GLOBAL HEALTH CLINICS LTD.

Consolidated Financial Statements
For the Years Ended July 31, 2021 and 2020
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Health Clinics Ltd.

Opinion
We have audited the consolidated financial statements of Global Health Clinics Ltd. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholder's equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2021 and 2020, 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 to the financial statements, which indicates that there are events or conditions which indicate that 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.

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 audit 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.

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
December 10, 2021

Global Health Clinics Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at July 31,		2021		2020
ASSETS				
Current assets				
Cash	$	**456,256**	$	89,858
Accounts receivable (note 8)		**13,371**		36,991
GST recoverable		**16,587**		163,578
Deposit (note 9)		**-**		15,000
Prepaid expenses (note 9)		**121,470**		38,668
Total current assets		**607,684**		344,095
Non-current assets				
Equipment (note 10)		**2,915**		3,803
Intangible assets (notes 12, 13 and 14)		**-**		215,950
Total non-current assets		**2,915**		219,753
Total assets	$	**610,599**	$	563,848
LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIENCY)				
Current liabilities				
Accounts payable (notes 11 and 16)	$	**842,419**	$	394,860
Accrued liabilities		**134,840**		73,078
Deferred revenue (note 17)		**42,920**		66,622
Loan payable (note 18)		**30,813**		27,452
Total current liabilities		**1,050,992**		562,012
Shareholders' equity/(deficiency)				
Share capital (note 19)		**25,704,225**		18,099,342
Reserves		**6,220,251**		5,788,503
Accumulated deficit		**(32,364,869)**		(23,886,009)
Total shareholders' equity (deficiency)		**(440,393)**		1,836
Total liabilities and shareholders' equity/(deficiency)	$	**610,599**	$	563,848

Nature of operations (note 1)
Subsequent events (note 22)

Approved on behalf of the Board of Directors:

"Jatinder Dhaliwal" (signed) Director
Jatinder Dhaliwal, Director

"Usama Chaudhry" (signed) Director
Usama Chaudhry, Director

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

Global Health Clinics Ltd.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Years Ended July 31,		2021		2020
REVENUE				
Sales	**$**	**225,093**	$	352,141
COST OF SALES				
Doctor fees		**(47,347)**		(164,834)
Gross Profit		**177,746**		187,307
Operating Expenses				
Amortization (note 12)		**127,105**		-
Depreciation (note 10)		**888**		56,272
Bad debts expense		**-**		10,308
Bank charges, interest and accretion (note 18)		**8,468**		7,907
Consulting and referral fees (note 16)		**581,239**		583,989
Filing and listing fees		**15,084**		8,930
Legal and professional fees		**110,837**		124,400
Management fees (note 16)		**274,000**		313,929
Office and general expenses		**254,749**		389,065
Research and development		**42,000**		-
Salaries and wages (note 18)		**93,399**		112,234
Transfer agent fees		**12,092**		16,689
Loss before other items		**(1,342,115)**		(1,436,416)
Other items				
Interest income		**4,583**		-
Settlement of lawsuit		**(89,840)**		-
Loss on deposit (note 9)		**(15,000)**		
Share-based payment expense on acquisition (note 15)		**(4,526,777)**		-
Loss from debt settlement (notes 11 and 19)		**-**		(281,120)
Government grant income (note 18)		**-**		13,209
Impairment of intangible assets (note 12)		**(2,509,711)**		-
Net loss and comprehensive loss	**$**	**(8,478,860)**	$	(1,704,327)
Basic and diluted net loss per share (note 20)	**$**	**(0.20)**	$	(0.27)
Weighted average number of common shares outstanding – basic and diluted		**42,192,672**		6,246,885

