EGF THERAMED HEALTH CORP.

Consolidated Financial Statements

For the Years Ended June 30, 2022, and 2021

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EGF Theramed Health Corp.

Opinion

We have audited the consolidated financial statements of EGF Theramed Health Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
October 28, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

Index to Consolidated Financial Statements
June 30, 2022

EGF THERAMED HEALTH CORP.
Consolidated Statements of Financial Position
As at
(Expressed in Canadian dollars)

	Note	June 30, 2022 $	June 30, 2021 $
Assets			
Cash		**15,015**	702,412
Accounts receivable	4	**154,614**	138,882
Marketable securities		**217**	217
Prepaid expenses	6	**5,820**	7,029
Total current assets		**175,666**	**848,540**
Deposits	7, 21	**3,000**	3,000
Intellectual property	8, 10	**—**	345,602
Total assets		**178,666**	**1,197,142**
Liabilities			
Accounts payable and accrued liabilities	11, 18	**1,244,133**	1,233,317
Lease liability	15, 19	**376,456**	349,416
Loans payable	14, 18	**840,381**	771,819
Management fees payable	18	**50,000**	50,000
Preferred shares	12, 21	**3,000**	3,000
Total liabilities		**2,513,970**	**2,407,552**
Shareholders' deficiency			
Share capital	13, 21	**50,207,303**	50,019,829
Contributed surplus	13	**3,930,537**	3,878,991
Equity portion of convertible debt		**25,892**	25,892
Non-controlling interest	13	**(1,315,408)**	(1,301,887)
Deficit		**(55,183,628)**	(53,833,235)
Total shareholders' deficiency		**(2,335,304)**	**(1,210,410)**
Total liabilities and shareholders' deficiency		**178,666**	**1,197,142**

Going Concern (Note 2b)
Plans of Arrangement (Note 21)
Subsequent Events (Note 22)

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

Approved and authorized for issue by the Board of Directors on October 28, 2022:

"Connor Yuen"
Connor Yuen, Director and CEO

"Usama Chaudhry"
Usama Chaudhry, Director and CFO

EGF THERAMED HEALTH CORP.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended June 30,
(Expressed in Canadian dollars)

	Note	2022 $	2021 $
Operating expenses			
Bank and other charges		**1,300**	986
Consulting fees	18	**450,486**	87,744
Interest and accretion	14, 15, 19	**14,533**	65,442
Investor communications		**3,656**	308,842
Listing fees		**8,184**	8,485
Management fees	18	**325,893**	340,000
Office and miscellaneous		**12,555**	12,734
Loan loss provision	4, 5	**—**	105,225
Professional fees	18	**77,702**	174,042
Rent		**86,250**	60,000
Share-based payments	13, 18	**—**	71,170
Transfer agent and filing fees		**5,868**	29,557
Travel		**17,850**	13,671
Website and social media		**613**	1,484
Operating loss before other items		**(1,004,890)**	(1,279,382)
Other items			
Gain (loss) on foreign exchange	15, 16, 19	**(14,120)**	70,593
Gain on debt settlement		**—**	8,000
Interest	5	**698**	4,822
Impairment of intangible asset	8	**(345,602)**	—
Gain on lease settlement	15, 19	**—**	451,656
Total other items		**(359,024)**	535,071
Net loss and comprehensive loss		**(1,363,914)**	(744,311)
Total comprehensive loss is attributed to:			
Shareholders of EGF Theramed Health Corp.		**(1,350,393)**	(973,531)
Non-controlling interest	13	**(13,521)**	229,220
Loss per common share (basic and diluted)		**(0.65)**	(0.91)
Weighted average number of common shares (basic and diluted)		**2,155,260**	1,072,395

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

EGF THERAMED HEALTH CORP.

Consolidated Statements of Changes in Shareholders' Deficiency
For the Years Ended June 30, 2022 and 2021
(Expressed in Canadian dollars, except the number of shares)

	Note	Number of Outstanding Shares	Share Capital $	Equity Portion of Convertible Debts $	Contributed Surplus $	Deficit $	Non-Controlling Interest $	Total Shareholders' Deficiency $
Balance, June 30, 2020		**18,452,804**	**48,848,359**	**25,892**	**3,481,644**	**(52,859,704)**	**(1,531,107)**	**(2,034,916)**
Common shares issued for private placement	13	6,070,849	420,047	—	308,455	—	—	728,502
Share issuance costs	13	—	(34,024)	—	17,722	—	—	(16,302)
Common shares issued to settle debt	13	50,000	9,500	—	—	—	—	9,500
Common shares issued for acquisition	10, 13	16,500,000	775,947	—	—	—	—	775,947
Grant of options	13	—	—	—	71,170	—	—	71,170
Net comprehensive loss for the year		—	—	—	—	(973,531)	229,220	(744,311)
Balance, June 30, 2021		**41,073,653**	**50,019,829**	**25,892**	**3,878,991**	**(53,833,235)**	**(1,301,887)**	**(1,210,410)**
Common shares issued for private placement	13	**2,083,334**	**202,616**	**—**	**47,384**	**—**	**—**	**250,000**
Share issuance costs	13	**—**	**(15,142)**	**—**	**4,162**	**—**	**—**	**(10,980)**
Net comprehensive loss for the year		**—**	**—**	**—**	**—**	**(1,350,393)**	**(13,521)**	**(1,363,914)**
Balance, June 30, 2022		**43,156,987**	**50,207,303**	**25,892**	**3,930,537**	**(55,183,628)**	**(1,315,408)**	**(2,335,304)**

