 1, 2022.

Subsequent event

After year end, the lender amended the terms of the First and Second Direct Loans. One of the personal guarantees for the loans was discharged, resulting in the blended monthly installments being adjusted to $86,802 and $38,467 respectively beginning on November 1, 2021, and the amortization date being updated to March 1, 2030.

(iii) Vehicle loans

Atlas has two (2) business loans for vehicles outstanding which are payable in monthly blended interest and principal payments of $1,939 ($2,753 in 2020) until their respective maturity dates. The loans bear an average interest rate of 2.95% per annum and is due on demand. Interest expense of $4,607 for the year ended September 30, 2021 ($4,390 in 2020) and is included in general and administrative expenses on the consolidated statement of loss and comprehensive loss.

(Expressed in Canadian dollars)

12. Debt

(iv) Government loan

On June 23, 2020, Atlas secured the Regional Relief and Recovery Fund (RRRF) loan for $577,000 for the purposes of covering operating expenses and does not incur interest until the first payment is due on January 31, 2023. The interest rate is the average bank rate (prime) plus 3%, accrues monthly, and is payable in monthly blended payments of $16,000, and ending with a final payment of $17,000 on the maturity date of December 31, 2025.

Payments

Principal payments required on debt in the next five years and thereafter, based on the amendments made to the First and Second Direct Loans after year end, are as follows:

	$
2022	1,094,959
2023	1,279,662
2024	1,323,920
2025	1,372,579
2026	1,035,558
Thereafter	3,750,034
	9,856,712

13. Lease liabilities

The following table reconciles the opening and ending balances of the lease liabilities:

	2021 **$**
Opening, October 1, 2020	**4,845,150**
Additions	**—**
Effects of translation from foreign operations	**—**
Termination of lease	**(4,729,065)**
Adjustment of prior period	**(33,611)**
Interest expense	**2,315**
Lease payments	**(60,960)**
Ending, September 30, 2021	**23,829**

The company expects the following maturities of its undiscounted lease liabilities:

	$
2022	24,068
2023	—
2024	—
2025	—
2026	—
Thereafter	—
	24,068

The company does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are continuously monitored by management.

(Expressed in Canadian dollars)

14. Convertible debentures

	2021	*2020*
	$	*$*
Balance, September 2020	**861,357**	-
Issued	**800,000**	875,000
Conversion option portion on issuance	**(65,873)**	(93,750)
Conversion of debt to shares	**(392,000)**	-
Conversion option portion on extension	**(56,250)**	-
Accretion	**98,591**	36,357
Accrued interest	**136,416**	43,750
Balance, September 2021	**1,382,241**	861,357
Current portion	**820,220**	-
Long-term portion	**562,021**	861,357

During 2020, Atlas issued convertible debentures for a total of $875,000 with a maturity date of May 1, 2021, and a unilateral option for Atlas to extend the maturity date by 12 months, bearing interest at 12% per annum, and convertible into Class B non-voting common shares at $3 per share. $93,750 was allocated to the conversion option and recorded in equity.

At the maturity date, $350,000 plus accrued interest of $42,000 was converted into Class B non-voting common shares. The maturity date for the remaining $525,000 was extended to May 1, 2022, at the option of Atlas. An amount of $56,250 was allocated to the extension of the conversion option and recorded in equity.

During 2021, Atlas issued additional convertible debentures for a total of $800,000 with maturity dates from February 25, 2022, to July 23, 2022, bearing interest from 8 % to 12%, and convertible into Class B non-voting common shares at $3 per share. $65,873 was allocated to the conversion option and recorded in equity. Atlas has a unilateral option to extend the maturity date by 12 months for $610,591 of these debentures.

(Expressed in Canadian dollars)

15. Share capital

The Company's authorized share capital consists of:

- An unlimited number of Class A voting common shares without par value, issuable in series
- An unlimited number of Class B non-voting common shares without par value, issuable in series
- An unlimited number of preferred shares without par value, issuable in series

The following shares have been issued to September 30, 2021:

- 4 Class A voting common shares (4 in 2020)
- 29,727,579 Class B non-voting common shares (24,023,246 in 2020)

	Class A common shares		Class B common shares	
	Shares	Value	Shares	Value
	#	$	#	$
Balance, September 30, 2019	4	4	23,073,245	26,182,052
Shares issued in 2020 related to				
Private placements (i)	—	—	13,334	57,504
Settlement of vested Share Grants (note 19)	—	—	936,667	1,420,119
Balance, September 30, 2020	4	4	24,023,246	27,659,675
Shares issued in 2020 related to				
Private placements (i)	—	—	4,321,667	6,725,001
Conversion of Debt (note 14)	—	—	196,000	429,500
Settlement of vested Share Grants (note 19)	—	—	1,186,666	1,684,853
Balance, September 30, 2021	**4**	**4**	**29,727,579**	**36,499,029**

(i) To aid in financing of operations and the ongoing construction of the Facility, Atlas conducted various private placements of Class B common shares in fiscal 2020 and 2021 as follows:

	Price per share	Class B common shares	
	Value	Shares	Value
	$	#	$
Year ended September 30, 2020			
February 2020 to September 2020	4.31	13,334	57,504
Total ended September 30, 2020		901,369	5,353,871
Year ended September 30, 2021			
November 2020 to September 2021	1.56	4,321,667	6,725,001
Total ended September 30, 2021		5,223,036	12,078,872

The value added to share capital for private placements of $6,725,001 ($57,504 in 2020) during the year ended September 30, 2021, is net of $ nil (nil in 2020) in share issuance costs.

(Expressed in Canadian dollars)

16. Revenues

The Company generates revenue from the sale of Cannabis products and by-products of the cannabis plant and sells their product within Canada. The following table represents the revenue breakdown by source:

	2021	2020
	$	$
Flower	**6,038,197**	2,699,689
Extracts	**964,398**	2,350,010
Services and others	**35,752**	156,204
	7,038,347	5,205,904

Revenues are net of Excise Taxes and any applicable discounts to customers.

17. Share-based compensation expense

(i) Options

Atlas has in place an Option plan (the "Plan") which is aimed at retention, motivation and alignment with the Company of its Directors, Officers, employees, and consultants, who may be granted Options to acquire Class B common shares. The Plan is administered by the Atlas Board of Directors, which approves the terms of Option grants, including the exercise price per share, term of the Option, and vesting periods (normally at a rate of 33.3% per year for employees and consultants and 20% per year for management, Directors and Officers). The maximum number of Class B common shares authorized for issuance under the plan is 10% of the issued and outstanding Class B common shares.

A summary continuity of Options and the total Options which are outstanding as of September 30, 2021, is as follows:

	Options	Weighted average exercise price per option
	#	$
Options outstanding as at September 30, 2019	1,890,788	1.98
Granted (a)	75,003	3.00
Forfeited	(68,333)	4.87
Options outstanding as at September 30, 2020	1,897,458	2.09
Granted (a)	125,995	3.00
Forfeited	(40,003)	5.56
Options outstanding as at September 30, 2021	**1,983,450**	**2.03**

(a) A total of 125,995 Options were granted by Atlas during the year ended September 30, 2021, vesting over a period of 3 years. A total of 75,003 Options were granted by Atlas during the year ended September 30, 2020, vesting over a period of 3 years.

(Expressed in Canadian dollars)

17. Share-based compensation expense (continued)

(i) Options (continued)

A summary of the outstanding and exercisable Options as of September 30, 2021 is as follows:

	Exercise price per share $	Options outstanding #	Options exercisable #	Weighted average remaining life in years
$	0.45	571,420	342,852	3.53
$	1.00	691,420	276,568	4.29
$	2.50	171,425	85,712	4.58
$	3.00	190,327	—	—
$	6.00	337,858	100,572	5.27
$	6.50	21,000	21,000	4.96
		1,983,450	826,704	

Due to changes in market conditions, the price on options for various individuals were changed from $6.00 per share to $3.00 per share.

The fair values of the Options granted were determined on the date of the grants using the Black-Scholes option pricing model, based on utilizing the following assumptions:

	2021 **$**	2020 $
Risk free interest rate	**1.40%**	1.13%
Expected life of Options	**8 years**	8 years
Range of stock price	**$2.00**	$3.00
Expected annualized volatility	**82.14-84.96%**	170.70-175.82%
Expected dividend yield	**nil**	nil
Forfeiture rate	**0%**	0%
Weighted average Black-Scholes "fair value" of Options issued	**$2.95**	$2.94

Volatility was estimated by using the historical volatility of other companies that Atlas considers comparable based on having similar trading and volatility history. The expected life in years represents the period that Options granted are expected to be outstanding. The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the Options.

(Expressed in Canadian dollars)

17. Share-based compensation expense (continued)

(ii) Share Grants

Atlas has entered into agreements with certain of its Directors and key management team to issue Share Grants, each of which represents a contingent right to receive 1 Class B common share of Atlas. Provided that the holder of the Share Grants continues to be actively engaged in providing ongoing services to Atlas, their entitlement to exchange their Share Grants for Class B common shares will vest with the passage of time on vesting dates as determined by the Board of Directors. On each vesting date, the Share Grants are converted into an equivalent number of Class B common shares (normally at a rate of 33.3% per year for management and 20% per year for Directors).

	RSUs #
Share Grants outstanding at September 30, 2019	4,160,000
Granted (a)	40,000
Vested (b)	(936,667)
Forfeited	—
Share Grants outstanding at September 30, 2020	3,263,333
Granted (c)	60,000
Vested (d)	(1,186,666)
Forfeited	—
Share Grants outstanding at September 30, 2021	**2,136,667**

(a) A total of 40,000 Share Grants were issued by Atlas during the year ended September 30, 2020 to management, vesting equally over a period of 3 years. The fair value of Share Grants issued was determined on the date of the grants using the Black-Scholes option pricing model, which resulted in a fair value of $3.00 per Share Grant for those issued during the year ended September 30, 2020.

(b) A total of 936,667 Share Grants were vested during the year ended September 30, 2020.

(c) A total of 60,000 Share Grants were issued by Atlas during the year ended September 30, 2021 to management, vesting equally over a period of 3 years. The fair value of Share Grants issued was determined on the date of the grants using the Black-Scholes option pricing model, which resulted in a fair value of $3.00 per Share Grant for those issued during the year ended September 30, 2021.

(d) A total of 1,186,666 Share Grants were vested during the year ended September 30, 2021.

(Expressed in Canadian dollars)

17. Share-based compensation expense (continued)

(ii) Share Grants (continued)

A summary of the Share Grants issued remaining to be vested as of September 30, 2021, is as follows:

Issue date	Share Grants outstanding #	Weighted average remaining life in years
January 16, 2018 (5-year vesting)	1,950,000	1.29
September 17, 2019 (3-year vesting)	86,667	0.96
August 1, 2020 (3-year vesting)	40,000	1.84
March 1, 2021 (3-year vesting)	60,000	2.42
	2,136,667	

(iii) Performance-vested RSUs

During the year ended September 30, 2019, Atlas issued 75,000 performance RSUs to an employee subject to the completion of certain metrics and activities which are non-market conditions. In the event of a resignation or termination, the employee is entitled to a percentage of the Performance RSUs based on a sliding scale determined by the length of employment prior to the resignation or termination.

(iv) Share-Based Compensation Expense ("SBCE")

The total SBCE recorded in the consolidated statement of loss and comprehensive loss is comprised of the following:

	2021 **$**	2020 $
Options	**694,184**	1,202,608
Share Grants/RSUs	**1,072,552**	1,908,751
	1,766,736	3,111,359

18. General and administrative expense

	2021 **$**	2020 $
Salaries, wages, and benefits	**2,104,144**	1,291,472
Professional and consulting fees	**490,050**	1,034,132
Insurance, property tax, and office	**1,128,658**	977,417
Interest, bank charges, and penalties	**777,751**	849,976
Travel, promotion, and business development	**684,786**	388,720
	5,185,389	4,541,717

(Expressed in Canadian dollars)

19. Income taxes

As Atlas has incurred a net loss for income tax for the year ended September 30, 2021 and the year ended September 30, 2020, no current tax expense has been recorded in these Financial Statements. This provision for income tax expense is different than the amount that is obtained by applying statutory rates to the loss before income taxes due to the following:

	2021	2020
	$	$
Loss for the year before income taxes	**(10,135,547)**	(6,318,619)
Statutory rate	**11%**	11%
Expected income tax recovery	**(1,114,910)**	(695,048)
Effect of non-deductible items	**152,720**	349,129
Losses carried forward	**942,361**	—
Change in deferred tax asset not recognized	**19,829**	345,919
Income tax expense	**—**	—

Deferred taxes reflects the tax effects of temporary differences between the carrying amounts of assets and liabilities for income tax and for financial reporting purposes. Atlas has deferred liabilities as follows:

	2021	2020
	$	$
Property, plant and equipment	**(102,881)**	(181,220)
Non-capital loss carry forwards	**102,881**	181,220
Net deferred tax liability	**—**	—

Atlas has unrecognized deductible temporary differences which consist of the following:

	2021	2020
	$	$
Non-capital losses available for future periods	**27,543,598**	13,901,178
Total unrecognized deductible temporary differences	**27,543,598**	13,901,178

The Company has not recognized a deferred tax asset in respect of the following non-capital losses which are available for carry-forward and which may be used to reduce future year's taxable income for Canadian income tax purposes (subject to the final determination by taxation authorities). These non-capital losses will expire as follows:

	$
Expiry in year	
2035	57,036
2036	124,786
2037	300,627
2038	2,054,483
2039	7,338,731
2040	8,767,428
2041	8,900,507
	27,543,598

(Expressed in Canadian dollars)

20. Changes in non-cash operating working capital

	2021	2020
	$	$
Accounts receivable	**(728,662)**	(285,113)
Deposits and prepaid expenses	**1,078,085**	181,141
Inventory	**(5,242,445)**	(810,989)
Biological assets	**1,113,193**	(276,813)
Accounts payable and accrued liabilities	**(203,453)**	254,213
Unearned Revenue	**43,325**	26,941
	(3,939,957)	(910,620)

21. Related party transactions

(i) Remuneration of key management

The Company's key management personnel have the authority and responsibility for planning, directing, and controlling the Company's activities, and consists of 3 members of the senior management team and the Board of Directors. Remuneration for this group consisted of:

	2021	2020
	$	$
Salaries, wages and benefits and professional and consulting fees	**565,079**	817,237
Share-based compensation expense	**733,300**	887,440
	1,298,379	1,704,677

As of September 30, 2021, a total of $115,695 is owing to key management personnel and Director ($286,643 in 2020) for accrued bonus, vacation amounts and expense re-imbursements. These amounts are included in accounts payable and accrued liabilities.

(Expressed in Canadian dollars)

22. Financial instruments

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The carrying values and fair values of each of the Company's financial instruments, are as follows:

		2021		2020
	Carrying value $	**Fair value $**	Carrying value $	Fair value $
As at				
FVTPL				
Cash and cash equivalents	**2,426,905**	**2,426,905**	220,850	220,850
Amortized cost				
Accounts receivable	**1,524,185**	**1,524,185**	769,393	769,393
Accounts payable and accrued liabilities	**2,587,102**	**2,587,102**	2,907,408	2,907,408
Convertible Debtentures	**1,382,241**	**1,382,241**	861,357	861,357
Debt	**9,806,219**	**9,806,219**	10,404,758	10,404,758
Lease Liabilities	**23,829**	**23,829**	4,845,150	4,845,150
Shareholder loans	**—**	**—**	475,000	475,000

The carrying amount of the cash and cash equivalents, occasionally government investment certificates, accounts receivable, accounts payable and accrued liabilities, and shareholder loans approximates the fair value because of the short-term nature of these instruments. The carrying amount of debt approximates the fair value because these instruments carry a market rate of interest.

Financial instruments recorded at fair value in the statement of financial position are classified using the fair value hierarchy, which reflects the significance of the inputs used in making the measurements, and the following levels:

Level 1 – Valuation based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Valuation techniques using inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the current fiscal period. Cash is measured at level 1.

Atlas is exposed to varying degrees to a variety of risks related to its' financial instruments:

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company faces market risk from the impact of changes in foreign currency exchange rates ("Currency Risk") and changes in interest rates ("Interest Rate Risk").

22. Financial instruments (continued)

(ii) Currency risk

A portion of the Company's operations are located outside of Canada and, accordingly, the related financial assets and liabilities are subject to fluctuations in exchange rates.

The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables and planned expenditures. The Company reports in its functional currency, the Canadian dollar. At September 30, 2021, the Company had the following balances denominated in U.S. dollars, Euros and/or Danish Krone. The balances have been translated into Canadian dollars in accordance with the Company's foreign exchange accounting policy.

	2021	2020
	$	$
Cash	**7,984**	8,070
Accounts payable	**39,110**	92,295

(iii) 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. Financial assets and liabilities with variable interest rates expose Atlas to cash flow interest rate risk. As at September 30, 2021, Atlas does not hold any financial liabilities with variable interest rates. Atlas does maintain bank accounts and occasionally government investment certificates which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

(iv) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, occasionally government investment certificates and accounts receivable. The Company is exposed to credit-related losses in the event of non-performance by the counterparties and the maximum exposure is the carrying value of its financial assets as at September 30, 2021.

Atlas' cash and cash equivalents and occasionally government investment certificates are held in large Canadian financial institutions. The other receivable is owed from a large Canadian financial institution. Credit risk from these parties is considered low.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company has credit risk on trade receivables arising for sales with customers in the ordinary course of business. Management has determined expected credit losses to be $0 as of September 30, 2021.

As of September 30, 2021, 100% of the Company's trade receivables are due from 13 customers and are considered current. For the year ended September 30, 2021, 72% of the Company's revenue was earned from 3 customers (51%,14%, and 8% respectively), each with greater than 10% of revenues during the year.

(Expressed in Canadian dollars)

22. Financial instruments (continued)

(v) 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 currently settles its financial obligations with cash. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to liquidity risk in the year.

The timing of undiscounted contractual cash outflows relating to the financial liabilities as at September 30, 2021 is outlined in the table below:

	1 year $	2–5 years $	> 5 years $	Total $
Accounts payable and accrued liabilities	2,587,102	–	–	2,587,102
Debt	1,406,454	4,796,361	4,407,123	10,609,938
Lease Liabilities	23,829	–	–	23,829
Convertible debt	820,220	562,021	–	1,382,241
	4,837,605	5,358,382	4,407,123	14,603,110

23. Capital management

The Company's objective when managing its capital is to ensure sufficient debt and equity financing is available to fund its planned operations in a way that maximizes shareholder returns given the assumed risks of its operations. Atlas considers shareholders' equity as capital. Through the ongoing management of its capital, Atlas will modify the structure of its capital based on changing economic conditions, and in doing so, Atlas may issue new shares. Annual budgeting is the primary tool used to manage Atlas' capital. Updates are made as necessary to both capital expenditures and operational budgets in order to adapt to changes in risk factors, proposed expenditure programs and market conditions.

SCHEDULE G-2
ATLAS INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

Interim condensed consolidated financial statements of
Atlas Biotechnologies Inc.

For the three and nine months ended June 30, 2022

Atlas Biotechnologies Inc.

Interim condensed consolidated statement of financial position

As at June 30, 2022
(Expressed in Canadian dollars)

	Notes	June 30, 2022 Unaudited	September 30, 2021
ASSETS			
Current assets			
Cash and cash equivalents		657,419	2,426,905
Accounts receivable	6	1,314,456	1,498,055
Biological assets	7	641,363	671,612
Inventory	8	5,651,764	5,340,867
Deposits and prepaid expenses		521,446	272,164
		8,786,448	10,209,603
NON-CURRENT ASSETS			
Deposits		155,118	232,268
Property, plant and equipment	9	13,682,865	14,964,194
Intangible assets		62,090	62,090
		13,900,073	15,258,552
Total assets		22,686,521	25,468,155
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		4,677,310	2,703,955
Debt	10	1,353,595	1,091,419
Lease liabilites	11	19,968	23,829
Convertible debt	12	1,491,405	820,220
Unearned revenue		293,449	70,266
		7,835,727	4,709,689
NON-CURRENT LIABILITIES			
Lease liabilities	11	130,377	—
Convertible debentures	12	—	562,021
Debt	5 & 10	8,000,603	8,765,293
		8,130,980	9,327,314
Total liabilites		15,966,707	14,037,003
EQUITY			
Share capital	13	37,973,886	36,499,033
Contributed surplus		8,292,720	6,678,549
Accumulated deficit		(39,546,792)	(31,746,430)
		6,719,814	11,431,152
Total equity		6,719,814	11,431,152
Total liabilities and equity		22,686,521	25,468,155
History of the Company and nature of operations	1		

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

On behalf of the Board of Directors

Elan MacDonald
______________________________, Director

______________________________, Director

Atlas Biotechnologies Inc.

