CORE ONE LABS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended September 30, 2023

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of the Company for the six months ended September 30, 2023 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

CORE ONE LABS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 30, 2023 and March 31, 2023
(Unaudited - Expressed in Canadian Dollars)

	Notes		September 30, 2023		March 31, 2023
ASSETS					
Current					
Cash		$	141,260	$	626,475
Amounts receivables	9		185,120		160,027
Advances receivables	9		23,544		23,544
Prepaid expenses and deposits			67,994		209,552
Inventory			1,383		3,339
Investments	6		110,000		110,000
			529,331		1,132,937
Property, plant, and equipment	7		666,805		685,464
Intangible asset	5, 8		5,703,273		5,703,273
Goodwill	8		591,587		591,587
Total Assets		$	7,490,996	$	8,113,261
LIABILITIES					
Current					
Accounts payable and accrued liabilities	10	$	1,062,934	$	1,009,933
Advances payable	11		108,324		108,324
Note payable	12		280,000		280,000
Total liabilities			1,451,258		1,398,257
SHAREHOLDERS' EQUITY					
Share capital	14		151,529,807		150,827,291
Contributed surplus			20,969,608		20,719,269
Accumulated other comprehensive income (loss)			(188,666)		(188,666)
Accumulated deficit			(166,271,011)		(164,642,890)
Total Shareholders' Equity			6,039,738		6,715,004
Total Liabilities and Shareholders' Equity		$	7,490,996	$	8,113,261

Going Concern of Operations – Note 1
Commitments and Contingency – Note 17

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Joel Shacker"	Director	*"Geoff Balderson"*	Director
Joel Shacker		Geoff Balderson	

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

CORE ONE LABS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the six months ended September 30, 2023 and nine months ended September 30, 2022
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the six and nine months ended September 30, 2023	For the six and nine months ended September 30, 2022
Revenue	$ 69,762	$ 113,147	$ 162,534	$ 381,592
Expenses				
Advertising and promotion	20,955	38,572	183,526	211,087
Amortization – Note 7	9,152	11,265	18,659	35,176
Consulting – Note 13	255,813	243,781	387,813	740,558
Foreign exchange (gain) loss	(50,378)	6,593	(4,715)	(100,380)
General and administrative	24,887	7,397	56,383	104,806
Interest expense and accretion	-	2,083	-	4,314
Professional fees	205,318	167,837	263,926	425,868
Research and development	1,777	1,472	10,599	67,218
Regulatory fees	22,682	16,526	28,508	53,912
Share-based payments – Notes 13 and 14	250,339	545,184	250,339	4,037,203
Wages and salaries – Note 13	110,708	129,163	179,162	481,340
	851,253	1,169,873	1,374,200	6,061,102
Net (loss) before other items	(781,491)	(1,056,726)	(1,211,666)	(5,679,510)
Other Items				
Gain (loss) on settlement of debt – Note 14	(2,501)	(84,506)	(5,890)	(84,506)
Gain (loss) on write-off of accounts payables	-	-	-	1,304,464
Other income	-	(40,745)	-	-
Transaction expense – Note 5	(410,565)	-	(410,565)	(8,729,980)
	(413,066)	(1,181,977)	(416,455)	(13,189,532)
Total net income (loss) for the period	**(1,194,557)**	**(1,181,977)**	**(1,628,121)**	**(13,189,532)**
Other comprehensive income (loss) attributed to:				
Exchange differences on translating into presentation currency	-	-	-	-
Total comprehensive income (loss) for the period	**$ (1,194,557)**	**$ (1,181,977)**	**$ (1,628,121)**	**$ (13,189,532)**
Basic and diluted loss per share	$ (0.03)	$ (0.04)	$ (0.04)	$ (0.45)
Weighted average number of shares outstanding – basic and diluted	44,882,329	31,343,114	44,880,107	29,019,058

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

CORE ONE LABS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ended September 30, 2023 and nine months ended September 30, 2022
(Unaudited - Expressed in Canadian Dollars)

	Share Capital					
	Issued Shares	Amount	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2021 (Note 20)	**21,447,037**	**$ 127,543,987**	**$21,724,485**	**$ (144,665,616)**	**$ (294,103)**	**$ 4,308,753**
Consideration issued on acquisition of Awakened	7,170,600	7,887,660	985,145	-	-	8,872,805
Shares issued for warrants exercised	877,575	322,327	-	-	-	322,327
Share based payments	-	-	4,037,203	-	-	4,037,203
Transfer of fair value on warrants exercised	-	1,282,193	(1,282,193)	-	-	-
Shares Issued for vested RSUs	2,084,000	1,299,317	(1,299,317)	-	-	-
Foreign Exchange translation	-	-	-	-	71,200	71,200
Shares issued for debt settlement	1,690,127	946,472	-	-	-	946,472
Net loss and comprehensive loss	-	-	-	(13,189,532)	-	(13,189,532)
Balance, September 30, 2022	**33,289,339**	**$ 140,336,628**	**$ 23,110,651**	**$ (157,855,148)**	**$ (222,903)**	**$ 5,369,228**
Balance, March 31, 2023	**44,746,759**	**$ 150,827,291**	**$ 20,719,269**	**$ (164,642,890)**	**$ (188,666)**	**$ 6,715,004**
Shares issued for debt settlement	198,090	91,951	-	-	-	91,951
Share based payments	-	-	250,339	-	-	250,339
Bonus shares issued for GMP	1,026,412	410,565	-	-	-	410,565
Private placement	637,500	200,000	-	-	-	200,000
Net loss and comprehensive loss	-	-	-	(1,628,121)	-	(1,628,121)
Balance, September 30, 2023	**46,608,761**	**$ 151,529,807**	**$ 20,969,608**	**$ (166,271,011)**	**$ (188,666)**	**$ 6,039,738**