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

EGF THERAMED HEALTH CORP.
Consolidated Statements of Cash Flows
For the Years Ended June 30,
(Expressed in Canadian dollars)

	2022 $	2021 $
Cash Flows from Operating Activities		
Comprehensive loss for the year	**(1,363,914)**	(744,311)
Adjustments for non-cash items:		
Gain on lease settlement	—	(451,656)
Loan loss provision	—	105,225
(Gain) Loss on foreign exchange	**14,069**	(70,593)
Gain on debt settlement	—	(8,000)
Impairment of intangible asset	**345,602**	—
Interest and accretion	**14,533**	65,442
Interest from loan receivable	—	(4,822)
Share-based payments	—	71,170
Changes in non-cash working capital items:		
Accounts receivable	**(15,732)**	(65,017)
Prepaid expenses	**1,209**	12,394
Accounts payable and accrued liabilities	**10,816**	306,407
Net cash used in operating activities	**(993,417)**	**(783,761)**
Cash Flows from Investing Activities		
Cash acquired from Seedadelic acquisition	—	460,431
Loans receivable	—	(50,000)
Net cash provided by investing activities	—	**410,431**
Cash Flows from Financing Activities		
Proceeds from issuance of common shares, net of share issuance costs	**239,020**	712,200
Proceeds from loans payable	**67,000**	—
Cash provided by financing activities	**306,020**	**712,200**
Net increase (decrease) in cash	**(687,397)**	338,870
Cash, beginning of year	**702,412**	363,542
Cash, end of year	**15,015**	**702,412**

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

1. NATURE OF OPERATIONS:

EGF Theramed Health Corp. (the "Company" or "EGF Theramed") was incorporated on November 9, 2011 under the laws of British Columbia, Canada. The Company's head office and mailing address is Suite 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3.

EGF Theramed continues to develop products, technologies, and diagnostic tools focused on personalized medical care including research with natural health and wellness products. The products will serve with the overall goal of improving health and elevating the human condition.

The Company's shares are listed on Canadian Securities Exchange ("CSE") under the symbol "TMED" and the OTC Markets Group Inc.'s marketplace under ("OTCQB: EVAHF").

On June 9, 2021, the Company completed the acquisition of Seedadelic Health Services Corp. ("Seedadelic"). Seedadelic is a private, Ontario-based, company which developed an application for the sale of alternative medical products (Note 10).

These consolidated financial statements (hereinafter the "consolidated financial statements") of the Company for the year ended June 30, 2022 have been prepared by management and reviewed and authorized for publication by the Board of Directors on October 28, 2022.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds or the development of the Company's products. COVID-19 has had the effect of delaying equity financings and transactions and has had an impact on the closing of transactions.

2. BASIS OF PRESENTATION:

a. Statement of compliance

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Issues Committee ("IFRIC"). These policies have been consistently applied to all years presented, otherwise stated. The Company's significant accounting policies are described in the Note 3. Significant accounting estimates, judgments and assumptions have been used or exercised by management in the preparation of these consolidated financial statements.

2. BASIS OF PRESENTATION: (continued)

b. Going concern basis of presentation

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and have the ability to realize its assets and discharge its liabilities in the normal course of business. However, certain adverse conditions and events cast significant doubt upon the validity of this assumption, which may require management to reassess the financial viability of the Company as a going concern.

As a Company in the early development stage, management does not anticipate generating operating revenues for several years, other than incidental revenue. At June 30, 2022, the Company had not yet achieved profitable operations, had recurring losses from continuing operations, and a cumulative deficit of $55,183,628 since inception and had working capital deficit of $2,338,304. The Company expects to incur further losses in the development of its business in subsequent periods.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

c. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed or has right to variable returns from its involvements with the investee; and
- has the ability to use its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to the three elements of control listed above.

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION: (continued)

c. Principles of consolidation (continued)

The Company consolidates the financial statements of the following entities:

Subsidiary	Functional currency	Effective ownership
Hemp Extraction Technology Corp. ("HETC")	Canadian dollar	100%
Western Agri Supply Solutions Inc. ("WASS")	Canadian dollar	50%
Medical Green Natural List Corp. ("MGNL")	Canadian dollar	100%
Seedadelic Health Services Corp. ("Seedadelic")	Canadian dollar	100%

In addition to subsidiaries outlined above, there are several inactive numbered companies which were incorporated that are wholly-owned entities the Company with respect to the 2017 Plan of Arrangement (Note 21).

All inter-company balances, transactions and unrealized profits are eliminated on consolidation to the extent of the Company's interest in the entity.

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. The carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in a separate reserve within equity attributed to the owners of the Company.

As at June 30, 2022, the Company holds 33.06% (2021 - 33.06%) ownership interest in Pharmadelic Labs Inc. This investment is accounted using the equity method as the Company has significant influence over the operating and financing decisions of Pharmadelic Labs Inc. Under the equity method of accounting, an equity investment is initially recorded at cost and is subsequently adjusted to reflect the investor's share of the net profit or loss of the investee.

d. Basis of measurement

These consolidated financial statements have been prepared using the historical cost convention except for some financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company is the Canadian dollar. The presentation currency of these consolidated financial statements is the Canadian dollar.

