EGF THERAMED HEALTH CORP.

Consolidated Financial Statements

For the Years Ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the 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, 2023 and 2022, and its financial performance and its cash flows for the years 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(b) in the financial statements, which describes events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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Vancouver, BC V6E 4G1
604.687.4747

Surrey
200 - 1688 152 St.
Surrey, BC V4A 4N2
604.531.1154

Tri-Cities
700 - 2755 Lougheed Hwy
Port Coquitlam, BC V3B 5Y9
604.941.8266

Victoria
320 - 730 View St.
Victoria, BC V8W 3Y7
250.800.4694

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 we do 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, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 30, 2023

EGF Theramed Health Corp.

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June 30, 2023

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

	Note	June 30, 2023 $	June 30, 2022 $
Assets			
Cash		**11,503**	15,015
Accounts receivable	4	**169,807**	154,614
Marketable securities		**217**	217
Prepaid expenses	5	**9,165**	5,820
Total current assets		**190,692**	**175,666**
Deposits	6, 18	**3,000**	3,000
Total assets		**193,692**	**178,666**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9, 16	**1,332,413**	1,294,133
Obligation under former lease	13	**417,402**	376,456
Loans payable	12	**919,656**	840,381
Preferred shares	10, 18	**3,000**	3,000
Total liabilities		**2,672,471**	**2,513,970**
Shareholders' deficiency			
Share capital	11, 18	**50,481,611**	50,207,303
Contributed surplus	11	**4,156,229**	3,930,537
Equity portion of convertible debt		**25,892**	25,892
Non-controlling interest	11	**(1,335,881)**	(1,315,408)
Deficit		**(55,806,630)**	(55,183,628)
Total shareholders' deficiency		**(2,478,779)**	**(2,335,304)**
Total liabilities and shareholders' deficiency		**193,692**	**178,666**

Going Concern (Note 2b)
Subsequent events (Note 20)

Approved and authorized for issue by the Board of Directors on October 30, 2023:

"Connor Yuen"
Connor Yuen, Director and CEO

"Usama Chaudhry"
Usama Chaudhry, Director and CFO

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

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

	Note	2023 $	2022 $
Operating expenses			
Bank and other charges		**1,149**	1,300
Consulting fees	16	**952**	450,486
Interest and accretion	13, 14	**37,611**	14,533
Investor communications		**197,280**	3,656
Listing fees		**9,970**	8,184
Management fees	16	**112,536**	325,893
Office and miscellaneous		**9,013**	12,555
Professional fees		**166,293**	77,702
Rent		**60,000**	86,250
Transfer agent and filing fees		**11,308**	5,868
Travel		**—**	17,850
Website and social media		**—**	613
Operating loss before other items		**(606,112)**	(1,004,890)
Other items			
Loss on foreign exchange	14,15	**(13,275)**	(14,120)
Interest revenue		**—**	698
Loss on impairment of intangible asset	7	**—**	(345,602)
Impairment of deposit and other	5	**(24,088)**	—
Total other items		**(37,363)**	(359,024)
Net loss and comprehensive loss		**(643,475)**	(1,363,914)
Total comprehensive loss is attributed to:			
Shareholders of EGF Theramed Health Corp.		**(623,002)**	(1,350,393)
Non-controlling interest	11	**(20,473)**	(13,521)
Loss per share attributable to shareholders of the Company (basic and diluted)		**(0.06)**	(0.63)
Weighted average number of common shares (basic and diluted)		**9,988,878**	2,155,260

