1CM INC.
Business Acquisition Report
Form 51-102F4

Item 1 Identity of Company

1.1 Name and Address of Company
1CM Inc. (the “**Company**”)
625 Cochrane Dr.
Suite 802
Markham, Ontario
L3R 9R9

1.2 Executive Officer
Tanvi Bhandari
Chief Executive Officer
(717) 888-8889

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

The Company acquired all of the issued and outstanding shares of Tirthankar Ltd. ("**Tirthankar**"), which as at the date of the acquisition operated ten (10) retail cannabis stores and had five (5) additional retail cannabis stores in development.

Tirthankar operates various stores under the retail brands "T CANNABIS" and "COST CANNABIS" which offer a wide variety of cannabis brands and products, including flower, pre-rolls, concentrates, edibles, beverages, vapes, topicals, seeds, and accessories. Tirthankar is incorporated in Ontario and has been in operation for several years.

2.2 Acquisition Date
The Company completed the acquisition on August 31, 2022.

2.3 Consideration
The Company acquired all of the issued and outstanding shares of Tirthankar valued at $12,510,000 CAD (the “**Acquisition**”). As consideration for the Acquisition, the Company paid cash consideration in an amount equal to $1,800,000 and issued 15,750,000 common shares (with a closing price on the date of issuance equal to $0.68) in the capital of the Company to the sole shareholder of Tirthankar. In connection with the Acquisition, the Company also issued 250,000 common shares to certain employees of Tirthankar as a retention bonus.

2.4 Effect on Financial Position

The Company intends to invest additional capital with the goal of expanding Tirthankar's retail operations to 75 dispensaries in Ontario and other provinces. It is anticipated that the additional capital investment will take the form of leasehold improvements, marketing and purchase of initial inventory.

Other than otherwise disclosed above, the Company does not presently have any plans or proposals for material changes in its business affairs or the business affairs of Tirthankar that may have a significant effect on the financial performance and financial position of the Company.

2.5 Prior Valuations

To the knowledge of the Company, there has not been any valuation opinion obtained within the last 12 months by the Company or Tirthankar required by securities legislation or a Canadian exchange or market to support the consideration paid by the Company or any of its subsidiaries in connection with the acquisition.

2.6 Parties to Transaction

This Acquisition was not a transaction with an informed person, associate, or affiliate of the Company as defined under National Instrument 51-102 *Continuous Disclosure Obligations*.

2.7 Date of Report

November 10, 2022.

Item 3 Financial Statements and Other Information

The following financial statements are included as part of this Business Acquisition Report:

1. Audited consolidated financial statements of Tirthankar for the year ended October 12, 2021; and
2. Interim consolidated financial statements of Tirthankar for the nine months ended July 12, 2022 and July 12, 2021.

Forward-looking Information

Certain statements in this business acquisition report may include forward-looking statements which are typically identified by words such as "believe", "expect", "anticipate", "intend", "estimate", "plan", "will", "should", "may", "could" and other similar expressions. Specifically, such forward-looking statements in this business acquisition report include, but are not limited to, statements with respect to the following: the Company's planned expansion of Tirthankar's retail operations; and the Company's anticipated investment in Tirthankar's operations. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different from any future results, performance or achievements contemplated in the forward-looking statements.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is based on assumptions made in good faith and believed to have a reasonable basis. Such assumptions include: the Company having sufficient capital to provide the funding towards the planned expansion of Tirthankar's retail operations; and future supply and demand for the products sold and/or expected to be sold through such operations.

Factors that could cause future results or events to differ materially from current expectations expressed or implied by the forward-looking statements include: general business, economic, competitive, political and social uncertainties; the state of capital markets; unexpected increases in operating costs of the Company; the inability of the Company to raise sufficient funds and/or retain necessary personnel to conduct its operations; failure to realize the anticipated benefits of the transaction described herein; other unforeseen events, developments, or factors causing any of the aforesaid expectations, assumptions, and other factors ultimately being inaccurate or irrelevant; and any risks associated with the ongoing COVID-19 pandemic.

You can find further information with respect to these and other risks in filings made with the Canadian securities regulatory authorities that are available on the Company's SEDAR profile page at www.sedar.com. The Company disclaims any obligation to update or revise these forward-looking statements, except as required by applicable law.

SCHEDULE "A"

TIRTHANKAR LIMITED

Consolidated Financial Statements
For the Year Ended October 12, 2021
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Tirthankar Ltd

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Tirthankar Ltd (the Company), which comprise the consolidated statements of financial position as at October 12, 2021, and the consolidated statements of comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 12, 2021, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
January 5, 2022

TIRTHANKAR LIMITED
Consolidated Statements of Financial Position
As at October 12, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020
		(unaudited)
	$	$
ASSETS		
Current		
Cash	**1,213,698**	104,524
Accounts receivable	**24,146**	-
Harmonized sales tax receivable	**8,318**	885
Inventory (Note 4)	**854,539**	44,145
Loan receivable (Note 5)	**184,925**	-
	2,285,626	149,554
Non-current		
Property and equipment (Note 6)	**109,708**	85,633
Investment in T Cannabis NW Inc. (Note 7)	**-**	46
Right of use assets (Note 8)	**799,155**	765,923
Lease deposits	**27,425**	11,606
	936,288	863,208
	3,221,914	1,012,761
LIABILITIES AND SHAREHOLDERS' EQUITIY		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 9)	**173,839**	-
Current portion of lease liabilities (Note 11)	**146,801**	35,798
Income tax payable	**286,315**	-
Shareholder loan (Note 10)	**874,796**	246,710
Total current liabilities	**1,481,751**	282,508
Non-current		
Lease liabilities (Note 11)	**700,296**	755,459
	700,296	755,459
	2,182,047	1,037,967
SHAREHOLDERS' EQUITY		
Common share capital (Note 12)	**200**	200
Retained earnings (deficit)	**1,039,667**	(25,406)
Total shareholders' equity	**1,039,867**	(25,206)
Total liabilities and shareholders' equity	**3,221,914**	1,012,761

Nature of operations (Note 1)
Subsequent events (Note 19)

