

# **GLOBAL HEALTH CLINICS LTD.**

**MANAGEMENT DISCUSSION & ANALYSIS**

**FOR THE YEAR ENDED JULY 31, 2020**

**(Prepared by Management and dated on December 2, 2020)**

**400-837 West Hastings Street**

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MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”) AS OF JULY 31, 2020 TO ACCOMPANY THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF GLOBAL HEALTH CLINICS LTD. (THE “COMPANY”) FOR THE YEAR ENDED JULY 31, 2020.

This MD&A is dated December 2, 2020.

The following MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the year ended July 31, 2020, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) and the notes thereto. All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See “Risks and Uncertainties” in this MD&A for more information).

## **DESCRIPTION OF THE BUSINESS**

### **Overview**

Global Health Clinics Ltd. (the “Company”) was incorporated on March 18, 2013 in the Province of British Columbia. On August 24, 2018, the Company changed its name to Global Health Clinics Ltd. following the acquisition of Green Life Clinics Ltd. (“GLC”). The Company was previously engaged in the business of acquisition and exploration of mining properties in Canada. Following the acquisition of GLC, the Company has entered the cannabis industry. The head office of the Company is located at 837 West Hastings Street, Suite 400, Vancouver, BC, Canada, V6C 3N6.

On August 24, 2018, the Company acquired all of the issued and outstanding securities of GLC which holds all of the issued and outstanding securities of Patient Access Pavilions Ltd. (“PAP”) and MCRCI Medicinal Cannabis Resource Centre Inc. (“MCRCI”).

PAP is a marketing technology company that utilizes a digital platform generating qualified leads through storefront kiosks operating in, among other areas, marijuana dispensaries in British Columbia. PAP offers sorting and recording of patient information as well as verification, and allows a gateway between health service providers and medical marijuana patients.

The principal business carried on by MCRCI is the operation of medical clinics which guides patients through the process of becoming legal users of medical marijuana. MCRCI currently operates a virtual clinic in British Columbia via affiliate agreements with doctors.

The acquisition was completed via a three-corner amalgamation with GLC and its wholly-owned subsidiary 1125076 B.C. Ltd. Under the amalgamation, the shareholders of GLC received one common share of the Company for each GLC share held, resulting in the aggregate issuance of 1,860,000 of the Company’s common shares being issued. The Company also paid to GLC \$3,225,000 in cash, which funds were utilized to repay shareholder loan and to secure and complete the PAP acquisition. Following the completion of the acquisition, the Company conducts the principal business of GLC, being the integration of the businesses of PAP and MCRCI.

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The Company commenced trading on the Canadian Securities Exchange under the symbol MJRX on August 29, 2018.

On May 5, 2020, the Company acquired all of the issued and outstanding shares of Anytime Health Corp. (“AHC”), a private British Columbia corporation. The acquisition was an arm’s length transaction and did not constitute a fundamental change for the Company, nor did it result in a change of control of the Company.

On May 22, 2020, the Company consolidated its issued and outstanding share capital on the basis of up to one (1) post-consolidation share for each ten (10) pre-consolidation common shares. All share figures and references are retrospectively adjusted.

### **Corporate History**

The Company was previously a subsidiary of Zara Resources Inc. (“Zara”). On March 20, 2013, Zara announced a proposal to spin-off to its shareholders 100% of the Company. On March 20, 2013, the Company entered into an agreement with Zara to acquire 100% of the Riverbank claims (“Riverbank”) for \$358,000 to be satisfied by the issuance of 549,500 post-consolidation common shares of the Company. In addition, Zara also subscribed for 100,000 Non-Voting Series A Preferred Shares for the sum of \$100,000 cash. Riverbank is also subject to a pre-existing 2% NSR. The spin-off was transacted by way of a statutory plan of arrangement (the “Leo Plan”) under the Business Corporations Act (British Columbia). Upon completion of the Leo Plan, the Company owned 100% of Riverbank. Pursuant to the terms of the Leo Plan, Zara distributed 549,500 post consolidation common shares of the Company. On August 2, 2013, the spinoff received all necessary court approvals and the plan of arrangement was subsequently completed. The Company listed on the CSE on August 16, 2013. On May 21, 2014, the Company completed a 1 for 5 consolidation of its common shares.

On August 1, 2014, the Company dual listed its common shares on the Frankfurt Exchange and on XETRA. These listings were discontinued in February 2016.

Prior to January 31, 2016, the Company was 19.96% owned by GreenBank Capital Inc. (“GreenBank”) and 16.76% owned by Winston Resources Inc. (“Winston”), both Canadian public companies. GreenBank and Winston declared share dividends on January 29, 2016 to distribute all of their shareholding interest to their shareholders. GreenBank and Winston no longer have any shareholder interest in the Company.

