Global Hemp Group Inc.

Condensed Consolidated Interim Financial Statements

Nine Months Ended June 30, 2022

Unaudited

Expressed in Canadian Dollars




For Further Information Contact

Tel: 778-726-2900

info@globalhempgroup.com

www.globalhempgroup.com

NOTICE TO READER

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the accompanying condensed consolidated interim financial statements.

GLOBAL HEMP GROUP INC.

Consolidated Statements of Financial Position

(Unaudited - expressed in Canadian dollar)

	Note		June 30, 2022		September 30, 2021
			$		$
Assets					
Current assets					
Cash	**4**		88,717		138,237
Accounts receivable			32,946		38,681
Prepaid expenses			23,896		15,732
			145,559		192,650
Deposits and prepayments	**6 & 9**		752,464		578,330
Due from related party	**7(a)**		1,697,975		1,521,391
Property and equipment	**9**		2,026,654		1,706,320
TOTAL ASSETS		$	4,622,652	$	3,998,691
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable and accrued liabilities	**5 & 10**		328,367		392,983
Government loan	**14**		-		78,710
Notes payable - curent portion	**12**		2,131,190		1,123,170
			2,459,557		1,594,863
Non-current liabilities					
Convertible preference shares - liability	**7(c)**		2,393,424		2,199,048
Convertible debenture - liability	**13**		299,428		265,866
Derivative liability	**8**		283,657		769,772
Notes payable	**12**		-		530,875
Total liabilities			5,436,066		5,360,424
Shareholders' deficiency					
Share capital	**11**		10,235,767		9,635,767
Reserve			7,373,741		7,370,985
Deficit			(18,422,922)		(18,368,485)
Total equity attributable to owners of parent			(813,414)		(1,361,733)
Non-controlling interest			(0)		-
			(813,414)		(1,361,733)
Total liabilities and shareholders' equity		$	4,622,652	# $	3,998,691

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

Nature of operations and going concern (Note 1)

Event after the reporting period (Note 19)

Approved and authorized for issuance by the Board of Directors on August 31, 2022

"Curt Huber" *"Jeff Kilpatrick"*

GLOBAL HEMP GROUP INC.

Consolidated Statements of Comprehensive Income (Loss)

(Unaudited - expressed in Canadian dollars)

GLOBAL HEMP GROUP INC.

Consolidated Statements of Comprehensive Loss

(Unaudited - expressed in Canadian dollars)

		Three months ended June 30,		Nine months ended June 30,	
	Note	**2022**	**2021**	**2022**	**2021**
		$	$	$	$
Expenses					
Advertising and promotion		14,618	61,051	46,117	159,796
Amortization		–	13,561	–	34,623
Insurance		–	2,282	(5,431)	9,049
Loan inducement fee	**11**	–	–	–	16,500
Consulting	**10**	90,749	22,887	122,208	50,166
Office and administration		22,765	2,593	23,107	11,245
Professional fees		82,904	37,644	95,437	74,420
Property tax		(1,796)	1,293	(1,796)	4,151
Repair and maintenance		–	82	–	5,524
Research & Development		4,321	9,331	10,620	9,331
Salaries and wages		(7,561)	50,027	22,439	85,877
Share based compensation	**11**	–	552,210	–	1,507,671
Shareholder communication		–	737	3,487	11,544
Travel		565	7	1,107	157
Trust and filing fees		24,734	7,413	27,649	35,942
(Loss) before other items:		(231,299)	(761,118)	(344,944)	(2,015,996)
Exchange gain (loss)		(87,441)	(21,728)	(63,282)	(19,623)
Bad debt expenses (net of recovery)		–	–	1,266	1,974
Interest & Bank Charges		(156,132)	(48,753)	(280,178)	(61,408)
Loss on settlement of services with shares		–	–	–	(20,000)
Write-off of property, plant and equipment	**10**	–	(906,046)	–	(906,046)
Write-off of biological assets		–	5,370	–	(58,078)
Write-off of payable		67,512	–	67,512	–
Government Loan Forgiveness	**16**	79,074		79,074	
Change in fair value of derivative liability	**8**	162,868	–	486,115	–
Gain (loss) on sale of assets held for sale		–	–	–	751
Gain on sale of equipment		–	(30)	–	2,034
Loss on disposal of a subsidiary	**17**	–	(45,618)	–	(45,618)
Net income (loss)		(165,418)	(1,777,923)	(54,437)	(3,122,010)
Current income tax recovery		–	(379)		25,311
Net loss after tax recovery		(165,418)	(1,778,302)	(54,437)	(3,096,699)
Other comprehensive (loss) income					
Translation adjustment		3,632	(16,492)	2,756	(79,586)
Comprehensive Income (Loss)		(161,786)	(1,794,794)	(51,681)	(3,176,285)
Net loss attributable to:					
Shareholders of the Company		(165,418)	(1,777,737)	(54,437)	(3,094,524)
Non-controlling interest		–	(565)	–	(2,175)
Other comprehensive loss attributable to:					
Shareholders of the Company		3,632	(16,492)	2,756	(79,586)
Non-controlling interest		–	–	–	–
Total comprehensiveincome (loss) attributable to:					
Shareholders of the Company		(161,786)	(1,794,229)	(51,681)	(3,174,110)
Non-controlling interest		–	(565)	–	(2,175)

GLOBAL HEMP GROUP INC.

Consolidated Statements of Changes in Equity
(Unaudited - expressed in Canadian dollars except for number of shares)

		Share Capital			Reserve				Equity attributable to	
	Note	Number	Amount	Shares to be issued	Share-based payment reserve	Conversion feature	Foreign currency translation	Deficit	Shareholders' equity	Non-controlling Interest
			$		$	$	$	$	$	$
Balance, September 30, 2020		211,660,432	7,118,029	25,500	4,149,362	–	(2,974)	(10,332,482)	957,435	(42,800)
Shares issuance for services		1,000,000	90,000	–	–	–	–	–	90,000	–
Reallocation of FV of options exercised		–	76,149	–	(76,149)	–	–	–	–	–
Share issuance on exercise of options		2,650,000	135,000	–	–	–	–	–	135,000	–
Share issuance on exercise of warrants		382,960	19,148	–	–	–	–	–	19,148	–
Share-based compensation		–	–	–	955,461	–	–	–	955,461	–
Loan inducement		2,100,000	42,000	(25,500)	–	–	–	–	16,500	–
Shares issued for private placements		53,200,000	691,161	–	49,686	–	–	–	740,847	–
Net and comprehensive loss		–	–	–	–	–	(63,094)	(1,316,787)	(1,379,881)	(1,610)
Balance, June 30, 2021		270,993,392	8,171,487	–	5,078,360	–	(66,068)	(11,649,269)	1,534,510	(44,410)
Balance, September 30, 2021		307,993,392	9,635,767	–	7,362,056	49,451	(40,522)	(18,368,485)	(1,361,733)	–
Cancellation of shares issued from escrow pool		(2,300,000)	–	–	–	–	–	–	–	–
Shares issued in private placements		30,000,000	600,000						600,000	–
Net and comprehensive loss		–	–	–	–		2,756	(28,182)	(25,426)	–
Balance, June 30, 2022		335,693,392	10,235,767	–	7,362,056	49,451	(37,766)	(18,396,667)	(787,159)	–

The accompanying notes are an integral part to these condensed consolidated financial statements

GLOBAL HEMP GROUP INC.