Approved by the sole director
Signed *"Tanvi Bhandari"* , Director

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

TIRTHANKAR LIMITED
Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended October 12, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020 (unaudited)
	$	$
Sales	**12,906,890**	480,444
Cost of goods sold	**8,997,508**	303,085
Gross profit	**3,909,383**	177,359
Expenses		
Salaries and wages (Note 17)	**1,146,251**	27,470
Office	**382,011**	60,010
General and administrative (Note 13)	**339,938**	3,060
Bank charges	**107,596**	3,543
Repairs and maintenance	**106,892**	-
Amortization of right of use assets (Note 8)	**87,036**	35,498
Interest of finance leases (Note 11)	**73,513**	28,039
Insurance	**66,953**	8,068
Licenses	**62,452**	24,675
Travel	**56,456**	6,424
Professional fees	**44,237**	-
Subcontractors	**41,439**	-
Depreciation of tangible assets (Note 6)	**35,175**	5,000
Loss on joint venture investment (Note 7)	**8,046**	-
Total expenses	**2,557,994**	201,787
Net income (loss) before income taxes	**1,351,388**	(24,428)
Income tax expense (note 14)	**286,315**	-
Comprehensive income (loss) for the year	**1,065,073**	(24,428)

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

TIRTHANKAR LIMITED
Consolidated Statements of Changes in Equity
For the Years Ended October 12, 2021 and 2020
(Expressed in Canadian Dollars)

	Common Share Capital	Retained Earnings / (Deficit)	Total Shareholders' Equity (Deficiency)
	$	$	$
Balance October 12, 2019	**100**	**(978)**	**(878)**
Common shares issued - TCann MGMT Corp.	100	-	-
Net loss for the year	-	(24,428)	-
Balance October 12, 2020	**200**	**(25,406)**	**(25,206)**
Common shares issued	-	-	-
Net income for the year	-	1,065,073	-
Balance October 12, 2021	**200**	**1,039,667**	**1,039,867**

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

TIRTHANKAR LIMITED
Consolidated Statements of Cash Flows
For the Years Ended October 12, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020 (unaudited)
	$	$
Cash provided by (used in) the following activities :		
Operating Activities		
Net income (loss) for the year	**1,065,073**	(24,428)
Loss on joint venture investment	**8,046**	-
Depreciation of tangible assets	**35,175**	5,000
Amortization of right of use assets	**87,036**	35,498
Interest on finance leases	**73,513**	28,039
Changes in non-cash working capital:		
Accounts receivable	**(24,146)**	-
Harmonized sales tax receivable	**(7,433)**	(885)
Inventory	**(810,394)**	(44,145)
Lease deposits	**(15,819)**	(11,606)
Accounts payable and accrued liabilities	**172,770**	-
Income tax payable	**286,315**	-
Cash flow provided by (used in) operating activities	**870,137**	(12,528)
Financing Activities		
Repayment of finance leases	**(136,872)**	(37,004)
Shareholder loan	**628,086**	246,711
Cash flows provided by financing activities	**491,214**	209,707
Investing Activities		
Loan receivable	**(184,925)**	-
Investment purchased in T Cannabis NW Inc.	**(8,000)**	(46)
Purchase of property and equipment	**(59,251)**	(92,610)
Cash flows (used in) investing activates	**(252,176)**	(92,656)
Increase in cash during the year	**1,109,175**	104,524
Cash, beginning of year	**104,524**	-
Cash, end of year	**1,213,698**	104,524

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

1. Nature of Operations

Tirthankar Ltd (the "Company" or "Tirthankar") was incorporated on October 4, 2016 in the Province of Ontario. The Company's head and registered office is located at Suite 505-82 Laird Drive, Toronto Ontario, M4G3V1. The Company is privately owned.

The Company's principal business activity is retail operations, focusing on the recreational-use cannabis market, concurrent with the enactment of Bill C-45, the Cannabis Act, which received Royal Assent on June 7, 2018 and came into force on October 17, 2018. As at October 12, 2021, the Company operates 8 retail locations throughout Ontario, under the T CANNABIS and COST CANNABIS brands.

The consolidated financial statements were approved by the Board of Directors on January 5, 2022.

Impact of COVID-19

On March 10, 2020, the World Health Organization declared the outbreak of the novel coronavirus ("COVID-19") a pandemic. The Company's retail stores were deemed to be an essential service in all jurisdictions and, therefore, have remained open during the pandemic. In March 2021, the government began lifting the previously set restrictions to allow retail operations to operate with more capacity, however, in response to rapid increases in COVID-19 transmission, the government announced on April 6, 2021, a return to the previously set public health measures discussed above. Although the Company's retail cannabis stores are all operating in some capacity, there is significant uncertainty regarding the extent and duration of the impact that the COVID-19 pandemic will have on the Company's operations and the economic environment in which the Company operates. While not expected, the Company's financial results could be negatively impacted by this uncertainty, particularly in the event a jurisdiction in which the Company operates deems retail businesses as non-essential, further reduces store capacity limits and/or issues new public health measures that further limit the Company's operations in response to unforeseen implications of the COVID-19 pandemic. As a result, the related estimates and judgments applied in these consolidated financial statements have additional uncertainty due to these unique circumstances. To date there has been no material impact to sales and supply chains have not been disrupted in the regions the Company currently operates in.

2. Summary of Significant Accounting Policies

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the year ended October 12, 2021.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of consolidation

These consolidated financial statements include the assets and operations of the Company and of TCann MGMT Corp. (“TCann MGMT”), which is controlled by the Company. All inter-company balances and transactions have been eliminated upon consolidation.

Subsidiaries are investees where the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred until the date on which control ceases.

d) Functional currency

These financial statements are presented in Canadian dollars. The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and TCann MGMT is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

e) Inventory

Inventory consists of cannabis and related merchandise for resale and is valued at the lower of cost, determined using the weighted average method, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. All inventories are reviewed for impairment due to slow moving and obsolete inventory. The provision for obsolete, slow moving and defective inventory is recognized in profit or loss. Previous write downs to net realizable value are reversed to the extend there is a subsequent increase in the net realizable value of the inventory

Costs are comprised of all variable costs, and certain fixed costs, incurred in bringing inventories to the location and condition necessary for sale to customers. Storage and administrative overheads are expensed as incurred. Supplier rebates and discounts are recorded as a reduction in the cost of goods sold.

2. Summary of Significant Accounting Polices (Continued)

f) Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is calculated using the following terms and methods starting from the date the asset is available for use:

Asset	Method	Rate
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	30%
Vehicle	Declining balance	30%
Machinery and equipment	Declining balance	20%

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of comprehensive income.

Significant judgement is involved in the determination of estimated residual values and useful lives and no assurance can be given that the residual values and useful lives will not differ significantly from current estimates.