On May 3, 2017, the Company consolidated its issued and outstanding share capital on the basis of one post-consolidation share for each five pre-consolidation common shares.

On August 24, 2018, the Company acquired all of the issued and outstanding securities of GLC which holds all of the issued and outstanding securities of PAP and MCRCI.

On September 24, 2018, the Company expanded its Canada wide operations to Halifax with the opening of a new care clinic.

On July 26, 2019, the Company begun implementation of AdvancedCare. AdvancedCare is a software system which will enable the Company to make patient booking and tracking a more efficient and streamlined approach. By implementing AdvancedCare, the Company will be able to reduce staffing costs as the need for booking agents and support staff will be reduced significantly. The patient aftercare and doctor interaction will continue

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to be of utmost importance in order to maintain the reputation and standard of support given to current and onboarding patients.

During the year ended July 31, 2019, the Company completed a letter of intent with Integrative Alternative Health Services (“IAHS”) to purchase all the property and assets of IAHS for \$15,000 cash and 8,000 common shares. The Company paid the cash consideration of \$15,000 during the year ended July 31, 2019, which was recorded as a deposit. The acquisition has not yet completed as at July 31, 2020.

On May 5, 2020, the Company closed and acquired all of the issued and outstanding shares of Anytime Health Corp., a private British Columbia corporation.

On May 22, 2020, the Company consolidated its issued and outstanding share capital on the basis of up to one post-consolidation share for each ten pre-consolidation common shares.

As at December 2, 2020, MCRCI currently operates a virtual clinic in British Columbia via affiliate agreements with doctors.

**Acquisition of Green Life Clinics Inc.**

On May 8, 2017, the Company entered into an amalgamation agreement under which it will acquire GLC by way of a three-corner amalgamation pursuant to which GLC will amalgamate with 1125076 B.C. Ltd., a wholly-owned subsidiary of the Company, and the shareholders of GLC will receive one common share of the Company for each GLC share held, resulting in the aggregate issuance of 2,500,000 of the Company’s shares. Holders of the Class B shares in the capital of GLC will also receive a cash payment of \$0.125 per share for aggregate consideration of \$2,000,000.

Pursuant to the agreement, on July 6, 2017, the Company advanced \$3,225,000 to GLC. This payment is to be utilized by GLC to repay shareholder loans incurred in relation to the GLC's acquisition of MCRCI Medicinal Cannabis Resource Centre Inc. (“MCRCI”) and to be incurred to complete the acquisition of Patient Access Pavilions Ltd. (“PAP”). This payment was financed by the proceeds raised from the Company’s non-brokered financing. Further, the Company advanced \$35,000 to MCRCI for working capital.

On July 3, 2018, the Company entered into an amended amalgamation agreement with GLC under which the Company will acquire 100% of the issued and outstanding shares of GLC pursuant to a three-corner amalgamation by which GLC will amalgamate with 1125076 B.C. Ltd., and the shareholders of GLC will receive one common share of the Company for each GLC share held, resulting in the aggregate issuance of 1,860,000 of the Company’s shares issued pursuant to the amalgamation. On July 3, 2018, the number of GLC Class B shares issued was reduced to adjust the cost base from \$0.025 to \$0.25. Two shareholders returned a total of 6,400,000 Class B shares so as to increase their cost from \$0.025 to \$0.25 per share (from 8,000,000 Class B shares to 1,600,000 Class B shares). Two other shareholders selected to pay up their shares by paying additional consideration of \$2,000,000. As a result of a re-capitalization, GLC now has 9,599,995 Class B Shares outstanding which will result in an aggregate consideration of \$2,400,000 paid by the shareholders.

Additionally, GLC paid \$2,000,000 in cash and issued 5,000,000 Class C shares to the shareholders of PAP for the acquisition of PAP.

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During the year ended July 31, 2019, the Company incurred fees of \$37,694 (2018 - \$59,619) related to the acquisition.

On August 24, 2018, the Company completed the acquisition of GLC, upon which GLC owns 37.62% of the then outstanding common shares of the Company. For accounting purposes, the acquisition of GLC was considered a business combination and accounted for using the acquisition method. The results of operations from GLC are included in the consolidated financial statements from the date of acquisition.

The fair value of the total consideration has been allocated as below:

Fair value of shares issued (1,860,000 shares at \$5.00 per share)	\$	9,299,998
Cash consideration		3,225,000
Amounts due from GLC forgiven		2,229,176
<b>Total consideration</b>	<b>\$</b>	<b>14,754,174</b>
Allocated as follows:		
Identified fair value of net assets:		
Cash	\$	2,467,956
Accounts receivable		54,111
Prepaid expenses		7,625
Property and equipment		6,995
Client list		1,166,712
Customer relationship		278,579
Goodwill		13,398,564
Trade and other payables		(2,051,877)
Deferred revenue		(110,137)
Loans payable		(74,125)
Deferred income tax		(390,229)
	<b>\$</b>	<b>14,754,174</b>

The fair value of the 1,860,000 shares issued was estimated to be \$5.00 per share using the price of the Company's most recent private placement.