Consolidated Statements of Cash Flows
(Unaudited - expressed in Canadian dollars)

	Nine months ended June 30, 2022	2021
Cash (used in) provided by:	$	$
Operating activities		
Loss for the period	(54,437)	(3,096,699)
Non-cash items		
Amortization and accretion	316,604	79,422
Change in fair value of derivative liability	(486,115)	–
Recovery of instalment	–	(26,059)
Share based compensation	–	1,507,671
Shares issued for service	–	70,000
Loss on settlement of services with shares	–	20,000
Loan inducement fees	–	16,500
Write-off of biological assets	–	58,078
Write-off of payable	(67,512)	–
Gain on sale of assets held for sale	–	(750)
Gain on sale of equipment	–	(2,034)
Interest accrual		13,114
Impairment loss of assets held for sale	–	906,046
Reversal of Government Loan Forgiveness	(79,074)	–
Unrealized foreign exchange (gain)	58,559	92,998
Loss on dissolution of subsidiary	–	45,618
Changes in non-cash operating working capital		
Biological assets	–	(57,608)
Deposits and prepayments	(35,000)	(74,463)
Accounts receivable and sales tax receivable	5,735	2,219
Accounts payable and accrued liabilities	(98,541)	(155,126)
Due to related parties		(24,373)
Cash used in operating activities	(439,781)	(625,446)
Financing activites		
Proceeds from common shares issuance on private placement	50,000	733,347
Proceeds from common shares issuance on exercise of options	–	135,000
Proceeds from common shares issuance on exercise of warrants		182,667
Proceeds from promissory note and convertible debenture subscription net of finders fees	555,000	865,000
Preference shares dividend payments	(34,785)	(33,830)
Repayments of promissory notes	–	(128,740)
Cash provided by financing activities	570,215	1,753,444
Investing activities		
Acquisition of equipment	(1,136)	–
Advance payment related to Western Sierra Acquisition	(176,584)	(182,920)
Proceeds from sale of assets held for sale	–	107,639
Deposits paid for the acquisition of industrial hemp assets in Colorado		(547,865)
Proceeds from sale of property and equipment	–	9,245
Deposits paid for the acquisition of industrial hemp assets in Colorado	(2,179)	–
Cash used in investing activities	(179,899)	(613,901)
Effect of foreign exchange	(55)	(19,623)
Change in cash	(49,465)	514,097
Cash, beginning of the year	138,237	16,372
Cash, end of the period	88,717	510,846

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Global Hemp Group (the "Company" or "GHG") was incorporated on October 30, 2009 in British Columbia, Canada, originally under the name Arris Holdings Inc., and on March 24, 2014 changed its name to Global Hemp Group Inc. Since the name change, the Company has been focused on the production and processing of industrial hemp and collaboration with companies that will enable GHG to develop and implement the Hemp Agro-Industrial Zone concept.

The Company's registered office is located at #106 – 1169 Mt. Seymour Road, North Vancouver, BC, V7H 2Y4. The Company's common shares are traded on Canadian Securities Exchange under the symbol "GHG", on Börse Frankfurt under the symbol "GHG", and on the USA OTCQB Markets under the symbol "GBHPF".

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with debt and or private placements of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements for nine months ended June 30, 2021, together with the comparative figures herein have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the audited annual financial statements of the Company for the most recent year ended September 30, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on an accrual basis except for cashflow information and are based on historical costs, except for financial instruments measured at their fair value. These consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

The accompanying consolidated financial statements include the accounts of its significant subsidiaries and joint ventures noted below. All intercompany transactions have been eliminated.

(Unaudited - expressed in Canadian Dollars)

Entity	Country of Incorporation	Ownership	Functional Currency
Covered Bridge Acres Ltd. ("CBA Canada")	Canada	100%	Canadian Dollar
Covered Bridge Acres Ltd ("CBA Oregon")	United States	100%	U.S. Dollar
41389 Farms Ltd. ("41389 Farms")	United States	100%	U.S. Dollar

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting period include determining the fair value of measurements of biological assets, goodwill, contingent consideration for business acquisitions and financial instruments, the recoverable amount of equipment and inventories, and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and

- whether the Company has control, joint control or significant influence over entities in which it holds an interest.

Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

4. CASH

	June 30, 2022	September 30, 2021
	$	$
Bank demand deposits	88,717	138,237
	88,717	138,237

(Unaudited - expressed in Canadian Dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2022	September 30, 2021
	$	$
Trade payables	270,168	331,809
Accrued liabilities	58,199	61,174
	328,367	**392,983**

6. DEPOSITS AND PREPAYMENTS

	June 30 2022	September 30, 2021
	$	$
Non-refundable Deposits for Acquisition of Industrial Hemp Colorado Properties	738,845	555,160
Other deposits	13,619	23.170
	752,464	**578,330**

7. ACQUISITION OF PREFERRED SHARES OF WESTERN SIERRA RESOURCE CORPORATION

(a) On February 8, 2021, the Company signed the Definitive Agreement with Prescient Strategies Group LLC (“PSG”) to acquire 19,875,000 shares of its Western Sierra Resource Corporation (OTC: WSRC) (“WSRC”) non-participating Preferred A Class Share holdings (“WSRC Prefs”) in a private, third-party transaction. The Definitive Agreement between WSRC, PSG, and GHG required a payoff / restructure of an existing $3,842,269 in secured WSRC debt by February 1, 2022. On February 2, 2022 $2,842,269 plus interest remained unpaid. The Agreement also called for bi-monthly debt service payments in favor of WSRC creditors in advance of the payoff / restructure of that debt as defined on Schedule B of that Definitive Agreement. As of this date, approximately $46,163.17 remains having been reduced by a $50,000 paid by GHG on March 30, 2022. Those obligations have not been fully met.