2. BASIS OF PRESENTATION: (continued)

e. Functional and presentation currency

All monetary references expressed in these notes are references to Canadian dollar amounts ("$").

Functional currency is the currency of the primary economic environment in which the reporting entity operates and is normally the currency in which the entity substantially generates and expends cash. Each entity in the group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions

Foreign currency transactions are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. All differences are recorded in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Translation

Assets and liabilities of foreign operations whose functional currency is different from the Canadian Dollar are translated into Canadian dollars at year-end exchange rates and their revenue and expenses are translated at the average exchange rate for the year. The resulting exchange differences are recognized in other comprehensive loss.

f. Significant accounting judgments and estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the year. Actual results could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that result in a material adjustment to the carrying amounts of assets and

2. BASIS OF PRESENTATION: (continued)

f. Significant accounting judgments and estimates (continued)

liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Judgments:

(i) Ability to continue as a going concern

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 2b). Subsequent changes could materially impact the validity of such an assessment.

(ii) Assessment of whether the acquisition of an entity or business is a business acquisition or an asset acquisition

Management uses judgement in determining if a business or entity should be accounted for a as business acquisition or an asset acquisition. Management uses judgement in making an assessment if the acquired entity or business has inputs and processes capable of producing outputs and assesses all other relevant factors in making the judgement.

Estimates:

(i) Share-based compensation

The Company uses the Black-Scholes Option Pricing Model to fair value options in order to calculate share-based compensation expense. The Black-Scholes Option Pricing Model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense.

(ii) Impairment of long lived assets

The carrying value and the recoverability of intangible assets, which are included in the consolidated statements of financial position are evaluated at each reporting date to determine whether there are any indications of impairment. An annual impairment test is also required to be performed for intangible assets that are not subject to depreciation.

2. BASIS OF PRESENTATION: (continued)

f. Significant accounting judgments and estimates (continued)

The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's intangible assets.

Estimates: (continued)

(ii) Impairment of long lived assets (continued)

External sources of information considered are changes in the Company's economic, legal and regulatory environment which it does not control but affects the recoverability of its intangible assets.

Internal sources of information the Company considers include the manner in which intangible assets are being used or are expected to be used and indications of economic performance of the assets.

(iii) Income taxes

The Company operates in the United States and Canada and is subject to multiple tax jurisdictions, and consequently, income is subject to various rates and rules of taxation. As a result, the Company's effective tax rate may vary significantly from the Canadian statutory tax rate depending upon the profitability of operations in a different jurisdiction. The Company calculates deferred income taxes based upon temporary differences between the assets and liabilities that are reported in its consolidated financial statements and their tax bases as determined under applicable tax legislation. The future realization of deferred tax assets can be affected by many factors, including current and future economic conditions, net realizable sale prices, and can either be increased or decreased where, in the view of management, such change is warranted. In determining whether a deferred tax asset is probable, management reviews the timing of expected reversals of taxable temporary differences, the estimates of future taxable income and prudent and feasible tax planning that could be implemented.

3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below are in effect for the years ended June 30, 2022 and 2021 and have been applied consistently to all periods presented, except otherwise noted.

a. Cash

Cash is comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less.

3. SIGNIFICANT ACCOUNTING POLICIES: (continued)

b. Share-based payments

The fair value of any options granted is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of options expected to vest.

c. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

d. Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table summarizes the measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities:

Financial assets	IFRS 9 CLASSIFICATION
Cash	FVTPL
Accounts receivable	Amortized cost
Marketable securities	FVTPL
Accounts payable	Amortized cost
Management fees payable	Amortized cost
Loans payable	Amortized cost

3. SIGNIFICANT ACCOUNTING POLICIES: (continued)

d. Financial instruments (continued)

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

Financial assets through other comprehensive income ("FVTOCI")
Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments designated as FVTOCI
On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES: (continued)

d. Financial instruments (continued)

Derecognition (continued)

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, 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 the consolidated statements of loss and comprehensive loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Impairment of non-financial assets

At the end of each reporting period, the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater if the asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying mount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

e. Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and options are recognized as a deduction from equity, net of any tax effects.

3. SIGNIFICANT ACCOUNTING POLICIES: (continued)

e. Share capital (continued)

Preferred shares are classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders. Preferred shares are classified as liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and options are recognized as deduction from equity, net of any tax effects.

f. Share units

When the Company issues units that are comprised of a combination of shares and warrants, the fair value of the warrants determined using a Black Scholes Option Pricing Model, is allocated to the warrants and the residual is allocated to the share capital.

g. Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholder and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholder's equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

h. Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed similar to basic loss per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting years.