The MCRCI clinics client list acquired had a fair value of \$1,166,712, and an expected life of 1.83 years. The Company recognized amortization expenses of \$595,582 during the year ended July 31, 2019. As at July 31, 2019, management estimated the recoverable value of client list to be \$Nil. During the year ended July 31, 2019, the carrying value of \$571,130 was fully impaired.

The PAP customer relationship had a fair value of \$278,579, and an expected life of 2.86 years. The Company recognized amortization expenses of \$90,992 during the year ended July 31, 2019. As at July 31, 2019, management estimated the recoverable value of customer relationship to be \$Nil. During the year ended July 31, 2019, the carrying value of \$187,587 was fully impaired.

The Company recognized goodwill of \$13,398,564 as the excess of the fair value of consideration transferred over the fair value of identifiable assets acquired and liabilities assumed. As at July 31, 2019, management estimates the recoverable value of goodwill to be \$Nil. During the year ended July 31, 2019, the carrying amount of \$13,398,564 was fully impaired.

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### **Acquisition of Anytime Health Corp.**

On May 5, 2020, the Company closed and acquired all of the issued and outstanding shares of Anytime Health Corp. (“AHC”), a private British Columbia corporation. The Company issued 3,000,000 common shares of the Company to AHC shareholders (the “Transaction”) with a fair value of \$215,950. AHC possesses a developmental stage web-based application to assist the Company with medical records and scheduling of daily appointments for medical clinics and medical offices. The parties agreed that an aggregate of 1,500,000 shares (“the Performance Shares”) shall be issued to AHC shareholders upon the delivery, to the satisfaction of the Company in its sole discretion, of the Encryption Enhancement to the application (the “Performance Share Condition”).

The Transaction is an arm’s length transaction and will not constitute a fundamental change for the Company, nor will it result in a change of control of the Company within the meaning of applicable security laws and the policies of the Canadian Securities Exchange. The Transaction was accounted for as an acquisition of assets by way of share-based payment under IFRS 2 Share-Based Payment. The fair value of the total consideration has been allocated as below:

Fair value of shares issued (3,000,000 shares*)	\$ 137,799
Fair value of AHC’s assets acquired, net of liabilities	
Cash	39,999
Intangible assets – web-based application	215,950
Trade and other payables	(118,150)
<b>Net assets acquired</b>	<b>\$ 137,399</b>

\*The fair value of the 3,000,000 shares issued as consideration for the acquisition was determined using the fair value at acquisition date of the net assets acquired.

### **Joint Venture Patient Partnership**

The Company and one of Canada's top three largest licensed producers have established a patient agreement across Canada, in which the Company and the licensed producer will work together in adding patients under the Access to Cannabis for Medical Purposes Regulations system.

The licensed producer, located on Vancouver Island, will provide dedicated staff members not just throughout British Columbia but nationally to educate and support the staff of the Company when talking to patients and issuing ACMPR licenses during business hours. Further the licensed producer will give the Company patients priority processing/on-boarding, allowing them to order instantaneously, significantly decreasing patient processing/ordering time.

The Company will work with this producer as its premium LP giving patients a 10% discount on their first purchases.

### **Management Changes**

On August 27, 2018, following the completion of the acquisition of GLC, Sam Chaudhry resigned as president and chief executive officer of the Company and as director, and each of Konstantin Lichtenwald and Ken Tollstam resigned as a director.

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The Company's board of directors was reconstituted and comprised: Terry Roycroft, Anthony Jackson, David Schmidt, Sarah Donald, Stanley Iu, Stephanie Liu and Suzette Ramcharan.

Terry Roycroft, president and a founder of MCRCI, was appointed as the Company's president and chief executive officer, and Anthony Jackson was appointed as the Company's chairman. Adrian Makuch was appointed as corporate secretary. Mr. Lichtenwald resigned and was replaced by Anthony Jackson as the Company's chief financial officer on October 2018. The Company appointed Jatinder Dhaliwal as a director of the Company on October 2018. Mr. Dhaliwal replaced Stanley Iu who resigned from the Company.

On March 22, 2019, Terry Roycroft resigned as chief executive officer and was replaced by Jatinder Dhaliwal who was appointed as interim CEO of the Company.

On April 9, 2019, Terry Roycroft resigned as president of the Company's wholly-owned subsidiary MCRCI.

On May 14, 2019, the Company appointed Judy Su as director of the Company. Ms. Su replaced Sarah Donald and David Schmidt who have resigned from the board.

On August 6, 2019, the Company appointed Cassidy McCord as director of the Company. Stephanie Liu has resigned as a director of the Company.

On December 3, 2019, Suzette Ramcharan resigned as a director of the Company.