Repairs and maintenance costs that do not improve or extend the useful life are recognized in the consolidated statement of operations and comprehensive income in the period in which the costs are incurred.

g) Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2. Significant Accounting Policies (continued)

h) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. The Companyrecognizes a right-of-use asset and a lease liability based on the present value of future lease payments when the leased asset is available for use by the Company. The lease payments include fixed and in- substance fixed payments and variable lease payments that depend on an index or rate, less any lease incentives receivable. The lease liability is initially measured at the present value of the lease paymentsthat are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments are discounted over the lease term, which includes the fixed term and renewal options that the Company is reasonably certain to exercise. Lease payments are allocated between the lease liability and a finance cost, which is recognized in finance costs over the lease term in the Company's statementsof operations.

When a contract contains both lease and non-lease components, the Company will allocate the consideration in the contract to each of the components on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Relative stand- alone prices are determined by maximizing the most observable prices for a similar asset and/or service.

Lease payments for assets that are exempt through the short-term exemption and variable payments notbased on an index or rate are recognized in selling, distribution and administrative expenses as incurred. Lease incentives received for variable payment leases are deferred and amortized as a reduction in recognized variable rent expenses over the term of the related leases.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, andadjusted for any re-measurement of lease liabilities. Cost is calculated as the initial measurement of thelease liability plus any initial direct costs and any lease payments made at or before the commencementdate. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or theuseful life.

i) Investment in joint ventures

Investments in joint ventures are those entities over which the Company has joint control over the financial and operating policies. Investment in these entities are carried in the statement of financial position using the equity method. The equity method is the basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value is adjusted thereafter to include the investor's pro-rata share of post-acquisition earnings and other comprehensive income of the investee. Refer to Note 7 for details of investments in joint ventures.

2. Significant Accounting Policies (continued)

j) Revenue recognition

Revenue is generated from sales to customers through retail stores and e-commerce for cannabis. Revenue from retail sales is recognized at the point of sale.

The revenue recognition standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue, at a point in time or over time, the assessment of which requires judgment. The model features the following five-step contract-based analysis of transactions to determine whether, how much and when revenue is recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

In accordance with IFRS 15, revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. For retail store customers, control passes upon point of sale, and for e-commerce customers, control passes upon delivery of the product. Revenue from the sale of goods is measured at the fair value of the consideration received less an appropriate deduction for discounts and rebates, net of sales taxes.

k) Equity

Common shares are classified as equity. Transaction costs directly attributable to the issuance of commonshares and share purchase options are recognized as a deduction from equity, net of any tax effects. When share capital recognized as equity is repurchased, the amount of the consideration paid, including directlyattributable costs, is recognized as a deduction from total equity.

l) Income taxes

Income tax comprises current and deferred tax. Income taxis recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying value in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when

2. Significant Accounting Policies (continued)

the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized only to the extent that future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probably that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

m) Financial instruments

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss (“FVTPL”), and fair value through other comprehensive income (“FVTOCI”).

Classification	IFRS 9
Cash	FVTPL
Accounts receivable	Amortized cost
Loan receivable	Amortized cost
Lease deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Shareholder loan	Amortized cost

Financial assets

Financial assets are classified as either financial assets at amortized cost, FVTPL, or FVOTCI. The Company determines the classification of its financial assets at initial recognition.

Financial assets are classified as measured at amortized cost less expected credit losses if both the following criteria are met and the financial assets are not designated as FVTPL;

1. The object of the Company’s business model for these financial assets is to collect their contractual cash flows; and
2. The asset’s contractual cash flows represent “solely payment of principal and interest”.

The Company’s accounts receivable and loan receivable are classified as financial assets and measured at amortized cost.

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company’s cash and investments at fair value are classified as FVTPL.

Financial liabilities

Financial liabilities are classified as either financial liabilities at amortized cost or FVTPL. The Company determines the classification of its financial liabilities at initial recognition.

2. Significant Accounting Policies (continued)

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. The Company's accounts payable and accrued liabilities, loan payable, and lease liabilities doe not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified at FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified at amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income. When an instrument at FVTOCI is sold, the accumulated gains or losses are classified from accumulated other comprehensive income (loss) directly to surplus or deficit.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

Impairment

IFRS 9 requires an 'expected credit loss' model to be applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition.

n) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

2. Significant Accounting Policies (continued)

Future Accounting Pronouncements

The accounting pronouncements detailed in this note have been issued but are not yet effective. The Company does not expect the impact of applying these standards to be significant on its financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The International Accounting Standards Board ("IASB") has published *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period";
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend the effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

Provisions, Contingent Liabilities, and Contingent Assets (Amendments to IAS 37)

The amendments clarify that when assessing if a contact is onerous, the cost of fulfilling the contract includes costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – i.e. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022. The extent of the impact of adoption of this amendment has not yet been determined.

3. Use of Judgements and Estimates

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Judgements are used in situations when there is a choice and/or assessment required by management. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgements in applying accounting policies and key sources of estimation uncertainty at the end of the reporting year that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Inventory valuation

Inventory is carried at the lower of cost and net realizable value; in estimating net realizable value, the Company makes estimates related to obsolescence, future selling prices, seasonality, customer behavior, and fluctuations in inventory levels. The Company records a write-down to reflect management’s best estimate of the net realizable value of inventory based on the above factors.

Valuation of loan receivable

The Company estimates the collectability and timing of collection of its receivables, classifying them as current assets or long-term assets, and applies provisions for collectability when necessary.

Useful live of property and equipment

Depreciation of property and equipment is dependent upon estimates of useful lives based on management’s judgment.

Impairment assessment of property and equipment

The Company assesses the carrying value of its tangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current net income (loss). Recoverability is dependent upon assumptions and judgements regarding market conditions, costs of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, and future cash flows. A material change in the assumptions may significantly impact the potential impairment of these assets.

3. Use of Judgements and Estimates (continued)

Income taxes

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Leases

The Company estimates a lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as profitability. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment of a lease term is reviewed if a significant event or a significant change in circumstance occurs, which affects this assessment and that is within the control of the lessee. The Company estimates the incremental borrowing rate used to measure our lease liability for each lease contract. This includes estimation in determining the asset-specific security impact.

4. Inventory

As at October 12, 2021 and 2020, the Company’s inventory was comprised only of finished goods which amounted to $854,539 (2020 - $44,145). Inventories recognized as an expense and included in cost of goods sold during the year ended October 12, 2021 amounted to $8,997,508 (2020 - $303,085).