Transaction Details:

Prescient Strategies Group LLC held 19,875,000 Series A WSRC non-participating Prefs (with Voting Rights of 100 votes per share) on February 8, 2021. On signing of the Definitive Agreement, GHG acquired 11,006,440 unencumbered WSRC Prefs from PSG in exchange for 11,006,400 GHG Preferred B shares (“GHG Prefs”).

The remaining 8,868,560 WSRC Prefs held by PSG were to be transferred to GHG by PSG in return for a like number of GHG Class B Prefs upon payoff / restructure of the existing debt in the amount of US$3,842,269 by GHG on or before February 1, 2022. These encumbered WSRC Prefs would have been acquired by GHG upon the restructuring WSRC’s existing debt (the “WSRC Debt”) by way of GHG’s payoff / restructuring of WSRC’s debt. WSRC has since obtained a commitment for an initial round of bond financing to pay off its creditors and fund the various projects as contemplated by the Parties.

As part of the February 8, 2021 Agreement GHG issued 15,000,000 common share purchase warrants to PSG (the “GHG Warrants”). The GHG Warrants will be exercisable for a period of five years at a price per GHG Warrants of $0.05 per share.

(Unaudited - expressed in Canadian Dollars)

GHG Pref Details:

The GHG Prefs have a fixed redemption price of US$0.50 per preferred share and a maturity date of ten years following their issuance. The GHG Prefs are non-voting, are paying an annual dividend of US$0.01 per share, paid in cash, and are convertible into two common shares of GHG for every GHG Pref held by each holder thereof. The GHG Prefs are secured by the WSRC Prefs. The GHG Prefs are redeemable by GHG at face value plus any accrued and unpaid dividends any time after the refinancing of the WSRC Debt and the term of the WSRC Debt has been extended to a period of at least three years or redeemable on or before the maturity date on May 14, 2031. Should PSG decide to sell its GHG Prefs in a private third party transaction, GHG will be granted a thirty day Right of First Refusal (the ‘’GHG ROFR’’) to match any *bona fide* offer by a third-party, before PSG can act on such third-party offer.

As at June 30, 2022, GHG made advances for the settlement of WSRC debts totaling $1,697,975 or US$ 1,351,174 (September 30, 2021 - $1,521,391 or US$1,209,508). Pursuant to an agreement between GHG and WSRC, these advances were receivable from WSRC due by August 2024.

(b) On May 14, 2021, PSG exchanged its 11,006,400 WSRC Prefs for 11,006,400 GHG Prefs. As a result, the Company has 46.85% of the voting rights of WSRC. The two directors of WSRC own 44.6% of the common shares of WSRC and one director controls the remaining 8,868,560 WSRC Prefs. The Company estimated the fair value on May 14, 2021 of the consideration for the acquisition of the 11,006,400 WSRC Prefs at $3,676,707 (US$3,036,343).

The allocation of the estimated fair value associated with the consideration given up by the Company on May 14, 2021 is as follows:

	Canadian Dollar	**US Dollar**
	$	$
GHG Prefs - Convertible Preference Shares Liabilities (Note 8(c))	2,022,726	1,670,432
GHG Prefs - Conversion Feature Derivative Liabilities (Note 8(c))	989,881	817,476
Fair value of 15,000,000 warrants of the Company	664,100	548,435
Fair value of 11,006,400 WSRC Prefs on May 14, 2021	**3,676,707**	**3,036,343**

As at June 30, 2022, the fair value for the 11,006,400 WSRC Prefs held by the Company was determined to be $NIL (September 30, 2021 - $NIL). The Company determined the value to be $NIL as until such time the GHG Prefs are redeemed, the Company cannot sell, transfer or otherwise dispose of the WSRC Prefs.

(c) 11,006,400 GHG Prefs issued to PSG on May 14, 2021 is classified as financial liability under IAS 32 due to the fixed maturity date of 10 years from issuance date and the mandatory redemption value of US$5,503,220 (11,006,440 GHG Prefs at US$0.50) at maturity date. The conversion feature included in the 11,006,400 GHG Prefs is classified as derivative liability with an estimated fair value of $989,881 (US$817,476) on the date of initial recognition on May 14, 2021.

The fair value of the Convertible Preference Shares Debt Host for $2,022,726 (US$1,670,432) is the present value on May 14, 2021, for the face value redemption of US$5,503,220 and a dividend annuity of US$110,064 at a discount rate of 16% with a maturity date 10 years from May 14, 2021.

The cash obligations associated with the GHG Prefs with the assumption of no conversion to maturity are as follows:

(Unaudited - expressed in Canadian Dollars)

	Annual Dividend	Mandatory Redemption Value
Due Date	US Dollars	US Dollars
May 13, 2022	110,064	-
May 13, 2023	110,064	-
May 13, 2024	110,064	-
May 13, 2025	110,064	-
May 13, 2026	110,064	-
May 13, 2027	110,064	-
May 13, 2028	110,064	-
May 13, 2029	110,064	-
May 13, 2030	110,064	-
May 13, 2031	110,064	5,503,220
Total	**1,100,644**	**5,503,220**

The continuity of the Convertible Preference Shares Liabilities is as follows:

	Canadian Dollar	**US Dollar**
	$	$
Balance, September 30, 2021 & June 30, 2021	-	-
Initial Recognition	2,022,726	1,670,432
Dividends advances	(56,764)	(45,860)
Accretion	126,244	101,390
Foreign exchange	106,842	-
Balance, September 30, 2021	**2,199,048**	**1,725,962**
Dividends advances	(104,652)	(82,548)
Accretion	271,292	213,970
Foreign exchange	27,736	-
Balance, June 30, 2022	**2,393,424**	**1,857,384**

8. GHG PREFS – CONVERSION FEATURE DERIVATIVE LIABILITIES

	Derivate Liability - GHG Prefs Conversion Feature
	$
Balance, September 30 & December 31, 2020	-
Initial recognition	989,881
Fair value changes	(220,109)
Balance, September 30, 2021	**769,772**
Fair value changes	(486,115)
Balance, December 31, 2021	**283,657**

The fair value of the initial recognition of the conversion feature included in the 11,006,400 GHG Prefs (note 7) was determined to be $989,881 (US$817,476) using the Black-Scholes option pricing model with the following assumptions: expected life of 10 years, volatility of 203%, dividend yield of 0%, and risk-free rate of 1.63%.