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

CORE ONE LABS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN CASH FLOWS
For the six months ended September 30, 2023 and nine months ended September 30, 2022
(Unaudited - Expressed in Canadian Dollars)

	For the six months ended September 30, 2023	For the nine months ended September 30, 2022 (Note 20)
Operating Activities		
Net loss for the period from continuing operations	$ (1,628,121)	$ (13,189,532)
Charges to net loss not affecting cash:		
Amortization and depreciation	18,659	35,176
Foreign exchange	-	71,427
Loss (Gain) on settlement of debt	5,890	(84,506)
Loss (Gain) on write-off of AP	-	(1,304,464)
Share based compensation	250,339	4,037,203
Transaction expense	410,565	8,729,980
Changes in non-cash working capital balances related to operations:		
Accounts receivable	(25,123)	64,836
Prepaid expenses and deposit	141,558	(33,702)
Inventory	1,956	786
Accounts payable and accrued liabilities	139,062	342,048
Amounts due to related parties	-	(157,392)
Cash (used in) operating activities – continuing operations	(685,215)	(1,488,140)
Investing Activities		
Cash acquired from acquisition of subsidiaries	-	202,828
Equipment purchase	-	(4,551)
Cash provided by (used in) investing activities – continuing operations	-	198,277
Financing Activities		
Notes payable	-	350,000
Proceeds from issuance of common shares	200,000	322,327
Cash provided by financing activities – continuing operations	200,000	672,327
Change in cash during the period	(485,215)	(617,536)
Cash, beginning of the period	626,475	763,345
Cash, end of the period	$ 141,260	$ 145,809

Supplemental disclosure – See Note 18

During the period, the Company paid $Nil for interest and taxes (2022 - $Nil).

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Core One Labs Inc. (the "Company" or "Core One") was incorporated on September 14, 2010, pursuant to the provision of the Business Corporations Act (British Columbia). Core One is a psychedelic research and development company focused on bringing psychedelic medicines to market through novel delivery systems and psychedelic assisted psychotherapy and intends to further develop and apply the technology to psychedelic compounds, such as psilocybin. The Company's head office is located at Suite 800 – 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5, Canada. The Company's shares trade on the Canadian Securities Exchange under the trading symbol "COOL," on the OTCQX under the trading symbol "CLABF," and on the Borse Frankfurt Exchange under the symbol "LD6, WKN: A14XHT".

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation in the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At September 30, 2023, the Company has not yet achieved profitable operations and has an accumulated deficit of $166,271,011 (March 31, 2023 - $164,642,890) and for the three months ended September 30, 2023, incurred a loss of $1,628,121 and expects to incur further losses in the development of its business.

These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its research and development activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. If the going concern assumption were not appropriate for these financial statements, then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses, and the statement of financial position classifications used. Such adjustments could be material.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim consolidated financial statements.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting.*

The condensed interim consolidated financial statements were authorized for issue by the Audit Committee and approved and authorized for issue by the Board of Directors on November 3, 2023.

(b) Basis of Measurement and Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company and its Canadian-based subsidiaries' functional currency. The functional currency of the Company's USA-based subsidiaries' functional currency is the United States Dollar ("USD"). All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

(c) Basis of Consolidation

As of the date of these condensed interim consolidated financial statements, the Company's structure is represented by Core One Labs Inc., and it is wholly owned subsidiaries as follows:

Name	Jurisdiction of Incorporation	Interest September 30, 2023	Interest March 31, 2023	Function
Akome Biotech Ltd.	British Columbia	100%	100%	Research and development
Awakened Biosciences Inc.	British Columbia	100%	100%	Research and development
Bluejay Mental Health Group Inc.	British Columbia	100%	100%	Medical clinic
Canna Delivery Systems Inc.	Nevada	100%	100%	Holding company
Frontier Mycology Corp.	British Columbia	100%	100%	News dissemination
GMP Drug Inc.	Ontario	100%	100%	Research and development
Ketamine Infusion Centers of Texas, LLC	Texas	100%	100%	Medical clinic
Lifestyle Capital Corporation	California	100%	100%	Financing
New Path Laboratories Inc.	British Columbia	100%	100%	Natural health products
Omni Distribution Inc.	California	100%	100%	Holding company
Optimus Prime Design Corp.	British Columbia	100%	100%	Holding company
Rainy Daze Cannabis Corp.	British Columbia	100%	100%	Micro cultivation
Rejuva Alternative Medicine Research Centre Inc.	British Columbia	100%	100%	Medical clinic
Vocan Biotechnologies Inc.	British Columbia	100%	100%	Research and development

The results of the wholly owned subsidiaries will continue to be included in the condensed interim consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements for the fifteen months ended March 31, 2023. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the fifteen months ended March 31, 2023.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments

Management has made critical judgments in the process of applying accounting policies. The judgments with the most significant effect on the amounts recognized in the financial statements include:

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

iii. The determination of whether a set of assets acquired, and liabilities assumed in an acquisition constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. See Note 5 for details.