On January 2, 2020, the Company appointed Usama Chaudhry as chief financial officer and a director, succeeding Anthony Jackson, who has resigned as chief financial officer and a director of the Company.

On January 24, 2020, the Company appointed Kaitlynn Hill as director of patient care. Cassidy McCord has resigned as a director of the Company. On May 1, 2020, Kaitlynn Hill resigned as director.

On May 15, 2020, the Company appointed Amin Lahijani to the board of directors.

On October 26, 2020, the Company appointed Andrew Parks to the board of directors. The Company also announced the resignation of Amin Lahijani as a director of the board.

The current composition of the Company's board of directors is as follows: Jatinder Dhaliwal, Usama Chaudhry, Judy Su, and Andrew Parks.

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## **FINANCIAL STATEMENTS GOING CONCERN ASSUMPTION**

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern under IFRS. The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

The Company's operations to date have been financed by issuing common shares and debt instruments. The Company's ability to continue as a going concern is dependent upon its ability to commence profitable operations, generate funds therefrom and raise additional financing in order to meet current and future obligations. The current cash position on hand and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing, joint venture arrangements or a combination thereof. There is no assurance that additional funding or suitable joint venture arrangements will be available on a timely basis or on terms acceptable to the Company. This indicates the existence of a material uncertainty about the Company's ability to continue as a going concern. The ability of the Company to arrange such financing in the future depends in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact of the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipates this outbreak might increase the difficulty in capital raising which may negatively impact the Company's business and financial condition.

During the year ended July 31, 2020, the Company recorded net loss of \$1,704,327 (2019 - \$16,304,251). As at July 31, 2020, the Company had a working capital deficit of \$217,917 (2019 - working capital of \$780,169) and had an accumulated deficit of \$23,886,009 (2019 - \$22,181,682). The Company is actively seeking additional sources of financing. 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 uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. These uncertainties are material and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, the consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. These adjustments could be material.



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## RESULTS OF OPERATIONS

For the three months ended July 31, 2020, the Company incurred a net and comprehensive loss of \$774,744 (2019 - \$13,625,833); (\$0.08) (2019 - \$2.76) loss per share. The Company earned revenues of \$86,001 (2019 - \$137,271) and incurred cost of sales of \$13,625 (2019 - \$72,304). The Company's net loss is mainly comprised of consulting and referral fees of \$177,875 (2019 - \$116,771), depreciation of \$55,318 (2019 - \$1,920), amortization of \$Nil (2019 - \$187,154), advertising and promotion of \$Nil (2019 - \$13,696), office and general expenses of \$61,380 (2019 - \$170,932), salaries and wages of \$14,899 (2019 - \$28,441), management fees of \$177,429 (2019 - \$31,286), transfer agent fees of \$12,187 (2019 - \$1,987), filing and listing fees of \$2,250 (2019 - \$2,310), legal and professional fees of \$66,162 (2019 - \$17,966), bank charges, interest and accretion of \$1,401 (2019 - \$3,205), loss from debt settlement of \$281,120 (2019 - gain of \$650,000), impairment loss of \$Nil (2019 - \$14,157,281) and deferred income tax recovery of \$Nil (2019 - \$390,229). The decrease in net loss and comprehensive loss was mainly due to decrease in advertising and promotion, amortization, office and general expenses, salaries and wages, and impairment loss incurred during the current period as compared to the prior period.

For the year ended July 31, 2020, the Company incurred a net and comprehensive loss of \$1,704,327 (2019 - \$16,304,251); (\$0.27) (2019 - \$3.38) loss per share. The Company earned revenues of \$352,141 (2019 - \$487,869) and incurred cost of sales of \$164,834 (2019 - \$334,885). The Company's net loss is mainly comprised of advertising and promotion of \$Nil (2019 - \$823,495), consulting and referral fees of \$583,989 (2019 - \$458,762), depreciation of \$56,272 (2019 - \$1,920), amortization of \$Nil (2019 - \$686,574), office and general expenses of \$389,065 (2019 - \$520,888), salaries and wages of \$112,234 (2019 - \$453,872), management fees of \$313,929 (2019 - \$195,152), transfer agent fees of \$16,689 (2019 - \$27,388), filing and listing fees of \$8,930 (2019 - \$25,515), legal and professional fees of \$124,400 (2019 - \$90,661), bank charges, interest and accretion of \$7,907 (2019 - \$16,221), credit card commissions of \$Nil (2019 - \$2,041), transaction costs of \$Nil (2019 - \$37,694), loss from debt settlement of \$281,120 (2019 - gain of \$650,000), impairment loss of \$Nil (2019 - \$14,157,281) and deferred income tax recovery of \$Nil (2019 - \$390,229). The decrease in net loss and comprehensive income was mainly due to decrease in advertising and promotion, amortization, office and general expenses, salaries and wages, and impairment loss incurred during the current year as compared to the prior year. These decreases were a result of the Company's reduction on certain expenses during the year, as well as the impairment of intangible assets in the prior year, hence no amortization expense was recognized during the current year.

