



GLOBAL HEMP GROUP
A HEALTHIER FUTURE THROUGH SUSTAINABLE BUSINESS STRATEGIES

Global Hemp Group Inc.

Interim Condensed Consolidated Financial Statements

For the three and nine month periods

Ended June 30, 2023 and 2022

Unaudited

Expressed in Canadian Dollars

For Further Information Contact

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NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim financial statements of the Corporation have been prepared by management and are responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review or an audit of these interim financial statements.

GLOBAL HEMP GROUP INC.
Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	June 30, 2023	September 30, 2022
		\$	\$
Assets			
Current assets			
Cash	4	1,008	66,664
Accounts receivable		21,488	18,376
Prepaid expenses		128,750	16,396
		151,246	101,436
Deposits and prepayments		1,435	1,482
Intangible Assets	8	520,279	–
TOTAL ASSETS		\$ 672,960	\$ 102,918
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities	5	641,953	399,584
Notes payable - current portion	11	366,493	–
		1,008,446	399,584
Non-current liabilities			
Convertible preference shares - liability	6(c)	2,725,918	2,623,916
Convertible debenture - liability	12	389,271	334,027
Derivative liability	7	99,093	329,551
Total liabilities		4,222,728	3,687,078
Shareholders' deficiency			
Share capital	10	10,561,767	10,235,767
Reserve		6,704,783	6,714,397
Deficit		(20,816,318)	(20,534,324)
Total shareholders' deficiency		(3,549,768)	(3,584,160)
Total liabilities and shareholders' deficiency		\$ 672,960	\$ 102,918

Nature of operations and going concern (Note 1)

Event after the reporting period (Note 16)

Approved and authorized for issuance by the Board of Directors on August 29, 2023

"Curt Huber"
Director

"Veronique Laberge"
Director

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

GLOBAL HEMP GROUP INC.

Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Three months ended June 30,		Nine months ended June 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
Expenses					
Advertising and promotion		–	14,618	17,055	46,117
Insurance		13,750	–	13,750	(5,431)
Consulting		37,500	90,749	63,777	122,208
Office and administration		520	22,765	1,431	23,107
Professional fees		2,875	82,904	58,254	95,437
Property tax		–	(1,796)	–	(1,796)
Research & Development		–	4,321	–	10,620
Salaries and wages		26,480	(7,561)	29,540	22,439
Shareholder communication		3,700	–	3,700	3,487
Travel		100	565	1,364	1,107
Trust and filing fees		5,253	24,734	38,547	27,649
(Loss) before other items:		(90,178)	(231,299)	(227,418)	(344,944)
Exchange gain (loss)		74,544	(87,441)	105,757	(63,282)
Bad debt expenses (net of recovery)		–	–	–	1,266
Interest & Bank Charges		(139,100)	(156,132)	(390,791)	(280,178)
Write-off of payable		–	67,512	–	67,512
Government Loan Forgiveness		–	79,074	–	79,074
Change in fair value of derivative liability 7		49,856	162,868	230,458	486,115
Net income (loss)		(104,878)	(165,418)	(281,994)	(54,437)
Current income tax recovery		–	–	–	–
Net loss after tax recovery		(104,878)	(165,418)	(281,994)	(54,437)
Other comprehensive (loss) income (items that may be reclassified to profit or loss)					
Translation adjustment		(6,031)	3,632	(9,614)	2,756
Comprehensive Income (Loss)		(110,909)	(161,786)	(291,608)	(51,681)
Loss per share, basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding, basic and diluted		358,293,392	310,426,359	347,158,593	310,426,359

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

GLOBAL HEMP GROUP INC.

Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars except for number of shares)

	Share Capital		Reserve			Equity attributable to			
	Note	Number	Amount	Share-based payment reserve	Conversion feature	Foreign currency translation	Deficit	Shareholders' equity	Non- controlling Interest
			\$	\$	\$	\$	\$	\$	\$
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 from 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)	–
Balance, September 30, 2022		335,693,392	10,235,767	6,687,492	49,451	(22,546)	(20,534,324)	(3,584,160)	–
Shares issued for purchase of intangible assets		10,000,000	150,000	–	–	–	–	150,000	–
Shares issued for services		10,000,000	150,000	–	–	–	–	150,000	–
Shares issued in private placements		2,600,000	26,000	–	–	–	–	26,000	–
Net and comprehensive loss		–	–	–	–	(9,614)	(281,994)	(291,608)	–
Balance, June 30, 2023		358,293,392	10,561,767	6,687,492	49,451	(32,160)	(20,816,318)	(3,549,768)	–