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, 2023 and 2022
(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, 2021		**2,053,661**	**50,019,829**	**25,892**	**3,878,991**	**(53,833,235)**	**(1,301,887)**	**(1,210,410)**
Common shares issued for private placement	11	104,167	202,616	—	47,384	—	—	250,000
Share issuance costs	11	—	(15,142)	—	4,162	—	—	(10,980)
Net comprehensive loss for the year		—	—	—	—	(1,350,393)	(13,521)	(1,363,914)
Balance, June 30, 2022		**2,157,828**	**50,207,303**	**25,892**	**3,930,537**	**(55,183,628)**	**(1,315,408)**	**(2,335,304)**
Common shares issued for private placement	11	**8,333,333**	**274,308**	**—**	**225,692**	**—**	**—**	**500,000**
Net comprehensive loss for the year		**—**	**—**	**—**	**—**	**(623,002)**	**(20,473)**	**(643,475)**
Balance, June 30, 2023		**10,491,161**	**50,481,611**	**25,892**	**4,156,229**	**(55,806,630)**	**(1,335,881)**	**(2,478,779)**

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 (Note 11). All share figures and references have been retrospectively adjusted.

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)

	2023 $	2022 $
Cash Flows from Operating Activities		
Comprehensive loss for the year	**(643,475)**	(1,363,914)
Adjustments for non-cash items:		
Loss on foreign exchange	**10,110**	14,069
Impairment of intangible asset	**—**	345,602
Interest and accretion	**37,611**	14,533
Changes in non-cash working capital items:		
Accounts receivable	**(15,193)**	(15,732)
Prepaid expenses	**(3,345)**	1,209
Accounts payable and accrued liabilities	**38,280**	10,816
Net cash used in operating activities	**(576,012)**	**(993,417)**
Cash Flows from Financing Activities		
Proceeds from issuance of common shares, net of share issuance costs	**500,000**	239,020
Proceeds from loans payable, net of repayments	**72,500**	67,000
Net cash provided by financing activities	**572,500**	**306,020**
Net decrease in cash	**(3,512)**	(687,397)
Cash, beginning of year	**15,015**	702,412
Cash, end of year	**11,503**	**15,015**

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").

These consolidated financial statements (hereinafter the "consolidated financial statements") of the Company for the year ended June 30, 2023 have been prepared by management and reviewed and authorized for publication by the Board of Directors on October 30, 2023. The consolidated financial statements are made available to shareholders and other stakeholders through the System for Electronic Document Analysis and Retrieval ("SEDAR").

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, unless 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.

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, 2023, the Company had not yet achieved profitable operations, had recurring losses from continuing operations, and a cumulative deficit of $55,806,630 since inception and had working capital deficit of $2,481,779. The Company expects to incur further losses in the development of its business in subsequent periods.

2. BASIS OF PRESENTATION (continued)

b. Going concern basis of presentation (continued)

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.

The Company consolidates the financial statements of the following entities:

Subsidiary	Jurisdiction	Functional currency	Effective ownership
Hemp Extraction Technology Corp. (“HETC”)	Ontario, Canada	Canadian dollar	100%
Western Agri Supply Solutions Inc. (“WASS”)	British Columbia, Canada	Canadian dollar	50%
Medical Green Natural List Corp. (“MGNL”)	British Columbia, Canada	Canadian dollar	100%
Seedadelic Health Services Corp. (“Seedadelic”)	Ontario, Canada	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 18).

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

2. BASIS OF PRESENTATION (continued)

c. Principles of consolidation (continued)

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.

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.

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 period. The resulting exchange differences are recognized in other comprehensive loss.

2. BASIS OF PRESENTATION (continued)

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

<u>Judgments:</u>

(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) Control over WASS

Management assessed whether or not the Company has control over WASS based on whether the Company has the practical ability to direct the relevant activities of WASS unilaterally. In making their judgement, the directors considered the Company’s absolute size of holding in WASS and the ability to use its power to affect WASS.

2. BASIS OF PRESENTATION (continued)

f. Significant accounting judgments and estimates (continued)

<u>Estimates:</u>

(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.

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.

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

2. BASIS OF PRESENTATION (continued)

f. Significant accounting judgments and estimates (continued)

Estimates: (continued)

(iii) Income taxes (continued)

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, 2023 and 2022 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.

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 expect 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial instruments (continued)

Measurement (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial instruments (continued)

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.

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. Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the year. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. 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.

i. 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.

j. 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.