Interim condensed consolidated statement of loss and comprehensive loss

For nine months ended June 30, 2022

(Expressed in Canadian dollars)

	Notes	Nine months ended June 30, 2022	Nine months ended June 30, 2021	Three months ended June 30, 2022	Three months ended June 30, 2021
		Unaudited			
Revenue		9,787,251	6,272,989	3,160,327	1,462,497
Excise taxes		(1,629,385)	(1,168,210)	(748,077)	(240,110)
Net revenue	14	8,157,866	5,104,779	2,412,250	1,222,387
Inventory production costs expensed to cost of sales		(7,474,962)	(4,677,738)	(2,662,659)	(1,456,465)
Gross margin, excluding fair value items		682,904	427,041	(250,409)	(234,078)
Realized gain/(loss) included in inventory expensed to cost of sales		1,222,070	(11,938,822)	(584,145)	(3,097,247)
Unrealized (loss)/gain on changes in fair value of biological assets	7,8	(1,595,552)	11,016,164	(219,065)	4,121,623
Impairment of biological assets	7	(24,566)	—	(24,566)	—
Write-down of inventory to net realizable value		(2,128,232)	—	(182,855)	—
Gross (loss) margin		(1,843,376)	(495,617)	(1,261,040)	790,298
Expenses					
General and administrative	16	3,791,676	3,303,144	1,251,659	1,050,042
Share-based compensation expense	15	3,027,344	1,349,185	1,046,584	403,155
Depreciation	9	340,339	1,425,475	94,485	474,438
Total expenses		7,159,359	6,077,804	2,392,728	1,927,635
Loss from operations		(9,002,735)	(6,573,421)	(3,653,768)	(1,137,337)
Other income (loss)					
(Loss) on investment		(11,168)	—	—	—
Gain/(Loss) on disposal of property, plant, and equipment		61,587	(1,570,959)	28,267	—
Other (loss) income	5	(59,223)	1,743,119	372	857,358
Interest income		25	2	24	—
Foreign exchange gain		11,123	47,324	2,156	30,980
		2,344	219,486	30,819	888,338
Income tax recovery	17	1,200,029	—	746,666	—
Comprehensive loss for the year		(7,800,362)	(6,353,935)	(2,876,283)	(248,999)

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

Atlas Biotechnologies Inc.

Interim condensed consolidated statement of changes in equity

For nine months ended June 30, 2022

(Expressed in Canadian dollars - Unaudited)

	Notes	Share capital $	Contributed surplus $	Accumulated deficit $	Accumulated other comprehensive loss $	Total equity $
Balance as of September 30, 2021		36,499,033	6,678,549	(31,746,430)	—	11,431,152
Share-based compensation expense	15	—	3,027,344	—	—	3,027,344
Vesting of share grants	13 & 15	1,474,853	(1,474,853)	—	—	—
Convertible debt reserve		—	61,680	—	—	61,680
Net loss for the period ended June 30, 2022		—	—	(7,800,362)	—	(7,800,362)
Balance as of June 30, 2022		37,973,886	8,292,720	(39,546,792)	—	6,719,814
Balance as of September 30, 2020		27,659,679	6,512,044	(21,610,883)	(372,022)	12,188,818
Shares issued	13	1,529,986	—	—	—	1,529,986
Share-based compensation expense	15	—	1,349,185	—	—	1,349,185
Conversion of debt	12 & 13	587,500	(37,500)	—	—	550,000
Convertible debt reserve		—	56,250	—	—	56,250
Net loss for the year period June 30, 2021		—	—	(6,353,935)	—	(6,353,935)
Balance as of June 30, 2021		29,777,165	7,879,979	(27,964,818)	(372,022)	9,320,304

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

Atlas Biotechnologies Inc.

Interim condensed consolidated statement of cash flows

For nine months ended June 30, 2022

(Expressed in Canadian dollars)

	Notes	Nine months ended June 30, 2022	2021
		Unaudited	
Cash flows from operating activites:			
Net loss for the year		(7,800,362)	(6,353,935)
Items not involving cash			
Depreciation	9	340,339	1,425,475
Share-based compensation expense	15	3,027,344	1,349,185
(Gain)/Loss on disposal of property, plant, and equipment		(61,587)	401,090
Unrealized loss/(gain) on changes in fair value of biological assets	7	1,595,552	(11,016,164)
Realized (gain)/loss included in inventory expensed to cost of sales	8	(1,222,070)	11,938,822
Impairment of biological assets		24,566	—
Write-down of inventory to net realizable value		2,128,232	—
		(1,967,986)	(2,255,527)
Changes in non-cash working capital	18	385,137	519,424
		(1,582,849)	(1,736,102)
Cash flows from investing activities:			
Purchase of property, plant, and equipment	9	(34,854)	(246,567)
Purchase of intangible assets		—	(1,200)
Proceeds on disposal of property, plant, and equipment	9	53,371	(151,427)
		18,517	(399,194)
Cash flows from financing activties:			
Proceeds from issuance of common shares	13	—	1,629,986
Repayment of shareholder loans		—	(20,000)
Repayment of lease liability		(29,564)	348,605
Proceeds from issuance of debt		447,761	901,194
Repayment of debt		(623,351)	(166,865)
		(205,154)	2,692,920
(Decrease)/increase in cash and cash equivalents		(1,769,486)	557,624
Cash and cash equivalents, beginning of the period		2,426,905	220,850
Cash and cash equivalents, end of the period		657,419	778,474

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

1. History of the company and nature of operations

Atlas Biotechnologies Inc. ("Atlas" or "the Company") was incorporated on December 1, 2017, and is the parent company of Atlas Growers Ltd., which was originally incorporated as MMJ Genetics Ltd. ("MMJ") under the laws of the Province of Alberta, Canada on February 6, 2015. MMJ subsequently changed its' name to Atlas Growers Ltd. ("AGL") on August 9, 2017. Atlas is a privately held corporation based in Edmonton, Alberta.

These unaudited interim condensed consolidated financial statements (the "Financial Statements") reflect the accounts of Atlas, AGL, and other subsidiary companies (which are currently inactive).

These Financial Statements have been prepared by management on a going concern basis which assumes that Atlas will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. In 2020, Atlas obtained Health Canada licenses for the production, standard cultivation, and processing of cannabis allowing them to sell cannabis in accordance with subsection 11(5) and 17(5) of the Cannabis Regulations. Atlas is in the process of commercializing its business and building up its operations to full capacity to generate ongoing profitable operations. During the period ended June 30, 2022, Atlas generated net losses of $7,800,362 and had an accumulated deficit of $39,546,792 as of June 30, 2022, however it also has positive working capital of $950,721 and shareholder equity of $6,719,814 as of this date. Atlas expects to continue operations for the foreseeable future, satisfy its commitments, and repay its liabilities arising from normal business operations as they become due.

2. Basis of presentation

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with *IAS 34 – Interim financial reporting* following the same accounting policies and methods of computation as the year-end financial statements for the Company for the year ended September 30, 2021, as described in Note 3 of the September 30, 2021, consolidated financial statements. The significant estimates and assumptions in determining the value of assets and liabilities and the significant judgments in applying accounting policies are the same as those applied in the Company's consolidated financial statements for the year ended September 30, 2021. The unaudited condensed consolidated interim financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position, and cash flows. These interim unaudited condensed consolidated financial statements were authorized by the Audit Committee of the Atlas Board of Directors ("Board") for issue on October 31, 2022.

(b) Basis of measurement

These Financial Statements have been prepared on a going concern basis, at historical cost except for share-based compensation expense, biological assets and certain financial instruments, which are measured at fair value.

(c) Functional and presentation currency

These Financial Statements are presented in Canadian dollars. The functional currency of the Company and all its subsidiaries is Canadian dollars aside from Atlas Growers Denmark A/S which has a functional currency of the Danish Krone. All dollar amounts presented are in Canadian dollars unless otherwise specified.

(Expressed in Canadian dollars – Unaudited)

2. Basis of presentation (continued)

(d) Basis of consolidation

The Financial Statements consolidate the assets, liabilities, revenues, and expenses of the below subsidiaries after the elimination of inter-company transactions and balances:

Entity name	Ownership percentage at June 30, 2022	Ownership percentage at September 30, 2021
Atlas Growers Ltd. ("Atlas Growers")	100%	100%
Atlas Growers Denmark A/S (Inactive)	100%	100%

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. This control is evidenced through, among other things, owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. The financial statements of the subsidiary are included in the Financial Statements of the Company from the date that control commences until the date that control ceases.

3. Significant accounting policies

During the nine months ended June 30, 2022, the Company had a new revenue stream and the accounting policy is discussed below. There was no impact on to the prior year revenue recognized.

Revenue

In the period, the Company generated revenue from the distribution of cannabis and cannabis related products for its brand partners using its own license, and subsequently selling those products to its customers. In return, the company accepted a guaranteed margin per unit sold from the brand partner. Revenue from the sale of the brand partner cannabis and cannabis related products is generally recognized when control over the goods has been transferred to the customer and are recognized on a net revenue basis as it primarily acts as an agent for its brand partners. Payment for wholesale transactions is due within a specified time period as permitted by the underlying agreement and the Company's credit policy upon the transfer of goods to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

Revenue from the sale of cannabis and cannabis related products, as presented on the consolidated statement of loss and comprehensive loss represents revenue from the sale of goods less applicable excise taxes and any discounts or rebates.

4. Future accounting pronouncements

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's financial statements.

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's financial statements.

5. Impact of COVID-19

On March 11, 2020, COVID-19 was declared a global pandemic by the World Health Organization. The COVID-19 pandemic continues to have a significant adverse impact on the global economy. This has included restricting travel and business activity; these two factors have impacted the Company's business. While the Company is unable to quantify the duration and magnitude of the impact on its operations:

The Company has not yet experienced any supply chain interruptions as a result of the COVID- 19 pandemic.

Within Canada, the Company has been able to continue all its operations to date, including its Lac. Ste. Anne manufacturing plant and introduced changes to ensure the operations are maintained while ensuring the safety of its employees and all key stakeholders. Employees temporarily worked at home throughout the fiscal year. The Company believes it can adjust to operate remotely if it was required to do so again due to recommendations of public health authorities.

The Company monitors each month its eligibility for wage subsidies under the Canadian Emergency Wage Subsidy (CEWS) program. It has received nil as of June 30, 2022 ($1,462,175 as of June 30, 2021). The CEWS Program ended in October 2021.

The Company monitors each month its eligibility for rent subsidies under the Canadian Emergency Rent Subsidy (CERS) program. It has received nil as of June 30, 2022 ($193,469 as of June 30, 2021). The CERS Program ended in October 2021.

The Company has also received $577,000 as of September 30, 2020, from the Regional Relief and Recovery Fund (RRRF) Loan provided by the Western Economic Diversification Canada to aid with payments for operating costs. No future amounts are expected to be received.

Overall, the Company has not been materially impacted by COVID-19 as of June 30, 2022, and the Company is unable to determine the impact that COVID-19 may have on its operations and profitability in 2022 and beyond.

(Expressed in Canadian dollars – Unaudited)

6. Accounts receivable

Accounts receivable is comprised of:

	June 30, 2022	September 30, 2021
Indirect tax receivable	**—**	16,024
Trade receivables	**1,314,456**	1,238,791
Other	**—**	243,240
	1,314,456	1,498,055

As more fully described in note 19, the Company evaluates the necessity for an allowance for expected credit losses resulting from the inability to collect on its trade accounts. The evaluation considers specific customers' credit risk, the aging of trade accounts receivable, historical experience and current economic information. No allowance for expected credit losses was provided as of June 30, 2022, and September 30, 2021, and no amounts were written off as uncollectible during the respective periods ended June 30, 2022, and September 30, 2021.

7. Biological assets

The changes in the carrying value of biological assets during the period/year are as follows:

	June 30, 2022	September 30, 2021
Balance, beginning of period/year	**671,612**	1,240,741
Capitalized production costs	**3,229,269**	4,879,577
Impairment of biological assets	**(24,566)**	—
Unrealized (loss) gain on changes in fair value of biological assets	**(1,595,552)**	544,064
Transferred to inventory upon harvest	**(1,639,400)**	(5,992,770)
Balance, end of period/year	**641,363**	671,612

Because there is no actively traded commodity market for cannabis plants, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data (Level 3). The following are the key valuation inputs used in the fair value approach:

- Stage of completion: Determined by taking the number of days in production over a total average grow cycle of approximately 70 days (100 days as of September 30, 2021). As of June 30, 2022, the estimated stage of completion of biological assets ranged from 23% to 83%, with a weighted average of 55% (50% as of September 30, 2021). An increase or decrease of 5% in the estimated stage of completion would increase or decrease the fair value of biological assets by approximately $64,912 ($34,552 as of September 30, 2021).

- Costs to complete: Based on production costs incurred divided by the production during the period.

- Average selling price per gram: Obtain through average historical selling prices or estimated future selling prices if historical prices are not available. Historical prices used ranged from $1.50 to $3.31 ($1.37 to $4.13 as of September 30, 2021) with a weighted average of $2.34 ($2.34 as of September 30, 2021). An increase or decrease of 5% in the expected selling price would increase or decrease the fair value of biological assets by approximately $2,264 ($32,825 as of September 30, 2021).

(Expressed in Canadian dollars – Unaudited)

7. Biological assets (continued)

- Average yield per plant: Obtained through historical growing results or grower estimate if historical results are not available. Historical yield ranged from 92 grams per plant to 179 grams per plant with a weighted average of 137 grams per plant (154 grams as of September 30, 2021). An increase or decrease of 5% in expected grams yield per plant would increase or decrease the fair value of biological assets by approximately $2,576 ($32,825 as of September 30, 2021).

As of June 30, 2022, the weighted average fair value less cost to complete and cost to sell a gram of dried cannabis was $2.20 per gram ($2.34 per gram as of September 30, 2021).

During the period ended June 30, 2022, the Company's biological assets produced 2,047,103 grams (1,560,365 grams for the period ended June 30, 2021) of dried harvested cannabis. As of June 30, 2022, it is expected that the Company's biological assets will yield approximately 753,522 grams (398,687 grams for the period ended June 30, 2021) of cannabis when harvested.

8. Inventory

Inventory is comprised of:

	June 30, 2022	September 30, 2021
Work-in-process		
Fresh undried flower	**192,574**	473,937
Dried flower	**2,180,980**	2,031,182
Oil	**1,782,082**	1,653,401
	4,155,636	4,158,520
Finished Goods		
Dried Flower	**167,078**	392,048
Extracts	**769,579**	533,932
	936,657	925,980
Supplies and consumables	**559,471**	256,367
	5,651,764	5,340,867

Included in work-in-process inventory is:

	June 30, 2022	September 30, 2021
Capitalized production costs and purchases of flower	**606,915**	686,002
Fair value transferred from biological assets net of net realizable value adjustment	**3,548,721**	3,472,518
	4,155,636	4,158,520

Inventory expensed as capitalized production costs during the period ended June 30, 2022, was $1,105,220 ($4,397,304 for the nine months ended June 30, 2021). The fair value changes in biological assets included in inventory sold for the nine months ended June 30, 2022, is a loss of $1,595,552 (gain of $11,016,164 for the nine months ended June 30, 2021).

(Expressed in Canadian dollars – Unaudited)

9. Property, plant, and equipment

	Land $	Buildings $	Production facility $	Production equipment $	Vehicles $	Office and computer equipment $	Leasehold improvements $	ROU Asset (i) $	Total $
Cost									
September 30, 2020	404,285	570,478	13,182,253	3,656,683	293,678	924,479	737,539	4,975,018	24,744,413
Additions	—	—	—	74,563	—	56,076	4,696	—	135,335
Disposals	—	—	(197,864)	(29,876)	—	—	—	(4,684,064)	(4,911,804)
September 30, 2021	404,285	570,478	12,984,389	3,701,370	293,678	980,555	742,235	290,954	19,967,944
Additions	—	—	32,803	16,052	—	21,493	—	176,081	246,429
Disposals	—	—	—	(16,000)	(186,757)	(11,569)	(32,802)	—	(247,128)
June 30, 2022	**404,285**	**570,478**	**13,017,192**	**3,701,422**	**106,921**	**990,479**	**709,433**	**467,035**	**19,967,245**
Accumulated depreciation									
September 30, 2020	—	139,744	1,165,106	1,115,380	110,314	193,150	161,890	27,656	2,913,240
Depreciation expense		17,863	211,993	208,764	18,392	66,572	54,354	76,651	654,589
Depreciation capitalized to biological assets	—	39,185	454,667	527,635	40,344	87,075	118,872	168,143	1,435,921
Disposals	—	—	—	—	—	—	—	—	—
September 30, 2021	—	196,792	1,831,766	1,851,779	169,050	346,797	335,116	272,450	5,003,750
Depreciation expense	—	10,350	120,945	134,825	6,960	29,104	31,356	6,799	340,339
Depreciation capitalized to biological assets	—	32,436	379,052	421,649	21,110	91,449	98,785	20,475	1,064,956
Disposals	—	—	—	(13,162)	(103,564)	(7,939)	—	—	(124,665)
June 30, 2022	**—**	**239,578**	**2,331,763**	**2,395,091**	**93,556**	**459,411**	**465,257**	**299,724**	**6,284,380**
Net book value									
September 30, 2021	404,285	373,686	11,152,623	1,849,591	124,628	633,758	407,119	18,504	14,964,194
June 30, 2022	**404,285**	**330,900**	**10,685,429**	**1,306,331**	**13,365**	**531,068**	**244,176**	**167,311**	**13,682,865**

(Expressed in Canadian dollars – Unaudited)

9. Property, plant, and equipment (continued)

Depreciation expense on property, plant, and equipment for the three and nine months ended June 30, 2022, was $366,532 and $1,064,956 respectively, (June 30, 2021, $358,980 and $1,076,940, respectively).

(i) Right of use assets

	$
Cost	
At September 30, 2021	**290,954**
Additions	**176,081**
At June 30, 2022	**467,035**
Accumulated Depreciation	
At September 30, 2021	**272,450**
Additions	**27,274**
At June 30, 2022	**299,724**
Carrying Amount	
At June 30, 2022	**167,311**

The right-of-use assets pertain to vehicles from the dealership to support the Company's operations. The remaining term of the lease is 4 years and does not carry an option to renew. The Company has the option to purchase the vehicles at fair market value at the end of the lease.

10. Debt

	Demand loans	Direct loans	Vehicle Loans	Government Loan	Total
June 30, 2022	$249,500	$8,527,698	—	$577,000	$9,354,198
Less: current portion of debt	249,500	1,104,095	—	—	1,353,595
Amount classified as non-current	—	7,423,603	—	577,000	8,000,603
September 30, 2021	$50,493	$9,123,930	$105,289	$577,000	$9,856,712
Less: current portion of debt	50,493	1,021,510	19,416	—	1,091,419
Amount classified as non-current	—	8,102,420	85,873	577,000	8,765,293

(i) Demand loans

On February 12, 2021, Atlas entered into a loan agreement for a principal amount of $50,000 ("Demand Loan"). The Demand Loan bears interest at 12% per annum, is calculated and paid monthly, is repayable in 365 days, with an option to extend for 1 year, and the loan is unsecured. On February 11, 2022, the demand loan was renewed for 365 days, with no further option to renew. Interest expense of $4,500 for the nine-month period ended June 30, 2022 ($4,500 for the nine-month period ended June 30, 2021) is included in general and administrative expenses on the consolidated statement of loss and comprehensive loss.

10. Debt (continued)

(i) Demand loans (continued)

On March 1, 2022, Atlas entered into two loan agreements for a total principal amount of $200,000. The Demand Loans both bear interest at 12% per annum, are calculated and paid monthly, are repayable in 365 days, with an option to extend for 1 year, and the loan is unsecured. Interest expense of $9,222 for the nine-month period ended June 30, 2022 ($7,501 for the nine-month period ended June 30, 2021) is included in general and administrative expenses on the consolidated statement of loss and comprehensive loss.

(ii) Direct loans

First direct loan

On September 3, 2019, Atlas secured a direct loan ("First Direct Loan") for $7,350,000 of which the purpose of $5,250,000 was to settle an existing loan and $2,100,000 was received to complete infrastructure upgrades. The interest rate on the First Direct Loan is 4.15% and is repayable in blended monthly installments of $76,758 with a maturity date of August 1, 2025. If, at maturity date Atlas is not in default of principal and interest payments, and there is any principal amount remaining unpaid under the First Direct Loan, Atlas may renew the First Direct Loan for a further term upon terms and conditions agreed to between Atlas and the lender.

Providing Atlas is not in default of principal and interest payments, Atlas may prepay all or part of the First Direct Loan at any time without notice or penalty. The prepayment option represents an embedded derivative, however, is not separated from the host First Direct Loan as the prepayment option's exercise price is approximately equal on each exercise date to the amortized cost of the host First Direct Loan and therefore is considered closely related.