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

Global Health Clinics Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Years Ended July 31,		2021		2020
Operating activities				
Net loss for the year	**$**	**(8,478,860)**	$	(1,704,327)
Items not affecting cash:				
Amortization and depreciation		**127,993**		56,272
Accretion		**3,361**		661
Loss on deposit		**15,000**		
Share-based payment expense on acquisition		**4,526,777**		-
Impairment of intangible assets		**2,509,711**		-
Bad debt expense		**-**		10,308
Loss on debt settlement		**-**		281,120
Government grant income		**-**		(13,209)
Changes in non-cash working capital items:				
Accounts receivable		**23,620**		70,811
GST recoverable		**146,991**		(35,063)
Prepaid expenses		**(80,143)**		(3,015)
Accounts payable and accrued liabilities		**403,453**		430,195
Deferred revenue		**(23,702)**		2,962
Net cash used in operating activities		**(825,799)**		(903,285)
Investing activities				
Net cash from acquisition of subsidiaries		**428,974**		39,999
Leasehold improvements		**-**		(55,000)
Net cash provided by (used in) investing activities		**428,974**		(15,001)
Financing activities				
Shares issued from private placement, net of issuance costs		**763,223**		-
Loan payable		**-**		85,860
Net cash provided by financing activities		**763,223**		85,860
Net change in cash		**366,398**		(832,426)
Cash, beginning of year		**89,858**		922,284
Cash, end of year	**$**	**456,256**	$	89,858

Non-Cash Transactions:				
Shares issued for acquisition of intangible asset	**$**	**210,000**	$	-
Shares issued for acquisition of H2H	**$**	**2,178,000**	$	-
Shares issued for acquisition of Wonder	**$**	**4,885,408**	$	-
Shares issued for acquisition of AHC	**$**	**-**	$	137,799
Shares issued for debt	**$**	**-**	$	783,120

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

Global Health Clinics Ltd.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the Years Ended July 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Common Share Capital		Preferred Share Capital		Reserves				
	Number of Shares(i)	Amount	Number of Shares (i)	Amount	Share-Based Payments	Warrants	Contributed Surplus	Deficit	Total
Balance, July 31, 2019	**4,943,890**	**$ 17,078,423**	**2,000**	**$ 100,000**	**$ 1,154,630**	**$ 4,607,573**	**$ 26,300**	**$ (22,181,682)**	**$ 785,244**
Shares issued for debt (notes 11 and 19)	4,016,000	783,120	-	-	-	-	-	-	783,120
Shares issued for acquisition of subsidiary (notes 13 and 19)	3,000,000	137,799	-	-	-	-	-	-	137,799
Net loss for the year	-	-	-	-	-	-	-	(1,704,327)	(1,704,327)
Balance, July 31, 2020	**11,959,890**	**17,999,342**	**2,000**	**100,000**	**1,154,630**	**4,607,573**	**26,300**	**(23,886,009)**	**1,836**
Shares issued for acquisition of intangible asset (notes 13 and 19)	1,500,000	210,000	-	-	-	-	-	-	210,000
Shares issued for acquisition of H2H (notes 14 and 19)	13,200,000	2,178,000	-	-	-	-	-	-	2,178,000
Shares issued for acquisition of Wonder (notes 15 and 19)	28,100,000	4,885,408	-	-	-	-	-	-	4,885,408
Private placements (note 19)	6,971,740	409,347	-	-	-	392,403	-	-	801,750
Share issue costs (note 19)	-	(77,872)	-	-	-	39,345	-	-	(38,527)
Net loss for the year	-	-	-	-	-	-	-	(8,478,860)	(8,478,860)
Balance, July 31, 2021	**61,731,630**	**$ 25,604,225**	**2,000**	**$ 100,000**	**$ 1,154,630**	**$ 5,039,321**	**$ 26,300**	**$ (32,364,869)**	**$ (440,393)**

(i) **After effect of share consolidation on a 1 to 10 basis (note 19)**

1. Nature of Operations

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. The Company commenced trading on the Canadian Securities Exchange under the symbol MJRX on August 29, 2018. The head office of the Company is located at 837 West Hasting Streets, Suite 400, Vancouver, BC, Canada V6C 3N6.