(Unaudited - expressed in Canadian Dollars)

The fair value of the revaluation of the conversion feature as at June 30, 2022 included in the 11,006,400 GHG Prefs (note 7) was determined to be $283,657 (US$220,128) using the Black-Scholes option pricing model with the following assumptions: expected life of 8.88 years, volatility of 203%, dividend yield of 0%, and risk-free rate of 2.98%. The Company designated the change in fair value of $486,115 through profit and loss for the nine months ended June 30, 2022 (2021 - $220,109). As all inputs used in the model are observable, the derivatives fall in Level 2 of the fair value hierarchy.

9. PROPERTY AND EQUIPMENT

	X-West Colorado Industrial Property	Land	Buildings	Office furniture	Trucks & Vehicles	Farming equipment	Incorp. costs	Total
Cost:	$	$	$	$	$	$		$
Balance, September 30, 2020	-	1,534,008	538,550	1,694	47,701	236,288	642	2,358,883
Disposal	-	-	-	-	-	(5,382)	(642)	(6,024)
Foreign currency translation	-	(75,380)	(27,010)	(125)	(3,444)	(18,327)	-	(124,286)
Reclassification as assets held for sale	-	(1,458,628)	(511,540)	-	-	-	-	(1,970,168)
Balance, June 30, 2021	**-**	**-**	**-**	**1,569**	**44,257**	**212,579**	**-**	**258,405**
Balance, September 30, 2021	1,706,320	-	-	-	-	-	-	1,706,320
Addition to purchase price	319,200	-	-	-	-	-	-	319,200
Survey costs	1,134	-	-	-	-	-	-	1,134
Balance, June 30, 2022	**2,026,654**	**-**	**-**	**-**	**-**	**-**	**-**	**2,026,654**
Amortization:								
Balance, September 30, 2020	-	-	113	2	30	139	-	284
Disposal	-	-	-					-
Charge for the period	-	-	21,385	240	3,516	16,280	-	41,421
Foreign currency translation	-	-	(417)	(7)	(103)	(475)	-	(1,002)
Reclassification as assets held for sale	-	-	(21,081)	-	-	-	-	(21,081)
Balance, June 30, 2021	**-**	**-**	**-**	**235**	**3,443**	**15,944**	**-**	**19,622**
Balance, September 30, 2021	-	-	-	-	-	-	-	-
Change for the period	-	-	-	-	-	-	-	-
Balance, June 30, 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value:								
At June 30, 2022	2,026,654	–	-	-	-	–	–	2,026,654
At June 30, 2021	–	–	–	1,334	40,814	196,635	–	238,783

Impairment of equipment of the Oregon operation

On July 28, 2021, the Company's Oregon farmland sale closed. Upon the completion of the sale of the Oregon farmland, the Company impaired $238,745 (US$187,383) net book value of the equipment, building structure, and office furniture used for the Oregon hemp operation as the Company was unable to find an interested buyer for the equipment prior to the sale of the Oregon farmland due to significant downturn in the hemp industry in Oregon beginning in 2020; the lack of personnel after the cease of the Oregon operation with the COVID travel restrictions.

The Undertaking Agreement for three Colorado Industrial Properties

On August 25, 2021, the Company and WSRC entered into an undertaking agreement related to the acquisition of three Colorado Industrial Properties including X-West Property, 166 Acre Deepe Property and 664 Acre Deep Property (the "Colorado Undertaking Agreement") with the key terms as follows:

The Company has paid all deposits due for the acquisition of the three Colorado Properties and shall continue to pay all required funding for all future mounts due related to these properties.

- WSRC acknowledges that they are temporarily holding three Colorado Industrial Properties solely for the benefit of the Company;
- Upon completion of the acquisition of the 166 Acre Deepe Property and the 664 Acre Deepe Property (not completed as of June 30, 2022), WSRC undertakes to take all necessary measures to transfer title of these two properties upon simple written request of the Company without delay whatsoever or right of set-off as the case may be;
- Upon simple written request of the Company, WSRC undertakes to take all necessary measures to transfer title of the X-West Property without delay whatsoever or right of set-off as the case may be;
- WSRC undertakes to refrain from alienating, selling, transferring, converging, pledging, assigning, borrowing against, encumbering with a real right whatsoever or changing the destination of the three Colorado Industrial Properties under any circumstance, save and except with the prior written consent of the Company which may be unfulfilled unreasonably;
- No later than 5 business days following the payment of US$1,000,000 by the Company to WSRC for the settlement of WSRC's debts (paid in August 2021), WSRC undertakes to file a Deed of Trust recorded in the records of the Routt County, Colorado Clerk and Recorder's Office, whereby the Company will become a secured creditor of WSRC and will guarantee its water assets in consideration of the payment of US$1,000,000. As of the date of this report, the Deed of Trust has not been filed by WSRC.

The information below relating to the three Hayden Colorado properties was the original terms for the purchase of the properties. WSRC has advised that currently there are discussions ongoing with the respective property vendors to amend the terms and/or payments of the acquisitions.

a) X-West Property, Hayden Colorado

The Company completed the acquisition of the X-West Property through WSRC on June 15, 2021. The purchase price of the X-West Property was US$1,400,000 ($1,706,320) with a mortgage balance of US$1,250,000 at an annual interest rate of 6% due on or before December 15, 2022.

Pursuant to the Colorado Undertaking Agreement, the Company will settle the mortgage balance of US$1,250,000 on or before November 4, 2022 with three equal instalments (outstanding as at June 30, 2022).

As advised by WSRC the terms of the X-West Property acquisition have changed due to the Company's inability to meet its payment obligations per the original purchase schedule above. The purchase price of the X-West Property was increased to US$1,650,000 with a non-interest-bearing balance of US$1,500,000 due on or before July 15, 2022. To reflect the updated terms as advised by WSRC, the accrued interests were reversed, the property value was increased to US$1,650,000. Also, due to the uncertainty inherent in this purchase transaction, the USD$150 prepayment was added back to non-refundable deposit for conservation. To date, this payment has not been completed. In light of this, the terms and conditions relating to the X-West Property purchase may be further amended.

(Unaudited - expressed in Canadian Dollars)

b) 166 Acre Deepe Property, Hayden Colorado

The Company made a non-refundable deposit of US$250,000 on May 12, 2021 for the acquisition of the 166 Acre Deepe Property through WSRC as described above. The Company will need to pay US$2,250,000 on or before April 1, 2022 (not completed as of the date of the release of these financial statements) in order to complete the acquisition of the 166 Acre Deepe Property.

c) 664 Acre Deepe Property, Hayden Colorado

The Company made a non-refundable deposit of US$200,000 in August 2021 for the acquisition of the 664 Acre Deepe Property through WSRC as described above. The Company will need to pay US$2,300,000 on or before April 1, 2022 (not completed as of the date of the release of these financial statements) in order to complete the acquisition of the 664 Acre Deepe Property.