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. The Company uses the Black-Scholes option pricing model to value options and warrants granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Significant estimates (continued)

ii. The determination of whether facts and circumstances suggest that the carrying amount of intangible assets and goodwill may exceed their recoverable amount is an area of significant estimate. Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment, estimates, and interpretations. Determining the recoverable amount of the individual asset or the cash generating unit is subject to estimates and judgments. These estimates and judgments are inherently subjective given the Company's stage of operations with no revenue producing history.

iii. The determination of fair value of assets acquired, liabilities assumed, and the fair value of the purchase consideration requires the use of various estimates made by management. The classification of a transaction as a business combination or asset acquisition depends on whether the assets acquired constitute a business in accordance with the criteria set forth in IFRS 3, Business Combination, which can be a complex judgement. The Company bases its estimates and judgments on current facts and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates and could affect future results of operations and cash flows.

iv. The Company assesses its equipment, intangible assets, and goodwill, for possible impairment at each reporting date or if there are events or changes in circumstances that indicate the carrying values of the assets may not be recoverable. The recoverability of the Company's asset carrying values is assessed at the CGU level. The determination of CGUs is subject to management judgments taking into consideration: the nature of the underlying business operations, geographical proximity of operations, shared infrastructure, and exposure to market risk.

The assessment of any impairment of equipment, intangible assets and goodwill is dependent upon estimates of the recoverable amount that take into account factors such as economic and market conditions, timing of cash flows, the useful lives of assets, and their related salvage values. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is estimated using future cash flow projections, discounted to their present value, expected to arise from the CGU to which the goodwill relates. The required valuation methodology and underlying financial information that is used to determine value in use requires significant estimates to be made by management. These estimates include, but are not limited to, expected levels of activity within the psychedelics industry, long term projections of future financial performance and the selection of appropriate discount rates used to determine the present value of future cash flows. The estimated future cash flows are dependent upon a number of factors including, among others, future activity levels within the psychedelics industry, current economic and market conditions, and potential changes in government regulations. Future activity cannot be predicted with certainty and, as such, actual results may differ from these estimates. Changes to these estimates may affect the recoverable amounts of the Company's CGUs, which may then require a material adjustment to their related carrying values.

v. The determination of other provisions and contingent liabilities is a complex process that involves judgments about the outcomes of future events, estimates of timing and amount of future expenditures, the interpretation of laws and regulations, and discount rates. The amount recognized as a provision is management's best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(Expressed in Canadian Dollars)

5. ACQUISITIONS

Acquisition of GMP Drug Inc.

On January 12, 2023, the Company completed the acquisition of all issued and outstanding share capital of GMP Drug Inc. ("GMP"). The acquisition was completed pursuant to the share purchase agreement dated February 9, 2022. In consideration for all of the shares of GMP, the Company issued 4,200,000 common shares.

At the date of acquisition, the Company determined that GMP did not constitute a business as defined under IFRS 3, *Business Combinations*, and the GMP acquisition was accounted for as an asset acquisition. The consideration paid was determined as an equity share-based payment under IFRS 2, Share-based payments, and recognized at the fair value of the common shares of the Company at a price of $0.67 per share.

As a result of the acquisition, there were no intangible assets identified that met the recognition criteria under IFRS; therefore, the excess of the consideration paid over the fair value of the assets and liabilities assumed was expensed as transaction expense.

The following table summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed, based on management's best estimate using the information currently available and may be revised by the Company as additional information is received and finalized:

Consideration paid:		
Fair value of 4,200,000 common shares at $0.67 per share	$	2,814,000
	$	2,814,000
Net assets acquired (liabilities)		
Cash	$	59,780
Property, plant, and equipment		550,000
Total net assets		609,780
Transaction expense	$	2,204,220

On July 5, 2023, in accordance with the share purchase agreement, the Company issued 1,026,412 common shares valued at $410,565 pursuant to the completion of milestones stipulated in the agreement, which have been recorded in transaction expenses on the statement of loss and comprehensive loss.

(Expressed in Canadian Dollars)

5. ACQUISITIONS (CONTINUED)

Acquisition of Awakened Biosciences Inc.

On February 10, 2022, the Company completed the acquisition of all issued and outstanding share capital of Awakened Biosciences Inc. ("Awakened"). The acquisition was completed pursuant to the share purchase agreement dated February 9, 2022. In consideration for all of the shares of Awakened, the Company issued 7,030,000 common shares and 1,458,200 warrants. The Company also issued 140,600 common shares with a value of $154,660 as an administration fee.

At the date of acquisition, the Company determined that Awakened did not constitute a business as defined under IFRS 3, *Business Combinations*, and the Awakened acquisition was accounted for as an asset acquisition. The consideration paid was determined as an equity share-based payment under IFRS 2, Share-based payments, and recognized at the fair value of the common shares of the Company at a price of $1.10 per share. As a result of the transaction, the Company issued 1,458,200 warrants with a fair value of $985,145. The warrants were valued using the Black-Scholes Option Pricing model using the following assumptions: Risk free rate of 1.60%; Volatility of 100%; Stock Price of $1.10; Exercise price of $1.15; Dividend yield of NIL% and expected life of 3 years.

As a result of the acquisition, there were no intangible assets identified that met the recognition criteria under IFRS; therefore, the excess of the consideration paid over the fair value of the assets and liabilities assumed was expensed as transaction expense.