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.

k. 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:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Research and development (continued)

- 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 consolidated statement of loss and comprehensive 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, 2023 and 2022, the Company had not recognized any internally-generated intangible assets and had recorded all amounts incurred as research costs.

l. 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.

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.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Leases (continued)

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 loss and 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.

m. 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, 2023 $	**June 30, 2022 $**
HST /GST recoverable	**169,807**	154,614
Total	**169,807**	154,614

5. PREPAID EXPENSES

	June 30, 2023 $	**June 30, 2022 $**
Business services	**8,865**	5,520
Retainer legal fees	**300**	300
Total	**9,165**	5,820

During the year ended June 30, 2023, the Company wrote off a $20,000 deposit given to Kiaro Holdings Corp., which is not considered collectable (Note 19).

6. DEPOSITS

	June 30, 2023 $	**June 30, 2022 $**
Plans of arrangement (Note 18)	**3,000**	3,000
Total	**3,000**	3,000

(Expressed in Canadian dollars)

7. INTANGIBLE ASSETS

On June 9, 2021, the Company acquired all of the issued and outstanding shares of Seedadelic. 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 that the carrying value of $345,602 of the asset was fully impaired as the Company had not begun commercialization of the application and had halted future development of the Intellectual Property.

8. INVESTMENTS IN PHARMADELIC AND GREEN PARROT

As at June 30, 2023, the Company holds a 33.06% interest (2022: 33.06%) in Pharmadelic Labs Inc. which is inactive as at June 30, 2023 and 2022. These investments were fully impaired during the year ended June 30, 2021.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023 $	**June 30, 2022 $**
Amount owing to third parties	**1,263,768**	993,633
Due to related parties (Note 16)	**68,645**	300,500
	1,332,413	1,294,133

10. REDEEMABLE PREFERED SHARES

(a) Authorized: unlimited Class A – preferred shares

(b) Issued

	June 30, 2023		**June 30, 2022**	
	Shares	**Amount, $**	**Shares**	**Amount, $**
Class A preferred shares				
Balance, beginning of year	**1,168,540**	**3,000**	1,168,540	3,000
Issued – Plans of Arrangement	—	—	—	—
Balance, end of year	**1,168,540**	**3,000**	1,168,540	3,000

The Class A – preferred shares, with an average redemption price of $0.00000575 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.

The preferred shares will be redeemed once the spin-out (divesting) transactions are completed under the 2017 Plans of Arrangement (Note 18).

(Expressed in Canadian dollars)

11. SHARE CAPITAL

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

(b) Issued and outstanding: 10,491,161 common shares issued and outstanding as of June 30, 2023 (2022: 2,157,828)

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. All share figures and references have been retrospectively adjusted.

<u>During the year ended June 30, 2023, the following transaction occurred:</u>

On July 22, 2022, the Company closed a non-brokered private placement 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.

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

On July 9, 2021, the Company completed a non-brokered private placement for 104,167 units at a price of $2.40 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 $4.00.

In connection with the issuance, the Company paid cash finders' fees of $10,980 and issued 4,575 finders' warrants with a fair value of $4,162, with each finders' warrant exercisable to acquire an additional common share at a price of $4.00 for a period of 12 months from the date of issuance.

(c) Share purchase warrants

As of June 30, 2023, the following warrants were outstanding and exercisable:

Warrants Outstanding and Exercisable	Exercise Price, $	Expiry Date
8,333,333	0.08	July 22, 2024

On July 9, 2021, 52,083 warrants valued at $47,384 and 4,575 finder's warrants valued at $4,162 using the Black-Scholes Option Pricing Model were issued in connection with the private placement.