The First Direct Loan is personally guaranteed by the Company's CEO and two members of the Board of Directors limited to $700,000 each and an unlimited guarantee from Atlas Growers for all present and future debts. The amounts are secured by a $15,000,000 mortgage and a general assignment of rents and leases on the Facility and a security agreement on all the present and after acquired personal property, including proceeds, and including but not limited to all harvested and unharvested crops whether growing or matured and all production, processing and packaging equipment of Atlas and Atlas Growers. Interest expense of $217,494 for the period ended June 30, 2022 ($233,276 for the period ended June 30, 2021), for which $217,494 is paid, and is included in general and administrative expenses on the consolidated statement of loss and comprehensive loss.

Second direct loan

Also on September 3, 2019, Atlas secured an additional direct loan ("Second Direct Loan") for $4,150,000 for the purpose of purchasing equipment and completing additional infrastructure upgrades. The Second Direct Loan was available to be drawn until May 19, 2020, and $2,050,000 was ultimately drawn. The interest rate on the Second Direct Loan is 4.15% and is repayable in blended monthly installments of $38,337 with a maturity date of August 1, 2025. Providing Atlas is not in default of principal and interest payments, Atlas may prepay all or part of the Second Direct Loan at any time without notice or penalty. The amounts are secured by the same security under the First Direct Loan. Interest expense of $55,321 for the period ended June 30, 2022 ($63,644 for the period ended June 30, 2021), for which $55,321 is paid and is included in general and administrative expenses on the consolidated statement of loss and comprehensive loss.

(Expressed in Canadian dollars – Unaudited)

10. Debt (continued)

(ii) Direct loans (continued)

Classification

The First and Second Direct Loans are subject to financial covenants which are calculated based on the financial results for the preceding year as of September 30 of each year. As of June 30, 2022, Atlas was not in compliance with these covenants. As of September 30, 2021, Atlas was not in compliance with these covenants. Atlas obtained a waiver for the covenants and as such the debt was classified as long-term debt and this is effective until October 1, 2022.

In October 2021, the lender amended the terms of the First and Second Direct Loans. One of the personal guarantees for the loans was discharged, resulting in the blended monthly installments being adjusted to $86,802 and $38,467 respectively beginning on November 1, 2021, and the amortization date being updated to March 1, 2030.

(iii) Government loan

On June 23, 2020, Atlas secured the Regional Relief and Recovery Fund (RRRF) loan for $577,000 for the purposes of covering operating expenses and does not incur interest until the first payment is due on January 31, 2023. The interest rate is the average bank rate (prime) plus 3%, accrues monthly, and is payable in monthly blended payments of $16,000, and ending with a final payment of $17,000 on the maturity date of December 31, 2025.

Payments

Principal payments required on debt in the next five years and thereafter, based on the amendments made to the First and Second Direct Loans after year end, are as follows:

	$
2022	845,483
2023	1,232,373
2024	1,427,783
2025	1,530,802
2026	1,170,780
Thereafter	3,146,977
	9,354,198

(Expressed in Canadian dollars – Unaudited)

11. Lease liabilities

The following table reconciles the opening and ending balances of the lease liabilities:

	June 30, 2022	September 30, 2021
Balance, beginning of period	**23,829**	4,845,150
Additions	**156,081**	—
Termination of lease	**—**	(4,729,065)
Adjustment of prior period	**—**	(33,611)
Interest expense	**5,196**	2,315
Lease payments	**(34,761)**	(60,960)
Balance, end of period	**150,345**	23,829
Current portion	**19,968**	23,829
Non-current portion	**130,377**	—
	150,345	23,829

The Company expects the following maturities of its undiscounted lease liabilities:

2022	15,794
2023	31,587
2024	31,587
2025	31,587
2026	31,587
Thereafter	8,203
	150,345

The Company does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are continuously monitored by management.

(Expressed in Canadian dollars – Unaudited)

12. Convertible debentures

	June 30, 2022	September 30, 2021
Balance, beginning of period	**1,382,241**	861,357
Issued	**30,000**	800,000
Conversion option portion on issuance	**(3,214)**	(65,873)
Conversion of debt to shares	**—**	(392,000)
Conversion option portion on extension	**(58,466)**	(56,250)
Accretion	**119,096**	98,591
Interest paid	**(72,278)**	—
Accrued interest	**94,026**	136,416
Balance, end of period	**1,491,405**	1,382,241
Current portion	**1,491,405**	820,220
Non-current portion	**—**	562,021
	1,491,405	1,382,241

During 2020, Atlas issued convertible debentures for a total of $875,000 with a maturity date of May 1, 2021, and a unilateral option for Atlas to extend the maturity date by 12 months, bearing interest at 12% per annum, and convertible into Class B non-voting common shares at $3 per share. $93,750 was allocated to the conversion option and recorded in equity.

At the maturity date, $350,000 plus accrued interest of $42,000 was converted into Class B non-voting common shares. The maturity date for the remaining $525,000 was extended to May 31, 2022, at the option of Atlas. An amount of $56,250 was allocated to the extension of the conversion option and recorded in equity.

During 2021, Atlas issued additional convertible debentures for a total of $800,000 with maturity dates from February 25, 2022, to July 23, 2022, bearing interest from 8 % to 12%, and convertible into Class B non-voting common shares at $3 per share. $65,873 was allocated to the conversion option and recorded in equity. Atlas has a unilateral option to extend the maturity date by 12 months for $610,591 of these debentures.

During 2022, Atlas issued additional convertible debentures for a total of $30,000 with a maturity date of February 25, 2023, bearing interest at 12%, and convertible into Class B non-voting common shares at $3 per share. $3,214 was allocated to the conversion option and recorded in equity. There is no option for renewal.

At the maturity date, $700,000 was renewed for an additional year. The renewed options have maturity dates from February 25, 2023, to July 23, 2023, with no option for renewal. An amount of $58,466 was allocated to the extension of the conversion option and recorded in equity.

(Expressed in Canadian dollars – Unaudited)

13. Share capital

The Company's authorized share capital consists of:

- An unlimited number of Class A voting common shares without par value, issuable in series
- An unlimited number of Class B non-voting common shares without par value, issuable in series
- An unlimited number of preferred shares without par value, issuable in series

The following shares have been issued and are outstanding as of June 30, 2022:

- 4 Class A voting common shares (4 as of September 30, 2021)
- 30,921,054 Class B non-voting common shares (29,727,579 as of September 30, 2021)

	Class A common shares		**Class B common shares**	
	Shares #	Value $	Shares #	Value $
Balance, year ended September 30, 2020	4	4	24,023,246	27,659,675
Shares issued in 2021 related to				
Private placements (i)	—	—	4,321,667	6,725,001
Conversion of Debt (note 14)	—	—	196,000	429,500
Settlement of vested Share Grants (note 19)	—	—	1,186,666	1,684,853
Balance, year ended September 30, 2021	4	4	29,727,579	36,499,029
Shares issued in 2022 related to				
Share Grants (note 19)	—	—		
Granted			1,193,475	1,474,853
Balance, period ended June 30, 2022	**4**	**4**	**30,921,054**	**37,973,882**

14. Revenues

The Company generates revenue from the sale of Cannabis products and by-products of the cannabis plant and sells their product within Canada. The following table represents the revenue breakdown by source:

	2022	**2021**	2022	2021
Flower	**4,522,556**	**4,368,693**	1,355,539	878,620
Extracts	**802,048**	**491,485**	251,402	267,809
Distribution	**565,483**	**—**	218,058	—
Wholesale	**1,974,561**	**70,123**	542,715	70,123
Services and others	**293,218**	**174,478**	44,536	5,835
	8,157,866	**5,104,779**	2,412,250	1,222,387

Revenues are net of Excise Taxes and any applicable discounts to customers.

(Expressed in Canadian dollars – Unaudited)

15. Share-based compensation expense

(i) Options

Atlas has in place an Option plan (the "Plan") which is aimed at retention, motivation and alignment with the Company of its Directors, Officers, employees, and consultants, who may be granted Options to acquire Class B common shares. The Plan is administered by the Atlas Board of Directors, which approves the terms of Option grants, including the exercise price per share, term of the Option, and vesting periods (normally at a rate of 33.3% per year for employees and consultants and 20% per year for management, Directors and Officers). The maximum number of Class B common shares authorized for issuance under the plan is 10% of the issued and outstanding Class B common shares.

A summary continuity of Options and the total Options which are outstanding as of June 30, 2022, is as follows:

	Options #	per option $
Options outstanding as at September 30, 2020	1,897,458	2.09
Granted (a)	125,995	3.00
Forfeited	(40,003)	5.56
Options outstanding as at September 30, 2021	1,983,450	2.03
Granted (a)	5,000	3.00
Forfeited	—	—
Options outstanding as at June 30, 2022	**1,988,450**	**2.03**

(a) A total of 5,000 Options were granted by Atlas during the period ended June 30, 2022, vesting over a period of 3 years. A total of 125,995 Options were granted by Atlas during the year ended September 30, 2021, vesting over a period of 3 years

A summary of the outstanding and exercisable Options as of June 30, 2022, is as follows:

	Exercise price per share $	Options outstanding \#	Options exercisable \#	Weighted average remaining life in years
$	0.45	571,420	571,420	2.78
$	1.00	691,420	553,136	3.54
$	2.50	171,425	142,854	3.83
$	3.00	468,853	41,995	2.13
$	6.00	64,332	298,380	4.52
$	6.50	21,000	21,000	4.21
		1,988,450	1,628,785	

Due to changes in market conditions, the price on options for various individuals were changed from $6.00 per share to $3.00 per share.

The fair values of the Options granted were determined on the date of the grants using the Black-Scholes option pricing model, based on utilizing the following assumptions:

(Expressed in Canadian dollars – Unaudited)

15. Share-based compensation expense (continued)

(i) Options (continued)

	June 30 2022	September 30, 2021
Risk free interest rate	**1.40%**	1.40%
Expected life of Options	**8 years**	8 years
Stock price	**$2.00**	$2.00
Expected annualized volatility	**82.14-84.96%**	82.14-84.96%
Expected dividend yield	**nil**	nil
Forfeiture rate	**0%**	0%
Weighted average Black-Scholes "fair value" of Options issued	**$2.95**	$2.95

Volatility was estimated by using the historical volatility of other companies that Atlas considers comparable based on having similar trading and volatility history. The expected life in years represents the period that Options granted are expected to be outstanding. The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the Options.

(ii) Share Grants

Atlas has entered into agreements with certain of its Directors and key management team to issue Share Grants, each of which represents a contingent right to receive 1 Class B common share of Atlas. Provided that the holder of the Share Grants continues to be actively engaged in providing ongoing services to Atlas, their entitlement to exchange their Share Grants for Class B common shares will vest with the passage of time on vesting dates as determined by the Board of Directors. On each vesting date, the Share Grants are converted into an equivalent number of Class B common shares (normally at a rate of 33.3% per year for management and 20% per year for Directors).

	RSUs #
Share Grants outstanding at September 30, 2020	3,263,333
Granted (a)	60,000
Vested (b)	(1,186,666)
Forfeited	—
Share Grants outstanding at September 30, 2021	2,136,667
Granted (c)	1,964,000
Vested (d)	(1,198,584)
Forfeited (e)	(241,417)
Share Grants outstanding at June 30, 2022	**2,660,666**

(Expressed in Canadian dollars – Unaudited)

15. Share-based compensation expense (continued)

(ii) Share Grants (continued)

(a) A total of 60,000 Share Grants were issued by Atlas during the year ended September 30, 2021, to management, vesting equally over a period of 3 years. The fair value of Share Grants issued was determined on the date of the grants using the Black-Scholes option pricing model, which resulted in a fair value of $3.00 per Share Grant for those issued during the year ended September 30, 2021.

(b) A total of 1,186,666 Share Grants were vested during the year ended September 30, 2021.

(c) A total of 1,964,000 Share Grants were issued by Atlas during the period ended June 30, 2022, to management, vesting equally over a period of 3 or 5 years. The fair value of Share Grants issued was determined on the date of the grants using the Black-Scholes option pricing model, which resulted in a fair value of $3.00 per Share Grant for those issued during the period ended June 30, 2022.

(d) A total of 1,198,584 Share Grants were vested during the period ended June 30, 2022.

(e) A total of 241,417 Share Grants were forfeited by one member of senior management during the period ended June 30, 2022.

A summary of the Share Grants issued remaining to be vested as of June 30, 2022, is as follows:

Issue date	Share Grants outstanding #	Weighted average remaining life in years
January 16, 2018 (5-year vesting)	850,000	0.55
September 17, 2019 (3-year vesting)	70,000	0.21
August 1, 2020 (3-year vesting)	26,666	1.09
March 1, 2021 (3-year vesting)	120,000	1.67
October 1, 2021 (3-year vesting)	1,310,000	2.25
October 1, 2021 (1-year vesting)	100,000	0.25
January 1, 2022 (3-year vesting)	104,000	2.51
March 1, 2022 (3-year vesting)	80,000	2.67
	2,660,666	

(iii) Performance-vested RSUs

During the year ended September 30, 2019, Atlas issued 75,000 performance RSUs to an employee subject to the completion of certain metrics and activities which are non-market conditions. In the event of a resignation or termination, the employee is entitled to a percentage of the Performance RSUs based on a sliding scale determined by the length of employment prior to the resignation or termination.

(Expressed in Canadian dollars – Unaudited)

15. Share-based compensation expense (continued)

(iv) Share-Based Compensation Expense ("SBCE")

The total SBCE recorded in the consolidated statement of loss and comprehensive loss is comprised of the following:

	Nine months ended June 30,		Three months ended June 30,	
	2022	**2021**	2022	2021
Options	**288,688**	**530,566**	79,536	190,663
Share Grants/RSUs	**2,738,656**	**818,619**	967,048	212,492
	3,027,344	**1,349,185**	1,046,584	403,155

16. General and administrative expense

	Nine months ended June 30,		Three months ended June 30,	
	2022	**2021**	2022	2021
Salaries, wages, and benefits	**1,472,417**	**1,307,575**	467,806	455,867
Professional and consulting fees	**223,864**	**202,852**	67,813	28,586
Insurance, property tax, and office	**772,206**	**906,415**	244,463	286,167
Interest, bank charges, and penalties	**481,973**	**481,223**	164,070	159,937
Promotion and business development	**841,216**	**405,079**	307,507	119,485
	3,791,676	**3,303,144**	1,251,659	1,050,042

17. Income taxes

As Atlas has incurred a net loss for income tax for the period ended June 30, 2022, and the year ended September 30, 2021, no current tax expense has been recorded in these Financial Statements. This provision for income tax expense is different than the amount that is obtained by applying statutory rates to the loss before income taxes due to the following:

	June 30 2022	September 30, 2021
Loss for the year before income taxes	**(9,000,391)**	(10,135,547)
Statutory rate	**23%**	11%
Expected income tax recovery	**(2,070,090)**	(1,114,910)
Effect of non-deductible items	**827,611**	152,720
Losses carried forward	**1,376,631**	942,361
Investment tax credits related to research and development	**(1,200,029)**	—
Change in deferred tax asset note recognized	**(134,152)**	19,829
	(1,200,029)	—

(Expressed in Canadian dollars – Unaudited)

17. Income taxes (continued)

Deferred taxes reflects the tax effects of temporary differences between the carrying amounts of assets and liabilities for income tax and for financial reporting purposes. Atlas has deferred liabilities as follows:

	June 30 2022	September 30, 2021
Property, plant and equipment	**(289,633)**	(102,881)
Non-capital loss carry forwards	**289,633**	102,881
Net deferred tax liability	**—**	—

Atlas has unrecognized deductible temporary differences which consist of the following:

	June 30 2022	September 30, 2021
Non-capital losses available for future periods	**27,543,598**	27,543,598
Total unrecognized deductible temporary differences	**27,543,598**	27,543,598

The Company has not recognized a deferred tax asset in respect of the following non-capital losses which are available for carry-forward and which may be used to reduce future year's taxable income for Canadian income tax purposes (subject to the final determination by taxation authorities). These non-capital losses will expire as follows:

	$
Expiry in year	
2035	57,036
2036	124,786
2037	300,627
2038	2,054,483
2039	7,338,731
2040	7,482,243
2041	4,279,813
2042	3,905,879
	25,543,598

18. Changes in non-cash operating working capital

	Nine months ended June 30,	
	2022	2021
Accounts receivable	**183,599**	(42,880)
Deposits and prepaid expenses	**(172,133)**	1,094,530
Inventory	**(257,563)**	(7,963,854)
Biological assets	**(1,565,304)**	7,358,448
Accounts payable and accrued liabilities	**1,973,355**	(116,305)
Unearned Revenue	**223,183**	189,485
	385,137	519,424

(Expressed in Canadian dollars – Unaudited)

19. Financial instruments

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The carrying values and fair values of each of the Company's financial instruments, are as follows:

	June 30, 2022		September 30, 2021	
	Carrying value $	**Fair value $**	Carrying value $	Fair value $
As at				
FVTPL				
Cash and cash equivalents	**657,419**	**657,419**	2,426,905	2,426,905
Amortized cost				
Accounts receivable	**1,314,456**	**1,314,456**	1,498,055	1,498,055
Accounts payable and accrued liabilities	**4,677,310**	**4,677,310**	2,703,955	2,703,955
Convertible Debtentures	**1,491,405**	**1,491,405**	1,382,241	1,382,241
Debt	**9,354,198**	**9,354,198**	9,856,712	9,856,712

The carrying amount of the cash and cash equivalents, occasionally government investment certificates, accounts receivable, and accounts payable and accrued liabilities approximates the fair value because of the short-term nature of these instruments. The carrying amount of debt approximates the fair value because these instruments carry a market rate of interest.

Financial instruments recorded at fair value in the statement of financial position are classified using the fair value hierarchy, which reflects the significance of the inputs used in making the measurements, and the following levels:

Level 1 – Valuation based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Valuation techniques using inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the current fiscal period. Cash is measured at level 1.

19. Financial instruments (continued)

Atlas is exposed to varying degrees to a variety of risks related to its' financial instruments:

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company faces market risk from the impact of changes in foreign currency exchange rates ("Currency Risk") and changes in interest rates ("Interest Rate Risk").

(ii) Currency risk

A portion of the Company's operations are located outside of Canada and, accordingly, the related financial assets and liabilities are subject to fluctuations in exchange rates.

The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables and planned expenditures. The Company reports in its functional currency, the Canadian dollar. On June 30, 2022, the Company had the following balances denominated in U.S. dollars, Euros and/or Danish Krone. The balances have been translated into Canadian dollars in accordance with the Company's foreign exchange accounting policy.

	June 30, 2022	September 30, 2021
Cash	**$ 7,881**	$ 7,984
Accounts payable	**—**	39,110

(iii) 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. Financial assets and liabilities with variable interest rates expose Atlas to cash flow interest rate risk. As at June 30, 2022, Atlas does not hold any financial liabilities with variable interest rates. Atlas does maintain bank accounts and occasionally government investment certificates which earn interest at variable rates, but it is not currently subject to any significant interest rate risk.

(iv) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, deposit at financial institutions, and accounts receivable. The Company is exposed to credit-related losses in the event of non-performance by the counterparties and the maximum exposure is the carrying value of its financial assets as at June 30, 2022.

Atlas' cash and cash equivalents and occasionally government investment certificates are held in large Canadian financial institutions. The other receivable is owed from a large Canadian financial institution. Credit risk from these parties is considered low.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company has credit risk on trade receivables arising for sales with customers in the ordinary course of business. Management has determined expected credit losses to be $0 as of June 30, 2022 (nil as of September 30, 2021).

(Expressed in Canadian dollars – Unaudited)

19. Financial instruments (continued)

(iv) Credit risk (continued)

As of June 30, 2022, 100% of the Company's trade receivables are due from 17 customers and are considered current (13 customers as of September 30, 2021). For the period ended June 30, 2022, 88% of the Company's revenue was earned from 2 customers, 84% and 4% respectively (3 customers (51%,14%, and 8% respectively as of September 30, 2021), each with greater than 10% of revenues during the year.

(v) 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 currently settles its financial obligations with cash. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to liquidity risk in the year.

The timing of undiscounted contractual cash outflows relating to the financial liabilities as at June 30, 2022, is outlined in the table below:

Outstanding	1 year $	2–5 years $	> 5 years $	Total $
Accounts payable and accrued liabilities	**4,677,310**	**—**	**—**	**4,677,310**
Debt	**1,353,595**	**4,853,626**	**3,146,977**	**9,354,198**
Lease Liabilities	**19,968**	**121,428**	**8,948**	**150,345**
Convertible debt	**1,491,405**	**—**	**—**	**1,491,405**
	7,542,278	**4,975,054**	**3,155,925**	**15,673,258**

20. Subsequent events

The following significant transactions have occurred after June 30, 2022:

(i) Future Events – Definitive Agreement

On July 14, 2022, a public Company on the Canadian Securities Exchange ("CSE"), Silver Phoenix Resources ("SPR") entered into a binding Definitive Agreement dated as of July 14, 2022 with Atlas Biotechnologies Inc. ("Atlas"), AgMedica Bioscience Inc. ("AgMedica") and Cambrosia Ltd. ("Cambrosia") (collectively, the "Target"). The Definitive Agreement outlines the proposed terms and conditions pursuant to which SPR and the Target will affect a business combination that will result in a reverse takeover of SPR by the securityholders of the Target (the "Proposed Transaction"). The Definitive Agreement was negotiated at arm's length. Subject to satisfactory tax, corporate and securities law advice for both SPR and the Target, the Proposed Transaction will be structured as an amalgamation, arrangement, takeover bid, share purchase or other similar form of transaction or a series of transactions that have a similar effect, and pursuant to which: a. SPR will acquire all voting securities of the Target; b. (ii) the existing shareholders of the Company as of immediately prior to the completion of the Proposed Transaction will hold common shares of the Company with a value of $3 million (including cash on hand and subject to indebtedness of not more than $250,000); and c. the shareholders of Target will be issued common shares of the Company (the "Consideration Shares"), with an aggregate deemed value of $189 million. Certain of the Consideration Shares will be subject to escrow and resale restrictions pursuant to the policies of the Canadian Securities Exchange (the "Exchange").