3. SIGNIFICANT ACCOUNTING POLICIES: (continued)

i. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

j. Joint venture

In accordance with *IFRS 11 Joint Arrangements*, activities through joint ventures are recognized through profit or loss as incurred in accordance with the Company's proportionate share of equity. The joint venture was terminated in in the year ended June 30, 2020. As at June 30, 2022 and 2021 the carrying value of the joint venture was $Nil.

k. Intangible assets

The Company owns intangible assets consisting of an e-commerce platform. Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite lives are tested for impairment annually.

l. Convertible debentures

Convertible debentures issued with variable conversion features are recorded at amortized cost and accounted for as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value and deducted from the face value of the debt to arrive at the liability component which will be accreted to face value over the life of the debenture. The derivative liability is remeasured at fair value at each period subsequent to initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES: (continued)

l. Convertible debentures (continued)

Convertible debentures issued with fixed-for-fixed equity conversion features are initially discounted at the market rate without conversion feature and the residual value is allocated to an equity reserve. Subsequently the debt component is recorded at amortized cost.

m. Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in the loss in the period in which the expenditure is incurred.

Subsequent to initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

At June 30, 2022 and 2021, the Company had not recognized any internally-generated intangible assets and had recorded all amounts incurred as research costs.

n. Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES: (continued)

n. Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the consolidated statement of comprehensive loss. Short term leases are defined as leases with a lease term of 12 months or less.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The Company's right-of-use asset was fully impaired during the year ended June 30, 2020. As at June 30, 2022, the Company has no lease agreements.

o. Issued but not effective accounting standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. ACCOUNTS RECEIVABLE:

	June 30, 2022 $	**June 30, 2021 $**
HST /GST recoverable	**154,614**	138,882
Total	**154,614**	138,882

During the year ended June 30, 2021, the Company made additional advances to Pharmadelic which were considered uncollectable as at June 30, 2021 and the Company recorded an impairment of $55,225 to fully impair the receivable balance as at June 30, 2021.

(Expressed in Canadian dollars)

5. LOAN RECEIVABLE:

In connection with the acquisition of Green Parrot (Note 9), the Company issued promissory notes to Green Parrot for $50,000 on July 13, 2020. The loan bears a simple interest rate of 10% per annum and is due and payable 24 months from the date of the note. As at June 30, 2021, the Company recorded interest of $4,822 (2020: $Nil). During the year ended June 30, 2021, the loan receivable of $50,000 and related interest was impaired.

6. PREPAID EXPENSES:

	June 30, 2022 $	June 30, 2021 $
Business services	**5,520**	6,729
Retainer legal fees	**300**	300
Total	**5,820**	7,029

7. DEPOSITS:

	June 30, 2022 $	June 30, 2021 $
Plans of arrangement (Note 21)	**3,000**	3,000
Total	**3,000**	3,000

8. INTANGIBLE ASSETS:

On June 9, 2021, the Company acquired all of the issued and outstanding shares of Seedadelic (Note 10). Seedadelic is a partially developed Web-based and mobile application, which will allow users to register, purchase certain plant seed products on-line, and also to be used as a platform for sellers. During the year ended June 30, 2022 the Company performed an impairment test on the indefinite life intangible asset. Management determined the asset was impaired as the Company had not begun commercialization of the application and had halted further development of the intellectual Property. As at June 30, 2022, this intangible asset was fully impaired to $Nil.

(Expressed in Canadian dollars)

9. INVESTMENTS IN PHARMADELIC AND GREEN PARROT

The Company holds a 33.06% interest (2021 - 33.06%) in Pharmadelic Labs Inc. which is inactive as at June 30, 2022 and June 30, 2021.

The Company impaired the investment to $Nil during the year ended June 30, 2021.

10. ACQUISITIONS:

On June 9, 2021, the Company entered into a share purchase agreement, pursuant to which it acquired all of the issued and outstanding shares of Seedadelic. Seedadelic is an alternative medicine company seeking to alleviate the stigma surrounding psychedelic drugs, that contain a naturally occurring compound known as LSA (D-lysergic acid amide). For accounting purposes, the acquisition of Seedadelic was considered an asset purchase transaction as Seedadelic did not meet the definition of business. Acquisition costs related to the transaction were capitalized.

In consideration for the acquisition of all of the shares of Seedadelic, the Company issued 15,000,000 common shares to the existing shareholders of Seedadelic and 1,500,000 common shares as a finder's fee to a company that introduced the parties with a value of $775,947 (Note 13).

Consideration Shares	$	**1,125,000**
Finders' shares		**112,500**
Restricted share discount		**(461,553)**
Fair value of 16,500,000 common shares issued	$	**775,947**
Legal fees		**14,336**
Total acquisition cost		**790,283**
<u>Allocated as follow:</u>		
Cash		**460,431**
Intellectual property (Note 8)		**345,602**
Accrued liabilities		**(15,750)**
	$	**790,283**

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	June 30, 2022 $	**June 30, 2021 $**
Amount owing to third parties	**943,633**	918,317
Due to related parties (Note 18)	**300,500**	315,000
	1,244,133	1,233,317

(Expressed in Canadian dollars)

12. REDEEMABLE PREFERED SHARES:

(a) Authorized: unlimited Class A – preferred shares

(b) Issued

	June 30, 2022		June 30, 2021	
	Shares	**Amount, $**	**Shares**	**Amount, $**
Class A preferred shares				
Balance, beginning of year	**23,370,795**	**3,000**	23,370,795	3,000
Issued – Plans of Arrangement	**—**	**—**	—	—
Balance, end of year	**23,370,795**	**3,000**	23,370,795	3,000

The Class A – preferred shares, with an average redemption price of $0.000115 each for a total value of $4,000, are non-voting, non-participating and are mandatorily redeemable by the Company in accordance with the Plans of Arrangement. On July 26, 2019, the Company completed the spin out (divesting) of EGF Health Holdings Corp. by the distribution of 7,790,265 Class Redeemable preferred shares to its shareholders (Note 21).