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

GLOBAL HEMP GROUP INC.
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Nine months ended June 30,	
	2023	2022
Cash (used in) provided by:	\$	\$
Operating activities		
Income (Loss) for the year	(281,994)	(54,437)
Non-cash items		
Accretion and interest expense accrual	386,065	316,604
Change in fair value of derivative liability	(230,458)	(486,115)
Write-off of payable	–	(67,512)
Reversal of Government Loan Forgiveness	–	(79,074)
Unrealized foreign exchange (gain)	105,757	58,559
Changes in non-cash operating working capital		
Deposits and prepayments	81,008	(35,000)
Accounts receivable and sales tax receivable	(3,696)	5,735
Accounts payable and accrued liabilities	(140,048)	(98,541)
Cash used in operating activities	(83,366)	(439,781)
Financing activities		
Proceeds from common shares issuance on private placement	26,000	50,000
Proceeds from promissory note and convertible debenture subscription net of finders fees	362,468	555,000
Preference shares dividend payments	–	(34,785)
Cash provided by financing activities	388,468	570,215
Investing activities		
Acquisition of equipment	–	(1,136)
Advance payment related to Western Sierra Acquisition	–	(176,584)
Acquisition of IP from Apollon Formularies plc.	(370,279)	–
Deposits paid for the acquisition of industrial hemp assets in Colorado	–	(2,179)
Cash used in investing activities	(370,279)	(179,899)
Effect of foreign exchange	(479)	(55)
Change in cash	(65,177)	(49,465)
Cash, beginning of the year	66,664	138,237
Cash, end of the year	1,008	88,717

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

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. GHG has expanded its scope of business into natural biologic therapeutics having acquired the exclusive North America licensing of patents and IP from Apollon Formularies plc, a UK-based international pharmaceutical company developing cancer treatments from natural biologics, including medical cannabis, functional mushrooms, psychedelic mushrooms and combinations of these compounds.

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 interim condensed 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 consolidated statement of financial position.

2. STATEMENT OF COMPLIANCE

These interim condensed consolidated interim financial statements for nine months ended June 30, 2023, 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 interim condensed consolidated 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, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These interim condensed 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 interim condensed consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

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

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 financial instruments 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 applied in 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 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, 2023	September 30, 2022
	\$	\$
Bank demand deposits	1,008	66,664
	1,008	66,664

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023	September 30, 2022
	\$	\$
Trade payables ⁽¹⁾	386,685	246,454
Accrued liabilities	36,680	47,700
Dividend payable	218,588	105,430
	641,953	399,584

⁽¹⁾ \$134,952 of the total Trade payables has been disputed. Per the statute of limitations under the British Columbia Limitation Act for unsecured debt, the Company will look to write off this debt at year end.

6. 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”) and Western Sierra Resource Corporation (OTC: WSRC) to acquire 19,875,000 shares of 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 US\$3,842,269 in secured WSRC debt by February 1, 2022. On February 2, 2022 US\$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 US\$23,773.97 remains on the bi-monthly payments having been reduced by a US\$10,281 and US\$50,000 paid by GHG on December 31, 2021 and March 30, 2022 respectively.

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. Since that time WSRC has announced a number of funding initiatives including a bond financing that could pay off its creditors and fund the development of their various projects.

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.

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, have been 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

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

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, 2023, the advances GHG made for the settlement of WSRC debts totaling \$1,741,123 or US\$ 1,351,174 were written off to \$Nil (September 30, 2022 –\$Nil). Pursuant to an agreement between GHG and WSRC, these advances were receivable from WSRC upon the refinancing of the WSRC Debt. GHG has not been able to raise the required funding relating to the WSRC debt per the definitive agreement. WSRC has not issued a note payable to GHG and the advances have been impaired due to the uncertainty of collection.

- (b) On May 14, 2021, PSG exchanged its 11,006,400 WSRC Prefs for 11,006,400 GHG Prefs. As a result, the Company had 46.85% of the voting rights of WSRC. The two directors of WSRC control 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, 2023, the fair value for the 11,006,400 WSRC Prefs held by the Company was determined to be \$NIL (September 30, 2022 - \$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 are classified as a 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 of \$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:

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

Due Date	Annual Dividend	Mandatory Redemption Value
	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	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
Balance, September 30, 2022	2,623,916	1,991,206
Accretion	319,400	236,610
Foreign exchange and dividends	1,190	(3,869)
Balance, June 30, 2023	2,944,506	2,223,947
Current portion of dividend payable	(218,588)	(165,097)
Long-term portion	2,725,918	2,058,850

As at June 30, 2023, \$218,588 (September 30, 2022 - \$105,430) of dividend payable was included in accounts payable and accrued liabilities.