(ii) Future Events – Option Surrender Agreements

After the reporting period, 11 contracts with 9 unique shareholders executed option surrender agreements to exchange their option contracts for Class B Common Shares at specific rates. The previously existing options contracts had in-the-money options to purchase one Class B Common Share at an average exercise price of $1.18 per option. At the end of the reporting period, 1,291,411 options were outstanding and in-the-money. Under the option surrender agreements, the 9 shareholders surrendered their right to execute the options in exchange for the difference between their respective options values and the fair market value of $6.00 per option. This resulted in a net issuance of 1,036,891 Class B Common Shares being issued. No further options with these shareholders exist, and all other options are deemed to be out-of-the-money and are not expected to be executed.

SCHEDULE H-1
ATLAS ANNUAL MD&A FOR THE YEARS ENDED SEPTEMBER 31, 2021 AND SEPTEMBER 20, 2020

The following is the MD&A of for the year ended September 30, 2021. This MD&A should be read in conjunction with the Listing Statement to which this MD&A is appended, Atlas' audited financial statements as at and for the year ended September 30, 2021, and the accompanying notes thereto, which have been prepared in accordance with IFRS.

All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information within the meaning of applicable securities laws. Refer to "*Cautionary Statement Regarding Forward-Looking Statements and Forward-Looking Information*" at *Item 1.B.2* of the Listing Statement.

Business Overview

Description of the Business

Atlas was incorporated under the Business Corporations Act (Alberta) on December 1, 2017 under the name "Atlas Biotechnologies Inc.". Prior to its incorporation, Atlas' business was carried on by its wholly-owned subsidiary, Atlas Growers, also governed by the ABCA. Atlas' other whole-owned subsidiary, Atlas Growers Denmark A/S, is governed by the laws of Denmark, and as at the date hereof, is inactive. On June 15, 2018, all shareholders of Atlas Growers exchanged (i) their shares for shares in Atlas; (ii) all option holders of Atlas Growers exchanged their options to purchase shares in Atlas Growers for options to purchase shares in Atlas; and (iii) all holders of restricted share units of Atlas Growers exchanged them for restricted shares units of Atlas. On March 3, 2018, Atlas amended and restated its articles to amend the restrictions on transfers. Atlas's head office is currently located in Edmonton, Alberta.

Atlas Growers, is federally licensed in Canada for cultivation and processing of cannabis products, with a focus on health and wellness, and adult use products. Atlas Growers, currently produces flower, extracts, topical and edible formulations with medical distribution across Canada and adult-use distribution in seven provinces and territories. Atlas also distributes bulk dried flower through various supply agreements to Germany, Spain and Australia. Atlas, through Atlas Growers, currently produces, markets and distributes smokeless THC and CBD products through its' wellness-oriented brand: Atlas Thrive. Atlas also produces, markets and distributes its' inhalable adult-use focused products (such as flower, pre-rolls, vapes, concentrates and seeds) through its Natural History brand.

In September 2018, Atlas occupied a 38,000 sq. ft. indoor growing facility in Gunn, Alberta and was then issued a cannabis license authorizing the cultivation, processing, and sales of cannabis on October 12, 2018. In July 2019, Atlas completed the acquisition of an indoor mushroom farm in Odense, Denmark through a lease to own arrangement. Atlas further received its cultivation license from the Danish Medicines Agency in September 2019 and finalized initial design for the retrofit of a 100,000 sq. ft. EU GMP facility. However, due to market volatility, the COVID-19 pandemic, and the slow pace of regulatory changes in Denmark that would have enhanced the ability to export product, Atlas terminated the lease to own agreement on the facility and subsequently dissolved Atlas Growers Denmark A/S.

On November 1, 2021, Atlas' Alberta facility became certified in GACP.

On February 27, 2022, Atlas also received its Control Union Medical Cannabis Standard (CU885303 CUMCS 01-2022) and Israeli Medical Cannabis (CU 885303 IMC-GAP 01-2022) certifications allowing exports to Israel.

Fundamental Change Transaction

On July 14, 2022, Atlas entered into the Amalgamation and Share Exchange Agreement for the completion of the Fundamental Change Transaction. Refer to "Fundamental Change Transactions" at Item *1.A* of the Listing Statement.

Overall Financial Performance Summary

Atlas' financial performance during the year ended September 30, 2021 is linked to the cannabis industry and accordingly, there are numerous risks and trends in the industry which have significant effects on the business of Atlas including: those arising from the regulation of cannabis (including in particular, application, renewal and receipt of cannabis licenses authorizing the cultivation and sale of cannabis), high taxation on domestic sales, challenges around the cultivation and shelf life of biological assets, as well as continued deterioration of general economic conditions that may negatively affect its ability to raise capital. Atlas financial performance during the period was affected by its continued investment in increasing ability to sell product outside of Canada (primarily by way of applications for the requisite regulatory approvals), where the tax rates on its products are lower. Refer to "*Cautionary Statement Regarding Forward-Looking Statements and Forward-Looking Information"* at Item *1.B.2* of the Listing Statement for further information.

Statement of Operations	For the Year Ended September 30, 2021 ($)	For the Year Ended September 30, 2020 ($)
Net Revenue	7,038,347	5,205,904
Gross Margin Excluding Fair Value Items	683,517	20,900
Gross Margin	(2,980,658)	772,689
Total Expenses	7,606,715	8,260,572
Comprehensive Loss	**(9,763,525)**	**(6,629,171)**
Basic and Diluted Loss Per Share	**(0.32)**	**(0.28)**

Statement of Financial Position	As at September 30, 2021	As at September 30, 2020
Total Assets	$25,468,155	$ 31,709,431
Total Liabilities	14,037,003	19,520,613
Total Shareholders Equity	11,431,152	12,188,818

Statement of Operations

Atlas recorded a comprehensive net loss of $9,763,525 ($6,629,171 in 2020) for the period ended September 30, 2021.

Revenue

During the period for the year ended September 30, 2021, Atlas generated gross revenues of $8,533,922 ($5,382,355 in 2020), which were subject to excise taxes of $1,495,575 ($176,451 in 2020) resulting in net revenues of $7,038,347 ($5,205,904 in 2020). Revenue throughout the period can be viewed in the table below both in aggregate dollars and as a percentage of overall sales, split into branded and wholesale categories. The chart below represents the unaudited results for the three month period ended:

	For the period ended				
Statement of Revenues	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Branded Revenues, net of excise	$1,196,892	$1,182,003	$ 1,414,171	$ 2,424,924	$ 495,326
Wholesale Revenues[1]	$762,389	$70,123	$8,680	$0	$608,293
Total Revenues, net of excise	$1,959,281	$ 1,252,126	$ 1,422,851	$ 2,424,924	$1,103,619
Branded Revenues, net of excise	61.1%	94.4%	99.4%	100%	44.9%
Wholesale Revenues[1]	38.9%	5.6%	0.6%	0%	55.1%

1 – Wholesale revenues are not subject to excise taxes.

Cost of Sales

During the period for the year ended September 30, 2021, Atlas incurred cost of sales of $6,354,830 resulting in gross profits excluding fair value adjustments of $683,517 or 9.7% of net revenues and gross loss before fair value items were $ 2,980,658.

Gross Profit

Atlas' gross profit is comprised of the following:

- Production costs – current period costs that are directly attributable to the cannabis growing and harvesting process. It also includes costs to package goods into their final state so they can be shipped to the end customer.

- Fair value adjustment on sale of inventory – relates to the previously fair value increase associated with biological assets that were transferred to inventory upon harvest.

- Fair value adjustment on growth of biological assets – represents the estimated fair value less cost to sell of biological assets as at the reporting date.

Biological assets consist of cannabis plants at various after-harvest stages.

Gross profit (loss) after fair value adjustments for the year ended September 30, 2021 was ($2,980,658). During the period Atlas recorded:

- $573,145 as an expense for the realized fair value adjustments on inventory sold;

- $544,064 as an unrealized gain on the change in fair value of biological assets;

- $645,437 as a write-down of inventory to net realizable value; and

- $4,135,947 as a write down for impairments to inventory throughout the year.

Operating Expenses

During the period for the year ended September 30, 2021, Atlas incurred operating expenses of $7,606,715 which is comprised of:

Operating Expenses	For the Year Ended September 30, 2021 ($)	For the Year Ended September 30, 2020 ($)
Salaries, wages, and benefits	$2,104,144	$1,291,472
Professional and consulting fees	490,050	1,034,132
Insurance, property tax, and office	1,128,658	977,417
Interest, bank charges, and penalties	777,751	849,976
Travel, promotion, and business developments	684,786	388,720
Depreciation	654,590	607,496
Share based compensation	1,766,736	3,111,359
Total Operating Expenses	**$7,606,715**	**$8,260,572**

The operating expenses incurred by Atlas are expected to continue prospectively and Atlas anticipates that the cost savings through efficiencies in these operating expenses will be comparable than the forecasted growth in revenues.

Salaries, wages, and benefits. During the period for the year ended September 30, 2021, Atlas expensed $2,104,144 ($1,291,472 in 2020) related to salaries and wages. This was related to salaries for sales, marketing, finance, IT, and executive functions. It also included the cost of benefits for all employees. The increase from the prior period is due to the growth of the sales and marketing functions of the organization.

Professional and consulting fees. During the period for the year ended September 30, 2021, Atlas expensed $490,050 ($1,034,132 in 2020) related to professional and consulting fees. Approximately 30% of the expense incurred related to legal counsel. The balance of the costs was attributable to professional fees for auditors, tax, and other consultants. The reduction in expense from the prior period is due to a decrease in consulting fees and legal costs.

Insurance, property tax and office. During the period for the year ended September 30, 2021, Atlas expensed $1,128,658 ($977,417 in 2020) related to insurance, property tax, and office expenses. Included in that balance is $230,832 that relates to computer/IT infrastructure and support, $367,598 for all insurance costs, and the balance attributable to office and general administrative support costs. The increase from the prior period is the result of an increases in general liability insurance to $5 million and increases in product recall insurance, each a condition to entering the Ontario cannabis market.

Interest, bank charges, and penalties. During the period for the year ended September 30, 2021, Atlas expensed $777,751 ($849,976 in 2020) related to interest, bank charges, and penalties. Included in that balance is $29,975 in short-term debt, $ 481,328 in long-term debt, $69,783 in related party interest, and the remainder being non-cash, bank charges, and penalties and interest. The reduction from the prior period is due to a decrease in short-term facilities.

Travel, promotion, and business development. During the period for the year ended September 30, 2021, Atlas expensed $684,786 ($388,720 in 2020) related to travel promotion, and business development. The increase from the prior period is due to the restrictions from COVID-19 being lifted, allowing for increased business travel.

Depreciation. During the period for the year ended September 30, 2021, Atlas recorded a total of $2,090,509 ($1,736,322 in 2020) in depreciation, of which $654,589 ($607,496 in 2020) was expensed as depreciation and $1,435,920 ($1,128,826 in 2020) was capitalized to biological assets as a non-cash cost to grow. This increase in the period is due to the increase in capital assets, resulting in increased depreciation.

Share-based Compensation. During the period for the year ended September 30, 2021, Atlas expensed $1,766,736 ($3,111,359 in 2020) related to share-based compensation. All options outstanding as at September 31, 2021, were granted during the period and none of the granted options have been exercised.

Other (Income) Expenses

During the period for the year ended September 30, 2021, Atlas incurred other (income) expenses as broken down in the table below.

Other (Income) Expenses	**For the Year Ended September 30, 2021 ($)**	**For the Year Ended September 30, 2020 ($)**
Loss on disposal of property, plant and equipment	(1,924,946)	-
Other income	2,220,786	992,573
Interest income	2	170
Foreign exchange gain	155,984	176,520
Total Other (Income) Expenses	**451,826**	**1,169,263**

The key drivers of the other (income) and expenses incurred during the period related to government COVID relief funding of $1,942,762 ($992,573 in 2020). Additionally, Atlas received grant income of $85,784 and $121,920 from its non-cash interest on its leased asset.

Loss per Share

Basic loss per share is calculated by dividing the net profit attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted profit per share is calculated by adjusting the earnings and number of shares for the effects of dilutive warrants and other potentially dilutive securities. The weighted average number of common shares used as the denominator in calculating diluted profit per share excludes un-issued common shares related to stock options.

Basic and diluted loss per share for the period ended September 30, 2021, was $0.32 ($0.28 as of September 30, 2020) per share where the basic and diluted weighted average number of common shares outstanding during the period was 26,391,843 (23,873,797 shares as of September 30, 2020).

Income tax recovery

Atlas received Scientific Research & Economic Development credits and tax recovery for its participation for the fiscal periods ended September 30, 2019, 2020 and 2021.).

Total Assets

Total assets as at September 30, 2021, were $25,468,155 compared to $31,709,431 as at September 30, 2020, a decrease of $6,241,276 or 24.5%. The decrease is due to the termination of the long-term property lease and the forfeiture of the security deposit from the second facility lease in Denmark.

Total Liabilities

Total liabilities as at September 30, 2021, were $14,037,003 compared to $19,520,613 as at September 30, 2020, a decrease of $5,483,610 or 39.1%. The decrease is primarily due to the termination of the long-term property lease and the forfeiture of the security deposit from the second facility lease in Denmark.

Summary of Quarterly Results

A summary of quarterly results has not bee provided as Atlas, not previously having been a reporting issuer, has not previously prepared financial statements on a quarterly basis.

Liquidity and Capital Resources

As at September 30, 2021, Atlas had cash of $2,426,905 compared to $220,850 as at September 30, 2020. Atlas had working capital as at September 30, 2021 and September 30, 2020 of $5,782,674 and $5,154,915 respectively. Atlas does not have sufficient working capital for the short term, and thus will need to rely upon third party financing to maintain corporate capacity until it generates sufficient cash from operations.

During the period, Atlas' activities have been funded primarily by cashflow from operations, the issue of additional convertible debentures, as well as additional equity raises to both new and existing shareholders.

Atlas expects that it will continue to be able to fund its operations by relying on cash on hand, cash flows from operations and external financing until it generates sufficient positive cash flows from operations, which are expected to materialize as Atlas further develops the continued sales diversification domestically as well as internationally at higher profit margins.

Atlas assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. It is possible however that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact the Atlas ability to access equity or debt markets in the future.

For the period ended September 30, 2021, cash used by operating activities was $4,629,137. Cash used by operations for the period resulted primarily from a net loss, and unrealized gain on changes in fair value of biological assets, which was primarily offset by changes in fair value included in the inventory sold, depreciations of property, plant and equipment, an impairment of inventory and changes in working capital items.

For the period ended September 30, 2021, cash generated from financing activities was $6,599,705 and derived from an increase in its debt facilities and the issuance of common shares, which was partially offset by the repayment of lease liabilities and term debt.

For the period ended September 30, 2021, cash used by investing activities was $136,535 which resulted primarily from the acquisition of property, plant, and equipment.

Atlas is subject to an externally imposed capital covenants related to its indebtedness and must keep its debt-to-equity ratio at 1:1, and as of September 30, 2020, was in violation of this covenant, which resulted in the long-term debt being classified as current. Atlas was granted a waiver by the lender until the period ended September 30, 2023.

Atlas' The debt-to-equity ratios as at September 30, 2020 and September 30, 2021 were as follows:

Debt to Equity Reconciliation

Total Debt	**As at September 30, 2021**	**As at September 30, 2020**
Current and long-term loans payable[1]	$9,856,712	$9,724,945
Current and long-term convertible debentures payable	1,382,241	861,357
Total Debt	**$11,238,953**	**$10,586,302**
Total Equity	**$11,431,152**	**$12,188,818**
Debt to Equity Ratio	**0.98 : 1**	**0.86 : 1**

(1) Atlas had its long-term debt classified as current as it was not compliant with its covenant as of September 30, 2021. This covenant has been waived by the lender until the period ended September 30, 2023.

There have been no changes to Atlas' approach to capital management during the period ended September 30, 2021. Atlas is not subject to externally imposed capital requirements.

As at September 30, 2020 and September 30, 2021 and the date hereof Atlas does currently have credit facilities in place to allow for additional access to capital if required.

Off Balance Sheet Arrangements

Atlas has not entered into any off-balance sheet transactions that have, or are reasonably likely to have, a current or future effect on the financial performance of financial condition of Atlas.

Changes in Accounting Policies Including Initial Adoption

Amendments to IAS 1: Classification of Liabilities as Current or Non-current - The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's financial statements.

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract - The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Proposed Transactions

Please refer to the Listing Statement for a description of the proposed Fundamental Change Transaction, including the pro forma financial statements appended thereto as Schedule B.

Related Party Transactions

Atlas' key management personnel consists of those persons having authority and responsibility for planning, directing, and controlling the activities of Atlas as a whole. Atlas has determined that its key management personnel consists of members of the board of directors and executive officers.

The remuneration of directors and key management personnel during the periods ended September 30, 2021 and 2020, is set out below:

Related Party Reconciliation	**For the Year Ended September 30, 2021**	**For the Year Ended September 30, 2020**
Salaries and benefits	$565,079	$817,237
Share-based compensation	733,300	887,440
Total Related Party Compensation	**$1,298,379**	**$1,704,677**

As at September 30, 2021, related parties had an amount receivable from Atlas of $nil (September 30, 2020 - $475,000), which is included in accounts payable and accrued liabilities for amounts owing to related parties for reimbursement of expenses incurred in the normal course of business. The amount payable as at September 30, 2020 was allocated as follows (i) Mr. Sheldon Croome ($162,500); (ii) Mr. Clinton Weir ($212,500); (iii) Mr. Cale Alacer ($20,000); and (iv) 1402171 Alberta Ltd. ($80,000), and was repaid in full as at August 2021.

Outstanding Share Data

Please refer to *Items 9.C* and *10.C* of the Listing Statement for a description of the outstanding share data of Atlas.

Financial Instruments

Atlas' financial instruments consist of cash, cash equivalents accounts payable, amounts payable and consideration payable. Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost.

Atlas classifies its cash and cash equivalents as fair value through profit or loss. The carrying values of accounts payable, amounts payable and consideration payable, which have been classified as financial liabilities, are measured at amortized cost using the effective interest method.

The carrying amount of the cash and cash equivalents, occasionally government investment certificates, accounts receivable, accounts payable and accrued liabilities, and shareholder loans approximates the fair value because of the short-term nature of these instruments. The carrying amount of debt approximates the fair value because these instruments carry a market rate of interest.

Financial instruments recorded at fair value in the statement of financial position are classified using the fair value hierarchy, which reflects the significance of the inputs used in making the measurements, and the following levels:

Level 1 – Valuation based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Valuation techniques using inputs for the asset or liability that are not based on observable market data. Financial assets measured at fair value on a recurring basis were presented on Atlas' statement of financial position as at September 30, 2021 and September 30, 2020 are as follows:

	Fair Market Measurements Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**	**Total**
September 30, 2021				
Assets	$2,002,487	$ 6,012,479	$ nil	$8,014,966
Cash & Equivalents	$2,426,905	$ nil	$ nil	$2,426,905
September 30, 2020				
Assets	$2,351,910	$7,244,609	$ nil	$9,596,579
Cash & Equivalents	$220,850	$ nil	$ nil	$220,850

The risks associated with Atlas' financial instruments and how these risks are managed are summarized below.

Credit risk

Credit risk is the risk of potential loss to Atlas if a counter party to a financial instrument fails to meet its payment obligations. Atlas is exposed to credit risk with respect to its cash and accounts receivable in the aggregate amount of $3,924,960 (September 30, 2020 - $990,243). Atlas' cash is held with certain Canadian financial institutions with high credit worthiness.

Atlas' cash and cash equivalents and occasionally government investment certificates are held in large Canadian financial institutions. The other receivable is owed from a large Canadian financial institution. Credit risk from these parties is considered low.

Atlas provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. Atlas has credit risk on trade receivables arising for sales with customers in the ordinary course of business.