As at June 30, 2022, the Company had 23,370,795 (2021: 23,370,795) mandatorily convertible Class (or series) A preferred shares with a fair value of $3,000 outstanding which will be redeemed once the spin-out (divesting) transactions are completed under the 2017 Plans of Arrangement (Note 21).

13. SHARE CAPITAL:

(a) Authorized: unlimited common shares, without par value; and
unlimited preferred shares, without par value.

(b) Issued and outstanding: 43,156,987 common shares issued and outstanding as of June 30, 2022 (2021: 41,073,653)

<u>During the year ended June 30, 2022, the following transactions occurred:</u>

On July 9, 2021, the Company completed a non-brokered private placement for 2,083,334 units at a price of $0.12 per unit for gross proceeds of $250,000. Each unit comprises one common share and one-half of one common share purchase warrant. Each full warrant will be exercisable into a common share for a period of 12 months at an exercise price of $0.20.

In connection with the issuance, the Company paid cash finders' fees of $10,980 and issued 91,500 finders' warrants with a fair value of $4,162, with each finders' warrant exercisable to acquire an additional common share at a price of $0.20 for a period of 12 months from the date of issuance.

13. SHARE CAPITAL: (continued)

(b) Issued and outstanding (continued)

During the year ended June 30, 2021, the following transactions occurred:

On January 15, 2021, the Company completed the first tranche of its non-brokered private placement, issuing 2,937,516 units at a price of $0.12 per unit for gross proceeds of $352,502. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, exercisable to acquire an additional common share of the Company at a price of $0.20 for a period of 12 months from the date of issuance.

In connection with the issuance, the Company paid cash finders' fees of $10,002 and issued 83,350 finders' warrants with a fair value of $10,070, with each finders' warrant exercisable to acquire an additional common share of the Company at a price of $0.20 for a period of 12 months from the date of issuance.

On January 15, 2021, the Company issued 50,000 common shares to settle outstanding debt of $17,500, for services previously provided to the Company. The fair value of the common shares issued is $9,500, resulting in a gain on debt settlement of $8,000 (2020: $Nil) during the year ended June 30, 2021.

On January 19, 2021, the Company completed the second and final tranche of its non-brokered private placement, issuing 1,466,666 units at a price of $0.12 per unit for gross proceeds of $176,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, exercisable to acquire an additional common share of the Company at a price of $0.20 for a period of 12 months from the date of issuance.

In connection with the issuance, the Company paid cash finders' fees of $6,300 and issued 52,500 finders' warrants with a fair value of $7,652, with each finders' warrant exercisable to acquire an additional common share of the Company at a price of $0.20 for a period of 12 months from the date of issuance.

On June 9, 2021, the Company issued 15,000,000 common shares for the acquisition of Seedadelic (Note 10). The Company also issued 1,500,000 common shares as finder fees to an arm's-length third party that introduced the parties. The fair value of the shares issued is $775,947.

On June 22, 2021, the Company closed a non-brokered private placement for 1,666,667 units at a price of $0.12 per unit for gross proceeds of $200,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. Each full warrant will be exercisable into a common share of the Company for a period of 12 months at an exercise price of $0.20 during the 12 months.

(Expressed in Canadian dollars)

13. SHARE CAPITAL: (continued)

(c) Share purchase warrants

As of June 30, 2022, the following warrants were outstanding and exercisable:

Warrants Outstanding and Exercisable	Exercise Price, $	Expiry Date
150,000	25.00	December 20, 2022
1,041,667	0.20	July 9, 2022
91,500	0.20	July 9, 2022
1,283,167	**3.10**	

During the year ended June 30, 2022, 4,089,723 share purchase warrants expired.

During the year ended June 30, 2021, 3,462,500 share purchase warrants expired.

On January 15, 2021, 1,468,758 warrants valued at $177,448 and 83,350 finder's warrants valued at $10,070 using Black-Scholes Option Pricing Model were issued in connection with the private placement.

On January 19, 2021, 733,333 warrants valued at $106,893 and 52,500 finder's warrants valued at $7,652 using Black-Scholes Option Pricing Model were issued in connection with the private placement.

On June 22, 2021, 833,333 warrants valued at $24,114 using the Black-Scholes Option Pricing Model were issued in connection with the private placement.

On July 9, 2021, 1,041,667 warrants valued at $47,384 and 91,500 finder's warrants valued at $4,162 using the Black-Scholes Option Pricing Model were issued in connection with the private placement.