The following table summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed, based on management's best estimate using the information currently available and may be revised by the Company as additional information is received and finalized:

Consideration paid:		
Fair value of 7,030,000 common shares at $1.10 per share	$	7,733,000
Fair value of 1,458,200 warrants		985,145
	$	8,718,145
Net assets acquired (liabilities)		
Cash	$	202,828
Intangible assets – Patents		1,523
Accounts payable and accrued liabilities		(61,526)
Total net assets		142,825
Fair value of 17,963 common shares at $4.46 per share issued as administrative fees		154,660
Transaction expense	$	8,729,980

(Expressed in Canadian Dollars)

6. INVESTMENTS

Shahcor

On July 10, 2020, the Company completed an acquisition (the "Shahcor Acquisition") of one-quarter of the non-voting participating share capital of Shahcor.

The Company paid cash of $400,000 and issued 694,445 common shares to the existing shareholders of Shahcor in exchange for 25% of the non-voting participating share capital of Shahcor.

The existing shareholders of Shahcor will also be eligible to receive a one-time bonus payment of $1,000,000 (the "Bonus Payment") in the event Shahcor achieves monthly recurring revenue of at least $30,000 in the three months following completion of the Shahcor Acquisition. At the election of the Company, the Bonus Payment will be payable in cash, or common shares of the Company, based upon the volume-weighted average closing price of the common shares of the Company on the Canadian Securities Exchange in the ten trading days prior to the issuance of the shares. Shahcor met the requirements for the bonus payment accordingly, as at December 31, 2020, the Bonus Payment was recorded as commitment to issue shares and expensed to consulting fees. On April 30, 2021, the Company issued 126,574 common shares.

In connection with completion of the Shahcor Acquisition, the Company issued 13,889 common shares, and paid $8,000 as an administrative fee to parties that assisted in the acquisition. The investment has been accounted for at fair value. The Company did not gain significant influence or control over Shahcor, and the shares purchases are non-voting shares.

The following table summarizes the recognition of investment assets at the date of acquisition.

		Total
Consideration paid:		
Fair value of shares issued (694,445 common shares at a value of $6.40 per share)	$	3,672,400
Cash consideration due on closing		400,000
Administrative fee		8,000
13,889 common shares issued as Administration fee at a value of $6.40 per share		88,889
	$	4,169,289
Impairment on investment		(4,059,289)
	$	110,000

As at the date of acquisition, the Company assessed for impairment and have recorded an impairment of $4,059,289 and has determined at March 31, 2023 and September 30, 2023, there was no adjustment required based on the market and business conditions of Shahcor.

(Expressed in Canadian Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

		EMR System		Equipment		Furniture		Office		Total
Cost										
Balance at December 31, 2021		**61,670**		**649,350**		**16,943**		**3,420**		**731,383**
GMP acquisition (Note 5)		-		536,772		-		13,228		550,000
Additions		-		32,685		-		962		33,647
Elimination of fully amortized PPE		-		(515,919)		-		-		(515,919)
Balance at March 31, 2023 and September 30, 2023		**61,670**		**702,888**		**16,943**		**17,610**		**799,111**
Accumulated Amortization and Impairment										
Balance at December 31, 2021		**22,263**		**552,746**		**677**		**1,133**		**576,819**
Depreciation		24,198		21,373		5,809		1,367		52,747
Elimination of fully amortized PPE		-		(515,919)		-		-		(515,919)
Balance at March 31, 2023		**46,461**	**$**	**58,200**	**$**	**6,486**	**$**	**2,500**	**$**	**113,647**
Depreciation		5,463		10,786		2,250		160		18,659
Balance at September 30, 2023	**$**	**51,924**	**$**	**68,986**	**$**	**8,736**	**$**	**2,660**	**$**	**132,306**
Net Book Value										
At March 31, 2023	$	15,209	$	644,688	$	10,457	$	15,110	$	685,464
At September 30, 2023	**$**	**9,746**	**$**	**633,902**	**$**	**8,207**	**$**	**14,950**	**$**	**666,805**

8. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

As at September 30, 2023, the Company has been granted and acquired patents that enable the Company to biosynthetically process and produce natural psilocybin molecules. These processes and procedures are being further refined to produce current good manufacturing practice ("cGMP") grade psilocybin for use in clinical trials and for use by pharmaceutical companies, manufacturers, and research organizations. The Company also has intangible assets related to the trade name and patient list of its subsidiary. The intangibles have an indefinite life, and no amortization is recognized.

As at September 30, 2023, the Company has recognized $5,703,273 (March 31, 2023 - $5,703,273) in intangible assets.

Goodwill

Pursuant to the acquisition of BlueJay, as at September 30, 2023, the Company has recognized $591,587 in goodwill.

Impairment of Licenses and Goodwill

Intangible assets (patents) and goodwill are tested annually for impairment by comparing the carrying value of the CGU to the estimated recoverable amount, where the recoverable amount is the higher of the fair value less costs of disposal and value in use. The Company determined that all of the intangible assets acquired from the Vocan transaction and Akome transaction are recognized as in progress research and development ("IPR&D"). Accordingly, management has prepared an assessment of the progress and development of the patents and achievement of milestones since the time of acquisition and assessed that there is no impairment to the estimated recovery amount.

The Company determined that all of the assets and liabilities acquired from the BlueJay transaction represent one CGU. The recoverable amount for the CGU is determined using the discounted cash flow approach, which discounts the earnings projections derived from the business plans prepared by the Company. The projections reflect management's expectations of revenue, profit margins, capital expenditures, working capital, and operating cash flows, which are based on past experience and future expectations of performance.