7. GHG PREFS – CONVERSION FEATURE DERIVATIVE LIABILITIES

	Derivate Liability - GHG Prefs Conversion Feature
	\$
Balance, September 30, 2021	769,772
Fair value changes	(486,115)
Balance, June 30, 2022	283,657
Balance, September 30, 2022	329,551
Fair value changes	(230,458)
Balance, June 30, 2023	99,093

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

The fair value of the initial recognition of the conversion feature included in the 11,006,400 GHG Prefs (note 6) 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%.

The fair value of the revaluation of the conversion feature as at June 30, 2023 included in the 11,006,400 GHG Prefs (note 6) was determined to be \$99,093 (US\$74,843) using the Black-Scholes Option Pricing Model with the following assumptions: expected life of 7.88 years, volatility of 214%, dividend yield of 0%, and risk-free rate of 3.81%. The Company designated the change in fair value of \$230,458 through profit and loss for the nine months ended June 30, 2023 (2022 - \$486,115). As all inputs used in the model are observable, the derivatives fall in Level 2 of the fair value hierarchy.

8. ACQUISITION OF INTELLECTUAL PROPERTY

On January 9, 2023 Global Hemp Group signed a binding Letter of Intent with Apollon Formularies Plc - AQSE: APOL (“Apollon”) (the “LOI”), a UK-based international pharmaceutical company developing cancer treatments from natural biologics. Under the terms of the binding LOI, GHG acquired the exclusive perpetual license for North America (specifically, the United States, Canada and Mexico) to certain Apollon patents and Intellectual Property (the “IP”). GHG paid a total of US\$250,000 (C\$341,000) in two distinct tranches and issued Apollon 10 million common shares of GHG at a deemed price of C\$0.015 per share, for total consideration of C\$491,000 for the acquisition of the exclusive perpetual license.

On January 19, 2023, the parties executed an exclusive licensing agreement for the IP and GHG issued the required 10 million shares. In order to assist GHG in monetizing the IP into an ongoing revenue stream, GHG has engaged DR. Stephen D. Barnhill, MD the creator of the IP and Chairman & CEO of Apollon. On January 30, 2023, GHG issued a one-time payment of 10 million common shares of GHG at a deemed price of C\$0.015 per share for his ongoing engagement.

The Company was also granted an option to acquire the entirety of Apollon’s global assets upon completion of satisfactory due diligence. The Parties have made the joint decision not to proceed with acquisition of Apollon’s assets, but rather to work together going forward to sublicense the exclusively licensed Apollon intellectual property thereby making the Apollon products available in legal jurisdictions throughout North America (the U.S., Canada, and Mexico), Israel and the European Union with extension to Morocco.

During the nine months ended June 30, 2023, the Company incurred \$520,278 which are made up of payments to Apollon in cash and shares, and patent filing fees to acquire the exclusive licensing rights. As at June 30, 2023 a balance of \$Nil was owed to Apollon.

9. RELATED PARTY TRANSACTIONS

Key Management Compensation:

Key Management include	Nature of transactions	Nine months ended June 30,	
		2023	2022
		\$	\$
President/CEO	Salaries/Consulting fees	29,540	30,000
CFO	Accounting fees	7,500	7,800
Director	Consulting fees	-	\$15,214(US\$12,000)
Former Director	Legal fees	46,536	76,490
Director	Consulting fees	-	12,450
		83,576	141,954

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

Included in accounts payable and accrued liabilities, there was \$127,172 (September 30, 2022 - \$44,004) 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 nine months ended June 30, 2023, the Company incurred salaries of \$29,540 for the service of the President/CEO (2022 - \$30,000). A balance of \$26,480 was owed to the CEO as at June 30, 2023 (September 30, 2022 - \$Nil).

During the nine months ended June 30, 2023, the Company incurred accounting fee of \$7,500 for the service of the Company's CFO (2022 - \$7,800). A balance accrued for the CFO services of \$10,500 was recorded as at June 30, 2023 (September 30, 2022 - \$2,500).

During the nine months ended June 30, 2023, the Company incurred consulting fee of \$Nil (2022 - US\$12,000 or \$15,214) to PSG, an entity controlled by a director of the Company (note 6). A balance of \$Nil was owed to the director as at June 30, 2023 (September 30, 2022 - \$Nil). PSG is the holder of GHG Prefs entitled a monthly dividend of US\$9,172. The value of the GHG Prefs and dividend payable held by PSG as at June 30, 2023 is \$2,944,506.

During the nine months ended June 30, 2023, the Company incurred legal fees of \$46,536 (2022 - \$3,292) to a law firm controlled by a former director of the Company. A balance of \$90,192 was owed to the law firm as at June 30, 2023 (September 30, 2022 - \$41,504).