The Company engages in the cannabis industry and operates medical clinics which guide patients through the process of becoming legal users of marijuana. Through one of its subsidiaries, the Company also engages in developing psilocybin products for research and potentially usage for pharmaceutical purposes.

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

2. Going Concern Assumption

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards ("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 will be available on a timely basis or on terms acceptable to the Company.

During the year ended July 31, 2021, the Company recorded net loss of $8,478,860 (2020 - $1,704,327). As at July 31, 2021, the Company had a working capital deficit of $443,308 (2020 - $217,917) and had an accumulated deficit of $32,364,869 (2020 - $23,886,009). 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 constitute a material uncertainty that casts significant doubt about the Company's ability to realize its assets and discharge its liabilities in the normal course of business. 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.

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 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 raising capital which may negatively impact the Company's business and financial condition.

3. Statement of Compliance and Basis of Presentation

(a) Statement of compliance

The policies applied in these consolidated financial statements are based on IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the Interpretation Financial Reporting Interpretations Committee ("IFRIC"). The board of directors approved the consolidated financial statements on December 10, 2021.

(b) Basis of presentation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value in subsequent periods and have been prepared using the accrual basis of accounting except for cash flow information.

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company, 2770914 Ontario Inc. ("H2H"), 2756407 Ontario Ltd. ("Wonder"), Anytime Health Corp. ("AHC") , MCRCI Medicinal Cannabis Resource Centre Inc. ("MCRCI"), Patient Access Pavilions Ltd. ("PAP"), and its wholly-owned subsidiary, 1177181 B.C., from the amalgamation of 1125076 B.C. Ltd and Green Life Clinics Ltd. ("GLC"). Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. The subsidiaries are consolidated from the date on which control is transferred to the Company until the date on which control ceases. All inter-company transactions, balances, income and expense are eliminated upon consolidation.

4. Significant Accounting Policies

Cash

Cash in the consolidated statements of financial position comprise cash in bank.

Financial instruments

Classification

The Company classifies its financial instruments under IFRS 9 in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (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 shows the classification under IFRS 9:

Cash	FVTPL
Accounts receivable	Amortized cost
Accounts payable	Amortized cost
Loan payable	Amortized cost

Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

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.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Measurement (continued)

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 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 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 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.

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 statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other 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 statements of loss and comprehensive loss.

Equipment
Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Equipment is depreciated annually on a declining balance basis as follows:
- Equipment - 55%
- Office equipment - 20%
- Furniture and equipment - 20%

Depreciation commences when an item of equipment becomes available for use.

4. Significant Accounting Policies (continued)

Equipment (continued)

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of equipment comprises major components with different useful lives, the components are accounted for separately. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Intangible assets

Web-based applications and intellectual property that are acquired by the Company and which have a finite useful life are measured at acquisition cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the intangible asset from the date that it is available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The Company continually evaluates the remaining useful life of its intangible assets being amortized to determine whether events and circumstances warrant a revision to the remaining period of amortization. Intangible assets under development which are not ready for use are not amortized, but are evaluated for impairment annually. Intangible assets with finite lives are amortized over the following periods:

- Web-based applications - 3 years
- Intellectual Property – 3 years

Impairment of non-current assets

The carrying amount of the Company's long-lived assets with finite useful lives (which include equipment and intangible assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive loss.

The recoverable amount of an asset is the higher of 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 orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized in profit or loss.

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if indicators of impairment exist.

Functional currency

The Company and its subsidiaries' presentation and functional currency is the Canadian dollar.

4. Significant Accounting Policies (continued)

Share capital
Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are recognized in equity as a reduction from the gross proceeds received from the issued shares.

Loss per share
Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the period. In the years when the Company reports a net loss, the effect of potential issuances of common shares are anti-dilutive, therefore, basic and fully diluted loss per common share is the same. The diluted loss per share reflects the potential dilution of common share equivalents, such as the conversion of outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The treasury stock method is used for the assumed proceeds upon exercise of the options and warrants.