The fair value of the warrants issued were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	January 15, 2021	January 19, 2021	July 9, 2021
Estimated risk-free rate	0.15%	0.14%	0.47%
Expected volatility	184.89%	185.22%	167.67%
Estimated annual dividend yield	0.00%	0.00%	0.00%
Expected life of warrants	1.0 year	1.0 year	1.0 year
Stock price at issue date	$0.19	$0.22	$0.10
Forfeiture rate	0.00%	0.00%	0.00%

(Expressed in Canadian dollars)

13. SHARE CAPITAL: (continued)

(c) Share purchase warrants (continued)

A summary of the Company's issued and outstanding warrants as at June 30, 2022 and during the year is presented below:

	Warrants Outstanding	Weighted Average Exercise Price, $
Balance, June 30, 2020	**4,530,949**	**2.03**
Issued	3,171,274	0.20
Expired	(3,462,500)	0.80
Balance, June 30, 2021	4,239,723	**1.62**
Issued	1,133,167	0.20
Expired	(4,089,723)	0.20
Balance, June 30, 2022	**1,283,167**	**3.10**

The weighted average life of warrants outstanding is 0.08 year as at June 30, 2022.

(d) Stock options

During the year ended June 30, 2022, all of the outstanding 1,745,349 share purchase options expired.

On June 23, 2021, 1,645,349 stock options valued at $71,170 using Black-Scholes Option Pricing Model were granted to the CEO and CFO of the Company at a price of $0.08 per share, which vested immediately and expire one year from the date of grant (Note 18).

The fair value of the stock options granted were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	June 23, 2021
Estimated risk-free rate	0.42%
Expected volatility	164.49%
Estimated annual dividend yield	0.00%
Expected life of options	1 year
Stock price at issue date	$0.08
Forfeiture rate	0.00%

(Expressed in Canadian dollars)

13. SHARE CAPITAL: (continued)

(d) Stock options (continued)

A summary of the Company's granted and outstanding options as at June 30, 2022 and 2021 is presented below:

	Options Outstanding	Weighted Average Exercise Price, $
Balance, June 30, 2020	**100,000**	**1.00**
Granted	1,645,349	0.08
Balance, June 30, 2021	**1,745,349**	**0.13**
Expired	(1,745,349)	0.13
Balance, June 30, 2022	**—**	**—**

As at June 30, 2022, the Company has Nil (2021 - 1,745,349) stock options outstanding and exercisable.

(e) Non-controlling interest

The Company has a 50% interest in WASS. The Company controls the operations of WASS as it makes all the strategic decisions of WASS. WASS is specialized in industrial hemp biomass supply and its principal place of business is Las Vegas, Nevada. WASS is currently inactive.

	June 30, 2022 $	June 30, 2021 $
Non controlling interest – opening balance	**(1,301,887)**	(1,531,107)
Allocation of net income for the year	**(13,521)**	229,220
Non controlling interest – closing balance	**(1,315,408)**	(1,301,887)

Summarised financial information of WASS

	June 30, 2022 $	June 30, 2021 $
Assets	**—**	—
Liabilities	**2,630,815**	2,603,774
Equity	**(2,630,815)**	(2,603,774)
Revenue	**—**	—
Other income	**—**	458,440
Expenses	**(27,041)**	—
Cash flow from operating activities	**—**	—
Cash flow from investing activities	**—**	—
Cash flow from financing activities	**—**	—

(Expressed in Canadian dollars)

13. SHARE CAPITAL: (continued)

(f) Reserves – equity portion and contributed surplus

Contributed surplus records the fair value of the common share purchase warrants (Note 13c) and items recognized as stock-based compensation expense (Note 13d). At the time the warrants or options are exercised, the corresponding amount will be transferred to share capital. The equity portion of convertible debt reserve includes the discount amount of the convertible debentures with fixed-for-fixed conversion feature.

(e) Escrow shares

As at June 30, 2022, 16,500,000 shares were held in escrow (Note 10).

14. DEBT:

A summary of the Company's unsecured demand loans as at June 30, 2022 and 2021 is presented below:

	Amount owing to third parties	Amount owing to related parties (Note 18)	Amount owing to former related parties (Note 18)	Total
Balance, June 30, 2020	**203,074**	**25,000**	**543,745**	**771,819**
Additions	-	-	-	-
Repayments	-	-	-	-
Balance, June 30, 2021	**203,074**	**25,000**	**543,745**	**771,819**
Additions	64,500	2,500	-	67,000
Repayments	-	-	-	-
Interest	1,562	-	-	1,562
Balance, June 30, 2022	**269,137**	**27,500**	**543,744**	**840,381**

Amounts owing to third parties bears interest at 10% per annum and amount owing to related parties are non-interest bearing. Both amounts have no specific terms of repayment.

(Expressed in Canadian dollars)

15. LEASE LIABILITY:

The following is a continuity schedule of lease liabilities for the years ended June 30, 2022 and 2021:

Balance, June 30 2020	**$**	**807,855**
Interest on lease liability		65,442
Gain on settlement		(451,656)
Gain on foreign exchange		(72,225)
Balance, June 30, 2021	**$**	**349,416**
Interest accrued		12,971
Loss on foreign exchange		14,069
Balance, June 30, 2022	**$**	**376,456**

As the Company was in default under the lease agreement at June 30, 2021, the entire balance owing is classified as a current liability (Note 19). On October 12, 2021, the Company reached settlement on the lease agreement pursuant to the legal claim at $349,416 (US$281,925) and a gain on settlement of $451,656 was presented as reversal of impairment loss during the year ended June 30, 2021.