5. Loan Receivable

As at October 12, 2021, the Company had an outstanding loan receivable from T Cannabis NW Inc., a related party (see Note 7), of $184,925 (2020 - $nil). The loan is unsecured, non-interest bearing and is due on demand.

(Expressed in Canadian Dollars)

6. Property and Equipment

Property and equipment are comprised of the following:

	Furniture and equipment $	Computer equipment $	Machinery $	Vehicle $	Total $
Cost					
As at October 12, 2019	-	-	-	-	-
Additions	55,065	6,977	20,668	9,900	92,610
Disposals	-	-	-	-	-
As at October 12, 2020	**55,065**	**6,977**	**20,668**	**9,900**	**92,610**
Additions	20,518	35,705	-	3,028	59,251
Disposals	-	-	-	-	-
As at October 12, 2021	**75,583**	**42,682**	**20,668**	**12,928**	**151,861**
Accumulated depreciation					
As at October 12, 2019	-	-	-	-	-
Depreciation	6,977	-	-	-	6,977
Disposals	-	-	-	-	-
As at October 12, 2020	**6,977**	**-**	**-**	**-**	**6,977**
Depreciation	**13,721**	**12,805**	**4,134**	**4,516**	**35,176**
Disposals	-	-	-	-	-
As at October 12, 2021	**20,698**	**12,805**	**4,134**	**4,516**	**42,153**
Net book value					
As at October 12, 2020	48,088	6,977	20,668	9,900	85,633
As at October 12, 2021	**54,885**	**29,877**	**16,534**	**8,412**	**109,708**

7. Joint Venture Investment in T Cannabis NW Inc.

The Company accounted for its investment in T Cannabis NW Inc as a joint venture investment. The carrying value of the investment was reduced to $nil in the current fiscal year as the Company's pro-rata share of the net loss in T Cannabis NW Inc. is greater than the carrying value of the investment. The unrecognized accumulated loss at October 12, 2021 was $89,716 (2020 - $nil).

October 12,	**2021** $	2020 $
Balance, beginning of the year	**46**	-
Acquisition costs	**8,000**	46
Loss from investment in joint venture	**(8,046)**	-
Balance, end of the year	**-**	**46**

(Expressed in Canadian Dollars)

7. Joint Venture Investment in T Cannabis NW Inc. (continued)

The following is a summary of the financial information of T Cannabis NW Inc., as at the specified date and for the period then ended, which is the most recent financial information as prepared by the management of T Cannabis NW Inc., (unaudited).

As at October 12,	**2021**	2020
	$	$
Cash	**109,474**	-
Total Other Current Assets	**212,909**	-
Total Long-term Assets	**591,174**	-
Total Current Liabilities	**(488,119)**	-
Total Long-term liabilities	**(610,962)**	-

Net loss for the year ended October 12	**179,525**	-
Proportionate share of net loss	**(89,763)**	-

8. Right-of-use Assets

As at October 12,	**2021**	2020
	$	$
Balance, beginning of the year	**765,923**	581,043
Additions	**120,268**	220,378
Depreciation	**(87,036)**	(35,498)
Balance, end of the year	**799,155**	765,923

9. Accounts Payable and Accrued Liabilities

As at October 12,	**2021**	2020
	$	$
Accounts payable	**26,726**	-
Accrued liabilities	**147,113**	-
	173,839	**-**

The Company’s trade payables are subject to trade terms of 30 – 60 days.

(Expressed in Canadian Dollars)

10. Shareholder Loan

The shareholder loan balance is unsecured, non-interest bearing and due on demand.

11. Lease Liabilities

As at October 12, 2021, the Company has entered into various premises lease agreements with payments between $1,367 to $2,006 per month.

The Company recorded right-of-use assets (Note 8) and lease liabilities for retail store spaces in the statement of financial position as at October 12, 2021 and 2020. At the commencement date of the leases, the lease liabilities were measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 9%, which is the Company's incremental borrowing rate.

The continuity of lease liabilities is presented below:

	$
Balance, October 12, 2019	**-**
Additions	805,256
Interest	28,039
Lease payments	(42,038)
As at October 12, 2020	**791,257**
Additions	101,597
Interest	73,512
Lease payments	(119,269)
As at, October 12, 2021	**847,097**

Summary:

	2021	2020
	$	$
Current portion of lease liabilities	**146,801**	35,798
Non-current lease liabilities	**700,296**	755,459
Balance, October 12	**847,097**	791,257

The future minimal annual rental payments under these operating leases as at October 12, 2021 are as follows:

One year	$ 146,801
Between two to five years	587,205
More than five years	113,091
Total	**$ 847,097**

(Expressed in Canadian Dollars)

12. Common Share Capital

The Company is authorized to issue an unlimited number of Class A common shares – Class F common shares, inclusive.

The Company is authorized to issue an unlimited number of Class G preferred shares – Class L preferred shares, inclusive.

	#	$
Balance, October 12, 2019	**100**	**100**
Class A common shares issued – TCann MGMT Corp.	**-**	**100**
Balance, October 12, 2020	**100**	**200**
Class A common shares issued	**-**	**-**
Balance, October 12, 2021	**100**	**200**

13. General and Administrative Expenses

General and administrative expenses are comprised of the following:

For the year ended October 12,	**2021** **$**	2020 $
Advertising and promotion	**3,180**	61
Commissions and fees	**664**	-
Freight and delivery	**32,181**	-
Meals and entertainment	**3,888**	33
Postage and courier	**1,749**	-
Security and cameras	**9,226**	-
Stationary and printing	**100**	-
Supplies	**86,373**	-
Telephone	**10,946**	627
Utilities	**25,591**	2,090
Credit card charges	**6,283**	249
Other	**159,757**	-
Total	**339,938**	3,060

(Expressed in Canadian Dollars)

14. Income Taxes

The following table reconciles income taxes calculated at combined Canadian federal and provincialtax rates with the income tax expense in the financial statements:

	2021	2020
	$	$
Net income (loss) before taxes	**1,351,388**	(24,428)
Statutory income tax rate	**26.50%**	26.50%
Expected income taxes expense (recovery) at statutory income tax rate	**358,118**	(6,473)
Increase (decrease) to the income tax benefit resulting from:		
Non-deductible items and other permanent differences	**6,346**	6,473
Non-capital losses utilized in the current year	**(6,649)**	-
Small business deduction	**(71,500)**	-
Provision for income taxes (recovery)	**286,315**	-

15. Capital Management

The Company’s objectives when managing capital are to:

a. Deploy capital to provide an appropriate return on investment to its shareholders;
b. Maintain financial flexibility in order to preserve the Company’s ability to meet financial obligations; and
c. Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristicsof the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. the Company is not subject to any externally imposed capital requirements or covenants.