Share-based payments
The costs of share-based payments with employees are measured by reference to the fair value at the date on which they are granted. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

The costs of share-based payments are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled and vested, ending on the date on which the relevant employees become fully entitled to the award ("the vesting period or date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based compensation reserve.

When the share-based payment arrangement has been cancelled or the terms have expired the fair value assigned to the share-based payment arrangement remains in reserves.

Business combination
Business combinations are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets acquired and liabilities incurred or assumed. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, Business Combinations, are recognized at their fair values at the acquisition date. Acquisition costs are expensed as incurred.

Revenue recognition
IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The Company derives its revenue from membership fees, educational grants and operating expenses reimbursements. Membership fees are normally received from patients on annual prepayments. Therefore, the Company recognizes the deferred revenue for the membership prepayments received during the year and recognise the associated revenue on a straight-line basis over the one-year service period with a corresponding reduction in deferred revenue. Education grants revenue are recognized in the month that they are received.

4. Significant Accounting Policies (continued)

Revenue recognition (continued)

Revenue from the rendering of services, including education grants, is recognized upon transfer of control of products or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the products or services. This is achieved through applying the following five-step model:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligation in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligation in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

Interest from cash and cash equivalents, if applicable, are recorded on an accrual basis when collection is reasonably assured.

Related party disclosures
Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Income taxes
Income tax expense consisting of current and deferred tax expense is recognized in the statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred income taxes are provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Taxable temporary differences associated with investments in associates and interests in joint ventures, where the timing in the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date of the consolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income taxes relating to items recognized directly in equity are recognized in equity and not in the consolidated statement of loss and comprehensive loss.

4. Significant Accounting Policies (continued)

Income taxes (continued)

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Leases

The Company adopted all of the requirements of IFRS 16 *Leases* which replaces IAS 17 *Leases* and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The adoption of IFRS 16 had no impact on the Company's consolidated financial statements as the Company has two lease agreements which are both 12 month leases and are scoped out of IFRS 16.

Government grants and assistance

A government grant is recognized when there is reasonable assurance it will be received, and all related conditions will be complied with. The Company recognises government grants in profit or loss on a systematic basis and in line with its recognition of the expenses that the grants are intended to compensate. The Company carefully determines whether the grant compensates expenses already incurred or future costs.

The Company recognizes government subsidies such as the Canada Emergency Wage Subsidy (CEWS) program created by the Government of Canada on an accrual basis when there is reasonable assurance that it will comply with the conditions required to qualify for the subsidy and that the collection of the subsidy is also reasonably assured. Government subsidies are recognized on the consolidated statements of earnings and comprehensive income over the periods in which the expense that the subsidy is intended to offset are incurred (note 18).

Future accounting policies

Other 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.

5. Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in both the period of revision and future periods if the revision affects both current and future periods.

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 consolidated financial statements within the next financial year are discussed below:

(a) 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 generate future income and to raise sufficient capital to meet certain operating expenses and liabilities. There is no assurance it will be able to raise funds in the future. 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.

(b) 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.

(a) Allowance for doubtful accounts

The Company must make an assessment of whether accounts receivable 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.

(b) Impairment

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

(c) Estimated useful lives of intangible assets

The Company makes estimates and utilizes assumptions in determining the useful lives of 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.

(d) Share-based payments

The Company records all share-based payments 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

5. Significant Accounting Estimates and Judgments (continued)

Key sources of estimation uncertainty (continued)

public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

(e) Valuation of intangible assets acquired on acquisitions
Intangible assets on business acquisitions are initially recognized at fair value as of acquisition date. The Company uses estimates in measuring the fair value of intangible assets.

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

6. Financial Risk Management

Financial risk management objectives and policies

The Company is exposed to various financial risks resulting from its financial instruments. The Company's management, with the Board of Directors oversight, manages financial risks. Where material, these risks will be reviewed and monitored by the Board of Directors. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial Risks

(a) Fair value risk

The Company’s financial instruments consist of cash, accounts receivables, accounts payable, and loan payable.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data.