10. RELATED PARTY TRANSACTIONS

Key Management Compensation:

	Nature of transactions	Nine months ended June 30, 2022	2021
		$	$
President/CEO	Salaries/Consulting fees	30,000	74,800
CFO	Accounting fees	7,800	5,000
Director	Consulting fees	$15,214(US$12,000)	-
Director	Legal fees	76,490	53,123
Director	Consulting fees	12,450	24,900
Directors and officers	Share-based compensation	-	630.809

Included in accounts payable and accrued liabilities, there was $30,164 (September 30, 2021 - $92,435) due to directors and officers for unpaid consulting fees and expense reimbursements. These amounts are unsecured, non-interest bearing with no fixed payment terms.

During the six months ended June 30, 2022, the Company incurred accrued salaries of $30,000 for the service of the President/CEO (June 30, 2021 - $74,800) and recognized share based compensation of $NIL (June 30, 2021 - $365,905). The President/CEO participated in the private placement closed on December 11, 2020 (note 11) though a subscription of 4,000,000 units at $0.015/unit. A balance of $Nil was owed to the CEO as at June 30, 2022 (September 30, 2021 - $10,029).

During the nine months ended June 30, 2022, the Company incurred accounting fees of $7,800 for the service of the Company's CFOs (June 30, 2021 - $5,000). A balance accrued for the CFO services of $2,500 was recorded as at June 30, 2022 (September 30, 2021 - $2,000).

During the nine months ended June 30, 2022, the Company incurred accrued consulting fee of US$12,000 or $15,214 (June 30, 2021 - $NIL) to PSG, an entity controlled by a director of the Company (note 7). A balance of $15,214 (accrued consulting fee of $15,214) was owed to the director as at June 30, 2022 (September 30, 2021 - $NIL). PSG is the holder of GHG Prefs entitled a monthly dividend of US$9,172. On September 15, 2021, the Company and PSG entered into a consulting fee agreement whereby PSG is entitled to a monthly consulting fee of US$4,000.

During the nine months ended June 30, 2022, the Company incurred legal fees of $76,490 (June 30, 2021 - $53,123) to a law firm controlled by a director of the Company and recognized share based compensation of $Nil (June 30, 2021, $35,000). On March 9, 2021, the director exercised 500,000 stock options with exercise price of $0.055/share. A balance of $Nil was owed to the law firm as at June 30 31, 2022 (September 30, 2021 - $68,198).

During the nine months ended June 30, 2022, the Company incurred accrued consulting fee of $12,450 (June 30, 2021 - $24,900) to an entity controlled by a director of the Company and recognized share based compensation of $NIL for the director (June 30, 2021 - $189,904). A balance of $12,450 was owed to the director as at June 30, 2022 (September 30, 2021 - $11,500).

A balance of $Nil was owed to a director of the Company as at June 30, 2022 (September 30, 2021 - $708).

11. CAPITAL STOCK

Authorized

Unlimited number of common shares and Class B preferred shares without par value.

Issued and outstanding

Changes during the nine months ended June 30, 2022

On October 27, 2021, 2,300,000 common shares previously issued on November 29, 2018 from the escrow pool related to the Oregon operation were cancelled.

On May 20, 2022, the Company closed a private placement of non-brokered private placement, consisting of 30,000,000 units ("Units") at a price of $0.02 per Unit for gross proceeds of $600,000 (the "Private Placement"). Each unit is comprised of one common share of the company (a "Common Share" and collectively, the "Common Shares") and one common share purchase warrant (each whole warrant a "Warrant" and collectively, the "Warrants") of the Corporation. Each whole Warrant shall entitle the holder thereof to acquire one additional Common Share at a price of $0.05 per Common Share for a period expiring on September 8, 2023. The warrants will be trading on the CSE and will have identical terms to the 96,293,781 listed warrants of the Company currently outstanding and trading under the ticker symbol GHG.WT. In the event that the Company's common shares trade on the Canadian Securities Exchange (or such other exchange on which the common shares may be traded at such time) at a volume weighted average price of $0.12 per share or more for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the Warrants by giving notice to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which such notice is given to the holder by the Company. All securities issued are subject to a four-month plus a day hold period from the date of issuance in accordance with applicable securities laws. No finder's fee was paid in connection to this placement.

Changes during nine months ended June 30, 2021

On October 8, 2020, 1,700,000 common shares of the Company were issued for the loan inducement with a fair value of $0.02 per share.

On November 30, 2020, 400,000 common shares of the Company were issued for the loan inducement with a fair value of $0.02 per share.

On December 11, 2020, the Company closed a private placement of non-brokered private placement, consisting of 51,600,000 units ("Units") at a price of $0.015 per Unit for gross proceeds of $774,000 (the "Private

Placement"). Each unit is comprised of one common share of the Company (a "Common Share" and collectively, the "Common Shares") and one common share purchase warrant (each whole warrant a "Warrant" and collectively, the "Warrants") of the Company. Each whole Warrant shall entitle the holder thereof to acquire one additional Common Share at a price of $0.05 per Common Share for a period expiring on September 8, 2023. The warrants will be listed for trading on the CSE after the expiry of the hold period and will have identical terms to the 11,076,741 listed warrants of the Company currently outstanding and trading under the ticker symbol GHG.WT. In the event that the Company's common shares trade on the Canadian Securities Exchange (or such other exchange on which the common shares may be traded at such time) at a volume weighted average price of $0.12 per share or more for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the Warrants by giving notice to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which such notice is given to the holder by the Company. All securities issued are subject to a four-month plus a day hold period from the date of issuance in accordance with applicable securities laws.

On December 11, 2020, 1,600,000 common shares and 1,880,000 share purchase warrants of the Company were issued as a finder's fee for this private placement. The 1,880,000 share purchase warrants are exercisable at $0.05 with the expiry date on September 8, 2023.

On January 26, 2021, 1,000 share purchase warrants with exercise price at $0.05/share were exercised resulted in the issuance of 1,000 common shares.

On February 3, 2021, 295 share purchase warrants with exercise price at $0.05/share were exercised resulted in the issuance of 295 common shares.

On February 10, 2021, 8,333 share purchase warrants with exercise price at $0.05/share were exercised resulted in the issuance of 8,333 common shares.