As at March 31, 2023, the Company completed its annual impairment test using the following key assumptions of its discounted cash flow analysis using the value in use method:

- Management has prepared a standard 4-year period projection using growth rates that range from 15% in 2024 to 5% in for 2025 based on management's assessment of future industry trends, internal and external resources, and historical data.

- The present value of expected cash flows of each segment is determined by applying a suitable discount rate. The discount rate was derived based on the weighted average cost of capital for comparable entities in the cannabis, psychedelic, and pharmaceutical industry, based on market data. The discount rate reflects appropriate adjustments related to market risk and specific risk factors of the Company and has been determined to be 14%. A sensitivity analysis to increase the discount rate by 1% would result in an increase to the goodwill impairment recognized by $65,949.

- Terminal growth rate of 2.0% is determined due to the entrance of new products in the market and possible generic alternatives that may offset population growth. A decrease in the terminal growth rate would result in a greater goodwill impairment for the CGU.

Future cash flows are based on various judgements and estimates including actual performance of the business, management's estimates of future performance, and indicators of future industry activity levels. Based on the impairment test conducted, the Company has assessed that the CGU's recoverable amount is less than the carrying value; therefore, the Company recognized an impairment loss of $574,322 on the goodwill for the twelve months ended December 31, 2021. During the fifteen months ended March 31, 2023, the Company did not recognize any impairment losses.

(Expressed in Canadian Dollars)

9. AMOUNTS AND ADVANCES RECEIVABLE

	September 30, 2023	March 31, 2023
Trade accounts receivable	$ 20,076	$ 26,594
Due from Optimus (Note 19)	1,924,565	1,924,565
Due from EPG	939,458	939,458
GST receivable	165,074	133,613
Provision for doubtful accounts	(2,864,023)	(2,864,023)
Total amounts receivable	**$ 185,150**	**$ 160,027**

During the six months ended September 30, 2023, the Company recorded a provision for doubtful accounts of $Nil (March 31, 2023 - $Nil). The Company recognized bad debt expense of $Nil (March 31, 2023 - $596)

The Company applies a direct customer analysis approach to measure expected credit losses. The Company assesses the collectability of receivables of each debtor on an individual basis using quantitative and qualitative information available to management. The historical loss rates are adjusted to reflect the current and forward-looking information on economic factors affecting the ability of the debtors that make regular monthly payments on the receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

At September 30, 2023, the Company had a total of $23,544 in advances receivable from affiliated entities (March 31, 2023 - $23,544). The advances are due on demand and do not accumulate interest.

During the twelve months ended December 31, 2019, the Company used EPG Energy Corporation, a British Columbia company ("EPG")'s power generator in its cultivation operations resulting in $540,768 in advances being recovered. On May 31, 2020, the Company and EPG finalized a promissory note for US$735,825 that bears interest at 8% per annum and is secured with the shares of EPG with a maturity date of December 31, 2026. The total balance outstanding including accrued interest is $906,617. The amount continues to be impaired until such time that EPG completes additional financing and is able to repay the cost of the power generator. As at September 30, 2023 and March 31, 2023, there have been no changes to the status of EPG and the amounts remain impaired.

During the twelve months ended December 31, 2021, the Company paid $32,841 for expenses related to EPG operations. In accordance with the assessment of the promissory above, the Company recognized an impairment on amounts receivable of $32,841. The Company recognized a recovery of $83,244 related to government input tax credits received during the year that were previously written-off.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		September 30, 2023		March 31, 2023
Accounts payable	$	629,487	$	672,069
Accrued liabilities		433,447		337,864
Total accounts payable and accrued liabilities	**$**	**1,062,934**	**$**	**1,009,933**

11. ADVANCES PAYABLE

As of September 30, 2023, the Company had a balance of $108,324 (March 31, 2023 – $108,324) in advances received from historical management required for working capital. The advances are due on demand and bear no interest.

(Expressed in Canadian Dollars)

12. NOTE PAYABLE

During the fifteen months ended March 31, 2023, the Company entered into two promissory note agreements. The first promissory note agreement is for principal of $250,000 and is due on demand and non-interest bearing. The second promissory note agreement is for the principal of $100,000 and is due on demand and non-interest bearing. During the fifteen months ended March 31, 2023, the Company issued shares to settle $100,000 of promissory notes outstanding.

As at September 30, 2023, the Company had $30,000 received from the Canada Emergency Business Account ("CEBA") program funded by the Government of Canada. The CEBA loan is non-interest bearing and can be repaid without penalty at any time. The CEBA loan matures on December 31, 2023.

13. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Six months ended September 30, 2023	Fifteen months ended March 31, 2023
Management consulting services	$ 60,000	$ 150,000
Consulting services for research and development	$ 84,000	$ 159,375
Management salaries	$ -	$ 150,000
Share-based compensation	$ 39,167	$ 324,331
	$ 183,167	$ 783,706

Included in the accounts payable and accrued liabilities is $127,840 (March 31, 2023 – $25,200) related to the above compensation incurred with the Company's Chief Executive Officer, Chief Science Officer, and directors of the Company.

14. SHARE CAPITAL AND RESERVES

A. Common Shares

Authorized: Unlimited number of common voting shares without nominal or par value.

B. Issued Share Capital

<u>During the six months ended September 30, 2023:</u>

On September 18, 2023, the Company closed a private placement of 625,000 units at a price of $0.32 per unit for gross proceeds of $200,000. Each unit is comprised of one common share and one warrant, with each warrant exercisable at $0.43 per share and expiring on September 18, 2028. In accordance with the transaction, the Company issued an additional 12,500 common shares with a fair value of $4,750 as administrative fees to a third-party for their assistance in the transaction.