Accounts receivables, accounts payable and loan payable approximate their fair value due to their short-term maturities. Cash under the fair value hierarchy is based on Level 1 quoted prices in active markets for identical assets or liabilities.

(b) Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and price risk and are disclosed as follows:

<u>Currency risk</u>
Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company has only a nominal amount of assets or liabilities denominated in foreign currencies and engages in very few transactions denominated in a foreign currency; therefore, its exposure to currency risk is limited.

6. Financial Risk Management (continued)

Financial Risks (continued)

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates.

(c) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash is held through Canadian chartered banks and accordingly, the Company's exposure to credit risk is considered to be limited. The Company's GST recoverable are refunds due from the Government of Canada and the exposure to credit risk on these amounts are considered to be limited.

The Company's accounts receivable consists of amounts due from various customers. The maximum exposure to credit risk is equal to the carrying value of accounts receivable. The Company's historic rate of bad debts is low.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are assessed primarily on days past due combined with the Company's knowledge of past bad debts.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At July 31, 2021, the Company's cash balance of $456,256 is not able to settle current liabilities of $1,050,992. The Company manages its liquidity risk by attempting to maintain sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. Accounts payable, accrued liabilities and loan payable are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long-term strategic objectives. Liquidity risk is assessed as high.

7. 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 the Company's managements to sustain future development of the business.

As at July, 2021, the Company's capital deficit amounted to its share capital, reserves and deficit of $440,393 (2020 – capital of $1,836).

The Company's capital management objectives, policies and processes have been directed towards the cannabis and psilocybin industries during the years ended July 31, 2020 and 2021. 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.

8. Accounts Receivable

The Company generally does not hold any collateral as security for trade receivables. As at July 31, 2021, four customers have receivable balances greater than 10% of the total accounts receivable balance (2020 - three customers) and account for 11%, 16%, 20% and 30% of receivables, respectively (2020 - 11% and 26% of receivables, respectively).

(Expressed in Canadian Dollars)

9. Prepaid Expenses and Deposit

The prepaid expenses of $121,470 (2020 - $38,668) comprise of a prepaid rent deposit of $7,625 (2020 - $7,625), prepaid legal fees of $15,000 (2020 - $15,000), prepaid insurance of $24,665 (2020 - $Nil), prepaid consulting of $58,333 (2020 – $Nil) and other prepaid expense of $15,847 (2020 - $16,043).

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 Company does not intend to complete the acquisition, therefore, a loss on deposit of $15,000 was recorded during the year ended July 31, 2021.

10. Leasehold Improvements and Equipment

During the year ended July 31, 2020, the Company incurred $55,000 on leasehold improvements which was capitalized and depreciated over the lease term of one year. Accordingly, the Company recorded depreciation expense on leasehold improvements of $55,000 during the year. Amortization on other equipment was $888 (2020 - $1,272) during the year ended July 31, 2021.

11. Debt Settlement

During the year ended July 31, 2020, the Company issued 4,016,000 common shares of the Company with a fair value of $783,120 to settle an outstanding debt of $502,000, of which 1,100,000 common shares with a fair value of $214,500 were issued to a director to settle debt of $137,000 (notes 16 and 19). 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.

12. Intangible Assets

		Web-based application (notes 13)		Intellectual property (note 14)		Total
Cost						
Balance at July 31, 2019	$	-	$	-	$	-
Additions (note 13)		215,950		-		215,950
Balance at July 31, 2020		215,950		-		215,950
Additions (notes 13 and 14)		210,000		2,210,866		2,420,866
Balance at July 31, 2021	**$**	**425,950**	**$**	**2,210,866**	**$**	**2,636,816**
Amortization						
Balance at July 31, 2019 and 2020	$	-	$	-	$	-
Charge for the year		(127,105)		-		(127,105)
Balance at July 31, 2021	**$**	**(127,105)**	**$**	**-**	**$**	**(127,105)**
Impairment loss						
Balance at July 31, 2019 and 2020	$	-	$	-	$	-
Charge for the year (note 13 and 14)		(298,845)		(2,210,866)		(2,509,711)
Balance at July 31, 2021	**$**	**(298,845)**	**$**	**(2,210,866)**	**$**	**(2,509,711)**
Net book value						
Balance at July 31, 2020	$	215,950	$	-	$	215,950
Balance at July 31, 2021	**$**	**-**	**$**	**-**	**$**	**-**