The amount owing under the Settlement agreement has been adjusted to reflect the exchange rate at June 30, 2022 together with accrued interest of $12,971 at 5.25% per annum, based on the legal interest rate per the State of Nevada.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT:

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, interest rate risk, and currency risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a. Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the commercialization of the licensed proprietary health monitoring/therapeutic systems and the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT: (continued)

b. Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company's credit risk was primarily attributable to bank balances and GST/HST receivable. The Company limits its credit exposure on cash held in bank accounts by holding its key bank accounts with reputable financial institutions. GST/HST receivable is due from Canadian Government and management believes that the credit risk to be minimal.

c. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

As at June 30, 2022, the Company had a cash balance of $15,015 and accounts payable and accrued liabilities of $1,244,133. All of the Company's financial liabilities are treated with maturities of less than one year and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt, loan extensions, or equity financing to meet the Company's short term and long-term cash requirement. The Company has a working capital deficit of $2,338,304 (2021: $1,559,012).

d. Interest rate risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

e. Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar with significant business and purchases are transacted in United States dollars (USD). As a result, the Company is exposed to USD foreign currency risk that is not hedged against. As a result, the Company may incur material and uncontrolled losses on USD foreign exchange.

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

		June 30, 2022		June 30, 2021
Cash	**US$**	**3,000**	US$	3,000
Accounts payable	**US$**	**359,650**	US$	359,650
Lease liability	**US$**	**292,143**	US$	281,925

Based on the above net exposures and assuming that all other variables remain constant, a 10% change in the value of the foreign currencies against the Canadian dollar would result in an increase or decrease of $84,000 (2021: $79,000) in income/loss from operations.

(Expressed in Canadian dollars)

17. FAIR VALUE:

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements on a recurring basis within the fair value hierarchy. The Company does not have any non-recurring fair value measurements. Measurement is categorized and determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
b. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
c. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at June 30, 2022 and 2021:

	June 30, 2022		**June 30, 2021**	
Financial assets at fair value through profit or loss	**Level 1**	**Level 2**	Level 1	Level 2
Cash	**$ 15,015**	**—**	$ 702,412	—
Marketable securities	**$ 217**	**—**	$ 217	—

The methods of measuring each of these financial assets and liabilities have not changed during the past year. The Company does not have any financial assets or liabilities measured at fair value based on unobservable inputs (Level 3). The fair values of financial instruments measured at amortized cost approximate their carrying amounts.

18. RELATED PARTY TRANSACTIONS:

Related party transactions are in the normal course of operations and are made on terms equivalent to those that prevail in arm's length transactions, which is the amount of consideration established and agreed to by the related parties.

The following is a summary of the related party transactions that occurred throughout the year ended June 30, 2022:

(a) As at June 30, 2021, the amount payable to David Bentil, former CEO and director of the Company, was $49,500, which was fully settled during the year ended June 30, 2022.

(b) As at June 30, 2021, the amount payable to Jatinder Dhaliwal, CEO and director of the Company, was $150,000. During the year ended June 30, 2022, the Company accrued $150,000 in management fees and repaid $50,000. As at June 30, 2022, the amount owning was $255,500.

18. RELATED PARTY TRANSACTIONS: (continued)

(c) As at June 30, 2022, loans payable includes $25,000 owing to Jatinder Dhaliwal, CEO and director of the Company. The loan is unsecured, due on demand, and bears no interest.

(d) During the year ended June 30, 2022, management fees included $31,250 to Pharmaca Capital, a company owned by Jatinder Dhaliwal, CEO and director of the company.

(e) As at June 30, 2022, loans payable includes $2,500 owing to 1248787 BC Ltd, a company owned by Jatinder Dhaliwal, CEO and director of the Company. The loan is unsecured, due on demand, and bears no interest

(f) As at June 30, 2021, the accounts payable to Chaudhry U Consulting Inc., a company owned and controlled by Usama Chaudhry, CFO and director of the Company, was $115,500. During the year ended June 30, 2022, the Company accrued $77,143 in management fees and repaid $138,000. As at June 30, 2022, the amount owning to Chaudhry U Consulting Inc. was $45,000.

(g) As at June 30, 2022, management fees payable to Sydney Au, a former director of the Company, was $50,000, and the loan payable was $82,719. The loan payable to 918368 B.C. Ltd., a company controlled and owned by Sydney Au, was $166,000.

(h) As at June 30, 2022, loans payable includes $295,000 to Canland Health Corp., a company owned by a former director of the Company, and $26 to Ron Ozols, a former director of the Company. The loans are unsecured, due on demand and bear no interest.

The following is a summary of the related party transactions that occurred throughout the year ended June 30, 2021:

(a) As at June 30, 2020, the amount payable to David Bentil, former CEO and director of the Company, was $59,500. During the year ended June 30, 2021, the Company repaid $10,000. As at June 30, 2021, the amount owning was $49,500.

(b) As at June 30, 2021, the amount payable to Jatinder Dhaliwal, CEO and director of the Company, was $65,000. During the year ended June 30, 2021, the Company accrued $150,000 in management fees and repaid $65,000. As at June 30, 2021, the amount owning was $150,000.

(c) As at June 30, 2021, loans payable includes $25,000 owing to Jatinder Dhaliwal, CEO and director of the Company. The loan is unsecured, due on demand, and bears no interest.