For customers that are located in Canada and provincially regulated entities, collection risk is perceived as low. Atlas has adopted a credit policy under which the balance of new customers are analyzed for creditworthiness before standard payment terms and conditions are offered. Atlas' exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. To mitigate credit risk exposure for its wholesale customers, Atlas typically receives a minimum of a 50% deposit prior to shipment.

During the period-ended September 30, 2021, Atlas earned total gross revenues of $6,765,175 ($495,326 as of September 30, 2020) from three major customers. These customers each accounted for over 10% of Atlas' total revenue for the period ended September 30, 2021. Total amounts receivable owing from these customers as at September 30, 2021, was $642,077 ($434,989 as at September 30, 2020).

The aging of Atlas' trade receivables has not changed significantly between September 30, 2020 and September 30, 2021. No accounts receivable are past due and all accounts are expected to be collected.

Liquidity risk

Liquidity risk is the risk that Atlas will not be able to meet its obligations as they become due. Atlas manages its liquidity risk by reviewing on an ongoing basis its capital requirements and raises capital as required to support investment in production facilities and working capital requirements. As at September 30, 2021, Atlas had current liabilities of $4,709,689 (September 30, 2020 - $13,269,198).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Atlas faces market risk from the impact of changes in interest rates and changes in foreign currency exchange rates.

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. Financial assets and liabilities with variable interest rates expose Atlas to cash flow interest rate risk. As at September 30, 2021, Atlas does not hold any financial liabilities with variable interest rates. Atlas does maintain bank accounts and occasionally government investment certificates which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

Foreign Currency Risk

Atlas, through its international customers and vendors is exposed to currency risk. As at September 30, 2021, $47,094 of Atlas' financial assets (September 30, 2020 – $100,365) and $39,110 of Atlas' 's financial liabilities (September 30, 2020 – $nil) are translated and denominated in Canadian dollars.

Atlas manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables and planned expenditures.

Risks and Uncertainties

Please refer to the Listing Statement for a description of the risks that could affect Atlas' financial condition, results of operation or business that could cause actual results to differ materially from those expressed in our forward-looking statements.

SCHEDULE H-2
ATLAS INTERIM MD&A FOR THE INTERIM PERIOD ENDED JUNE 30, 2022

The following is the MD&A of Atlas for the three and nine months ended June 30, 2022. This MD&A should be read in conjunction with (i) the Listing Statement to which this MD&A is appended, (ii) the audited financial statements and related notes thereto for the years ended September 30, 2021 and 2020; and (iii) the unaudited interim financial statements for the three and nine months ended June 30, 2022, each of which have been prepared in accordance with IFRS.

All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information within the meaning of applicable securities laws. Refer to "*Cautionary Statement Regarding Forward-Looking Statements and Forward-Looking Information*" at *Item 1.B.2* of the Listing Statement.

Business Overview

Description of the Business

Atlas was incorporated under the Business Corporations Act (Alberta) on December 1, 2017 under the name "Atlas Biotechnologies Inc.". Prior to its incorporation, Atlas' business was carried on by its wholly-owned subsidiary, Atlas Growers, also governed by the ABCA. Atlas' other whole-owned subsidiary, Atlas Growers Denmark A/S, is governed by the laws of Denmark, and as at the date hereof, is inactive. On June 15, 2018, all shareholders of Atlas Growers exchanged (i) their shares for shares in Atlas; (ii) all option holders of Atlas Growers exchanged their options to purchase shares in Atlas Growers for options to purchase shares in Atlas; and (iii) all holders of restricted share units of Atlas Growers exchanged them for restricted shares units of Atlas. On March 3, 2018, Atlas amended and restated its articles to amend the restrictions on transfers. Atlas's head office is currently located in Edmonton, Alberta.

Atlas Growers, is federally licensed in Canada for cultivation and processing of cannabis products, with a focus on health and wellness, and adult use products. Atlas Growers, currently produces flower, extracts, topical and edible formulations with medical distribution across Canada and adult-use distribution in seven provinces and territories. Atlas also distributes bulk dried flower through various supply agreements to Germany, Spain and Australia. Atlas, through Atlas Growers, currently produces, markets and distributes smokeless THC and CBD products through its' wellness-oriented brand: Atlas Thrive. Atlas also produces, markets and distributes its' inhalable adult-use focused products (such as flower, pre-rolls, vapes, concentrates and seeds) through its Natural History brand.

In September 2018, Atlas occupied a 38,000 sq. ft. indoor growing facility in Gunn, Alberta and was then issued a cannabis license authorizing the cultivation, processing, and sales of cannabis on October 12, 2018. In July 2019, Atlas completed the acquisition of an indoor mushroom farm in Odense, Denmark through a lease to own arrangement. Atlas further received its cultivation license from the Danish Medicines Agency in September 2019 and finalized initial design for the retrofit of a 100,000 sq. ft. EU GMP facility. However, due to market volatility, the COVID-19 pandemic, and the slow pace of regulatory changes in Denmark that would have enhanced the ability to export product, Atlas terminated the lease to own agreement on the facility and subsequently dissolved Atlas Growers Denmark A/S.

On November 1, 2021, Atlas' Alberta facility became certified in GACP.

On February 27, 2022, Atlas also received its Control Union Medical Cannabis Standard (CU885303 CUMCS 01-2022) and Israeli Medical Cannabis (CU 885303 IMC-GAP 01-2022) certifications allowing exports to Israel.

Fundamental Change Transaction

On July 14, 2022, Atlas entered into the Amalgamation and Share Exchange Agreement for the completion of the Fundamental Change Transaction. Refer to "Fundamental Change Transactions" at Item 1.A of the Listing Statement.

Overall Financial Performance Summary

Atlas' financial performance for the period ended June 30, 2022 is linked to the cannabis industry and accordingly, there are numerous risks and trends in the industry which have significant effects on the business of Atlas including: those arising from the regulation of cannabis (including in particular, application, renewal and receipt of cannabis licenses authorizing the cultivation and sale of cannabis), high taxation on domestic sales, challenges around the cultivation and shelf life of biological assets, as well as continued deterioration of general economic conditions that may negatively affect its ability to raise capital. Atlas financial performance during the period was affected by its continued investment in increasing ability to sell product outside of Canada (primarily by way of applications for the requisite regulatory approvals), where the tax rates on its products are lower. Refer to "*Cautionary Statement Regarding Forward-Looking Statements and Forward-Looking Information*" at *Item 1.B.2* of the Listing Statement for further information.

Statement of Operations	**For the nine months ended June 30,**		**For the three months ended June 30,**	
	2022 ($)	**2021 ($)**	**2022 ($)**	**2021 ($)**
Net Revenue	8,157,866	5,104,779	2,412,250	1,222,387
Gross Margin Excluding Fair Value Items	682,904	427,041	(250,409)	(234,078)
Gross Margin	(1,843,376)	(495,617)	(1,261,040)	790,298
Total Expenses	7,159,359	6,077,804	2,392,728	1,927,635
Comprehensive Loss	**(7,800,362)**	**(6,353,935)**	**(2,876,283)**	**(248,999)**
Basic and Diluted Loss Per Share	**(0.25)**	**(0.25)**	**(0.21)**	**(0.01)**

Statement of Financial Position	**As at June 30, 2022 ($)**	**As at September 30, 2021 ($)**
Total Assets	22,686,521	25,468,155
Total Liabilities	15,966,707	14,037,003
Total Shareholders Equity	6,719,814	11,431,152

Statement of Operations

Atlas recorded a comprehensive net loss of ($7,800,362) ($6,353,935 in 2021) for the nine months ended June 30, 2022.

Revenue

During the period for the nine months ended June 30, 2022, Atlas generated gross revenue of $9,787,251 ($6,272,989 in 2021), which were subject to excise taxes of $1,629,385 ($1,168,210 in 2021) resulting in net revenues of $8,157,866 ($5,104,779 in 2021). Revenues for the three months ended June 30, 2022, were $3,160,327 ($1,462,497 in 2021), which were subject to excise taxes of $748,077 ($240,110 in 2021) resulting in net revenues of $2,412,250 ($1,222,387 in 2021). Throughout the period, the Company grew wholesale revenues as can be viewed in the table below both in aggregate dollars and as a percentage of overall sales. Wholesale revenues are not subject to excise taxes resulting in higher margins. In the period, the Company started generating revenue through exclusive distribution agreements for its brand partners without cannabis licenses. The Company expects the distribution revenues to be ongoing. The chart below represents the unaudited results for the three month period ended:

Statement of Revenues	For the period ended June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Branded Revenues, net of excise	$1,671,825	$2,030,827	$1,731,297	$1,196,892	$1,182,003
Wholesale Revenues[1]	$522,367	$ 834,570	$829,714	$762,390	$70,123
Distribution Revenues[1]	$218,058	$ 336,592	$ 10,832	$ 0	$ 0
Total Revenues, net of excise	**$2,412,250**	**$3,201,989**	**$ 2,571,843**	**$1,959,281**	**$1,222,387**
Branded Revenues, net of excise	21.7%	63.4%	67.3%	61.1%	94.4%
Wholesale Revenues[1]	69.3%	26.1%	32.3%	38.9%	5.6%
Distribution Revenues[1]	9.0%	10.5%	0.4%	0.0%	0.0%

1 – Wholesale revenues are not subject to excise taxes.

Cost of Sales

During the period for the nine months ended June 30, 2022, and 2021, Atlas incurred cost of sales of $7,474,9622 and $4,677,738, respectively, resulting in gross margin, excluding fair value items of $682,904 and $427,041, or 11.6% and 8.4% of net revenues, respectively and gross profits after fair value items are ($1,843,376) and ($495,617 for 2021).

For the three months ended June 30, 2022, and 2021, the Company incurred cost of sales of $2,662,659 and $1,456,465, respectively, resulting in gross margin, excluding fair value items of $(250,409) and ($234,078), or 0.6% and (19.1%) of net revenues, respectively, and gross profits after fair value items were ($1,261,040) and ($790,298 for 2021).

Gross Profit

Atlas' gross profit is comprised of the following:

- Production costs – current period costs that are directly attributable to the cannabis growing and harvesting process. It also includes costs to package goods into their final state so they can be shipped to the end customer.

- Fair value adjustment on sale of inventory – relates to the previously fair value increase associated with biological assets that were transferred to inventory upon harvest.

- Fair value adjustment on growth of biological assets – represents the estimated fair value less cost to sell of biological assets as at the reporting date.

Biological assets consist of cannabis plants at various after-harvest stages.

Gross profit (loss) for the nine months ended June 30, 2022 and 2021 were ($1,843,376) and ($495,617), respectively. During the period, Atlas recorded:

- $(1,222,070) as an expense for the realized fair value adjustments on inventory sold;

- $1,595,552 as an unrealized gain on the change in fair value of biological assets;

- $2,128,232 as a write-down of inventory to net realizable value; and

- $24,566 as a write down for impairments to inventory throughout the year.

For the prior year periods, Atlas did not have standard closing procedures, and as such, comparative figures may reflect differently than otherwise would be presented, specifically in relation to the Fair Value items.

Operating Expenses

During the period for the nine months ended June 30, 2022 and 2021, Atlas incurred operating expenses of $7,159,360 and $6,077,804, and during the three months ended June 30, 2022 and 2021, the Company incurred operating expenses of $2,392,728 and $1,927,635, which is comprised of:

Operating Expenses	For the nine months ended June 30,		For the three months ended June 30,	
	2022 ($)	2021 ($)	2022 ($)	2021 ($)
Salaries, wages, and benefits	1,472,417	1,307,575	467,806	455,867
Professional and consulting fees	223,864	202,852	67,813	28,586
Insurance, property tax, and office	772,206	906,415	244,463	286,167
Interest, bank charges, and penalties	481,973	481,223	164,070	159,937
Travel, promotion, and business development	841,216	405,079	307,507	119,485
Depreciation	340,339	1,425,475	94,485	474,438
Share based compensation	3,027,344	1,349,185	1,046,584	403,155
Total Operating Expenses	**7,159,359**	**6,077,804**	**2,392,728**	**1,927,635**

The operating expenses incurred by Atlas are expected to continue prospectively and Atlas anticipates that the cost savings through efficiencies in these operating expenses will be comparable than the forecasted growth in revenues.

Salaries, wages, and benefits. During the period for the nine months ended June 30, 2022, Atlas expensed $1,472,417 ($1,307,575 in 2021) related to salaries and wages. For the three months ended June 30, 2022, expenses were $467,806 ($455,867 for 2021). This was related to salaries for sales, marketing, finance, IT, and executive functions. It also included the cost of benefits for all employees. The increase from the prior period is due to the growth of the sales and marketing functions of the organization.

Professional and consulting fees. During the period for the nine months ended June 30, 2022, Atlas expensed $223,864 (in $202,852) related to professional and consulting fees. For the three months ended June 30, 2022, expenses were $67,813 compared to $28,586 for the three months ended June 30,2022. Approximately 40% of the expense incurred for costs related to legal counsel. The increase in the quarter is due to costs related to the quarterly review that were not incurred in the previous *year.*

Insurance, property tax and office. During the period for the nine months ended June 30, 2022, Atlas expensed $772,206 ($906,415 in 2021), related to insurance, property tax and office. For the three months ended June 30, 2022, expenses were $244,463 ($286,167 for 2021).

Interest, bank charges, and penalties. During the period for the nine months ended June 30, 2022, Atlas expensed $481,973 ($481,223 in 2021) related to interest, bank charges, and penalties. For the three months ended June 30, 2022, expenses were $164,070 ($159,937 in 2021). Included in that balance, the Company incurred expenses for short-term debt, in long-term debt, and the remainder being in non-cash, bank charges, and penalties and interest.

Travel, promotion and business development. During the period for the nine months ended June 30, 2022, Atlas expensed $841,215 ($405,079 in 2021) related to travel, promotion and business development. For the three months ended June 30, 2022, expenses were $307,506 ($119,484 in 2021). The increase from the prior period is due to restrictions from COVID-19 being lifted, allowing for increased travel.

Depreciation. During the period for the nine months ended June 30, 2022, Atlas expensed $841,215 ($405,079 in 2021) related to depreciation. For the three months ended June 30, 2022, expenses were $307,506 ($119,484 in 2021). This increase in the period is due to the increase in capital assets, resulting in increased depreciation.

Share-based compensation. During the period for the nine months ended June 30, 2022, Atlas expensed $3,027,344 ($1,349,185 in 2021) related to share-based compensations. For the three months ended June 30, 2022, expenses were $1,046,584 ($403,155 in 2021). The increase in expense is due to an increase in strike price appreciation at the time of issue for both the options and share grants. All options outstanding as of June 30, 2022, were granted during the period and none of the granted options have been exercised.

Other (Income) Expenses

During the period for the nine months ended June 30, 2022, Atlas incurred other (income) expenses as broken down in the table below.

Other (Income) Expenses	**For the nine months ended June 30,**		**For the three months ended June 30,**	
	2022 ($)	**2021 ($)**	**2022 ($)**	**2021 ($)**
Loss on investment	(11,168)	0	0	0
Gain/(Loss) on disposal of property, plant, and equipment	61,587	(1,570,959)	28,267	0
Other income (loss)	(59,223)	1,743,119	372	857,358
Interest Income	25	2	24	0
Foreign exchange gain	11,123	47,324	2,156	30,980
Total Operating Expenses	**2,344**	**219,486**	**30,819**	**888,338**

The key drivers of the other (income) and expenses incurred during the period related to government COVID relief funding of nil ($1,655,644 in 2021). Additionally, Atlas received grant income of $2,889 ($90,459 in 2021) during the period.

Loss per Share

Basic loss per share is calculated by dividing the net profit attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted profit per share is calculated by adjusting the earnings and number of shares for the effects of dilutive warrants and other potentially dilutive securities. The weighted average number of common shares used as the denominator in calculating diluted profit per share excludes un-issued common shares related to stock options.

Basic and diluted loss per share for the period ended June 30, 2022, was $0.25 ($0.32 as of September 30, 2021) per share where the basic and diluted weighted average number of common shares outstanding during the period was 30,604,404 (23,873,797 shares as of September 30, 2021).

Atlas received Scientific Research & Economic Development credits and tax recovery for its participation for the fiscal periods ended September 30, 2019, 2020 and 2021. During the period for the nine months ended June 30, 2022, Atlas received $1,200,029 (nil in 2021).

Total Assets

Total assets as of June 30, 2022, were $22,686,521 compared to $25,468,155 as at September 30, 2021, a decrease of $2,781,634. The decrease is due to the reduction of cash and equivalents and the continued amortization of property, plant, and equipment of the primary cultivation facility.

Total Liabilities

Total liabilities as of June 30, 2022, were $15,966,707 compared to $14,037,003 as at September 30, 2021, an increase of $1,929,704. The increase is primarily due to the increase in accounts payable because of an increase in the excise taxes payables balance.

Summary or Quarterly Results

A summary of quarterly results has not bee provided as Atlas, not previously having been a reporting issuer, has not previously prepared financial statements on a quarterly basis.

Liquidity and Capital Resources

As at June 30, 2022, Atlas had cash of $657,419 compared to $2,426,905 as at September 30, 2021. Atlas does not have sufficient working capital for the short term, and thus will need to rely upon third party financing to maintain corporate capacity until it generates sufficient cash from operations.

During the period, Atlas' activities have been funded primarily by cashflow from operations, the issue of additional convertible debentures, as well as additional equity raises to both new and existing shareholders. The Company expects that it will continue to be able to fund its operations by relying on cash on hand, cash flows from operations and external financing until it generates positive cash flows from operations, which are expected to materialize as Atlas further develops the continued sales diversification domestically as well as internationally at higher profit margins.

Atlas assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. It is possible however that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact Atlas' ability to access equity or debt markets in the future.

For the period ended June 30, 2022, cash used by operating activities was $1,582,849. Cash used by operations for the period resulted primarily from a net loss, and unrealized gain on changes in fair value of biological assets, which was primarily offset by changes in fair value included in the inventory sold, depreciations of property, plant and equipment, and changes in working capital items.

For the period ended June 30, 2022, cash generated from investing activities was $18,515 which resulted from the proceeds generated from the disposal of a couple items of property, plant, and equipment.

For the period ended June 30, 2022, cash used by financing activities was $205,154 which resulted primarily from the repayment of debt.

Atlas is subject to an externally imposed capital covenants related to its indebtedness and must keep its debt-to-equity ratio at 1:1, and as of June 30, 2020, was in violation of this covenant, which resulted in the long-term debt being classified as current. Atlas was granted a waiver by the lender until the period ended October 1, 2022.

Atlas' debt-to-equity ratios as at September 30, 2021 and June 30, 2022 were as follows:

Debt to Equity Reconciliation

Total Debt	**As at June 30, 2022**	**As at September 30, 2021**
Current and long-term loans payable[1]	$9,354,198	$9,856,712
Current and long-term convertible debentures payable	1,491,405	1,382,241
Total Debt	**$10,845,602**	**$11,238,953**
Total Equity	**$6,719,814**	**$11,431,152**
Debt to Equity Ratio	**1.37 : 1**	**0.98 : 1**

1 - Atlas had its long-term debt classified as current as it was not compliant with its covenant as of September 30, 2021. This covenant has been waived by the lender until the period ended September 30, 2022.

There have been no changes to Atlas' approach to capital management during the period ended June 30, 2022. Atlas is not subject to externally imposed capital requirements.

As at June 30, 2022 and June 30, 2021 and the date hereof Atlas does currently have credit facilities in place to allow for additional access to capital if required.

Off Balance Sheet Arrangements

Atlas has not entered into any off-balance sheet transactions that have, or are reasonably likely to have, a current or future effect on the financial performance of financial condition of Atlas.

Changes in Accounting Policies Including Initial Adoption

Amendments to IAS 1: Classification of Liabilities as Current or Non-current - The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. Atlas is currently evaluating the potential impact of these amendments on Atlas' financial statements.

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract - The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2023, with early application permitted. Atlas is currently evaluating the potential impact of these amendments on Atlas' financial statements.

Proposed Transactions

Please refer to the Listing Statement for a description of the proposed Fundamental Change Transaction, including the pro forma financial statements appended thereto as Schedule B.

Related Party Transactions

Atlas' key management personnel consists of those persons having authority and responsibility for planning, directing, and controlling the activities of Atlas as a whole. Atlas has determined that its key management personnel consist of members of the board of directors and executive officers.

The remuneration of directors and key management personnel during the periods ended June 30, 2022 and September 30, 2021, is set out below:

Related Party Reconciliation	**For the Nine Months Ended June 30, 2022**	**For the Year Ended September 30, 2021**
Salaries and benefits	$276,702	$565,079
Share-based compensation	1,978,296	733,300
Total Related Party Compensation	**$2,254,998**	**$1,298,379**

As at June 30, 2022, related parties had an amount receivable from Atlas of nil (September 30, 2021 - nil), which is included in accounts payable and accrued liabilities for amounts owing to related parties for reimbursement of expenses incurred in the normal course of business.