(Expressed in Canadian Dollars)

13. Acquisition of Anytime Health Corp.

On May 8, 2020, the Company acquired all of the issued and outstanding shares of AHC. The Company issued 3,000,000 common shares of the Company to AHC shareholders with a fair value of $137,799 (note 19). AHC owns 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 also agreed that an aggregate of 1,500,000 shares shall be issued to AHC shareholders upon the delivery, to the satisfaction of the Company in its sole discretion, of an encryption enhancement to the application (the “Performance Share Condition”). These shares were issued at $0.14 per share on September 8, 2020 (notes 12 and 19) with a fair value of $210,000.

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*) (note 19)	**$**	**137,799**
Fair value of AHC’s assets acquired, net of liabilities		
Cash	$	39,999
Intangible asset – web-based application (note 12)		215,950
Trade and other payables		(118,150)
Net assets acquired	**$**	**137,799**

*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.

During the year ended July 31, 2021, the Company determined the fair value of the asset was $Nil since the Company did not intend to further develop or use the asset and therefore wrote down the value of the web-based application to $Nil and recorded an impairment loss of $298,845 (2020 - $Nil).

14. Acquisition of H2H

On November 18, 2020, the Company acquired all of the issued and outstanding shares of H2H. H2H owns Heart2Heart, a development-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.

The Company issued an aggregate of 12,000,000 of its common shares to the shareholders of H2H in exchange for 100% of the issued shares of H2H. Pursuant to the share purchase agreement, the Company also issued 1,200,000 common shares to an entity that assisted with facilitating the transaction (note 19).

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 consideration and finder’s shares (13,200,000 shares) (note 19)	$	2,178,000
Transaction costs		17,866
Cost of acquisition	**$**	**2,195,866**
Fair value of H2H’s assets acquired, net of liabilities		
Intangible asset – application (note 12)	$	2,210,866
Trade and other payables		(15,000)
Net assets acquired	**$**	**2,195,866**

During the year ended July 31, 2021, the Company determined the fair value of the asset was $Nil since the Company did not intend to further develop or use the asset and therefore wrote down the value of the intellectual property to $Nil and recorded an impairment loss of $2,210,866 (2020 - $Nil).

(Expressed in Canadian Dollars)

15. Acquisition of Wonder

On January 20, 2021, the Company closed and acquired all of the issued and outstanding shares of Wonder. Wonder is a development-stage plant medicine company focused on the mental health and natural health and wellness marketplace.

The Company issued an aggregate of 26,000,000 of its common shares to the shareholders of Wonder in exchange for 100% of the issued shares of Wonder.

The consideration shares are subject to a voluntary pooling arrangement and (a) 3,979,132 of the consideration shares are subject to a 12-month pooling arrangement, whereby 50% of such shares will be released six months from the closing of the transaction and the remaining 50% of such shares will be released six months after that; and (b) 22,020,868 of the consideration shares will be subject to a four-month-and-one-day pooling arrangement, whereby 33% of such shares will be released on closing, 33% will be released two months after closing and the remaining 34% will be released four months and one day after closing. Pursuant to the share purchase agreement, the Company has also issued 2,100,000 common shares to various parties' who assisted with the transaction.

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 consideration (note 19)	$	4,402,408
Finder's fee (note 19)		483,000
Transaction costs		55,712
Cost of acquisition		**4,941,120**
Fair value of Wonder's assets acquired, net of liabilities		
Cash		428,974
Prepaid expense		2,659
Trade and other payables		(17,290)
		414,343
Share-based payment expense	**$**	**4,526,777**

16. Related Party Transactions and Disclosures

During the year ended July 31, 2021, the Company paid consulting fees of $Nil (2020 - $75,000) to a company controlled by the former CFO and director of the Company.