The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital.

16. Financial Management and Risk Assessment

Fair value

Financial instruments of the Company consist of cash, accounts receivable, loan receivable, lease deposit, accounts payable and accrued liabilities, and shareholder loan. There are no significant differences between the carrying amounts of the current assets and current liabilities reported on the statements of financial position and their estimated fair values due to the short-term nature of these items. The convertible debentures and loans payable approximate their fair value as terms and conditions represent market termsand conditions.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Where quoted market values are not readily available, the Company may use considerable judgment to develop estimates of fair value. Accordingly, any estimated values are not

(Expressed in Canadian Dollars)

16 Financial Management and Risk Assessment (continued)

necessarily indicative of the amounts the Company could realize in a current market exchange and could be materially affected by the use of different assumptions or methodologies.

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

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with reputable financial institutions. Amounts receivable are in good standing as of October 12, 2021.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 12, 2021, the Company had cash of $1,213,698 (2020 - $104,523) to settle current liabilities of $1,481,751 (2020 - $246,710). The Company generates cash flow primarily from its financing activities and management is of the opinion that additional funding is available to allow the Company to meet its financial obligations when they become due.

17. Key Management Personnel Compensation

Key management personnel include those persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined key management personnel consists of the sole director and officer. The Company does not provide non-cash benefits to key management.

Key management compensation during the years ended October 12, 2021 and 2020 was as follows:

	2021	2020
	$	$
Salaries and other short-term employee benefits	**65,000**	65,000

18. Related Party Transactions and Balances

See note 10 shareholder loan.

See note 5 loan to T Cannabis NW Inc.

19. Subsequent Events

Acquisition by Leviathan Natural Products.

On October 22, 2021, the sole Shareholder of the Company and TCann MGMT Corp., entered into a definitive agreement with Leviathan Natural Products Inc. ("Leviathan") to be acquired. In exchange, the shareholder of the Company will receive 15,000,000 Leviathan shares and $1,750,000 less post-closing adjustments in exchange for all issued and outstanding shares of the Company. This Share Exchange Agreement is conditional on the approval of the AGCO (Alcohol & Gaming Commission of Ontario).

SCHEDULE “B”

TIRTHANKAR LIMITED

Condensed Interim Consolidated Financial Statements
For the Nine Months Ended July 12, 2022 and 2021
(Expressed in Canadian Dollars)

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Tirthankar Limited

Notice to Reader

Under National Instrument 51-102 "Continuous Disclosure Obligations", Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.
The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

October 25, 2022

TIRTHANKAR LIMITED
Condensed Interim Consolidated Statements of Financial Position As at
July 12, 2022 and July 12, 2021
(Unaudited - Expressed in Canadian Dollars)

	2022	2021
	$	$
ASSETS		
Current		
Cash	**1,649,166**	690,863
Accounts receivable	**68**	19,957
Inventory (Note 4)	**757,577**	634,061
Loan receivable (Note 5)	**184,925**	147,773
	2,591,736	1,492,654
Non-current		
Property and equipment (Note 6)	**135,175**	109,708
Investment in T Cannabis NW Inc. (Note 7)	**-**	46
Right of use assets (Note 8)	**833,174**	824,218
Lease deposits	**33,837**	27,425
	1,002,186	961,397
	3,593,922	2,454,051
LIABILITIES AND SHAREHOLDERS' EQUITIY		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 9)	**171,275**	133,023
Current portion of lease liabilities (Note 11)	**99,195**	73,068
Income tax payable	**391,010**	243,810
Shareholder loan (Note 10)	**1,505,640**	627,549
Total current liabilities	**2,167,120**	1,048,376
Non-current		
Lease liabilities (Note 11)	**820,779**	801,238
Total liabilities	**2,987,899**	1,849,614
SHAREHOLDERS' EQUITY		
Common share capital (Note 12)	**200**	200
Retained earnings (deficit)	**605,823**	549,757
Total shareholders' equity	**606,023**	549,957
Total liabilities and shareholders' equity	**3,593,922**	2,454,051

Nature of operations (Note 1)
Subsequent events (Note 19)

Approved by the sole director

Signed *"Tanvi Bhandari"* , Director

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

TIRTHANKAR LIMITED

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss For the Nine Months Ended July 12, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

	2022	2021
	$	$
Sales	**14,434,636**	7,834,988
Cost of goods sold	**11,619,358**	5,626,040
Gross profit	**2,815,278**	2,208,948
Expenses		
Salaries and wages (Note 17)	**1,420,654**	666,455
Office	**297,547**	232,760
General and administrative (Note 13)	**292,109**	244,017
Bank charges	**61,142**	74,123
Repairs and maintenance	**275,817**	76,653
Amortization of right of use assets (Note 8)	**98,180**	61,585
Interest of finance leases (Note 11)	**75,562**	54,613
Insurance	**67,688**	64,398
Licenses	**5,675**	32,140
Travel	**32,482**	7,700
Professional fees	**77,331**	4,635
Depreciation of tangible assets (Note 6)	**26,764**	26,382
Loss on joint venture investment (Note 7)	**8,046**	-
Total expenses	**2,738,997**	1,545,461
Net income (loss) before income taxes	**76,281**	663,487
Income tax expense	**20,214**	88,324
Comprehensive income (loss) for the year	**56,067**	575,163

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

TIRTHANKAR LIMITED

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

Nine Months Ended July 12, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

	Common Share Capital	**Retained Earnings / (Deficit)**	**Total Shareholders' Equity (Deficiency)**
	$	**$**	**$**
Balance October 12, 2020	**200**	**(25,406)**	**(25,206)**
Common shares issued		-	-
Net income for the year	-	575,163	
Balance July 12, 2021	**200**	**549,757**	**549,957**
Common shares issued	-	-	-
Net income for the year	-	56,067	
Balance July 12, 2022	**200**	**605,823**	**606,023**

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

TIRTHANKAR LIMITED

Condensed Interim Consolidated Statements of Cash Flows

For the Nine Months Ended July 12, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