On August 10, 2023, pursuant to the terms of a debt settlement agreement, the Company issued 62,520 common shares with a fair value of $35,011 to settle debt of $32,510. The Company recognized a loss on debt settlement of $2,501.

On July 5, 2023, the Company issued 1,026,412 common shares to the shareholders of GMP Drug Inc. valued at $410,565, which has been recognized as transaction costs.

14. SHARE CAPITAL AND RESERVES (CONTINUED)

B. Issued Share Capital (Continued)

During the six months ended September 30, 2023 (continued):

On April 3, 2023, pursuant to the terms of a debt settlement agreement, the Company issued 135,570 common shares with a fair value of $56,939 to settle debt of $53,550. The Company recognized a loss on debt settlement of $3,389.

During the fifteen months ended March 31, 2023:

On February 7, 2023, pursuant to the terms of a debt settlement agreement, the Company issued 46,154 common shares to settle debt of $30,000.

On January 13, 2023, the Company completed the acquisition of all issued and outstanding share capital of GMP Drug Inc. ("GMP"). The acquisition was completed pursuant to the share purchase agreement dated January 12, 2023. In consideration for all of the shares of GMP, the Company issued 4,117,647 common shares. The shareholders of GMP are entitled to receive a bonus of 1,029,412 common shares of the Company upon successful completion of a trial production run of a psychedelic compound at the facility. The Company also issued 82,353 common shares as administration fees related to the transaction.

On December 13, 2022, the Company issued 625,000 common shares to the shareholders of Vocan with a fair value of $568,750, which has been recognized as transaction costs.

On November 9, 2022, pursuant to the terms of a debt settlement agreement, the Company issued 7,721 common shares to settle debt of $5,250.

On September 15, 2022, pursuant to the terms of debt settlement agreements, the Company issued 1,690,127 common shares to settle debt of $861,965.

On February 10, 2022, the Company issued 7,030,000 common shares to the shareholders of Awakened valued at $7,733,000. The Company also issued 140,600 common shares valued at $154,660 as administration fees. See Note 5.

During the fifteen months ended March 31, 2023, the Company issued 5,619,000 common shares pursuant to the vesting of the RSUs with a fair value of $3,433,966.

During the fifteen months ended March 31, 2023, the Company issued 2,303,120 common shares pursuant to the exercise of warrants for proceeds of $932,761. The fair value of warrants of $4,492,196 was transferred from contributed surplus to share capital on the warrants exercised. The weighted average stock price on the date of exercise is equal to $0.75.

During the fifteen months ended March 31, 2023, the Company issued 1,638,000 common shares pursuant to the exercise of stock options for proceeds of $1,326,780. The fair value of warrants of $848,165 was transferred from contributed surplus to share capital on the warrants exercised. The weighted average stock price on the date of exercise is equal to $0.97.

(Expressed in Canadian Dollars)

14. SHARE CAPITAL AND RESERVES (CONTINUED)

C. Stock Options

The Company maintains a rolling stock option plan (the "Plan") pursuant to which options may be granted to directors, officers, employees, and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding common shares at the time of the grant, with the exercise price of each option being equal to or above the market price of the common shares on the grant date. Options granted under the Plan, including vesting and the term, are determined by, and at the discretion of, the Board of Directors. Stock option transactions and the number of stock options outstanding are summarized as follows:

	September 30, 2023		March 31, 2023	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning	3,318,687	$1.83	1,364,312	$6.24
Granted	1,165,000	$0.37	5,872,750	$0.92
Exercised	-	$ -	1,638,000	$0.81
Expired	-	$ -	(68,750)	$4.18
Cancelled	-	$ -	(2,211,625)	$3.46
Options outstanding, ending	4,483,687	$1.45	3,318,687	$1.83

The following stock options were outstanding and exercisable at September 30, 2023:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
January 15, 2024	0.29	$ 8.40	378,125	378,125
May 21, 2024	0.64	$ 6.24	25,000	25,000
January 18, 2025	1.30	$ 1.50	211,000	211,000
February 16, 2025	1.38	$ 1.07	100,000	100,000
April 29, 2025	1.58	$ 0.81	75,000	75,000
July 4, 2025	1.76	$ 0.365	1,165,000	1,165,000
July 8, 2025	1.77	$ 5.36	154,562	154,562
October 7, 2025	2.02	$ 0.71	620,000	620,000
November 10, 2025	2.12	$ 0.57	1,755,000	1,755,000
	1.77		4,483,687	4,483,687

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. During the six months ended September 30, 2023, 1,165,000 (fifteen months ended March 31, 2023 – 5,872,750) stock options were issued with a fair value of $231,000 (fifteen months ended March 31, 2023 – $3,350,000).

The fair value of stock options issued was calculated using the following weighted average assumptions:

	Six months ended September 30, 2023	**Fifteen months ended March 31, 2023**
Expected life (years)	2	3
Risk-free interest rate	4.63%	2.75%
Annualized volatility*	100%	100%
Dividend yield	0.00%	0.00%
Stock price at issue date	$0.365	$0.91
Exercise price	$0.365	$0.92
Weighted average issue date fair value	$0.20	$0.57

*The share price volatility was determined based on the Company's historical volatility in share price.