On July 22, 2022, 8,333,333 warrants valued at $225,692 using Black-Scholes Option Pricing Model were issued in connection with the private placement.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

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

	July 22, 2022	July 9, 2021
Estimated risk-free rate	3.07%	0.47%
Expected volatility	167.67%	167.40%
Estimated annual dividend yield	0.00%	0.00%
Expected life of warrants	2.0 years	1.0 year
Stock price at issue date	$0.13	$0.10
Forfeiture rate	0.00%	0.00%

(c) Share purchase warrants (continued)

A summary of the Company's issued and outstanding warrants as at June 30, 2023 and during the year is presented below:

	Warrants Outstanding	**Weighted Average Exercise Price, $**
Balance, June 30, 2021	**211,986**	**32.39**
Issued	56,658	4.00
Expired	(204,486)	4.00
Balance, June 30, 2022	64,158	**61.98**
Issued	8,333,333	0.08
Expired	(64,158)	4.00
Balance, June 30, 2023	**8,333,333**	**0.08**

The weighted average life of warrants outstanding is 1.06 years as at June 30, 2023.

(d) Stock options

A summary of the Company's granted and outstanding options as at June 30, 2023 and during the year is presented below:

	Options Outstanding	**Weighted Average Exercise Price, $**
Balance, June 30, 2021	**87,267**	**2.65**
Expired	(87,267)	2.65
Balance, June 30, 2023 and 2022	**—**	**—**

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

(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 was specialized in industrial hemp biomass supply and its principal place of business was Las Vegas, Nevada. WASS is currently inactive.

	June 30, 2023 $	June 30, 2022 $
Non controlling interest – opening balance	**(1,315,408)**	(1,301,887)
Allocation of net loss for the year	**(20,473)**	(13,521)
Non controlling interest – closing balance	**(1,335,881)**	(1,315,408)

Summarised financial information of WASS:

	June 30, 2023 $	June 30, 2022 $
Assets	**—**	—
Liabilities	**2,671,761**	2,630,815
Equity	**(2,671,761)**	(2,630,815)
Revenue	**—**	—
Other income	**—**	—
Expenses	**40,946**	27,041
Cash flow from operating activities	**—**	—
Cash flow from investing activities	**—**	—
Cash flow from financing activities	**—**	—

(f) Reserves – equity portion and contributed surplus

Contributed surplus records the fair value of the common share purchase warrants (Note 11c) and items recognized as stock-based compensation expense (Note 11d). 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.

(Expressed in Canadian dollars)

12. DEBT

A summary of the Company's unsecured demand loans as at June 30, 2023 and 2022 is presented below:

	Loans payable
Balance, June 30, 2021	**771,819**
Additions	67,000
Interest	1,562
Balance, June 30, 2022	**840,381**
Additions	75,000
Interest	6,775
Repayments	(2,500)
Balance, June 30, 2023	**919,656**

13. OBLIGATION UNDER FORMER LEASE

The following is a continuity schedule of lease liabilities for the years ended June 30, 2023 and 2022:

Balance, June 30, 2021	**$**	**349,416**
Interest accrued		12,971
Loss on foreign exchange		14,069
Balance, June 30, 2022	**$**	**376,456**
Interest accrued		30,836
Loss on foreign exchange		10,110
Balance, June 30, 2023	**$**	**417,402**

As the Company was in default under the lease agreement at June 30, 2021, the entire balance owing is classified as a current liability. On October 12, 2021, the Company reached settlement on the lease agreement pursuant to the legal claim at $349,416 (US$281,925).

The amount owing under the Settlement agreement has been adjusted to reflect the exchange rate at June 30, 2023 together with accrued interest of $30,836 at average rate of 8.13% per annum, based on the legal interest rate per the State of Nevada.

14. 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.

14. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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 external capital requirements imposed by a regulator. There have been no changes in the Company's management of capital.

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, 2023, the Company had a cash balance of $11,503 and accounts payable and accrued liabilities of $1,282,413. 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 $2,481,779.

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.

(Expressed in Canadian dollars)

14. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

e. Foreign exchange risk (continued)

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

		June 30, 2023		June 30, 2022
Cash	**US$**	**3,000**	US$	3,000
Accounts payable	**US$**	**359,650**	US$	359,650
Lease liability	**US$**	**307,310**	US$	292,143

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 $88,000 (2022: $84,000) in income/loss from operations.