On February 22, 2021, 1,000,000 common shares were issued to a third-party consultant in exchange for advertising and promotion service at a value of $70,000. The closing quote of the shares on February 22, 2021 was $0.09. A loss on settlement of service with shares for $20,000 was recognized during the six months ended March 31, 2021 due to the difference between the fair value of the shares issued at $90,000 and the agreed service value of $70,000.

On March 1, 2021, 20,000 share purchase warrants with exercise price at $0.05/share were exercised resulted in the issuance of 20,000 common shares.

On March 9, 2021, 500,000 share purchase options with exercise price at $0.055/share were exercised resulted in the issuance of 500,000 common shares.

On March 18, 2021, 353,332 share purchase warrants with exercise price at $0.05/share were exercised resulted in the issuance of 353,332 common shares.

On March 23, 2021, 2,150,000 share purchase options with exercise price at $0.05/share were exercised resulted in the issuance of 2,150,000 common shares.

On June 25, 2021, 3,000,000 share purchase warrants with exercise price at $0.055/share were exercised resulted in the issuance of 3,000,000 common shares.

(Unaudited - expressed in Canadian Dollars)

On June 28, 2021, the holder of the Secured Convertible Debenture with a face value of $500,000 converted into 10,000,000 units with resulted in the issuance of 10,000,000 common shares and 10,000,000 share purchase warrants.

Warrants

A continuity of the Company's warrants is as follows:

	Number of Warrants	Weighted average exercise price	Weighted average number years to expiry
Balance, September 30, 2021	150,070,006	$0.07	2.27
Expired	(1,519,350)	$0.05	-
Granted	30,000,000	$0.05	1.19
Balance, June 30, 2022	178,550,656	$0.07	1.48

	Number of Warrants	Weighted average exercise price	Weighted average number years to expiry
Balance, September 30, 2020	43,642,299	$0.12	1.99
Exercised	(3,382,960)	$0.05	-
Expired	(169,333)	$0.13	-
Granted	87,480,000	$0.05	4.01
Balance, June 30, 2021	127,570,006	$0.08	2.55

As at June 30, 2022, the Company had the following warrants outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Warrants Outstanding
March 7, 2018	March 1, 2023	$0.15	12,376,875
December 12, 2018	December 10, 2023	$0.12	16,200,000
September 11, 2020	September 8, 2023	$0.05	10,693,781
December 11, 2020	September 8, 2023	$0.05	53,480,000
January 25, 2021	January 25, 2026	$0.055	6,000,000
May 14, 2021	May 14, 2026	$0.05	15,000,000
June 28, 2021	September 8, 2023	$0.05	10,000,000
July 7, 2021	September 8, 2023	$0.05	11,000,000
July 13, 2021	July 12, 2023	$0.05	800,000
July 23, 2021	September 8, 2023	$0.05	2,000,000
August 17, 2021	September 8, 2023	$0.05	1,000,000
September 1, 2021	September 8, 2023	$0.05	10,000,000
May 20, 2022	September 8, 2023	$0.05	30,000,000
			178,550,656

(Unaudited - expressed in Canadian Dollars)

Stock options

On May 17, 2021, the Company granted 4,000,000 stock options to external consultants. 1,000,000 stock options of this grant are fully vested on grant date whereby each option entitles the holder to purchase one common share of the Company at $0.05 per share. These stock options have a vesting provision that requires the holder to bring investment to the Company in an amount of at least $500,000. The remaining 3,000,000 stock options, these conditions have not been met and were cancelled on November 1, 2021.

A continuity of the Company's options is as follows:

	Options	Weighted average exercise price	Weighted average number years to expiry
Balance, September 30, 2021	23,850,000	$0.053	3.43
Cancelled	(3,000,000)	$0.05	-
Balance, June 30, 2022	20,850,000	$0.053	2.68

	Options	Weighted average exercise price	Weighted average number years to expiry
Balance, September 30, 2020	16,000,000	$0.072	1.86
Cancelled	(2,500,000)	$0.160	-
Exercised	(2,650,000)	$0.051	-
Expired	(6,100,000)	$0.056	-
Granted	20,100,000	$0.053	4.63
Balance, June 30, 2021	24,850,000	$0.053	3.80

As at June 30, 2022, the Company had the following options outstanding:

Date Granted	Expiry Date	Exercise Price	Number of Options Outstanding	Number of options Exercisable
September 21, 2017	September 20, 2022	$0.05	5,200,000	5,200,000
September 24, 2018	September 20, 2023	$0.16	150,000	150,000
August 9, 2019	August 8, 2024	$0.06	1,050,000	1,050,000
November 26, 2020	November 25, 2025	$0.05	3,150,000	3,150,000
January 25, 2021	January 25, 2026	$0.055	4,800,000	4,800.000
January 27, 2021	January 27, 2026	$0.06	2,500,000	2,500,000
May 3, 2021	May 3, 2026	$0.05	3,000,000	3,000,000
May 17, 2021	May 17, 2026	$0.05	1,000,000	1,000,000
			20,850,000	**20,850,000**

Share based payment reserve
The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Foreign currency translation reserve
The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

Basic and diluted loss per share
Diluted loss per share does not include the effect of 178,550,656 warrants and 20,850,000 options as the effect would be anti-dilutive.

12. NOTE PAYABLE

a) Balance Payable with respect to X-West Colorado Industrial Property

With reference to note 9(a), the Company has a non-interest-bearing balance payable of US$1,650,000.

As at June 30, 2022, total balance of US$1,650,000 or $2,126,190 (September 30, 2021 - $1,061,750) is classified as current without a due date. Certain funding initiatives are ongoing to complete the payment. To date, this payment has not been completed. In light of this, the terms and conditions relating to the X-West Property purchase may be further amended.

b) Short-term loans

<u>Nine months ended June 30, 2022</u>

The Company received short term loans in the amount of $550,000 from an arm's length party during the nine months ended June 30, 2022. On May 20, 2022 (note 11), total proceeds of the loans were converted into 27,500,000 common shares and 27,500,000 share purchase warrants with an exercise price of $0.05 and expiry date on September 8, 2023.

$Nil (2021 - $Nil) interests were accrued during the nine months ended June 30, 2022. As at June 30, 2022, the outstanding loan balance including accrued interest was $Nil (September 30, 2021 - $Nil).

<u>Nine months ended June 30, 2021</u>

The Company received short term loans in the amount of $15,000 during the quarter ended December 31, 2020 and $50,000 during the fourth quarter of the year ended September 30, 2020. These short-term loans were non-interest bearing and were fully settled by a combination of cash repayments and issuance of common shares as of December 31, 2020. Bonus shares totaling 2,100,000 common shares were issued to the lenders for this transaction as a loan inducement.

c) Innovative Inc.