During the nine months ended June 30, 2023, the Company incurred accrued consulting fee of \$Nil (2022 - \$12,450) to an entity controlled by a director of the Company. A balance of \$Nil was owed to the director as at June 30, 2023 (September 30, 2022 - \$Nil).

10. 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, 2023

On January 19, 2023, 10,000,000 common shares of the company were issued at a deemed price of C\$0.015 per share as part of the consideration for the acquisition of the exclusive perpetual license (note 8).

On January 30, 2023, 10,000,000 common shares of the company were issued at a deemed price of C\$0.015 per share as consideration paid for the ongoing engagement of DR. Stephen D. Barnhill the creator of the IP and Chairman & CEO of Apollon (note 8).

On March 31, 2023, 2,600,000 common shares of the Company were issued for gross proceeds of \$26,000.

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.

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

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”).

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	150,070,060	\$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
Balance, September 30, 2022	178,550,656	\$0.06	1.23
Granted	2,600,000	0.05	3.17
Cancelled	(12,376,875)	0.15	-
Balance, June 30, 2023	168,773,781	\$0.06	0.58

As at June 30, 2023, the Company had the following warrants outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Warrants Outstanding
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
March 31, 2023	March 31, 2026	\$0.05	2,600,000
			168,773,781

Stock options

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

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

	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
Balance, September 30, 2022	15,650,000	\$0.055	3.24
Granted	17,900,000	0.05	
Cancelled	(17,900,000)	0.05	
Balance, June 30, 2023	15,650,000	\$0.055	3.24

As at June 30, 2023, the Company had the following options outstanding:

Date Granted	Expiry Date	Exercise Price	Number of Options Outstanding	Number of options Exercisable
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
			15,650,000	15,650,000

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 15,650,000 options as the effect would be anti-dilutive.

11. NOTES PAYABLE

Nine months ended June 30, 2023

The Company received a series of loans in the amount of \$354,492 during the quarter ended June 30, 2023. \$217,716 or U\$160,000 was interest bearing at a rate of 12% per annum and is due and payable on or before July 31, 2023. \$136,776 of U\$100,025 was interest bearing at a rate of 7% per annum and is due and payable on or before July 31, 2023. \$12,000 was non-interest bearing with no specific date of repayment.

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

The accrued interest as at June 30, 2023 was US\$7,719 or \$10,382 (September 30, 2022 - \$Nil).

Nine months ended June 30, 2022

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 10), 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.

12. 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

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

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.

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

	Liability	Equity (Reserve - Conversion Feature)	Equity (Share Capital)	Total
	\$	\$	\$	\$
Balance, September 30, 2021	265,866	49,451	27,955	343,272
Accretion	33,562	-	-	33,562
Balance, June 30, 2022	299,428	49,451	27,955	376,834
Balance, September 30, 2022	334,027	49,451	27,955	411,433
Accretion	55,244	-	-	55,244
Balance, June 30, 2023	389,271	49,451	27,955	466,677

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.

13. 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, 2023			
Long-term Assets			
Deposits and prepayments	\$ -	\$ 1,435	\$ 1,435
June 30, 2022			
Long-term Assets			
Deposits and prepayments	\$ -	\$ 569,000	\$ 569,000
Property and equipment	\$ -	\$ 1,707,000	\$ 1,707,000

14. 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:

Credit risk

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.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's

GLOBAL HEMP GROUP INC.
Notes to the Interim Condensed Consolidated Financial Statements
Nine Months Ended June 30, 2023
(Expressed in Canadian Dollars)

transaction currency with WSRC is in USD (Note 6) and two subsidiaries located in the United States. As at June 30, 2023 the Company has cash of US\$Nil, GHG Prefs debt host liability of US\$2,223,947, GHG Prefs Derivative Liabilities of US\$74,843, Loan Payable of US\$261,869 denominated in US dollars. Based on the net exposure at June 30, 2023, a 5% depreciation or appreciation in Canadian dollar against US dollar would result in a gain or loss of \$168,566.

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. The Company's exposure to interest rate risk is minimal.

Liquidity Risk

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 at amortized cost approximates the carrying amount due to their short-term nature. The derivative liability is measured at fair value using level 2 inputs.

15. 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.

16. EVENTS AFTER THE REPORTING PERIOD

Loan Payables

The Company did not make any interest or principal payments to settle the interest-bearing loans (note 11) on or before July 31, 2023. The Company is currently renegotiating the payment terms with the lenders.

Debt Settlement

On August 18, 2023, the Company announced that it has issued 400,000 common shares (the "Common Shares") at a deemed price of \$0.05 per Common Share per the minimum price allowed pursuant to Canadian Securities Exchange (the "CSE") policies, to settle accrued executive consulting fees of \$20,000 due to Mr. Stephen Barnhill, Jr. the current director and ex-CEO of the Company.