Outstanding Share Data

Please refer to *Items 9.C* and *10.C* of the Listing Statement for a description of the outstanding share date of Atlas.

Financial Instruments

Atlas' financial instruments consist of cash, cash equivalents accounts payable, amounts payable and consideration payable. Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost.

Atlas classifies its cash and cash equivalents as fair value through profit or loss. The carrying values of accounts payable, amounts payable and consideration payable, which have been classified as financial liabilities, are measured at amortized cost using the effective interest method.

The carrying amount of the cash and cash equivalents, occasionally government investment certificates, accounts receivable, accounts payable and accrued liabilities, and shareholder loans approximates the fair value because of the short-term nature of these instruments. The carrying amount of debt approximates the fair value because these instruments carry a market rate of interest.

Financial instruments recorded at fair value in the statement of financial position are classified using the fair value hierarchy, which reflects the significance of the inputs used in making the measurements, and the following levels:

Level 1 – Valuation based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Valuation techniques using inputs for the asset or liability that are not based on observable market data.

Financial assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at June 30, 2022 and September 30, 2021 are as follows:

	Fair Market Measurements Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**	**Total**
June 30, 2022				
Assets	$1,991,020	$7,212,397	$ nil	$9,203,417
Cash & Equivalents	$657,419	$ nil	$ nil	$657,419
September 30, 2021				
Assets	$2,002,487	$6,012,479	$ nil	$8,014,966
Cash & Equivalents	$2,426,905	$ nil	$ nil	$2,426,905

The risks associated with Atlas' risk exposure and the impact on the Company's financial instruments and how these risks are managed are summarized below.

Credit risk

Credit risk is the risk of potential loss to Atlas if a counter party to a financial instrument fails to meet its payment obligations. Atlas is exposed to credit risk with respect to its cash and accounts receivable in the aggregate amount of $1,971,875 (September 30, 2021 - $3,924,960). Atlas' cash is held with certain Canadian financial institutions with high credit worthiness.

Atlas' cash and cash equivalents and occasionally government investment certificates are held in large Canadian financial institutions. The other receivable is owed from a large Canadian financial institution. Credit risk from these parties is considered low.

Atlas provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. Atlas has credit risk on trade receivables arising for sales with customers in the ordinary course of business.

For customers that are located in Canada and provincially regulated entities, collection risk is perceived as low. Atlas has adopted a credit policy under which the balance of new customers are analyzed for creditworthiness before standard payment terms and conditions are offered. Atlas' exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. To mitigate credit risk exposure for its wholesale customers, Atlas typically receives a minimum of a 50% deposit prior to shipment.

During the period-ended June 30, 2022, Atlas earned total gross revenues of $7,142,055 ($6,765,175 as of September 30, 2021) from three major customers. These customers each accounted for over 10% of Atlas' total revenue for the period ended June 30, 2022. Total amounts receivable owing from these customers at June 30, 2022, was $1,030,928 ($642,077 as at September 30, 2021). The aging of the Company's trade receivables has not changed significantly between September 30, 2021 and June 30, 2022. No accounts receivable are past due and all accounts are expected to be collected.

Liquidity risk

Liquidity risk is the risk that Atlas will not be able to meet its obligations as they become due. Atlas manages its liquidity risk by reviewing on an ongoing basis its capital requirements and raises capital as required to support investment in production facilities and working capital requirements. As at June 30, 2022, Atlas had current liabilities of $7,570,140 (September 30, 2021 - $4,709,689).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Atlas faces market risk from the impact of changes in interest rates and changes in foreign currency exchange rates.

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. Financial assets and liabilities with variable interest rates expose Atlas to cash flow interest rate risk. As at June 30, 2022, Atlas does not hold any financial liabilities with variable interest rates. Atlas does maintain bank accounts and occasionally government investment certificates which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

Foreign Currency Risk

Atlas, through its international customers and vendors is exposed to currency risk. As at June 30, 2022, $7,881 of Atlas' financial assets (September 30, 2021 – $47,094) and $nil of the Atlas' financial liabilities (September 30, 2021 – $39,110) are translated and denominated in Canadian dollars.

Atlas manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables and planned expenditures.

Risks and Uncertainties

Please refer to the Listing Statement for a description of the risks that could affect Atlas' financial condition, results of operation or business that could cause actual results to differ materially from those expressed in our forward-looking statements.

SCHEDULE I-1
CAMBROSIA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Financial Report of

CAMBROSIA LTD

December 31, 2021

CAMBROSIA LTD

Financial Report

December 31, 2021

Table of Contents

Independent Auditor's Report

To the Shareholders of

Cambrosia Ltd.

Opinion

We have audited the financial statements of Cambrosia Ltd. (the "Company") which comprise the statement of financial position as at 31 December 2021, and the statement of loss and Comprehensive Loss, the statement of changes in shareholders' equity and the statement of cash flows for the period then ended, and notes to the statements, including a summary of significant accounting policies (collectively referred to as the "financial statements"). In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance,

Office: 11 Menachem Begin St. Ramat-Gan 52681, Israel Tel: +972-3-5665006 Fax: +972-74-7144194/7 info@bakertilly.co.il www.bakertilly.co.il

but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Horowitz Idan Sabo Tevet & Cohen Tabach

Baker Tilly
Horowitz Idan Sabo Tevet & Cohen Tabach
Certified Public Accountants (Isr.)

Ramat Gan

August 29, 2022

Office: 11 Menachem Begin St. Ramat-Gan 52681, Israel Tel: +972-3-5665006 Fax: +972-74-7144194/7 info@bakertilly.co.il www.bakertilly.co.il

CAMBROSIA LTD
Statement of Financial Position

	Note	December 31, 2021 Canadian Dollar
Current Assets		
Cash and cash equivalents		127,205
Prepaid expenses and other accounts receivable	4	302,150
		429,355
Current liabilities		
Other accounts payable	5	7,071
		7,071
Equity attributable to Equity holders of the company		
Share capital	6	4,548
Share premium		512,429
Capital surplus		767,648
Capital reserve from translation differences		34,058
Retained earnings (Accumulated deficit)		(896,399)
		422,284
		429,355

The accompanying notes are an integral part of the financial statements.

August 29, 2022

J. Ben Gera

Date of approval Director

CAMBROSIA LTD
Statement of Loss and Comprehensive Loss

	Note	For the period since the Company's inception in March 2021 to December 31, 2021 (*)
		Canadian dollar
Selling, general and administrative expenses (**)	7	896,071
Operating loss		(896,071)
Financial expenses (income,) net	8	328
		328
Net loss for the period		(896,399)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences		34,058
Total other comprehensive income		34,058
Total comprehensive loss		(862,347)

(*) See Note 1a
(**) Including

Share-based compensation	9c	767,648

The accompanying notes are an integral part of the financial statements.

CAMBROSIA LTD

Statements of Changes in Shareholders' Equity

For the period since the Company's inception in March 2021 to December 31, 2021.

	Share capital	Share Premiuim	Capital reserve from translation differences	Capital surplus	Accumulated deficit	Total equity
	Canadian dollar					
Balance as of January 1, 2021	-	-	-	-	-	-
Issuance of share capital	4,548	512,429	-	-	-	516,977
Net loss	-	-	-	-	(896,399)	(896,399)
Capital reserve from translation differences			34,058	-		34,058
Comprehensive Loss for the period			34,058		(896,399)	(862,341)
Share-based compensation	-	-	-	767,648	-	767,648
Balance as of December 31, 2021 (*)	4,548	512,429	34,058	767,648	(896,399)	422,284

(*) See Note 1a

The accompanying notes are an integral part of the financial statements.

CAMBROSIA LTD
Statement of Cash Flows

	For the period since the Company's inception in March 2021 to December 31, 2021 (*)
	Canadian Dollar
Cash Flows used in Operating Activities	
Net loss	(896,399)
Adjustments to reconcile net profit to cash used in operating activities	
Income and expenses not involving cash flows:	
Share-based compensation	767,648
Changes in asset and liability items:	
(Increase) decrease in other accounts receivable	(286,335)
Increase in other accounts payable	6,701
	488,014
Net cash used in operating activities	(408,385)
Cash Flows from financing activities	
Issuance of share capital	516,977
Net cash provided by financing activities	516,977
Increase in cash	108,592
Conversion differences in respect of cash balances held in foreign currency	18,613
Cash at the beginning of the period (*)	-
Cash and cash equivalents at the end of the year	127,205

(*) See note 1a.

The accompanying notes are an integral part of the financial statements.

CAMBROSIA LTD
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

Note 1 - General

a. Operational information:

Cambrosia Ltd. (the ‘‘Company’’ or ‘‘Cambrosia’) is a new Israeli company which will be consolidated with Silver Phoenix Resources Inc - refer to b. below. Cambrosia was established and incorporated in Israel in March 2021 as a private company, and its main office is located in Rishon LeZion, Israel

The Company’s operations started in July 2021, primarily as a holding company in medical cannabis and cannabinoid-based products. Once it completes acquisitions, as part of its transaction with Silver Phoenix, it will have operations spanning the main elements of the distribution value chain, from the purchasing and storage of cannabis through to the distribution to pharmacies and patients. Cambrosia will operate through subsidiaries, which, with the exception of one pharmacy which is still in the accreditation process, are accredited by the Medical Cannabis Unit (“MCU”) of the Israeli Ministry of Health, for cannabis storage, distribution and sale.

Cambrosia operates in one reporting segment and does not engage in any U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352

b. Proposed transaction with Silver Phoenix Resources Inc.

On July 14, 2022, Silver Phoenix Resources Inc. ("Silver Phoenix" or "The Group"), a company listed on the Canadian Securities Exchange ("CSE"), entered into a definitive agreement with an Israeli company Cambrosia Ltd.("Cambrosia") and two private Canadian companies, AgMedica Bioscience Inc. ("AgMedica") and Atlas Biotechnologies Inc. ("Atlas"), and with their shareholders, to acquire, through a series of steps, all of the issued and outstanding securities of AgMedica, Atlas, and Cambrosia (the "SPA"). Pursuant to the SPA, Silver Phoenix will acquire all the issued and outstanding securities of the Cambrosia , AgMedica, and Atlas, as well as 100% of the shares of two additional Israeli companies, and 51% of issued and outstanding securities of three Pharmacies in Israel (including the Company), in exchange for securities of Silver Phoenix and cash, constituting a reverse takeover (together with the related transactions and corporate procedures set forth in the SPA, the "Transaction" or "RTO"). Cambrosia will have "Call" options, and the current shareholders will have a "Put" options, on the remaining 49% of the Pharmacies

Note 2 - Significant Accounting Policies

The accounting policies implemented in the financial statements are consistent with those implemented in the previous period:

a. Basis of presentation of the financial statements:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company has elected to present the profit or loss items using the function of expense method.

The Company's financial statements have been prepared on a cost basis.

Note 2 - Significant Accounting Policies (Cont.)

b. Significant accounting estimates and assumptions used in the preparation of the financial statements:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the adoption of the accounting policies and the reported amounts of assets, liabilities, revenues and expenses. The bases of the estimates and assumptions are reviewed regularly. The changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the balance sheet date and the critical estimates computed by the Company that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

c. Functional currency and foreign currency:

i. Functional currency and presentation currency:

The functional currency of the Company, which is located in Israel, is the New Israeli Shekel (“NIS”). The functional currency, is the currency that best reflects the economic environment in which the Company operates and conducts its transactions, and is used to measure its financial position and operating results. The Company determines the functional currency.

The presentation currency of the financial statements is the Canadian Dollar ("CAD") since the Company believes that financial statements in CAD provide more relevant information to investors and users of the financial statements of the Company.

Assets, including fair value adjustments upon acquisition and liabilities of an investee company, which is a foreign operation, are translated at the closing rate of exchange at each reporting date. Profit or loss items are translated at average exchange rates for all periods presented. The resulting translation differences are recognized as a Capital reserve from translation differences in the shareholders' equity report.

ii. Transactions, assets and liabilities in foreign currency:

Transactions denominated in foreign currency (other than the functional currency) are recorded on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences, other than those capitalized to qualifying assets or carried to equity in hedging transactions, are recognized in the statements of profit or loss. Non-monetary assets and liabilities measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

Note 2 - Significant Accounting Policies (Cont.)

iii. Index-linked monetary items:

Monetary assets and liabilities linked to the changes in the Israeli Consumer Price Index ("Israeli CPI") are adjusted based on the change to the relevant index at the end of each reporting period according to the terms of the agreement. Linkage differences arising from the adjustment, as above, other than those capitalized to qualifying assets or carried to equity in hedge transactions, are recognized in the statements of profit or loss.

d. Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of the financial statements or with a maturity of more than three months, if they can be withdrawn on demand without penalty and form part of the Company's cash management.

e. Financial instruments:

(1) Financial assets:

(a) General:
Financial assets are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value, plus transaction costs

(b) Classification of financial assets:
Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Financial assets measured at an amortized cost and the effective interest method:

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.
The effective interest method is a method of calculating the amortized cost of a debt instrument.
Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Note 2 - Significant Accounting Policies (Cont.)

(d) Impairment of financial assets:

For customers, the Company applies the easy-to-measure approach to measuring the provision for impairment according to the probability of insolvency throughout the life of the asset. Forecasted credit losses over the life of the asset are the projected credit losses resulting from all possible failure events during the projected life of a financial instrument.
The projected credit losses in respect of these financial assets are estimated using a matrix based on the Company's past experience regarding credit losses and adjusted to factors specific to the borrower, general economic conditions and an assessment of both the current terms and the forecasted conditions, as required.
The measurement of expected credit losses is a function of the probability of a failure occurring, the amount of the loss in the event of a failure occurring and the maximum exposure to loss in the event of a failure. The estimate of the probability of failure and the level of loss is based on historical data in line with forward-looking information. The maximum exposure to a loss in the event of a default is the gross book value of the financial asset at the reporting date. Forecast credit losses are the difference between all the contractual cash flows to which the Company is entitled in accordance with the contract and all the cash flows that the Company expects to receive, capitalized at the original effective interest rate.
Impairment in respect of customers is charged to the statements of profit or loss against the provision. The Company recognizes a customer debt as a bad debt after legal action has been taken against the debtor and the enforcement proceedings for the purposes of debt collection have not achieved any results.

(e) Depreciation of financial assets:

The Company depreciates a financial asset only when the contractual rights to the cash flows from the financial asset have expired.
When deducting a financial asset measured at an amortized cost, the difference between the book value of the asset and the consideration received or due to be received is recognized in the statements of profit or loss.

(2) Financial liabilities and equity instruments issued by the Company:

(a) Classification as a financial liability or as an equity instrument:
Liabilities and equity instruments issued by the Company are classified as financial liabilities or as an equity instrument depending on the nature of the contractual arrangements and the definition of a financial liability and an equity instrument.

(b) Amortized financial liabilities:
Financial liabilities, which are not measured at fair value through the statements of profit or loss, are recognized at fair value for the first time after deducting transaction costs. After the initial recognition date, these financial liabilities are measured at amortized cost using the effective interest method.
The effective interest method is a method for calculating the amortized cost of a financial liability and of allocating interest expenses over the relevant credit period. The effective interest rate is the rate that accurately deducts the projected flow of future cash flows over the expected life of the financial liability to a book value, or an appropriate place, for a shorter period.

Note 2 - Significant Accounting Policies (Cont.)

(c) Deduction of financial liabilities:

The Company deducts a financial liability when and only when the financial liability is repaid, canceled or expires. The difference between the book value of the financial liability that is settled and the consideration paid is recognized in the statements of profit or loss.

f. Taxes on income:

Current taxable income is computed in respect of rate of tax and law taxes which legislate or their legislate was completed, until the date of the balance sheet, and matching which required in connection with tax's liability for payment for previous years.

a) Current taxes

Current taxable income is computed at the currently legislated tax rate at the balance sheet date as well as aligning with required payments for tax liabilities from prior years.

b) Deferred taxes

Deferred tax balances are calculated according to the tax rate expected to apply when these taxes are recognized in the income statement, based on the tax legislation in force on the balance sheet date. The amount of deferred taxes in the income statement reflects the changes in the above balances in the reporting year. Deferred taxes relating to items carried directly to shareholders' equity are also charged to the related item in shareholders' equity.

Deferred tax assets and deferred tax liabilities are presented in the balance sheet as non-current assets and long-term liabilities, respectively. Deferred taxes are offset if there is a legally enforceable right to set off a current tax asset against a current tax liability and the deferred taxes relate to the same taxable entity and the same tax authority. Deferred taxes are computed in respect of temporary differences between assets or liabilities that are recorded at their carrying value and the amounts they can be considered at for tax purposes. Deferred tax assets are reviewed at each reporting date and are cleared the extent that it is not probable that they will be utilized. Temporary differences for which deferred tax assets had not previously been recognized are reviewed at each reporting date and a retroactive deferred tax asset is recognized to the extent that utilization is probable.

g. Revenue recognition:

Revenue is recognized from the sale of products at point-of-sale, from the delivery of products at point-of-delivery or from services as accrued on a periodic basis.

CAMBROSIA LTD
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

Note 2 - Significant Accounting Policies (Cont.)

h. Provisions:

A provision in accordance with IAS 37 is recognized when the company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are measured according to the estimated future cash flows discounted using a pre-tax interest rate that reflects the market assessments of the time value of money and, where appropriate, those risks specific to the liability.

Following are the types of provisions included in the financial statements:

Legal claims:

A provision for claims is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required by the Company to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, a provision is measured at its present value.

I. Share-based payment transactions

Where equity-settled share-based payments are awarded to management, employees and non-employees, the fair value of the equity instruments at the date of grant is recognized over the vesting period and charged to the Consolidated Statement of Operations and Comprehensive Loss. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of shares that eventually vest. Non-vesting conditions are factored into the fair value of the common shares (“Shares”) and/or options granted. The cumulative expense is not adjusted where a non-vesting condition is not satisfied. Where the terms and conditions are modified before they vest, any increase in the fair value of the Shares and/or options is measured immediately before and after the modification and is also charged to the Consolidated Statement of Operations and Comprehensive Loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received unless that fair value cannot be estimated reliably in which case, they are measured at the fair value of the equity instruments granted. Amounts related to the issuance costs of Shares are recorded as a reduction of share capital. If the fair value of the goods or services received cannot be estimated reliably, the goods or services received, and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

Note 3 - Disclosure of New Standards in the Period Prior to their Adoption

a. Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments replace the previous definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the accounting standards board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The accounting standards board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The accounting standards board has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier adoption permitted.

The Company is currently examining the implications of the amendment on the financial statements.

Note 3 - Disclosure of New Standards in the Period Prior to their Adoption (Cont.)

b. **Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from Single transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.
Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on the initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in outlined in IAS 12.
The accounting standards board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

CAMBROSIA LTD

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

In the Company's opinion, the above amendment is not expected to have a material effect on the Company's financial statements.

Note 4 – Prepaid expense and other accounts receivable

	December 31, 2021
	Canadian dollar
Prepaid expenses	263,980
Other receivables	8,729
Advances to suppliers	7,016
Government authorities	17,515
Interested party	4,910
	302,150

Note 5 - Other accounts payable

	December 31, 2021
	Canadian dollar
Employees and payroll accruals	3,951
Others	3,120
	7,071

Note 6 – Share capital

	December 31, 2021	
	Authorized	Issued and outstanding
Ordinary shares Nis 0.0001 par value	986,380,400	117,647,100
Preference shares of NIS 0.0001 par value each	13,619,600	2,270,000

i. Common Shares

The Company has 986,380,400 authorized voting ordinary shares with a par value of NIS 0.0001 per share. 117,647,100 ordinary shares were issued and outstanding on 31 December 2021 and as of the date of approval of these financial statements.

ii. Convertible Preferred Shares

During the reporting period the Company issued 2,270,000 convertible preferred shares with a par value of NIS 0.0001 per share. These shares are convertible to common shares at the time of the RTO. 2,270,000 convertible preferred shares were issued and outstanding on 31 December 2021 and as of the date of approval of these financial statements.

iii. Stock Options

Between August and December, 2021, the Company granted 4 key management personnel and directors 13,095,000 options to purchase 13,095,000 ordinary shares of the Company, at an exercise price of NIS 0.01 constituting approximately 10% of the Company's issued and outstanding share capital at the time of the transactions on a fully diluted basis. Following the resignation of Mr. Shahar Shalom who forfeited 244,000 options the total reduced to 12,851,000.

The options for three of the participants were issued to the Trustee of the Company's Share Option Plan and will be subject to the provisions of such plan as well as Section 102 of the Israeli tax ordinance in relating to capital gains. These options will vest according to the vesting schedule approved by the Company's board, and vesting will accelerate upon closing of the transactions Transaction. See also note 9c. Upon consummation of the transaction, three of the participants in the Company’s option plan will exercise their options, and the Company shares they received shall be replaced with the common shares of the Resulting Issuer.

Share - based compensation of key management personnel of the Company (evaluated by an external expert) for the year ended December 31, 2021 is approximately CAD 1.16 million. See also note 9.