On December 1, 2014, the Company converted $18,355 of its accounts payable owing to a company ("Lender"), controlled by the relative of a former director, into a promissory note. This promissory note is payable on demand and bears interest of 12% per annum. The promissory note is secured by a general and continuing collateral security in favor of the Lender. Pursuant to the director's resolution dated June

30, 2021 and for the reasons contained therein, the balance was written off effective on June 30, 2022. As of June 30, 2022, the Company had a balance payable of $Nil (September 30, 2021 - $33,407).

13. CONVERTIBLE DEBENTURES

a) 500 units of debentures on June 22, 2021,

Issuance

The Company issued 500 units of debentures for gross proceeds of $500,000. The principal amount of the debentures matures on September 8, 2023 (the "Maturity Date"), are unsecured, and accrue interest at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into shares at a price of $0.05 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $0.05 per share and an expiry date of September 8, 2023.

Conversion

On June 28, 2021, 500 units of the debentures with a value of $500,000 were converted into 10,000,000 common shares and 10,000,000 share purchase warrants with an exercise price of $0.05 and expiry date on September 8, 2023.

b) 500 units of debentures on July 5, 2021,

Issuance

On July 5, 2021, the Company issued 500 units of debentures for gross proceeds of $500,000. The principal amount of the debentures matures on September 8, 2023 (the "Maturity Date"), are unsecured, and accrue interest at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into shares at a price of $0.05 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $0.05 per share and an expiry date of September 8, 2023.

Conversion

On July 7, 2021, 500 units of the debentures with a value of $500,000 were converted into 10,000,000 common shares and 10,000,000 share purchase warrants with an exercise price of $0.05 and expiry date on September 8, 2023.

c) 500 units of debentures on July 9, 2021

Issuance

On July 9, 2021, the Company issued 500 units of debentures for gross proceeds of $500,000. The principal amount of the debentures matures on September 8, 2023 (the "Maturity Date"), are unsecured, and accrue interest at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into shares at a price of $0.05 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $0.05 per share and an expiry date of September 8, 2023.

Conversion

On July 22, 2021, 100 units of the debentures with a value of $100,000 were converted into 2,000,000 common shares and 2,000,000 share purchase warrants with an exercise price of $0.05 and expiry date on September 8, 2023.

On August 18, 2021, 100 units of the debentures with a value of $100,000 were converted into 2,000,000 common shares and 2,000,000 share purchase warrants with an exercise price of $0.05 and expiry date on September 8, 2023.

d) 500 units of debentures on August 30, 2021

Issuance

On August 30, 2021, the Company issued 500 units of debentures for gross proceeds of $500,000. The principal amount of the debentures matures on September 8, 2023 (the "Maturity Date"), are unsecured, and accrue interest at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into shares at a price of $0.05 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $0.05 per share and an expiry date of September 8, 2023.

Conversion

On September 1, 2021, 500 units of the debentures with a value of $500,000 were converted into 10,000,000 common shares and 10,000,000 share purchase warrants with an exercise price of $0.05 and expiry date on September 8, 2023.

e) 15 units of debentures on September 12, 2021

Issuance

On September 12, 2021, the Company issued 15 units of debentures for gross proceeds of $15,000. The principal amount of the debentures matures on September 8, 2023 (the "Maturity Date"), are unsecured, and accrue interest at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into shares at a price of $0.05 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $0.05 per share and an expiry date of September 8, 2023.

f) 35 units of debentures on September 24, 2021

Issuance

On September 24, 2021, the Company issued 35 units of debentures for gross proceeds of $35,000. The principal amount of the debentures matures on September 8, 2023 (the "Maturity Date"), are unsecured, and accrue interest at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into shares at a price of $0.05 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $0.05 per share and an expiry date of September 8, 2023.

(Unaudited - expressed in Canadian Dollars)

	Liability	Equity (Reserve - Conversion Feature)	Equity (Share Capital)	Total
	$	$	$	$
Balance, September 30, 2020 & June 30, 2021	-	-	-	-
Proceeds	1,959,912	90,088	-	2,050,000
Transaction costs	(64,118)	(12,682)	-	(76,800)
Conversions	(1,641,326)	(27,955)	27,955	(1,641,326)
Accretions	11,398	-	-	11,398
Balance, September 30, 2021	**265,866**	**49,451**	**27,955**	**343,272**
Accretions	33,562	-	-	33,562
Balance, June 30, 2022	**299,428**	**49,451**	**27,955**	**376,834**

For accounting purposes, the debentures were separated into liability and equity components. Fair value of the liability component is first determined by discounting the face value and coupon interest to the present value at the inception date of the debentures. The effective interest rate for the liability components is 16% with a maturity date of September 8, 2023. The equity component related to the common share conversion feature is then estimated by subtracting the fair value of the liability component from the gross proceeds of the debenture.

14. PAYROLL PROTECTION PLAN/US GOVERNMENT SMALL BUSINESS ADMINISTRATION LOAN

With the outbreak of the COVID-19 pandemic in March 2020, the American Federal government announced various types of assistance to aid business through the ongoing COVID-19 pandemic. On May 14, 2020, the Company received the approval for the Paycheck Protection Program Loan for loan proceeds of US$61,000 (the “PPP Loan”). The Company expected to receive the approval for the forgiveness of the full amount of US$61,000 in fiscal 2020. As such, the Company recognized the government loan forgiveness of US$61,000 in the statement of profit and loss for the fiscal year ended September 30, 2020. On December 14, 2021, the Company received a denial of the forgiveness of the loan amount by the Small Business Administration of the American Federal Government (“SBA”) which resulted in the full amount of US$61,000 being due. The Company appealed the denial decision. Due to the high degree of uncertainty of the ultimate appeal decision from the SBA, the Company reinstated the PPP Loan and accrued 1% per annum interest in the statement of profit and loss for the fiscal year ended September 30, 2021.

On April 4, 2022, the Company received payment confirmation for the forgiveness of the PPP loan. The SBA has remitted to the Company’s Lender US$61,000 being the full amount of the loan plus accrued interest of US$1,144.79 on that day. As at June 30, 2022, the PPP Loan principal amount outstanding was $Nil (September 30, 2021 – US$61,000 or $77,720) and accrued interest of $Nil (2021 - US$777 or $999).