15. 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, 2023 and 2022:

		June 30, 2023			June 30, 2022	
Financial assets at fair value through profit or loss		**Level 1**	**Level 3**		Level 1	Level 3
Cash	**$**	**11,503**	**—**	$	15,015	—
Marketable securities	**$**	**—**	**217**	$	217	—

Transfers to/from Levels 1, 2 and 3 are recognized at the end of the reporting period in which a change in valuation technique or methodology occurs. The estimated fair value of the marketable securities transferred from Level 1 to Level 3 during the year ended June 30, 2023 due to no observable market activity. The fair values of financial instruments measured at amortized cost approximate their carrying amounts.

(Expressed in Canadian dollars)

16. RELATED PARTY TRANSACTIONS

Compensation on key management personnel

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

Years ended June 30,		2023		2022
Management fees to CEO		**23,500**		181,250
Management fees to CFO	**$**	**34,286**	$	77,143

The Company has balance due to the current CEO of the Company as at June 30, 2023 for the amount of $5,645 (2022: $Nil). As at June 30, 2022, the amount payable to Jatinder Dhaliwal, former CEO and director of the Company, was $255,500. During the year ended June 30, 2023, the Company accrued $12,500 in management fees payable to Jatinder Dhaliwal and the total amount owing as at June 30, 2023 was $72,900 which is included in the amount owing to third parties.

The Company has balance due to the CFO of the Company as at June 30, 2023 for the amount of $63,000 (2022: $45,000)

17. 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
2043	626,200

(Expressed in Canadian dollars)

17. INCOME TAXES (continued)

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

	June 30, 2023 $	June 30, 2022 $
Loss before income taxes	**(643,475)**	(1,363,914)
Effective tax rate	**27%**	27%
Expected income tax recovery	**(173,738)**	(368,257)
Tax effects of:		
Non-deductible expenses and other deductions	**10,154**	91,746
Change in unrecognized deferred income tax assets	**163,584**	276,511
Deferred income tax recovery	**—**	—

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

	June 30, 2023 $	June 30, 2022 $
Substantively enacted tax rate	**27%**	27%
Deferred income tax assets:		
Non-capital losses	**13,354,761**	13,185,687
Temporary differences in net assets	**3,123,173**	3,123,173
Unamortized share issue costs	**7,557**	13,047
Net unrecognized deferred income tax assets	**16,485,491**	16,321,907

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.

18. 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 11). As of June 30, 2023, the Company has $3,000 (2022: $3,000) in remaining deposits related to contemplated spin outs under the 2017-POA.

19. PROPOSED TRANSACTION

On February 8, 2023, the Company entered into Letter of Intent (“LOI”) to acquire 100% ownership of KIARO HOLDINGS CORP’s Nanaimo Dispensary (78 Wharf St, Nanaimo, BC V9R 5G6) (“Kiaro”).

This LOI set forth certain understandings and binding obligations between EGF Theramed and Kiaro and Kiaro shareholders owning 100% of its issued and outstanding interst in Nanaimo Dispensary (the “Vendors”) with respect to a proposed transaction (the “Proposed Transaction”) in which EGF will purchase all the issued and outstanding capital stock of Kiaro from the Vendors for up to $100,000 in cash. The Company and Kiaro have a common director namely Usama Chaudhry and former director Jatinder Dhaliwal. During the year ended June 30, 2023, the Company advanced $20,000 as deposit in relation to this proposed transaction. As at June 30, 2023, the Company wrote off the deposit as was considered uncollectable. The transaction has not closed at the issuance date of the consolidated financial statements.

20. SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2023, the Company issued 900,000 common shares for gross proceeds of $72,000 on the exercise of share purchase warrants at $0.08 per share.

Subsequent to the year ended June 30, 2023, the Company received a loan of $55,000 from a shareholder. The loan is unsecured, bears interest at 10% per annum and is payable within one year. The Company also received loans of $6,000 bearing interest at 15% per annum and payable within 24 months and $50,000 bearing interest at 5% per annum and payable within one year.