	2022	2021
	$	$
Cash provided by (used in) the following activities :		
Operating Activities		
Net income (loss) for the year	**56,067**	575,163
Loss on joint venture investment	**8,046**	-
Depreciation of tangible assets	**26,764**	26,382
Amortization of right of use assets	**98,180**	61,585
Interest on finance leases	**75,562**	54,613
Changes in non-cash working capital:		
Accounts receivable	**19,889**	(19,957)
Inventory	**(123,516)**	(934,061)
Lease deposits	**(6,412)**	(20,206)
Accounts payable and accrued liabilities	**38,252**	30,379
Income tax payable	**121,793**	206,248
Cash flow provided by (used in) operating activities	**314,625**	(19,854)
Financing Activities		
Repayment of finance leases	**(145,029)**	(88,290)
Shareholder loan	**878,091**	367,318
Cash flows provided by financing activities	**733,062**	279,028
Investing Activities		
Loan receivable	**(37,152)**	(147,773)
Investment purchased in T Cannabis NW Inc.		(46)
Purchase of property and equipment	**(52,231)**	(59,251)
Cash flows (used in) investing activates	**(89,383)**	(207,070)
Increase in cash during the year	**958,304**	52,105
Cash, beginning of year	**690,863**	638,758
Cash, end of year	**1,649,166**	690,863

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

1. Nature of Operations

Tirthankar Ltd (the “Company” or “Tirthankar”) was incorporated on October 4, 2016 in the Province of Ontario. The Company's head and registered office is located at Suite 505-82 Laird Drive, Toronto Ontario, M4G3V1. The Company is privately owned.

The Company’s principal business activity is retail operations, focusing on the recreational-use cannabis market, concurrent with the enactment of Bill C-45, the Cannabis Act, which received Royal Assent on June 7, 2018 and came into force on October 17, 2018. As at July 12, 2022, the Company operates 13 retail locations throughout Ontario, under the T CANNABIS and COST CANNABIS brands.

Impact of COVID-19

On March 10, 2020, the World Health Organization declared the outbreak of the novel coronavirus (“COVID-19”) a pandemic. The Company’s retail stores were deemed to be an essential service in all jurisdictions and, therefore, have remained open during the pandemic. In March 2021, the government began lifting the previously set restrictions to allow retail operations to operate with more capacity, however, in response to rapid increases in COVID-19 transmission, the government announced on April 6, 2021, a return to the previously set public health measures discussed above. Although the Company’s retail cannabis stores are all operating in some capacity, there is significant uncertainty regarding the extent and duration of the impact that the COVID-19 pandemic will have on the Company’s operations and the economic environment in which the Company operates. While not expected, the Company’s financial results could be negatively impacted by this uncertainty, particularly in the event a jurisdiction in which the Company operates deems retail businesses as non- essential, further reduces store capacity limits and/or issues new public health measures that further limit the Company’s operations in response to unforeseen implications of the COVID-19 pandemic. As a result, the related estimates and judgments applied in these consolidated financial statements have additional uncertainty due to these unique circumstances. To date there has been no material impact to sales and supply chains have not been disrupted in the regions the Company currently operates in.

2. Summary of Significant Accounting Policies

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the nine months ended July 12, 2022.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of consolidation

These consolidated financial statements include the assets and operations of the Company and of TCann MGMT Corp. (“TCann MGMT”), which is controlled by the Company. All inter-company balances and transactions have been eliminated upon consolidation.

Subsidiaries are investees where the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred until the date on which control ceases.

d) Functional currency

These financial statements are presented in Canadian dollars. The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and TCann MGMT is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

e) Inventory

Inventory consists of cannabis and related merchandise for resale and is valued at the lower of cost, determined using the weighted average method, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. All inventories are reviewed for impairment due to slow moving and obsolete inventory. The provision for obsolete, slow moving and defective inventory is recognized in profit or loss. Previous write downs to net realizable value are reversed to the extend there is a subsequent increase in the net realizable value of the inventory

Costs are comprised of all variable costs, and certain fixed costs, incurred in bringing inventories to the location and condition necessary for sale to customers. Storage and administrative overheads are expensed as incurred. Supplier rebates and discounts are recorded as a reduction in the cost of goods sold.

2. Summary of Significant Accounting Polices (Continued)

f) Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is calculated using the following terms and methods starting from the date the asset is available for use:

Asset	Method	Rate
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	30%
Vehicle	Declining balance	30%
Machinery and equipment	Declining balance	20%

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of comprehensive income.

Significant judgement is involved in the determination of estimated residual values and useful lives and no assurance can be given that the residual values and useful lives will not differ significantly from current estimates.

Repairs and maintenance costs that do not improve or extend the useful life are recognized in the consolidated statement of operations and comprehensive income in the period in which the costs are incurred.

g) Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company’s assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.

h) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. The Company recognizes a right-of-use asset and a lease liability based on the present value of future lease payments when the leased asset is available for use by the Company. The lease payments include fixed and in- substance fixed payments and variable lease payments that depend on an index or rate, less any lease incentives receivable. The lease liability is initially measured at the present value of the lease paymentsthat are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments are discounted over the lease term, which includes the fixed term and renewal options that the Company is reasonably certain to exercise. Lease payments are allocated between the lease liability and a finance cost, which is recognized in finance costs over the lease term in the Company's statementsof operations.

When a contract contains both lease and non-lease components, the Company will allocate the consideration in the contract to each of the components on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Relative stand- alone prices are determined by maximizing the most observable prices for a similar asset and/or service.

Lease payments for assets that are exempt through the short-term exemption and variable payments not based on an index or rate are recognized in selling, distribution and administrative expenses as incurred. Lease incentives received for variable payment leases are deferred and amortized as a reduction in recognized variable rent expenses over the term of the related leases.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. Cost is calculated as the initial measurement of thelease liability plus any initial direct costs and any lease payments made at or before the commencementdate. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or theuseful life.

i) Investment in joint ventures

Investments in joint ventures are those entities over which the Company has joint control over the financial and operating policies. Investment in these entities are carried in the statement of financial position using the equity method. The equity method is the basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value is adjusted thereafter to include the investor's pro-rata share of post-acquisition earnings and other comprehensive income of the investee. Refer to Note 7 for details of investments in joint ventures.

2.

j) Revenue recognition

Revenue is generated from sales to customers through retail stores and e-commerce for cannabis. Revenue from retail sales is recognized at the point of sale.