(Expressed in Canadian Dollars)

14. SHARE CAPITAL AND RESERVES (CONTINUED)

D. Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	September 30, 2023		March 31, 2023	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning	-	$ -	2,090,576	$4.96
Adjustment	-	$ -	(9,375)	-
Issued	625,000	$ 0.43	1,458,200	$0.36
Exercised	-	$ -	(2,303,120)	$0.40
Expired	-	$ -	(1,236,281)	$5.16
Warrants outstanding, ending	625,000	$ 0.43	-	$ -

The Company applies the residual value method for warrants issued in a unit; however, the Company applies fair value method using the Black-Scholes option pricing model in accounting for its warrants granted independently. During the six months ended September 30, 2023, 625,000 (fifteen months ended March 31, 2023 – 1,458,200) warrants were issued with a fair value of $Nil (fifteen months ended March 31, 2023 – $985,145).

On August 10, 2022, the Company revised the exercise price of 1,458,200 warrants issued on February 10, 2022 from $1.15 to $0.36 per share. On August 22, 2022, the Company revised the exercise price of 634,920 warrants issued on August 17, 2021 from $6.50 to $0.51 per share.

The fair value of warrants issued was calculated using the following weighted average assumptions:

	Six months ended September 30, 2023	**Fifteen months ended March 31, 2023**
Expected life (years)	-	3
Risk-free interest rate	-	1.60%
Annualized volatility*	-	100%
Dividend yield	-	0.00%
Stock price at issue date	-	$1.10
Exercise price	-	$1.15
Weighted average issue date fair value	-	$0.68

*The share price volatility was determined based on the Company's historical volatility and comparable entities' historical volatility in share price.

E. Agent Warrants

Agent warrant transactions and the number of warrants outstanding are summarized as follows:

	September 30, 2023		March 31, 2023	
	Number of Agent Warrants	Weighted Average Exercise Price	Number of Agent Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning	-	$ -	33,931	$5.60
Expired	-	$ -	(33,931)	$5.60
Warrants outstanding, ending	-	$ -	-	$ -

There were nil agent warrants outstanding and exercisable at September 30, 2023.

14. SHARE CAPITAL AND RESERVES (CONTINUED)

F. Restricted Share Units

On January 5, 2022, the Company granted 2,144,000 restricted share units (“RSUs”) to consultants, directors, officers, and employees of the Company that will become fully vested four months from the date of grant, July 5, 2022. As at March 31, 2023, the Company recorded share-based compensation of $1,869,203 related to the vesting of the restricted stock units.

On November 9, 2022, the Company issued 3,515,000 RSUs to consultants, directors, officers, and employees of the Company that will become fully vested four months from the date of grant, March 9, 2023. As at March 31, 2023, the Company recorded share-based compensation of $1,564,763 related to the vesting of the restricted stock units.

During the fifteen months ended March 31, 2023, the Company issued 5,619,000 common shares pursuant to the vesting of the RSUs. The Company transferred the fair value of RSUs of $3,433,966 from contributed surplus to share capital. The remaining balance of 40,000 RSUs related to grant of 2,144,000 RSUs were cancelled.

On August 3, 2023, the Company issued 100,000 RSUs to a director that will become fully vested four months from the date of grant, December 3, 2023. As at September 30, 2023, the Company recorded share-based compensation of $19,339 related to the vesting of the restricted stock units.

15. CAPITAL MANAGEMENT

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

The Company only recently started generating revenue and cash flows used in its operations are still negative; as such, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of common shares. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There was no change to the Company’s management of capital during the six months ended September 30, 2023.

The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS AND RISKS

The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

Level 1 — quoted prices in active markets for identical assets and liabilities.
Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.
Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The Company has classified its cash and cash equivalents and investments as measured at fair value in the statement of financial position, using level 1 inputs. Amounts and advances receivable, accounts payable and accrued liabilities, amounts due to related parties, advances payable, and convertible debenture approximate fair value due to the short-term nature of these instruments. The carrying values of financial liabilities where interest is charged based on a variable rate approximates fair value as it bears interest at floating rates and the applicable margin is indicative of the Company's current credit premium. The carrying value of long-term debt and lease obligations where interest is charged at a fixed rate is not significantly different than fair value.

Risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk, and foreign currency risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk:

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at September 30, 2023 is the carrying amount of cash, investments, amounts and advances receivable.

The risk for cash is mitigated by holding these instruments with highly rated financial institutions in Canada and USA. Some concentrations of credit risk with respect to amounts receivable exist due to the small number of customers. Amounts receivable are shown net of any provision made for impairment of the receivables. Due to this factor, the management of the Company believes that no additional credit risk, beyond amounts provided for collection losses, is inherent in amounts receivable.

Expected credit loss ("ECL") analysis is performed at each reporting date using an objective approach to measure expected credit losses on its accounts receivable. The provision amounts are based on direct management interactions with the customer. The calculations reflect the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecast of future economic conditions. Accounts receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, but are not limited to, business failure, failure of a debtor to engage in a repayment plan, and a failure to make contractual payments.

The Company's aging of trade receivables was as follows:

	September 30, 2023	March 31, 2023
0 – 30 days	$ 14,361	$ 25,281
31 – 60 days	1,666	331
61 – 90 days	1,783	313
91+ days	2,266	669
Total trade receivables	**$ 20,076**	**$ 26,594**

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

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

i. Interest rate risk:

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at banks. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instruments to hedge potential fluctuations in interest rates. The exposure to interest rate risk for the Company is considered minimal.