For the year ended July 31, 2020, the net cash used in operating activities was \$903,285 (2019 - \$3,113,328), net cash used in investing activities was \$15,001 (2019 - provided \$1,452,956), net cash provided by financing activity was \$85,860 (2019 - \$Nil), and net decrease in cash of \$832,426 (2019 - \$1,660,372).

Depending on future events, the rate of expenditures and general and administrative costs could increase or decrease.

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**Selected Financial Information**

The following table provides selected financial information that should be read in conjunction with the audited Consolidated Financial Statements and Notes of the Company for the applicable year:

<b>Summary of Results</b>	<b>Year ended July 31, 2020</b>	<b>Year ended July 31, 2019</b>	<b>Year ended July 31, 2018</b>
<b>Revenue</b>	\$ 352,141	\$ 487,869	\$ Nil
<b>Net Loss</b>	\$ (1,704,327)	\$ (16,304,251)	\$ (3,143,938)
<b>Exploration and Evaluation Assets</b>	\$ Nil	\$ Nil	\$ Nil
<b>Current Assets</b>	\$ 344,095	\$ 1,269,562	\$ 4,864,353
<b>Total Assets</b>	\$ 563,848	\$ 1,274,637	\$ 8,089,353
<b>Total Liabilities</b>	\$ 562,012	\$ 489,393	\$ 299,856
<b>Shareholders' Equity</b>	\$ 1,836	\$ 785,244	\$ 7,789,497

**Summary of Quarterly Results**

The table below provides selected financial information that should be read in conjunction with the audited/unaudited financial statements of the Company for the applicable period:

<b>Quarter ended</b>	<b>Jul. 31, 2020</b>	<b>Apr. 30, 2020</b>	<b>Jan. 31, 2020</b>	<b>Oct. 31, 2019</b>
	\$	\$	\$	\$
Revenue	86,001	86,287	89,456	90,397
Net Loss	(774,744)	(432,447)	(182,918)	(314,218)
Current Assets	344,095	313,689	623,593	823,189
Total Assets	563,848	317,810	628,032	827,946
Total Liabilities	562,012	462,149	339,924	356,920
Total Shareholders' Equity (Deficit)	1,836	(144,339)	288,108	471,026

<b>Quarter ended</b>	<b>Jul. 31, 2019</b>	<b>Apr. 30, 2019</b>	<b>Jan. 31, 2019</b>	<b>Oct. 31, 2018</b>
	\$	\$	\$	\$
Revenue	137,271	106,233	118,186	126,179
Net Loss	(13,625,833)	(622,549)	(835,478)	(1,220,391)
Current Assets	1,269,562	1,508,558	2,437,391	3,157,925
Total Assets	1,274,637	15,952,859	17,067,290	17,951,474
Total Liabilities	489,393	891,782	2,033,664	2,082,370
Total Shareholders' Equity	785,244	15,061,077	15,033,626	15,859,104

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### **Liquidity and Solvency**

The Company will need access to equity capital to pursue its business plan and there is no guarantee that equity may be available, and if available it may not be on terms that Management finds is in the interest of the Company.

The following table summarizes the Company's cash on hand, working capital and cash flow.

<b>As at</b>	<b>July 31, 2020</b>
	\$
Cash	89,858
Working Capital Deficit	(217,917)
Cash Used in Operating Activities	(903,285)
Cash Used in Investing Activities	(15,001)
Cash Provided by Financing Activity	85,860
Decrease in Cash	(832,426)

The Company is dependent on the sale of newly issued shares to finance its business plans and operations. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

### **Capital Resources**

The Company continues to use its cash resources to fund its operations. As the Company has limited sources of revenue to fund its ongoing operations and to settle its obligations, the Company may require additional funding through equity or debt financing, joint venture arrangements or a combination thereof to accomplish its long-term strategic objectives.

### **Share Capital**

The following is a summary of the Company's outstanding share, warrant and stock options data as of December 2, 2020.

#### Common Shares

The authorized capital of the issuer consists of an unlimited number of common shares without par value of which 33,631,630 are outstanding. Holders of the issuer's common shares are entitled to vote at all meetings of shareholders declared by the directors, and subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate rate-ably in any distribution of property or assets upon the liquidation, winding up or dissolution of the Issuer.

On May 22, 2020, the Company consolidated its issued and outstanding share capital on the basis of up to one (1) post-consolidation share for each ten (10) pre-consolidation common shares. All share figures and references are retrospectively adjusted.