The valuation was performed using an Option Pricing Method specifically the Black and Scholes model based on the value of the ordinary shares value iteratively calculated and using parameters assumed according to the terms of the different series of ordinary stock options issued.

Note 7 - General and administrative expenses

	`For the period since the Company's inception in March 2021 to December 31, 2021 (*)
	Canadian dollar
Share-based compensation	767,648
Salaries and payroll accruals (**)	58,228
Maintenance and rent	25,670
Professional services	41,188
Stationery	1,126
Refreshments	1,025
Insurances	1,062
Municipal fee	124
	896,071

(*) See note 1a

(**) Includes the salary of a related party	20,642

Note 8 - Finance expenses

	For the period since the Company's inception in March 2021 to December 31, 2021 (*)
	Canadian dollar
Interest and fees	162
Exchange rate differences	166
	328

(*) See note 1a

Note 9 - Transactions with Related Parties

c. Benefits to related parties

	2021
Salaries to related parties	20,642
Share-based compensation	767,648

The concept of "related parties" was established by IAS 24. Under this standard, it is understood that parties are related if one party is related to the entity: (a) directly or indirectly through one or more intermediaries, where the party: (i) controls, is controlled by, or is under common control of the entity, (ii) has an interest in the entity that gives it significant influence over the entity, or (iii) has joint control over the entity, (b) if the party is an affiliated entity, (c) if the party is a joint venture in which the entity is an investor, (d) if the party is a member of key management personnel of the entity or its parent, (e) if the party is a close family member or any person referred to in subparagraphs (a) or (d), (f) if the controlled entity, jointly controlled or significantly influenced by, or in which significant voting power in such entity resides with, directly or indirectly, any person referred to in (d) or (e), or (f) if the entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company and/or its subsidiaries, directly or indirectly, including any shareholders or external directors of the Company and/or its subsidiaries.

CEO, Mr. Tamir Gedo

On May 24, 2021, the Company entered into an employment agreement with Mr. Tamir Gedo ("Mr. Gedo"), pursuant to which Mr. Gedo agreed to serve as the Company's CEO (the "Tamir Employment Agreement"). At completion of the Transaction, Mr. Gedo would be engaged for a monthly salary of NIS 60,000. Once the Company has achieved an annual revenue run-rate of € 25 million, based on the revenue of a calendar quarter, Mr. Gedo would be engaged for a monthly salary of NIS 70,000. Once the Company has achieved a revenue run-rate of € 50 million, based on the revenue of a calendar quarter, Mr. Gedo would be engaged for a salary of NIS 85,000. With the exception of a partial salary for two months, of NIS 50,000, Mr. Gedo has not received a salary since the inception of the Company in March 2021, nor will any salary be due to him for the period commencing at the inception of the Company and ending at the RTO.

Note 9 - Transactions with Related Parties (Cont.)

The Employment Agreement with Mr. Gedo is for a non-fixed period and can be terminated by either party upon 60 days' notice. Tamir is entitled to customary social benefits and fringe benefits.

CFO, Mr. Jonathan Ben-Cnaan

On May 24, 2021, the Company entered into an employment agreement with Mr. Jonathan Ben-Cnaan ("Mr. Ben-Cnaan"), pursuant to which Mr. Ben-Cnaan agreed to serve as the Company's CFO (the "Jonathan Employment Agreement"). At the completion of the Transaction, Mr. Ben-Cnaan would be engaged for a monthly salary of NIS 50,000. Once the Company has achieved an annual revenue run-rate of € 25 million, based on the revenue of a calendar quarter, Mr. Ben-Cnaan would be engaged for a monthly salary of NIS 60,000. Once the Company has achieved an annual revenue run-rate of € 50 million, based on the revenue of a calendar quarter, Mr. Ben-Cnaan would be engaged for a monthly salary of NIS 75,000.

Mr. Ben-Cnaan has not received a salary since joining the Company in April 2021, nor will any salary be due to him for the period commencing with his joining the Company and ending at the RTO

Mr. Ben-Cnaan is entitled to a special bonus of ILS 1,000,000 following completion of the RTO, payable out of 20% of the quarterly profit before tax of the Company.

The Employment Agreement with Mr. Ben-Cnaan is for a non-fixed period and can be terminated by either party upon 60 days' notice. Jonathan is entitled to customary social benefits and fringe benefits.

On August 16, 2021, the Company granted Mr. Ben-Cnaan an option to purchase 9,400,000 ordinary shares of the Company, with an exercise price of NIS 0.01 constituting approximately 3.4% of the Company's issued and outstanding share at the time of the Transaction. These options will vest according to the vesting schedule approved by the Company's board, and vesting will accelerate upon closing of the Transaction. Once vested, the options may be exercised according to the conditions of the ESOP plan.

Officer, Mr. Shahar Shalom

On September 30, 2021, the Company granted Mr. Shahar Shalom ("Mr. Shalom") an option to purchase 488,000 ordinary shares of the Company, with an exercise price of NIS 0.01. Of these options, 50% were forfeited following Mr. Shalom's departure from the Company, and the remaining 244,000 will constitute approximately 0.1% of the Company's issued and outstanding share capital at the time of the Transaction

The options were issued to the Trustee of the Company's Share Option Plan and will be subject to the provisions of such plan and Section 102 of the Israeli tax ordinance in the "Capital Gains" Route.

Note 9 - Transactions with Related Parties - continued

These Options will vest according to the vesting schedule approved by the Company's board, and vesting will accelerate upon closing of the Transaction. Following consummation of the Transaction, the Options shall be replaced with economically equivalent options to purchase common shares of the Resulting Issuer. Once vested, the options may be exercised according to the conditions of the ESOP plan

Director, Mr. Iftach Seri

On December 6, 2021, the Company granted to Mr. Iftach Seri ("Mr. Seri") an option to purchase 1,327,000 ordinary shares of the Company, with an exercise price of NIS 0.01 constituting 0.5% of the Company's issued and outstanding share capital at the time of the Transaction. The options were issued to the Trustee of the Company's Share Option Plan and will be subject to the provisions of such plan and Section 102 of the Israeli tax ordinance in the "Capital Gains" Route. These options will vest according to the vesting schedule approved by the Company's board, and vesting will accelerate upon closing of the Transaction. Following consummation of the Transaction, the options shall be replaced with economically equivalent options to purchase common shares of the Resulting Issuer. Once vested, the options may be exercised according to the conditions of the ESOP plan

Note 10 - Transactions, Contingent Liabilities, Commitments and Charges Transaction Terms

Investment Conditions of S.H.R. Group Management (KSN) Ltd., a company controlled by Mr. Avi Elkayam (“SHR” and "Mr. Elkayam", respectively),

Based on a commitment made By Mr. Elkayam in 2021 and a subsequent contract between SHR and Cambrosia, at the closing of the RTO, SHR shall invest NIS 15,000,000 (CAD 6 million) in the shares of Cambrosia, which will immediately be exchanged for shares in the public company (the Resulting Issuer), provided that the shares issued to SHR will be worth at least NIS 30,000,000 based on their RTO price.

The number of shares issued to SHR by the resulting issuer will be equal to the number of shares that Mr. Tamir Gedo will hold at the time of the RTO, so that SHR and Mr. Tamir Gedo will hold an equal number of shares, and will have the same rights in the company.

The shares issued to SHR will be subject to trading restrictions, as would be applicable to the shares of Mr. Tamir Gedo.

A right of first refusal agreement between SHR and Mr. Tamir Gedo shall be put in place.

SCHEDULE I-2
CAMBROSIA INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2022

CAMBROSIA LTD

Condensed Interim Financial Statements

September 30, 2022

Unaudited

CAMBROSIA LTD

Condensed Interim Financial Statements

September 30, 2022

(Unaudited)

Table of Contents

CAMBROSIA LTD

Statements of Financial Position

	September 30,		December 31,
	2022	**2021**	**2021**
	Unaudited		**Audited**
	Canadian Dollar		
Current Assets			
Cash and cash equivalents	17,692	199,236	127,205
Other accounts receivable and prepaid expenses	316,696	225,612	302,150
	334,388	424,848	429,355
Current liabilities			
Other accounts payable	346,440	22,426	7,071
	346,440	22,426	7,071
Equity attributable to Equity holders of the company			
Share capital	4,548	4,548	4,548
Share premium	512,429	441,323	512,429
Capital surplus	1,426,387	254,752	767,648
Capital reserve from translation differences	10,881	16,343	34,058
Retained earnings (Accumulated deficit)	(1,966,297)	(314,544)	(896,399)
	(12,052)	402,422	422,284
	334,388	424,848	429,355

.

The accompanying notes are an integral part of the financial statements.

November 23, 2022

Date of approval

Director

CAMBROSIA LTD
Statements of Profit or Loss

	For the 9 month period ended September 30,	For the period since the company's inception in March 2021 to September 30,	For the 3 month period ended September 30,		For the period since the company's inception in March 2021 to December 31,
	2022	2021 (*)	2022	2021	2021(*)
	Unaudited				Audited
	Canadian dollar				
Selling, general and administrative expenses (**)	1,069,759	314,530	243,289	314,530	896,071
Operating loss	(1,069,759)	(314,530)	(243,289)	(314,530)	(896,071)
Finance income	265	-	35	-	-
Finance expexpense	(404)	(14)	(236)	(14)	(328)
	(139)	(14)	(201)	(14)	(328)
Net loss for the period	(1,069,898)	(314,544)	(243,490)	(314,544)	(896,399)

(*) See note 1a
(**) Including

Share-based compensation	658,739	254,752	144,042	254,752	767,648

The accompanying notes are an integral part of the financial statements.

CAMBROSIA LTD

Statements of Comprehensive loss

	For the 9 month period ended September 30,	For the period since the company's inception in March 2021 to September 30,	For the 3 month period ended September 30,		For the period since the company's inception in March 2021 to December 31,
	2022	2021 (*)	2022	2021	2021(*)
	Unaudited				Audited
	Canadian dollar				
Net loss for the period	(1,069,898)	(314,544)	(243,490)	(314,544)	(896,399)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences	(23,177)	16,343	4,393	16,343	34,058
Total other comprehensive income (loss)	(23,177)	16,343	4,393	16,343	34,058
Total comprehensive loss	(1,093,075)	(298,201)	(239,097)	(298,201)	(862,341)

(*) See note 1a

CAMBROSIA LTD

Statements of Changes in Shareholders' Equity

	Share capital	Share premium	Capital reserve from translation differences	Capital surplus	Accumulated deficit	Total equity
			Canadian dollar			
Balance as of January 1, 2022	4,548	512,429	34,058	767,648	(896,399)	422,284
Translation differences	-	-	(23,177)	-	-	(23,177)
Net income (loss)	-	-	-	-	(1,069,898)	(1,069,898)
Comprehensive Loss for the period			(23,177)	-	(1,069,898)	(1,093,075)
Shares-based compensation	-	-	-	658,739	-	658,739
Balance as of September 30, 2022 - Not Audited	4,548	512,429	10,881	1,426,387	(1,966,297)	(12,052)
Balance as ofas of company inception in March, 2021	-	-	-	-	-	-
Issue of Share Capital	4,548	441,323	-	-	-	445,871
Translation differences	-	-	16,343	-	-	16,343
Net income (loss)	-	-	-	-	(314,544)	(314,544)
Comprehensive Loss for the period			16,343	-	(314,544)	(298,201)
Shares-based compensation	-	-	-	254,752	-	254,752
Balance as of September 30, 2021 (*) - Not Audited	4,548	441,323	16,343	254,752	(314,544)	402,422
Balance as of July 1, 2022 - Not Audited	4,548	512,429	6,488	1,282,345	(1,722,807)	83,003
Translation differences	-	-	4,393	-	-	4,393
Net income (loss)	-	-	-	-	(243,490)	(243,490)
Comprehensive Loss for the period			4,393	-	(243,490)	(239,097)
Shares-based compensation	-	-	-	144,042	-	144,042
Balance as of September 30, 2022 - Not Audited	4,548	512,429	10,881	1,426,387	(1,966,297)	(12,052)

CAMBROSIA LTD

Statements of Changes in Shareholders' Equity

	Share capital	Share premium	Capital reserve from translation differences	Capital surplus	Accumulated deficit	Total equity
			Canadian dollar			
Balance as of July 1, 2021 – Not Audited	-	-	-	-	-	-
Issuance of share capital	4,548	441,323				445,871
Translation differences	-	-	16,343	-	-	16,343
Net income (loss)	-	-	-	-	(314,544)	(314,544)
Comprehensive Loss for the period			16,343	-	(314,544)	298,201
Shares-based compensation	-	-	-	254,752	-	254,752
Balance as of September 30, 2021 - Not Audited	4,548	441,323	16,343	254,752	(314,544)	402,422
Balance as of as of company inception in March, 2021	-	-	-	-	-	-
Issuance of share capital	4,548	512,429	-	-	-	516,977
Translation differences	-	-	34,058	-	-	34,058
Net income (Loss)	-	-	-	-	(896,399)	(896,399)
Comprehensive Loss for the period	-	-	34,058	-	(896,399)	(862,341)
Shares-based compensation	-	-	-	767,648	-	767,648
Balance as of December 31, 2021(*) - Audited	4,548	512,429	34,058	767,648	(896,399)	422,284

(*) See note 1a

The accompanying notes are an integral part of the financial statements.

CAMBROSIA LTD
Statements of Cash Flows

	For the 9 month period ended September 30, 2022	For the period since the company's inception in March 2021 to September 30, 2021 (*)	For the 3 month period ended September 30, 2022	For the 3 month period ended September 30, 2021	For the period since the company's inception in March 2021 to December 31, 2021(*)
	Unaudited				Audited
	Canadian dollar				
Cash Flows used in Operating Activities					
Net income (loss)	(1,069,898)	(314,544)	(243,490)	(314,544)	(896,399)
Adjustments to reconcile net profit to cash used in operating activities					
Income and expenses not involving cash flows:					
Share-based compensation	658,739	254,752	144,042	254,752	767,648
Changes in asset and liability items:					
Increase in Other accounts receivable and prepaid expenses	(32,104)	(219,869)	(20,197)	(219,869)	(286,335)
Increase in Other accounts payable	340,792	21,856	118,870	21,856	6,701
	308,688	(198,013)	98,673	(198,013)	(279,634)
Net cash used in operating activities	(102,471)	(257,805)	(775)	(257,805)	(408,385)
Cash Flows from financing activities					
Issuance of share capital	-	451,969	-	451,969	528,932
Net cash provided by financing activities	-	451,969	-	451,969	528,932
(Decrease)/Increase in cash and cash equivalents	(102,471)	194,164	(775)	194,164	120,547
Conversion differences in respect of cash balances held in foreign currency	(7,042)	5,072	917	5,072	6,658
Cash and cash equivalents at the beginning of the period	127,205	-	17,550	-	-
Cash and cash equivalents at the end of the period	17,692	199,236	17,692	199,236	127,205

(*) See note 1a

The accompanying notes are an integral part of the financial statements.

CAMBROSIA LTD
Notes to the Financial Statements
September 30, 2022

Note 1 - General

a. Operational information:

Cambrosia Ltd. (the ‘‘Company’’ or ‘‘Cambrosia”) is a new Israeli company which will be consolidated with Silver Phoenix Resources Inc - refer to b. below. Cambrosia Ltd. was established and incorporated in Israel in March 2021 as a private company, and its main office is located in Rishon LeZion, Israel

The Company’s operations started in July 2021, primarily as a holding company in medical cannabis and cannabinoid-based products. Once it completes acquisitions, as part of its transaction with Silver Phoenix, it will have operations spanning the main elements of the distribution value chain, from the purchasing and storage of cannabis through to the distribution to pharmacies and patients. Cambrosia will operate through subsidiaries, which, with the exception of one pharmacy which is still in the accreditation process, are accredited by the Israeli Ministry of Health Medical Cannabis Unit (‘‘MCU’’), for cannabis storage, distribution and sale.

Cambrosia operates in one reporting segment. Cambrosia does not engage in any U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352

b. **Investment Conditions of S.H.R. Group Management (KSN) Ltd., a company controlled by Mr. Avi Elkayam (“SHR” and "Mr. Elkayam", respectively),**

Based on a commitment made By Mr. Elkayam in 2021 and a subsequent contract between SHR and Cambrosia, at the closing of the RTO, SHR shall invest NIS 15,000,000 (CAD 6 million) in the shares of Cambrosia, which will immediately be exchanged for shares in the public company (the Resulting Issuer), provided that the shares issued to SHR will be worth at least NIS 30,000,000 based on their RTO price.

The number of shares issued to SHR by the resulting issuer will be equal to the number of shares that Mr. Tamir Gedo will hold at the time of the RTO, so that SHR and Mr. Tamir Gedo will hold an equal number of shares, and will have the same rights in the company.

The shares issued to SHR will be subject to trading restrictions, as would be applicable to the shares of Mr. Tamir Gedo.

A right of first refusal agreement between SHR and Mr. Tamir Gedo shall be put in place.

Note 2 - Significant Accounting Policies

The accounting policies implemented in the financial statements are consistent with those implemented in the previous period:

a. Basis of presentation of the financial statements:

The interim consolidated financial statements of the company have been prepared in conformity with International Accounting Standard No. 34 "interim financial reporting" (hereafter "IAS 34"). In preparing these interim consolidated financial statements, the company implemented accounting policies, presentation principles and calculation methods identical to those implemented in preparation of its consolidated financial statements as of 31 December 2021 and for the period ended on that date. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRSs.

The Company has elected to present the profit or loss items using the function of expense method.

The Company's financial statements have been prepared on a cost basis.

b. Significant accounting estimates and assumptions used in the preparation of the financial statements:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the adoption of the accounting policies and the reported amounts of assets, liabilities, revenues and expenses. The bases of the estimates and assumptions are reviewed regularly. The changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the balance sheet date and the critical estimates computed by the Company that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Note 3 - Significant events

On July 14, 2022, Silver Phoenix Resources Inc. ("Silver Phoenix"), a company listed on the Canadian Securities Exchange ("CSE"), entered into a definitive agreement with the Company and two private Canadian companies, AgMedica Bioscience Inc. ("AgMedica") and Atlas Biotechnologies Inc. ("Atlas"), and with their shareholders, to acquire, through a series of steps, all of the issued and outstanding securities of AgMedica, Atlas, and the Company (the "SPA"). Pursuant to the SPA, Silver Phoenix will acquire all the issued and outstanding securities of the Company, AgMedica, and Atlas, as well as 100% of the shares of two additional Israeli companies, and 51% of issued and outstanding securities of three pharmacies in Israel ("the Pharmacies"), in exchange for securities of Silver Phoenix, and in the case of the Pharmacies, cash as well, constituting a reverse takeover. The Company will have "Call" options, and the current shareholders of the Pharmacies will have "Put" options, on the remaining 49% of the Pharmacies.

SCHEDULE J-1
CAMBROSIA ANNUAL MD&A FOR THE YEAR ENDED DECEMBER 31, 2021

The following is the MD&A of Cambrosia for the year ended December 31, 2021. This MD&A should be read in conjunction with the Listing Statement to which this MD&A is appended and Cambrosia's audited financial statements as at and for the year ended December 31, 2021 and 2020 and the accompanying notes thereto, all of which have been prepared in accordance with IFRS.

These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Cambrosia's audited financial statements as at and for the period ended December 31, 2021.

All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information within the meaning of applicable securities laws. Refer to "*Cautionary Statement Regarding Forward-Looking Statements and Forward-Looking Information*" at *Item 1.B.2* of the Listing Statement.

Business Overview

Description of the Business

Cambrosia was incorporated under the laws of Israel on March 17, 2021 as "Cambrosia Ltd.". Cambrosia's articles of association were amended on July 6, 2021 to create a class of preferred shares, and again on January 13, 2022, to effect a 100:1 share split, and the change of share par value from ILS0.01 to ILS0.0001.

Cambrosia currently has no subsidiaries and to date, Cambrosia has not earned any revenues.

Its business objectives include evaluating prospective acquisition targets, negotiating acquisition agreements to acquire companies in Israel who are part of the cannabis value chain, seeking prospective merger partners in other countries, including Canada, in order to form an integrated cannabis company with global reach in emerging markets, and, initially, to find a publicly traded shell in Canada to use as a platform to integrate Cambrosia, acquisition targets and licenced cannabis producers in Canada, and to raise capital for the foregoing.

In furtherance of its objectives, Cambrosia negotiated and executed the Amalgamation and Share Exchange Agreement, identified a prospective pipeline of businesses in Israel and elsewhere for potential acquisition, and entered into the following agreements with respect to the acquisition of an initial three pharmacies located in Israel, as well as a cannabis distributor and a cannabis trade house: (i) a share purchase agreement on November 9, 2021, as amended in June 2022 to acquire the issued and outstanding shares in Cannabis Pharm Israel Ltd and Hafoz Secure Courier Ltd.; (ii) a share purchase agreement on September 2, 2021, as amended in May 2022 to acquire a 51% interest in Tlalim Pappo Ltd.; (iii) a share purchase agreement on September 2, 2021, as amended in May 2022 to acquire a 51% interest in Pharmacy Baron Ltd; and (iv) a share purchase agreement on September 2, 2021, as amended in May 2022 to acquire a 51% interest in R.J. Regavim Ventures Ltd.