The Company considers its interest rate risk policies to be effective and has been following them consistently.

ii. Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company exposure to foreign currency risk on fluctuations are nominal. Therefore, the Company's exposure to currency risk is minimal.

iii. Equity price risk:

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks. At September 30, 2023, the Company held no (March 31, 2023 – no) common shares listed on equity exchanges; therefore, management determined that equity price risk was not material to the Company's operations.

Liquidity risk:

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. As at September 30, 2023, the Company had cash of $141,260 to settle current financial liabilities of $1,451,258. In order to meet its current liabilities, the Company will need to raise/borrow funds from either loans or private placements. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. With increased growth, manufacturing and distribution operations, the likelihood of the Company generating positive cash flows is probable; however, given the industry and the global economy, remain uncertain. Likewise, the Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities, amounts due to related parties, advances payable and note payable. The following is an analysis of the contractual maturities of the Company's financial liabilities as at September 30, 2023:

	Within 12 months	After 12 months
Accounts payables and accrued liabilities	$ 1,062,934	$ -
Advances payable	108,324	-
Note payable	280,000	
Total	$ 1,451,258	$ -

(Expressed in Canadian Dollars)

17. CONTINGENT LIABILITY

On February 4, 2021 Desert Sand Properties, LLC ("Desert Sand" or "Plaintiff") filed a claim in the Superior Court of California against its former wholly-owned subsidiaries LDS Development Corporation ("LDS") and CSPA Group, Inc. ("CSPA") and the Company collectively ("the Defendants"). The claim relates to landlord -tenant dispute, whereby the tenant LDS, failed to make certain rent and property tax payments under the terms of the lease agreement that was entered into on April 15, 2019.

The Plaintiff further alleges that CSPA and the Company each of whom signed a guaranty of lease are responsible for LDS unpaid debts and obligations under the terms of the lease. The total amount of the claim is for approximately US$863,000. The amount of the debt was recorded in accounts payable in LDS. As a result of the disposition of LDS and CSPA, at December 31, 2020, the Company being a guarantor of the lease agreement, along with CSPA may be liable for the full amount of the claim. Accordingly, the Company determined that it was probable that it will have to make a payment to settle this obligation. The Company's best estimate is $537,000 (US$422,000) which is included in accounts payable and accrued liabilities.

On January 26, 2022, the Company executed an agreement to settle the amounts owing for aggregate payments of $443,730 (US $350,000). Of the payments, US $50,000 is to be paid upon execution of the agreement and four instalments of US $75,000 are to be paid every two months thereafter beginning April 1, 2022. Accordingly, the Company recognized a gain on the provision for loss on the legal settlement in the amount of $93,270 in the statements of comprehensive loss for the twelve months ended December 31, 2021. Up to the date of these condensed interim consolidated financial statements, the Company has rendered payment of US $200,000 upon execution of the contract and two out of four instalment payments**.**

The Company has included the remaining balance of amounts owing to Desert Sand in accounts payable and accrued liabilities.

18. SUPPLEMENTAL CASH FLOW DISCLOSURE

	For the six months ended September 30, 2023 $	**For the nine months ended September 30, 2022 $**
Non-cash financing and investing activities:		
Fair value of common shares issued for acquisitions	-	7,733,000
Fair value of common shares issued for GMP Drug Inc.	410,565	-
Fair value of warrants issued for acquisitions	-	985,145
Fair value of common shares issued to settle debt	91,951	946,472
Fair value of common shares issued as admin fees	4,750	-
Fair value transferred on exercise of warrants	-	1,766,979
Fair value of stock options issued and vested	231,000	2,168,000
Fair value of RSUs issued and vested	19,339	1,869,203

19. DISCONTINUED OPERATIONS

In the fourth quarter of 2020, management entered into an agreement to sell its US operations located in Adelanto, California which consisted of the following subsidiaries: LDS Agrotech Inc; LDS Scientific Inc; Rêveur Holdings Inc; LDS Development Corporation; CSPA Group, Inc; Core Isogenics Inc and Agrotech LLC. The sale was completed on December 31, 2020.

The US operations were sold for $3,000,000 plus the assumption of liabilities. In consideration the purchaser will complete a series of cash payments in installments of $500,000 on closing date (received); $500,000 on or before May 1, 2021 ($300,000 received); $1,000,000 on or before September 1, 2021 and the remaining $1,000,000 on or before January 1, 2022. As a result of the timing of the payments the Company discounted the cash to $2,909,091 using a discounting factor of 10%. In connection with the completion of the sale, the Company agreed to pay $450,000 in fees to third parties who assisted with facilitating the sale and have been recorded as finders fee in the consolidated statement of loss and comprehensive loss.

The sale of the US operations segment meets the criteria of a discontinued operation under IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The operating segment were not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statements of loss and comprehensive loss has been restated to show the discontinued operation separately from continuing operations.

During the twelve months ended December 31, 2021, the Company recorded an impairment on the amounts receivable from the sale of the Adelanto assets in the amount of $1,924,565. The amount will continue to be impaired until such time that Optimus Logistics completes additional financing and is able to continue payments for the consideration of the Adelanto assets.

20. COMPARATIVE FIGURES

The Company changed its year end from December 31, 2022 to March 31, 2023, accordingly, the comparative figures for the statements of loss and comprehensive loss, statements of changes in shareholders' equity, and statements of changes in shareholders equity are for the nine months ended September 30, 2022.