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On June 5, 2020, the Company issued 4,016,000 common shares of the Company to settle an outstanding debt of \$502,000. As part of the shares-for-debt transaction, the Company issued 1,100,000 shares of the total amount to settle debt of \$137,000 owed to a director of the Company. A loss on debt settlement of \$281,120 was recognized in the statement of loss and comprehensive loss during the year ended July 31, 2020.

During the year ended July 31, 2020, the Company issued 3,000,000 common shares at fair value of \$137,799 related to the acquisition of Anytime Health Corp. which was recorded as an asset acquisition in accordance with IFRS 2.

Preferred Shares

The authorized capital of the issuer consists of an unlimited number of preferred shares without par value, of which 2,000 are issued or outstanding as of December 2, 2020. The preferred shares rank in priority to the common shares upon the liquidation, winding up or other dissolution of the Issuer. The preferred shares were issued in August 2013, as part of the plan of arrangement with Zara Resources Inc.

Escrow Shares

As of December 2, 2020, there were 215,969 common shares held in escrow. Under the applicable escrow agreement, 179,974 common shares in escrow were released during the year ended July 31, 2019, 215,969 were released during the year ended July 31, 2020 and the remaining common shares in escrow as at December 2, 2020 are scheduled to be released as follows:

<b>Date</b>	<b>Number of common shares</b>
February 27, 2021	107,985
August 27, 2021	107,984

Stock Options

There were no stock options granted during the year ended July 31, 2020.

As of December 2, 2020, no stock options are outstanding.

Warrants

On March 11, 2017, the Company issued 240,000 share purchase warrants at an exercise price of \$3.25 per share and is exercisable for a period of two years from date of issuance. 22,500 of these warrants were exercised during the year ended July 31, 2017. The warrants expired on March 11, 2019.

On April 27, 2017, the Company issued 200,000 share purchase warrants at an exercise price of \$6.00 per share which expired on October 27, 2018.

On June 21, 2017, the Company issued 1,107,715 share purchase warrants at an exercise price of \$8.50 per share which expired on December 21, 2018.

On July 24, 2017, the Company issued 172,383 share purchase warrants at an exercise price of \$8.50 per share which expired on January 24, 2019.

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As of December 2, 2020, the Company has 7,132,697 share purchase warrants outstanding which were all issued subsequent to July 31, 2020.

### **Outlook and Capital Requirements**

There is no guarantee that market conditions will be conducive to raising additional equity capital. Depending on future events, the rate of Company expenditures and general and administrative costs could increase or decrease.

### **Related Party Transactions**

GLC was controlled by the former CFO of the Company at the acquisition date.

Due from related party at July 31, 2020 of \$Nil (2019 - \$50,000) was due from the former CFO of the Company. This amount was unsecured, non-interest bearing and due on demand.

During the year ended July 31, 2020, the Company paid consulting fees of \$75,000 (2019 - \$180,000) to companies controlled by the former CFO and director of the Company.

During the year ended July 31, 2020, the Company paid referral fees of \$Nil (2019 - \$3,000) and management fees of \$Nil (2019 - \$129,373) to a company controlled by a former CEO and director of the Company.

During the year ended July 31, 2020, the Company paid salaries of \$Nil (2019 - \$63,858) to a former director of the Company.

During the year ended July 31, 2020, the Company paid consulting fees of \$41,050 (2019 - \$Nil) and management fees of \$110,679 (2019 - \$Nil) to a company controlled by a former director of the Company.

During the year ended July 31, 2020, the Company incurred management fees of \$163,250 (2019 - \$5,000) to directors and officers of the Company.

At July 31, 2020, the Company had a net balance of \$21,245 (2019 - \$166,053) due to a former CFO and the companies controlled by the former CEO, a balance of \$22,050 (2019 - \$Nil) due to the CFO, a balance of \$67,485 (2019 - \$Nil) due to the CEO, and a balance of \$2,000 (2019 - \$Nil) due to a director. As at July 31, 2020, the Company has a balance of \$3,406 (2019 - \$3,406) owing to GreenBank Capital Inc., a company with a former director in common. The amounts have been included in the accounts payable and accrued liabilities.

As at July 31, 2020, \$Nil (2019 - \$74,125) loan was payable to the former CFO of the Company.

All the amounts payable to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

During the year ended July 31, 2020, the Company issued 1,100,000 common shares with a fair value of \$214,500 to settle a debt of \$137,000 owing to a director of the Company.

### **Contractual Obligations**

There are no contractual obligations, aside from those disclosed in this MD&A that will materially affect the performance of the Company.

### **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet transactions.

### **Proposed Transactions**

There are no proposed transactions that will materially affect the performance of the Company other than those disclosed in this MD&A.

### **Accounting Policies**

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgments or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available. These consolidated financial statements have been prepared by management in accordance with IFRS. Significant accounting policies used have been outlined on the consolidated financial statements for the year ended July 31, 2020.