Fundamental Change Transaction

On July 14, 2022, Cambrosia entered into the Amalgamation and Share Exchange Agreement for the completion of the Fundamental Change Transaction. Refer to "*Fundamental Change Transactions*" at *Item 1.A* of the Listing Statement.

Overall Financial Performance Summary

During the period ended December 31, 2021, Cambrosia's financial performance continues to be affected by factors arising from the regulation of cannabis (including in particular, taxation and regulations affecting the import and export of cannabis) in Israel and internationally, continued deterioration of general economic conditions that may negatively affect its ability to raise capital, and its ability to identify and complete acquisitions to achieve critical mass and scale operations.

Statement of Operations	For the Period Ending December 31, 2021 ($)
Net Comprehensive Loss	(862,341)
Basic and Diluted Loss Per Share	(0.0068)

Statement of Financial Position	As at December 31, 2021 ($)
Total Assets	429,355
Total Liabilities	7,071
Total Shareholders Equity	**422,284**

Statement of Operations

Revenues

Cambrosia did not record revenue during the period ended December 31, 2021, as it was engaged in seeking, evaluating and negotiating potential acquisitions. It did not carry out any commercial activity.

Operating Expenses

During the period ended December 31, 2021, Cambrosia incurred operating expenses of $896,071, all of which were general and administrative expenses, comprised as follows:

Operating Expenses	For the Period Ending December 31, 2021($)
Salaries and payroll accruals	58,228
Maintenance and rent	25,670
Professional services	41,188
Stationery	1,126
Refreshments	1,025
Insurance	1,062
Municipal fee	124
Share-based compensation	767,648
Total Operating Expenses	**896,071**

The operating expenses incurred by Cambrosia are expected to continue prospectively and increase considerably following the completion of the Fundamental Change Transaction upon commencement of import and distribution operations.

During the period ended December 31, 2021, Cambrosia incurred $328 in other expenses as broken down in the table below:

Other Expenses	For the Period Ending December 31, 2021 ($)
Interest and fees	162
Exchange rate differences	166
Total Other Expenses	328

Loss per Share

Basic loss per share is calculated by dividing the net profit attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted profit per share is calculated by adjusting the earnings and number of shares for the effects of dilutive warrants and other potentially dilutive securities. The weighted average number of common shares used as the denominator in calculating diluted profit per share includes unissued common shares related to stock options as they are “in-the-money” and dilutive.

Cambrosia commenced operations in July 2021. Its basic number of shares (common and preferred) on December 31, 2021, was 117,647,100, and on a fully diluted basis, it was 132,768,100. The loss for the period from inception to December 31, 2021, basic and fully diluted, was $0.01 per share.

Summary of Quarterly Results

A summary of quarterly results has not been provided as Cambrosia, not previously having been a reporting issuer, has not previously prepared financial statements on a quarterly basis.

Liquidity and Capital Resources

As at December 31, 2021, Cambrosia had cash of $127,205. Cambrosia does not earn any revenue from operations.

Cambrosia’s activities have been funded primarily from the proceeds raised in the 2021 fiscal year from the issue of preferred shares. In addition, since pursuant to their employment contracts, Cambrosia’s two executive officers were not entitled to salaries, expenditures during the period were kept low (with the exception of NIS 50,000, equivalent to $20,642, paid to one executive).

In addition, Baker Tilly (“Baker Tilly Israel”, doing business in Israel as Horowitz Idan Sabo Tevet & Cohen Tabach) has deferred a portion of its fee for services rendered in connection with the preparation of financial statements for Cambrosia and the Cambrosia Purchased Entities, such that Baker Tilley Israel will be entitled to be paid NIS 500,000 at the earliest of a financing by Cambrosia or January, 2023.

Similarly, the accounting firm of Weksler, Kodenzik, Enoch & Co. (“**Weksler, Kodenzik**”) has deferred a portion of its fee for services rendered in connection with the preparation of financial statements for the Cambrosia Purchased Entities, such that Weksler Kodenzik will be entitled to be paid NIS 250,000 at the earliest of a financing by Cambrosia, substantial income, or January 2023, and NIS 300,000 will be payable after the completion Fundamental Change Transaction and in any event by December 31, 2022.

Cambrosia expects that it will generate positive cash flows from operations, upon the commencement of the import and distribution of cannabis products upon completion of the Fundamental Change Transactions. Until that time Cambrosia will be required to raise additional sources of equity or debt capital to fund its day-to-day operations and growth. The Company does not anticipate making material investments in capital assets during the next twelve to twenty-four months.

Cambrosia assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact Cambrosia’s ability to access equity or debt markets in the future.

There have been no changes to the Company's approach to capital management during the period ended December 31, 2021. The Company is not subject to externally imposed capital requirements. The Company, as at December 31, 2021 or currently, does not have credit facilities in place to allow for additional access to capital if required.

For the period ended December 31, 2021, cash used by operating activities was $408,385, resulting primarily from a net loss, of $896,399 mostly as a result of share-based compensation, and an increase in other accounts receivable, of $286,335. Since the company had no sales, the Balance Sheet item called "(Increase) decrease in other accounts receivable" is actually "pre-paid expenses".

For the period ended December 31, 2021, cash generated from financing activities was $516,977, which resulted from the issuance of Preferred A Shares.

For the reporting period ended December 31, 2021, there was no cash used by investing activities.

Off Balance Sheet Arrangements

Cambrosia has not entered into any off-balance sheet transactions that have, or are reasonably likely to have, a current or future effect on the financial performance of financial condition of Cambrosia.

Changes in Accounting Policies Including Initial Adoption

Cambrosia has not adopted any accounting policies during the reporting period and, other than as set forth below, has not and does not expect to adopt any in the period subsequent to the reporting period.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments replace the previous definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the accounting standards board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The accounting standards board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The accounting standards board has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier adoption permitted.

Cambrosia is currently examining the implications of the amendment on the financial statements.

Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from Single transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on the initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in outlined in IAS 12.

The accounting standards board also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:

- Right-of-use assets and lease liabilities

- Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

In Cambrosia’s opinion, the above amendment is not expected to have a material effect on its financial statements.

Proposed Transactions

Please refer to the Listing Statement for a description of the proposed Fundamental Change Transaction, including the pro forma financial statements appended thereto as Schedule B.

Related Party Transactions

Cambrosia’s key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the company as a whole. Cambrosia has determined that key management personnel consist of members of the Board of Directors and executive officers.

The remuneration of directors and key management personnel were paid $20,000 (NIS 50,000, at an exchange rate of 2.5 NIS to CAD) during the periods ended December 31, 2021.

In addition, as of December 31, 2021, the related parties to Cambrosia had no amount receivable from the Company, nor were there accrued expenses payable and accrued liabilities for amounts owing to related parties for reimbursement of expenses incurred in the normal course of business.

Outstanding Share Data

Please refer to *Items 9.D* and *10.D* of the Listing Statement for a description of the outstanding share data of Cambrosia.

Share Capital

As at the period ended December 31, 2021, there were 117,647,100 ordinary shares issued and outstanding, issued at par par value of ILS0.0001.

In July 2021 Cambrosia entered into a share purchase agreement with private investors, pursuant to which it raised capital as follows:

Event	Date	Amount raised	Preferred A shares issued	Price per preferred share*
Issuance of Preferred A shares, 1st closing	6 July 2021	€ 300,000	1,945,700	€ 0.1542
Issuance of preferred shares, 2nd closing	4 October 2021	€ 50,000	324,300	€ 0.1542

* After a 100:1 share split, the preferred shares are convertible to ordinary shares concurrently with the completion of the Fundamental Change Transaction, on a one-to-one basis.

Financial Instruments

Financial assets are recognized in Cambrosia's statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value, plus transaction costs. Debt instruments that meet the following conditions are measured subsequently at amortized cost: (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Financial liabilities, which are not measured at fair value through the statements of profit or loss, are recognized at fair value for the first time after deducting transaction costs. After the initial recognition date, these financial liabilities are measured at amortized cost using the effective interest method.

The risks associated with Cambrosia's financial instruments and how these risks are managed are summarized below.

Credit Risk

Credit risk is the risk of potential loss if a counter party to a financial instrument fails to meet its payment obligations. Cambrosia is exposed to credit risk with respect to its cash and accounts receivable in the aggregate amount of $429,355. The Company's cash is held with an Israeli bank with high credit worthiness.

Liquidity Risk

Liquidity risk is the risk that Cambrosia will not be able to meet its obligations as they become due. Cambrosia manages its liquidity risk by reviewing on an ongoing basis its capital and working capital requirements and raises capital as required to support those requirements. As at December 31, 2021, the Company had current liabilities of $7,071. Based on the current funds held, Cambrosia will need to rely upon financing from shareholders or investors to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to Cambrosia.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Cambrosia is not exposed to material market risk.

Risks and Uncertainties

Please refer to the Listing Statement for a description of the risks that could affect Cambrosia financial condition, results of operation or business and that could cause actual results to differ materially from those expressed in our forward-looking statements.

SCHEDULE J-2
CAMBROSIA INTERIM MD&A FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2022

The following the MD&A of Cambrosia for the three and nine month period ended September 30, 2022. This MD&A should be read in conjunction with the (i) Listing Statement to which this MD&A is appended; (ii) the audited financial statements and related notes thereto for the years ended December 31, 2021 and 2020 and (iii) the interim financial statements for the nine-month period ended September 30, 2022 together with the accompanying notes thereto, all of which have been prepared in accordance with IFRS

These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with Cambrosia's audited financial statements as at and for the period ended December 31, 2021.

All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information within the meaning of applicable securities laws. Refer to "*Cautionary Statement Regarding Forward-Looking Statements and Forward-Looking Information*" at *Item 1.B.2* of the Listing Statement.

Business Overview

Description of the Business

Cambrosia was incorporated under the laws of Israel on March 17, 2021 as "Cambrosia Ltd.". Cambrosia's articles of association were amended on July 6, 2021 to create a class of preferred shares, and again on January 13, 2022, to effect a 100:1 share split, and the change of share par value from ILS0.01 to ILS0.0001.

Cambrosia currently has no subsidiaries and to date, Cambrosia has not earned any revenue.

Cambrosia's principal business is the evaluation of prospective acquisition targets, negotiating acquisition agreements to acquire companies in Israel who are part of the cannabis value chain, seeking prospective merger partners in other countries, including Canada, in order to form an integrated cannabis company with global reach in emerging markets, and, initially, to find a publicly traded shell in Canada to use as a platform to integrate Cambrosia, acquisition targets and licenced cannabis producers in Canada, and to raise capital for the foregoing.

In furtherance of its objectives, Cambrosia negotiated and executed the Amalgamation and Share Exchange Agreement , identified a prospective pipeline of businesses in Israel and elsewhere for potential acquisition, and entered into the following agreements with respect to the acquisition of an initial four pharmacies located in Israel.: (i) a share purchase agreement on November 9, 2021, as amended in June 2022 to acquire the issued and outstanding shares in Cannabis Pharm Israel Ltd and Hafoz Secure Courier Ltd.; (ii) a share purchase agreement on September 2, 2021, as amended in May 2022 to acquire a 51% interest in Tlalim Pappo Ltd.; a share purchase agreement on September 2, 2021, as amended in May 2022 to acquire a 51% interest in Pharmacy Baron Ltd; and a share purchase agreement on September 2, 2021, as amended in May 2022 to acquire a 51% interest in R.J. Regavim Ventures Ltd.

For further information related to the business, refer to Items 1.A (*Fundamental Change Transactions*), 2.D (*Corporate Structure - Cambrosia*) and 3.D (*General Development of the Business – Cambrosia*) of the Listing Statement.

Overall Financial Performance Summary

Cambrosia's business objectives are inextricably related to the cannabis industry and, as such, there are significant risks and uncertainties associated with the business of Cambrosia including: those arising from the regulation of cannabis (including in particular, taxation and regulations affecting the import and export of cannabis) o in Israel and internationally, continued deterioration of general economic conditions that may negatively affect its ability to raise capital, and its ability to identify and complete acquisitions to achieve critical mass and scale operations.

Statement of Operations	For the 9 Month Period Ending September 30, 2022	For the period since inception to September 30, 2021	For the 3-month period Ended September 30 2022	For the 3-month period Ended September 30 2021	For the period since inception to December 31, 2021
Net Comprehensive Loss	(1,093,075)	(298,201)	(239,097)	(298,201)	(862,341)
Basic and Diluted Loss Per Share	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)

Statement of Financial Position	September 30, 2022	September 30, 2021	December 31, 2021
Total Assets	334,388	424,848	429,355
Total Liabilities	346,440	22,426	7,071
Total Shareholders Equity	**(12,052)**	**402,422**	**422,284**

Statement of Operations

Revenues

Cambrosia did not record revenue during the nine month period ended September 30, 2022, as it was engaged in seeking, evaluating and negotiating potential acquisitions. It did not carry out any commercial activity.

Operating Expenses

During the three month period ended September 30, 2022, Cambrosia incurred operating expenses of $243,289all of which were general and administrative expenses, including share-based compensation of $144,042. During the nine month period ended September 30, 2022, Cambrosia incurred operating expenses of $1,069,759, all of which were general and administrative expenses, including Share-based compensation of $658,739. Most those expenses (which were not share-based compensation) related to the acquisition activity and preparations for the Fundamental Change Transaction.

Cambrosia did not pay or accrue salaries during these periods.

The operating expenses incurred by Cambrosia are expected to continue prospectively, and increase considerably following the completion of the Fundamental Change Transaction upon commencement of import and distribution operations.

During the nine month period ended September 30, 2022, Cambrosia incurred $139 in other expenses as broken down in the table below:

Other Income (Expenses)	For the 9 Month Period Ending September 30, 2022	For the period since inception to September 30, 2021	For the 3-month period Ended September 30 2022	For the 3-month period Ended September 30 2022	For the period since inception in to December 31, 2021
Finance income	265	0	35	0	0
Finance expenses	(404)	(14)	(236)	(14)	(328)
Total Other Income (Expenses)	**(139)**	**(14)**	**(201)**	**(14)**	**(328)**

Loss per Share

Basic loss per share is calculated by dividing the net profit attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted profit per share is calculated by adjusting the earnings and number of shares for the effects of dilutive warrants and other potentially dilutive securities. The weighted average number of common shares used as the denominator in calculating diluted profit per share includes un-issued common shares related to stock options as they are “in-the-money” and dilutive.

The number of shares and in-the-money options were unchanged during the three month period ended September 30, 2022. As a result, basic and diluted loss per share for the three month period ended September 30, 2022 are the same. Basic and diluted loss per share for the nine month period are also the same.

Basic and diluted loss per share for the three -month period ended 30 September 2022 was $0.00. Basic and diluted loss per share for the nine -month period ended 30 September, 2022 was $0.01 per share. The basic weighted average number of common shares outstanding during the nine -month period ended September 30, 2022, was 119,917,100, and the number of The basic and diluted weighted average number of common shares outstanding during the nine -month period ended September 30, 2022, was132,768,100.

Summary of Quarterly Results

A summary of quarterly results has not been provided as Cambrosia, not previously have been a reporting issuer, has not previously prepared financial statements on a quarterly basis.

Liquidity and Capital Resources

As at September 30, 2022, Cambrosia had cash of $17,692. Cambrosia does not earn any revenue from operations.

During the nine month period ended September 30, 2022, Cambrosia’s activities have been funded primarily from the proceeds raised in the 2021 fiscal year from the issue of preferred shares. In addition, the agreement by Cambrosia’s two executive officers to waive salaries substantially reduced expenditures during the period.

In addition, Baker Tilly (“Baker Tilly Israel”, doing business in Israel as Horowitz Idan Sabo Tevet & Cohen Tabach) has deferred a portion of its fee for services rendered in connection with the preparation of financial statements for Cambrosia and the Cambrosia Purchased Entities, such that Baker Tilley Israel will be entitled to be paid NIS 500,000 at the earliest of a financing by Cambrosia or January, 2023.

Similarly, the accounting firm of Weksler, Kodenzik, Enoch & Co. (“Weksler, Kodenzik”) has deferred a portion of its fee for services rendered in connection with the preparation of financial statements for the Cambrosia Purchased Entities, such that Weksler Kodenzik will be entitled to be paid NIS 250,000 at the earliest of a financing by Cambrosia, substantial income, or January 2023, and NIS 300,000 will be payable after the completion Fundamental Change Transaction and in any event by December 31, 2022.

Cambrosia expects that it will generate positive cash flows from operations, upon the commencement of the import and distribution of cannabis products upon completion of the Fundamental Change Transactions. Until that time Cambrosia will be required to raise additional sources of equity or debt capital to fund its day-to-day operations and growth.

Cambrosia does not anticipate making material investments in capital assets during the next twelve to twenty-four months.

Cambrosia assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact Cambrosia’s ability to access equity or debt markets in the future.

There have been no changes to the Company’s approach to capital management during the reporting period ended December 31, 2021. The Company is not subject to externally imposed capital requirements. The Company, as at December 31, 2021 or currently, does not have credit facilities in place to allow for additional access to capital if required.

For the three-month period ended September 30, 2022, cash used by operating activities was $775, resulting primarily from a net loss, of $243,490, share based compensation of $144,042 and an increase in other accounts payable, of $ 118,870.

For the nine-month period ended September 30, 2022, cash used by operating activities was $102,471, resulting primarily from a net loss, of $1,069,898, of which $658,739 was a result of share-based compensation, and an increase in other accounts payable, of $ 340,792.

For the three month period ended September 30, 2022, there was no cash generated from financing activities.

For the nine month period ended September 30, 2022, there was no cash used by investing activities.

Off Balance Sheet Arrangements

Cambrosia has not entered into any off-balance sheet transactions that have, or are reasonably likely to have, a current or future effect on the financial performance of financial condition of Cambrosia.

Change in Accounting Policies Including Initial Adoption

Cambrosia has not adopted any accounting policies during the reporting period and, other than as set forth below, has not and does not expect to adopt any in the period subsequent to the reporting period.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments replace the previous definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the accounting standards board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The accounting standards board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The accounting standards board has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier adoption permitted.

Cambrosia is currently examining the implications of the amendment on the financial statements.

Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from Single transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on the initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in outlined in IAS 12.

The accounting standards board also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
    - Right-of-use assets and lease liabilities
    - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

In Cambrosia's opinion, the above amendment is not expected to have a material effect on its financial statements.

Proposed Transactions

Please refer to the Listing Statement for a description of the proposed Fundamental Change Transaction, including the pro forma financial statements appended thereto as Schedule B.

Related Party Transactions

Cambrosia's key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the company as a whole. Cambrosia has determined that key management personnel consist of members of the Board of Directors and executive officers.

As previously stated, Cambrosia did not pay remuneration to directors and key management personnel during the nine month period ended September 30, 2022:

In addition, as of September 30, 2022, the related parties to Cambrosia had no amount receivable from the Company, nor were there accrued expenses payable and accrued liabilities for amounts owing to related parties for reimbursement of expenses incurred in the normal course of business.

Outstanding Share Data

Please refer to *Items 9.D* and *10.D* of the Listing Statement for a description of the outstanding share data of Cambrosia.

Share Capital

There have been no changes to Cambrosia's share capital as at the period ended September 30, 2022. Refer to Cambrosia's management's discussions and analysis for the year ended December 31, 2022 for further information.

Financial Instruments

Financial assets are recognized in Cambrosia's statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value, plus transaction costs. Debt instruments that meet the following conditions are measured subsequently at amortized cost: (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Financial liabilities, which are not measured at fair value through the statements of profit or loss, are recognized at fair value for the first time after deducting transaction costs. After the initial recognition date, these financial liabilities are measured at amortized cost using the effective interest method.

The risks associated with Cambrosia's financial instruments and how these risks are managed are summarized below.

Credit risk

Credit risk is the risk of potential loss if a counter party to a financial instrument fails to meet its payment obligations. Cambrosia is exposed to credit risk with respect to its cash and accounts receivable in the aggregate amount of $334,388. The Company's cash is held with an Israeli bank with high credit worthiness.

Liquidity risk

Liquidity risk is the risk that Cambrosia will not be able to meet its obligations as they become due. Cambrosia manages its liquidity risk by reviewing on an ongoing basis its capital and working capital requirements and raises capital as required to support those requirements. Based on the current funds held, Cambrosia will need to rely upon financing from shareholders or investors to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to Cambrosia.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Cambrosia is not exposed to material market risk.

Risks and Uncertainties

Please refer to the Listing Statement for a description of the risks that could affect Cambrosia financial condition, results of operation or business and that could cause actual results to differ materially from those expressed in our forward-looking statements.