15. NON-CONTROLLING INTEREST

The non-controlling interest consists of 50% ownership of 703551 N.B Ltd., which was incorporated on July 5, 2018. On June 18, 2021, 703551 NB Ltd was dissolved. The Company recognized a loss on disposal of subsidiary for $45,618 in the fiscal year ended September 30, 2021.

16. SEGMENT DISCLOSURE

The Company operates in one operating segment, which is acquisition, and operation of hemp related projects. The following provides segmented disclosure on the non-current assets by geographic locations:

SEGMENT DISCLOSURE		Canada		United States		Total
June 30, 2022						
Revenue	**$**	**–**	**$**	**–**	**$**	**–**
Long-term Assets						
Deposits and prepayments	**$**	**–**	**$**	**569,000**	**$**	**569,000**
Investment in associate	**$**	**–**	**$**	**–**	**$**	**–**
Property and equipment	**$**	**–**	**$**	**1,707,000**	**$**	**1,707,000**
June 30, 2021						
Revenue	$	–	$	–	$	–
Long-term Assets						
Deposits and prepayments	$	–	$	572,000	$	572,000
Investment in associate	$	–	$	5,942,000	$	5,942,000
Property and equipment	$	–	$	239,000	$	239,000

17. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

<u>Credit risk</u>
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is on its cash. As most of the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

<u>Foreign exchange risk</u>
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's transaction currency with WSRC is in USD (Note 7) and several subsidiaries located in the United States. As at June 30, 2022 the Company has cash of US$29,289, GHG Prefs debt host liability of US$1,857,383, GHG Prefs Derivative Liabilities of US$220,128, X-West Industrial Property Mortgage US$1,650,000, and negative working capital items of US$68,755 denominated in US dollars. Based on the net exposure at June 30, 2022, a 5% depreciation or appreciation in Canadian dollar against US dollar would result in a gain or loss of $240,484.

<u>Interest rate risk</u>
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

<u>Liquidity Risk</u>
Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Liquidity risk is assessed as high.

Fair value
The Company categorizes its financial instruments measured at fair value using a hierarchy based on the inputs used to measure fair value. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value as follows:

Level 1: observable inputs such as quoted prices in active markets.
Level 2: inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
Level 3: unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The fair value of the Company's financial assets and liabilities approximates the carrying amount due to their short-term nature.

18. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the Company's activity in agriculture and manufacturing in the industrial hemp sector and to sustain future development of the business. The capital structure of the Company consists of working and share capital.

There are no restrictions on the Company's capital and there were no changes in the Company's approach to capital management during the year.

19. EVENTS AFTER THE REPORTING PERIOD

Revitalize Earth Reverse Take-Over
On July 12, 2022 the company announced that it had executed a Binding Letter of Intent to consummate a going-public transaction for Revitalize Earth involving the reverse take-over of GHG (the "Transaction").

The Transaction will involve a share exchange, arrangement or other similar form of transaction which will result in Earth combining its corporate existence with that of GHG (the "Resulting Issuer"). The Resulting Issuer will be listed on the Canadian Securities Exchange (the "CSE") under the name "Revitalize Earth Holdings Inc." or such other name as the board of directors may determine.

Summary of the Transaction
Under the terms of the LOI, GHG will effect the consolidation of the GHG shares (the "GHG Shares") on the basis of ten (10) pre-consolidated GHG Shares for one (1) post-consolidated GHG Share (the "GHG Consolidation"). GHG will issue 360,000,000 new shares at the price of $0.30 per share to the shareholders of Earth to acquire the outstanding Earth shares representing a total equity value of US$85,000,000 on a fully diluted basis.

It is contemplated that in conjunction with the listing on the CSE, the Resulting Issuer may elect to complete either a brokered or non-brokered private placement financing of up to US$15,000,000 by way of subscription receipts (the "Concurrent Financing"). Both parties have agreed that the terms and conditions of an eventual engagement letter with brokers in respect of the Concurrent Financing are to be determined at a later stage and will be mutually agreed upon by Earth and GHG.

Upon completion of the business combination and closing of the Concurrent Financing, Earth has agreed to pay to the designated broker (in case of a brokered financing) a fee, which shall be negotiated upon finalization of an engagement letter with the designated broker.

Subject to the approval of the CSE, Mid Atlantic Capital Inc. shall be entitled to an aggregate finder's fee payable by the Resulting Issuer representing three percent (3%) of the value of the Transaction between

GHG and Earth (the "Finder's Fee"). The Finder's Fee may be payable either in cash, shares of the Resulting Issuer or a combination of both.

About The Transaction
The Transaction constitutes a "Fundamental Change" for GHG under the policies of the CSE. Pending completion of filings with the CSE in connection with the Transaction, trading in the common shares of GHG has been halted at the request of GHG. It is anticipated that trading will remain halted until the Company receives shareholder approval by way of written consent or when the information circular is posted on SEDAR in contemplation of the meeting of shareholders of GHG, whichever route the Company decides to take to that effect.

Completion of the Transaction remains subject to a number of conditions, including, but not limited to: (i) negotiation of definitive documentation; (ii) receipt of any required regulatory approvals; (iii) the approval of the shareholders of GHG and Earth; (iv) completion of the GHG Consolidation; and (v) completion of the Concurrent Offering for gross proceeds of up to $15,000,000, if elected to do so by the Resulting Issuer. The Transaction cannot be completed until these conditions are satisfied. There can be no assurance that the Transaction will be completed as proposed or at all.

The Transaction has been negotiated at arm's length and does not constitute a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holdings in Special Transactions. The Transaction will be completed pursuant to available exemptions under applicable legislation.

Further information concerning the Transaction, including financial information for Earth, will be available in the listing statement being prepared by GHG for filing with the CSE. Once complete, a copy of the listing statement will be available for review under the profile for GHG on SEDAR (www.sedar.com).

About Revitalize Earth
Revitalize Earth is committed in using their resources to create sustainable business that work with nature and provide solutions in health and balance in the world. Earth is focusing on capitalizing on the growing worldwide demand of cannabis products, both in the medical marijuana sector and the consumer market cannabinoids (CBD, CBN and CBG). Earth is using its sister company e-commerce site to reach a global audience and setting up strategic locations for controlling the quality and supply chain. They are currently fulfilling from their farms in the United States and shipping directly to nearly 5,000 patients and consumer in 50 American states. They will be expanding their e-commerce platform into Europe, supporting multiple languages and shipping from within the European Union to all countries.

20. COVID-19 (CORONAVIRUS)

On March 11, 2020, the current outbreak of COVID-19 (Coronavirus) was declared a global pandemic, which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. As a result, global equity markets and oil prices have experienced significant volatility and weakness. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.