### ***Significant Estimates and Judgments***

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

### **Critical judgments in applying accounting policies**

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

***Income taxes***

The Company is subject to income taxes in various jurisdictions and subject to various rates and rules of taxation. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

The Company recognizes liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

In addition, the Company has not recognized deferred tax assets relating to tax losses carried forward. Future realization of the tax losses depends on the ability of the Company to satisfy certain tests at the time the losses are recouped, including current and future economic conditions and tax law.

***Going concern risk assessment***

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to commence profitable operations, generate funds therefrom and raise additional financing in order to meet current and future obligations. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

***Impairment of non-financial assets***

Judgment is involved in assessing whether there is any indication that an asset or cash-generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash-generating unit, and information from internal reporting.

***Key sources of estimation uncertainty***

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the consolidated financial statements.

***Allowance for doubtful accounts***

The Company must make an assessment of whether account receivables are collectible from debtors. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

***Impairment***

Assets, including property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed their recoverable amounts.

***Estimated useful lives of property and equipment and tangible assets***

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The Company makes estimates and utilizes assumptions in determining the useful lives of the property and equipment and intangible assets, and the related depreciation and amortization. Uncertainties in these estimates relate to technical obsolescence and the average life of a patient relationship that may change the utilization of certain assets.

***Share-based compensation***

The Company records all share-based compensation using the fair value method. The Company uses the Black-Scholes Option Pricing Model to determine the fair value of share-based compensation. This estimate also requires determining the most appropriate inputs to the valuation model. The main factor affecting the estimates of the fair value of stock options is the stock price, expected volatility used and the expected duration of the instrument. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

While management believes the estimates contained within the consolidated financial statements are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

**Capital Management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operation and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business.

As at July 31, 2020, the Company's capital resources amounted to its share capital, reserves and deficit of \$1,836 (2019 - \$785,244).

The Company's capital management objectives, policies and processes have been directed towards the cannabis industry during the year ended July 31, 2020. The Company is not subject to any externally imposed capital requirement. There were no changes in the Company's approach to capital management during the year.

**Risks and Uncertainties**

The following are certain factors relating to the business of the Company, which factors investors should carefully consider when making an investment decision concerning the shares of the Company. The Company will face a number of challenges in the development of its business. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or which are currently deemed immaterial, may also impair the operations of the Company. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A.

***Going Concern***



The Company's capability to continue as a going concern is dependent upon its ability to obtain additional debt or equity financing to meet its obligations as they come due. If the Company were unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications currently used. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise necessary funds to further develop its products.

***Risks Inherent in the Nature of the Health Clinic Industry***

Changes in operating costs (including costs for maintenance, insurance), inability to obtain permits required to conduct the GLC's business, changes in health care laws and governmental regulations, and various other factors may significantly impact the ability of GLC to generate revenues. Certain significant expenditures, including legal fees, borrowing costs, maintenance costs, insurance costs and related charges must be made to operate its clinics, regardless of whether the GLC is generating revenue.

***Unfavourable Publicity or Consumer Perception***

The success of the medical marijuana industry may be significantly influenced by the public's perception of marijuana's medicinal applications. Medical marijuana is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical marijuana will be favourable. The medical marijuana industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical marijuana is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical marijuana may have a material adverse effect on our operational results, consumer base and financial results. Public opinion and support for medical and recreational cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and recreational cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical marijuana as opposed to legalization in general).

***Patient Acquisitions***

The Company's success depends on its ability to attract and retain patients. There are many factors which could impact the Resulting Issuer's ability to attract and retain patients, including but not limited to the successful implementation of the Resulting Issuer's patient-acquisition plans and the continued growth in the aggregate number of patients selecting medical marijuana as a treatment option. The Company's failure to acquire and retain patients as clients would have a material adverse effect on the Company's business, operating results and financial condition.

***Competition***

The medicinal marijuana industry is intensely competitive, and GLC competes with other companies that may have greater financial resources and technical facilities. Numerous other businesses are expected to compete in the clinic space and provide additional patient servicing under the new regulatory regime in seeking patients that purchase medicinal marijuana. It is possible that LPs or other third parties could also establish their own medical clinics that are similar to the Target's, as there are no significant barriers to entry.

An increase in competition for cannabis and cannabinoid products may decrease prices and result in lower profits to the LPs. This increases the risk that LPs would not have funding available to provide LP grants.

***Development Risks***

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Future development of the Target's business may not yield expected returns and may strain management resources. Development of the Target's revenue streams is subject to a number of risks, including construction delays, cost overruns, financing risks, cancellation of key service contracts, and changes in government regulations. Overall costs may significantly exceed the costs that were estimated when the project was originally undertaken, which could result in reduced returns, or even losses, from such investments.