(d) On June 23, 2021, 1,545,349 stock options with a fair value of $66,845 using Black-Scholes Option Pricing Model were granted to Jatinder Dhaliwal (Note 13).

(Expressed in Canadian dollars)

18. RELATED PARTY TRANSACTIONS: (continued)

(e) As at June 30, 2020, the accounts payable to Chaudhry U Consulting Inc., a company owned and controlled by Usama Chaudhry, CFO and director of the Company, was $25,500. During the year ended June 30, 2021, the Company accrued $120,000 in management fees and repaid $30,000. As at June 30, 2021, the amount owning to Chaudhry U Consulting Inc. was $115,500.

(f) On June 23, 2021, 100,000 stock options with a fair value of $4,325 using Black-Scholes Option Pricing Model were granted to Usama Chaudhry (Note 13).

(g) As at June 30, 2021, management fees payable to Sydney Au, a former director of the Company, was $50,000, and the loan payable was $82,719. The loan payable to 918368 B.C. Ltd., a company controlled and owned by Sydney Au, was $166,000.

(h) As at June 30, 2021, loans payable includes $295,000 to Canland Health Corp., a company owned by a former director of the Company, and $26 to Ron Ozols, a former director of the Company. The loans are unsecured, due on demand and bear no interest.

Compensation on key management personnel

Year ended June 30,	**2022**	**2021**
Management fees	**$ 258,393**	$ 270,000
Share-based compensation	**—**	71,170
	$ 258,393	**$ 341,170**

19. LEGAL MATTERS:

On August 10, 2020, the Company received a noticed intent to re-enter the Facility due to the default of lease payments for the amount of USD116,789. On October 12, 2021, the Company reached a settlement on the lease agreement at $349,416 (US$281,925) and a gain on settlement of $451,656, presented as reversal of impairment loss on the Consolidated Statement of Loss and Comprehensive Loss, was recognized during the year ended June 30, 2021. The carrying amount of $376,456 as at June 30, 2022 was adjusted to reflect the exchange rate at June 30, 2022 and the interest for the outstanding balance (Note 15).

(Expressed in Canadian dollars)

20. INCOME TAXES

The Company has accumulated non-capital losses that expires as follows (tax attributes are subject to revision and potential adjustment by tax authorities):

	$
2032	305,534
2033	798,008
2034	1,040,896
2035	1,530,647
2036	345,275
2037	36,936,292
2038	936,149
2039	2,669,486
2040	2,277,208
2041	972,270
2042	1,024,115

A reconciliation of income taxes at statutory rates is as follows:

	June 30, 2022 $	**June 30, 2021 $**
Loss before income taxes	**(1,363,914)**	(744,311)
Effective tax rate	**27%**	27%
Expected income tax recovery	**(368,257)**	(200,964)
Tax effects of:		
Non-deductible expenses and other deductions	**91,746**	(61,549)
Change in unrecognized deferred income tax assets	**276,511**	262,513
Deferred income tax recovery	**—**	—

The significant components of the Company's deferred income taxes assets not recognized are as follows:

	June 30, 2022 $	**June 30, 2021 $**
Substantively enacted tax rate	**27%**	27%
Deferred income tax assets:		
Non-capital losses	**13,185,687**	12,909,176
Temporary differences in net assets	**3,123,173**	3,120,647
Unamortized share issue costs	**13,047**	15,573
Net unrecognized deferred income tax assets	**16,321,907**	16,045,396

Estimated taxable income for the year is $Nil. Deferred tax assets have not been recognized because it is not probable that future taxable income will be available against which the Company can utilize the benefits from the deductible temporary differences and unused tax losses.

21. PLANS OF ARRANGEMENT:

2017 Plan of Arrangement
In March 2017, the Company filed and received court approval for its 2017 Plan of Arrangement ("2017-POA") for the planned spinout of Eviana Health Corporation ("Eviana"), formerly C&C Cosmeceuticals Corp., and four newly formed subsidiary corporations Ecovatec Health Solutions Inc. (formerly 1109863 B.C. Ltd.), 1109858 B.C. Ltd., 1109870 B.C. Ltd., EGF Health Holdings Corp. (formerly, Automated Techno Medical Corp., formerly 1109871 B.C. Ltd.) to facilitate other contemplated spin-out transactions.

On July 26, 2019, the Company completed the spin out (divesting) of EGF Health Holdings Corp. by the distribution of 7,790,265 Class Redeemable preferred shares to its shareholders (Note 12). As of June 30, 2022, the Company has $3,000 (2021: $3,000) in remaining deposits related to contemplated spin outs under the 2017-POA.

22. SUBSEQUENT EVENTS:

On July 22, 2022, the Company closed a non-brokered private place for 8,333,333 units at a price of $0.06 per unit for gross proceeds of $500,000. Each unit comprises one common share and one common share purchase warrant. Each full warrant will be exercisable into a common share for a period of 24 months at an exercise price of $0.08.

On July 7, 2022, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidated common share for every 20 pre-consolidated shares. Only the loss per share and the weighted average number of shares on the Consolidated Statement of Loss and Comprehensive Loss have been adjusted to reflect the consolidation of the shares.

Subsequent to the year ended June 30, 2022, 1,133,167 share purchase warrants with an exercise price of $0.20 expired.