The revenue recognition standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue, at a point in time or over time, the assessment of which requires judgment. The model features the following five-step contract-based analysis of transactions to determine whether, how much and when revenue is recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

In accordance with IFRS 15, revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. For retail store customers, control passes upon point of sale, and for e-commerce customers, control passes upon delivery of the product. Revenue from the sale of goods is measured at the fair value of the consideration received less an appropriate deduction for discounts and rebates, net of sales taxes.

k) Equity

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects. When share capital recognized as equity is repurchased, the amount of the consideration paid, including directlyattributable costs, is recognized as a deduction from total equity.

l) Income taxes

Income tax comprises current and deferred tax. Income taxis recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying value in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when

2. Significant Accounting Policies (continued)

the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized only to the extent that future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probably that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

m) Financial instruments

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss (“FVTPL”), and fair value through other comprehensive income (“FVTOCI”).

Classification	**IFRS 9**
Cash	FVTPL
Accounts receivable	Amortized cost
Loan receivable	Amortized cost
Lease deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Shareholder loan	Amortized cost

Financial assets

Financial assets are classified as either financial assets at amortized cost, FVTPL, or FVOTCI. The Company determines the classification of its financial assets at initial recognition.

Financial assets are classified as measured at amortized cost less expected credit losses if both the following criteria are met and the financial assets are not designated as FVTPL;

1. The object of the Company’s business model for these financial assets is to collect their contractual cash flows; and
2. The asset’s contractual cash flows represent “solely payment of principal and interest”.

The Company’s accounts receivable and loan receivable are classified as financial assets and measured at amortized cost.

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company’s cash and investments at fair value are classified as FVTPL.

Financial liabilities

Financial liabilities are classified as either financial liabilities at amortized cost or FVTPL. The Company determines the classification of its financial liabilities at initial recognition.

2. Significant Accounting Policies (continued)

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. The Company's accounts payable and accrued liabilities, loan payable, and lease liabilities doe not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified at FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified at amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income. When an instrument at FVTOCI is sold, the accumulated gains or losses are classified from accumulated other comprehensive income (loss) directly to surplus or deficit.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

Impairment

IFRS 9 requires an 'expected credit loss' model to be applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition.

n) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

2. **Significant Accounting Policies** (continued)

Future Accounting Pronouncements

The accounting pronouncements detailed in this note have been issued but are not yet effective. The Company does not expect the impact of applying these standards to be significant on its financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The International Accounting Standards Board ("IASB") has published *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period";
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend the effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

Provisions, Contingent Liabilities, and Contingent Assets (Amendments to IAS 37)

The amendments clarify that when assessing if a contact is onerous, the cost of fulfilling the contract includes costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – i.e. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022. The extent of the impact of adoption of this amendment has not yet been determined.

3. Use of Judgements and Estimates

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Judgements are used in situations when there is a choice and/or assessment required by management. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgements in applying accounting policies and key sources of estimation uncertainty at the end of the reporting year that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Inventory valuation

Inventory is carried at the lower of cost and net realizable value; in estimating net realizable value, the Company makes estimates related to obsolescence, future selling prices, seasonality, customer behavior, and fluctuations in inventory levels. The Company records a write-down to reflect management's best estimate of the net realizable value of inventory based on the above factors.

Valuation of loan receivable

The Company estimates the collectability and timing of collection of its receivables, classifying them as current assets or long-term assets, and applies provisions for collectability when necessary.

Useful live of property and equipment

Depreciation of property and equipment is dependent upon estimates of useful lives based on management's judgment.

Impairment assessment of property and equipment

The Company assesses the carrying value of its tangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current net income (loss). Recoverability is dependent upon assumptions and judgements regarding market conditions, costs of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, and future cash flows. A material change in the assumptions may significantly impact the potential impairment of these assets.

3. Use of Judgements and Estimates (continued)

Income taxes

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Leases

The Company estimates a lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as profitability. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment of a lease term is reviewed if a significant event or a significant change in circumstance occurs, which affects this assessment and that is within the control of the lessee. The Company estimates the incremental borrowing rate used to measure our lease liability for each lease contract. This includes estimation in determining the asset-specific security impact.

4. Inventory

As at July 12, 2022 and 2021 , the Company’s inventory was comprised only of finished goods which amounted to $757,577 (2021 - $634,061). Inventories recognized as an expense and included in cost of goods sold during the year ended July 12,2022 amounted to $11,619,358 (2021 - $5,626,040).

5. Loan Receivable

As at July 12, 2022, the Company had an outstanding loan receivable from T Cannabis NW Inc., a related party (see Note 7), of $184,925 (2021 - $147,773). The loan is unsecured, non-interest bearing and is due on demand.

(Unaudited - Expressed in Canadian Dollars)

6. Property and Equipment

Property and equipment are comprised of the following:

	Furniture and equipment $	Computer equipment $	Machinery $	Vehicle $	Total $
Cost					
As at October 12, 2020	**55,065**	**6,977**	**20,668**	**9,900**	**92,610**
Additions	20,518	35,705	-	3,028	59,251
Disposals	-	-	-	-	-
As at July 12, 2021	**75,583**	**42,682**	**20,668**	**12,928**	**151,861**
Additions	22,515	1,181	-	28,535	52,231
Disposals	-	-	-	-	-
As at July 12, 2022	**98,098**	**43,863**	**20,668**	**41,463**	**204,092**
Accumulated depreciation					
As at October 12, 2020	**6,977**	-	-	-	-
Depreciation	13,721	12,805	4,134	4,516	6,977
Disposals	-	-	-	-	-
As at July 12, 2021	**20,698**	**12,805**	**4,134**	**4,516**	**42,153**
Depreciation	**8,233**	**6,722**	**2,480**	**9,329**	**26,764**
Disposals	-	-	-	-	-
As at July 12, 2022	**28,931**	**19,527**	**6,614**	**13,845**	**68,917**
Net book value					
As at July 12, 2021	54,885	29,877	16,534	8,412	109,708
As at July 12, 2022	**69,167**	**24,336**	**14,054**	**27,618**	**135,175**

7. Joint Venture Investment in T Cannabis NW Inc.

The Company accounted for its investment in T Cannabis NW Inc as a joint venture investment. The carrying value of the investment was reduced to $nil in the current fiscal year as the Company's pro- rata share of the net loss in T Cannabis NW Inc. is greater than the carrying value of the investment. The unrecognized accumulated loss at July 12, 2022 was $8,046 (2021 - $nil). Further carrying value determination will be completed after the end of the financial year.