***Conflicts of Interest***

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in gold and precious metal or other natural resource exploration and development and consequently the possibility of conflict exists. Any decisions made by such directors or officers involving the Company will be made in accordance with the duties and obligations of directors and officers to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare their interest and refrain from voting on any matters in which such directors may have a conflict of interest.

***Plans for Growth***

The Target plans to grow rapidly and significantly expand its operations. This growth will place a significant strain on management systems and resources. The Target will not be able to implement our business strategy in a rapidly evolving market, without an effective planning and management process. To date, the Target has implemented some managerial, informational, operational and financial systems and controls, however, there can be assurance these systems and controls will be adequate. The Target may be required to manage multiple relationships with various strategic partners, users, advertisers and other third parties. These requirements will be strained in the event of rapid growth, or a large increase in the number of third-party relationships the Target has, as its systems, procedures or controls may not be adequate to support increased operations and management may be unable to manage growth effectively. To manage the planned growth, the Target will be required to significantly improve or replace existing managerial, informational, financial and operational systems, procedures and controls, and to expand, train and manage its intended growing base of personnel. The Target may also be required to expand its finance, administrative and operations staff. The Target may be unable to complete in a timely manner the improvements to its systems, procedures and controls necessary to support future operations, management may be unable to hire, train, retain, motivate and manage required personnel and management may be unable to successfully identify, manage and exploit existing and potential market opportunities.

**Management's Responsibility for Financial Statements**

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the audited consolidated financial statements.

**Cautionary Statement**

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" or variations of such words and phrases or the negative connotation thereof, or statements that events, conditions or results "will", "may", "could" or "should"

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occur or be achieved. The forward-looking statements may include statements regarding future financial conditions, results of operations, plans, objectives, performance or business developments, capital expenditures, timelines, strategic plans, market or industry growth, evaluation of the potential impact of future accounting changes, share-based payments and carrying value of intangible assets or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. Risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, without limitation:

- the ability to obtain additional financing and uncertainty as to the availability and terms of future financing;
- expectations regarding production costs, capacity and yields of the Company and growth thereof;
- the Company's intentions to develop its business and operations;
- expectations regarding the timing for the legalization of recreational marijuana use in Canada;
- the Company's anticipated cash needs, needs for additional financing and use of funds;
- statements relating to the business and future activities of, and developments related to the Company;
- risks related to the Company's dependence on key personnel;
- estimates used in the Company's consolidated financial statements proving to be incorrect; and
- other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are based on information available as at December 2, 2020 and are subject to change after this date. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements.

Consequently, all forward-looking statements made in this MD&A are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

#### **Subsequent Event**

- The Company completed a letter of intent with Integrative Alternative Health Services ("IAHS") to purchase all the property and assets of IAHS for \$15,000 cash and 8,000 common shares. The Company paid the cash consideration of \$15,000 during the year ended July 31, 2019, which was

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recorded as a deposit. The acquisition has not completed as at July 31, 2020.

- On September 8, 2020, the Company issued 1,500,000 common shares in connection with the Performance Share Condition to the shareholders of Anytime Health.
- On November 12, 2020 the Company signed a definitive share purchase agreement with 2770914 Ontario Inc. (H2H) and the shareholders of H2H to acquire all of the outstanding share capital H2H. H2H holds the ownership of Heart2Heart, a developmental stage application that assists with connecting and locating medical professionals in the areas of mental health. Users of Heart2Heart will also have the ability to connect with fellow uses to discuss and build a community around mental health awareness.

Pursuant to the agreement, the company acquired all of the issued and outstanding shares of H2H through the issuance of an aggregate of 12,000,000 of its common shares at a deemed price of \$0.10 per share to the shareholders of H2H in exchange for every share of H2H that they held. The transaction closed on November 18, 2020. The company is at arm's length from H2H and its shareholders.

The transaction will neither constitute a fundamental change nor a change of business for the company, nor will it result in a change of control of the company within the meaning of applicable securities laws and the policies of the Canadian Securities Exchange. In connection with the completion of the transaction, the company also issued 1,200,000 common shares to an arm's-length party who assisted with facilitating the transaction.

- On November 27, 2020, the Company closed a non-brokered private placement of 6,971,740 units at a price of \$0.115 per unit for a gross proceeds of \$801,750. Each unit consists of one common share of the company and one share purchase warrant, entitling the holder to acquire an additional share at a price of \$0.14 per share for a period of 12 months following the date of issue.

In connection with the private placement, the company paid a cash finder's fee of \$18,510 and issued 160,957 broker warrants at an exercise price of \$0.14 expiring 12 months from the date of issue. All securities issued in the offering are subject to a hold period expiring on March 28, 2021. The net proceeds from the private placement will be used for the development of the business, potential acquisitions and general working capital purposes.

#### **Other**

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at [www.GlobalHealthClinics.co](http://www.GlobalHealthClinics.co) and [www.sedar.com](http://www.sedar.com).