July 12,	**2022** $	2021 $
Balance, beginning of the year	**46**	-
Acquisition costs	**8,000**	46
Loss from investment in joint venture	**(8,046)**	-
Balance, end of the year	**-**	**46**

(Unaudited - Expressed in Canadian Dollars)

7. Joint Venture Investment in T Cannabis NW Inc. (continued)

The following is a summary of the financial information of T Cannabis NW Inc., as at the specified date and for the period then ended, which is the most recent financial information as prepared by the management of T Cannabis NW Inc., (unaudited) at the end of the last fiscal year.

As at July 12,	**2022**	2021
	$	$
Cash	**109,474**	-
Total Other Current Assets	**212,909**	-
Total Long-term Assets	**591,174**	-
Total Current Liabilities	**(488,119)**	-
Total Long-term liabilities	**(610,962)**	-
Net loss for the year ended July 12	**179,525**	-
Proportionate share of net loss	**(89,763)**	-

8. Right-of-use Assets

As at August 31,	**2022**	2021
	$	$
Balance, beginning of the year	**824,218**	774,610
Additions	**110,560**	111,193
Depreciation	**(101,604)**	(61,585)
Balance, end of the year	**833,174**	824,218

9. Accounts Payable and Accrued Liabilities

As at July 12,	**2022**	2021
	$	$
Accounts payable	**29,499**	19,957
Accrued liabilities	**141,776**	113,066
	171,275	**133,023**

The Company’s trade payables are subject to trade terms of 30 – 60 days.

(Unaudited - Expressed in Canadian Dollars)

10. Shareholder Loan

The shareholder loan balance is unsecured, non-interest bearing and due on demand.

11. Lease Liabilities

As at July 12, 2022, the Company has entered into various premises lease agreements with payments between $1,367 to $3,955 per month.

The Company recorded right-of-use assets (Note 8) and lease liabilities for retail store spaces in the statement of financial position as at July 12, 2022 and 2021. At the commencement date of the leases, the lease liabilities were measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 9%, which is the Company's incremental borrowing rate.

The continuity of lease liabilities is presented below:

	$
Balance, October 12, 2020	**796,789**
Additions	111,193
Interest	54,613
Lease payments	(88,290)
As at July 12, 2021	**874,306**
Additions	102,115
Interest	80,062
Lease payments	(136,509)
As at, July 12, 2022	**919,974**

Summary:

	2022	2021
	$	$
Current portion of lease liabilities	**99,195**	73,068
Non-current lease liabilities	**820,779**	801,238
Balance, July 12	**919,974**	874,306

The future minimal annual rental payments under these operating leases as at July 12, 2022 are as follows:

One year	$ 146,801
Between two to five years	587,205
More than five years	113,091
Total	**$ 847,097**

(Unaudited - Expressed in Canadian Dollars)

12. Common Share Capital

The Company is authorized to issue an unlimited number of Class A common shares – Class F common shares, inclusive.

The Company is authorized to issue an unlimited number of Class G preferred shares – Class L preferred shares, inclusive.

	#	$
Balance, October 12, 2020	**200**	**200**
Class A common shares issued	-	-
Balance, July 12, 2021	**200**	**200**
Class A common shares issued	-	-
Balance, July 12, 2022	**200**	**200**

13. General and Administrative Expenses

General and administrative expenses are comprised of the following:

For the nine months ended July 12,	**2022** **$**	2021 $
Advertising and promotion	**5,783**	1,519
Commissions and fees	**56**	664
Freight and delivery	**38,442**	19,652
Meals and entertainment	**5,252**	1,628
Postage and courier	**9,137**	1,191
Security and cameras	**30,299**	7,338
Supplies	**37,650**	77,759
Telephone	**14,029**	8,149
Utilities	**25,786**	17.130
Credit card charges	**400**	6,283
Other	**125,275**	119,817
Total	**292,109**	244,017

14. Capital Management

The Company’s objectives when managing capital are to:

a. Deploy capital to provide an appropriate return on investment to its shareholders;
b. Maintain financial flexibility in order to preserve the Company’s ability to meet financial obligations; and
c. Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristicsof the underlying assets. The Board of Directors does not establish quantitative return on capital criteriafor management, but rather promotes year-over-year sustainable profitable growth. the Company is not subject to any externally imposed capital requirements or covenants.

The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital.

15. Financial Management and Risk Assessment

Fair value

Financial instruments of the Company consist of cash, accounts receivable, loan receivable, lease deposit, accounts payable and accrued liabilities, and shareholder loan. There are no significant differences between the carrying amounts of the current assets and current liabilities reported on the statements of financial position and their estimated fair values due to the short-term nature of these items. The convertible debentures and loans payable approximate their fair value as terms and conditions represent market termsand conditions.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Where quoted market values are not readily available, the Company may use considerable judgment to develop estimates of fair value. Accordingly, any estimated values are not

(Unaudited - Expressed in Canadian Dollars)

15. Financial Management and Risk Assessment (continued)

necessarily indicative of the amounts the Company could realize in a current market exchange and could be materially affected by the use of different assumptions or methodologies.

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

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with reputable financial institutions. Amounts receivable are in good standing as of July 12, 2022.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 12, 2022, the Company had cash of $1,649,166 (2021 - $690,863) to settle current liabilities of $171,275 (2021 - $133,023). The Company generates cash flow primarily from its financing activities and management is of the opinion that additional funding is available to allow the Company to meet its financial obligations when they become due.

16. Key Management Personnel Compensation

Key management personnel include those persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined key management personnel consists of the sole director and officer. The Company does not provide non- cash benefits to key management.

Key management compensation during the nine months ended July 12, 2022 and 2021 was as follows:

	2022	2021
	$	$
Salaries and other short-term employee benefits	**48,750**	48,750

17. Related Party Transactions and Balances

See note 10 shareholder loan.

See note 5 loan to T Cannabis NW Inc.

18. Subsequent Events

Acquisition by Leviathan Natural Products.

On October 22, 2021, the sole Shareholder of the Company and TCann MGMT Corp., entered into a definitive agreement with Leviathan Natural Products Inc. ("Leviathan") to be acquired. In exchange, the shareholder of the Company will receive 15,000,000 Leviathan shares and $1,750,000 less post-closing adjustments in exchange for all issued and outstanding shares of the Company. This Share Exchange Agreement is conditional on the approval of the AGCO (Alcohol & Gaming Commission of Ontario).