During the year ended July 31, 2021, the Company paid consulting fees of $Nil (2020 - $41,050) to a company controlled by a former director of the Company.

During the year ended July 31, 2021, the Company paid management fees of $Nil (2020 - $110,679) to a company controlled by a former director of the Company and management fees and director fees of $226,000 (2020 - $163,250) to directors and officers of the Company.

At July 31, 2021, the Company had a net balance of $21,245 (2020 - $21,245) due to a former CFO and the companies controlled by the former CEO, a balance of $51,350 (2020 - $22,050) due to the CFO, a balance of $53,261 (2020 - $67,485) due to the CEO, and a balance of $Nil (2020 - $2,000) due to a director.

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 (note 11).

(Expressed in Canadian Dollars)

17. Deferred Revenue

Deferred revenue consists of memberships prepaid by patients. Deferred revenues are recognized as revenue on a straight-line over the term of service, which is one year.

18. Loan Payable

On May 15, 2020, the Company received a loan of $40,000 from the Canadian federal government under Canada Emergency Business Account ("CEBA") as a business support measure for COVID-19. The fair value of loan as at May 15, 2020 was $26,791 using the present value of the monthly payments commencing on January 2023 discounted by 12% per annum. The Company recorded government grant income of $13,209 during the year ended July 31, 2020. The carrying value of the loan as at July 31, 2021 is as follows:

		Loan payable
Fair value of loan, May 15, 2020	$	26,791
Accretion		661
Balance, July 31, 2020		27,452
Accretion		3,361
Balance, July 31, 2021	**$**	**30,813**

In addition, during the year ended July 31, 2021, the Company received $3,518 from the Canada Emergency Wage Subsidy (CEWS) program (2020 - $Nil).

19. Share Capital

(i) Authorized share capital:

- an unlimited number of common shares with no par value; and
- an unlimited number of Series A preferred shares - non-voting, non-retractable, non-redeemable without dividend, no par value.

(ii) Issued shares:

Year ended July 31, 2021

On September 8, 2020, the Company issued 1,500,000 common shares with a fair value of $210,000 in connection with the Performance Share Condition to the shareholders of Anytime Health (note 13).

On November 12, 2020, the Company issued a total of 13,200,000 common shares with a fair value of $2,178,000 in connection with the acquisition of H2H (note 14).

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 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. The fair value of warrants was estimated to be $392,403, which was determined using the Black-Scholes Option Pricing Model with the following assumptions: expected life – 1 year; volatility – 381.52%; risk-free interest rate – 0.24%; dividend rate – 0%.

In connection with the private placement, the Company paid shares issuance costs of $19,917, cash finder's fee of $18,610 and issued 160,957 broker warrants at an exercise price of $0.14 expiring 12 months from the date of issue. The fair value of broker warrants was estimated to be $39,345, which was determined using the Black-Scholes Option Pricing Model with the following assumptions: expected life – 1 year; volatility – 381.52%; risk-free interest rate – 0.24%; dividend rate – 0%.

(Expressed in Canadian Dollars)

19. Share Capital (continued)

(ii) Issued shares: (continued)

On January 20, 2021, the Company issued 26,000,000 common shares with a fair value of $4,402,408 in connection with the acquisition of Wonder. The Company also issued 2,100,000 common shares with a fair value of $483,000 as a finder's fee (note 15). The fair value of the 28,100,000 shares issued was estimated to be $0.23 per share using the price of the Company's share at the date of acquisition less with a discount applied for lack of marketability ("DLOM"). The DLOM reflects the impact of the restriction period on the fair value of the shares due to the time value of money, the risk of trading price fluctuation, and the opportunity cost of not being permitted to liquidate the restricted shares and use the proceeds in an alternative investment, using the Black-Scholes Option Pricing Model. The most significant variable used in the calculations was the volatility which ranged from 83% to 302%.

<u>Year ended July 31, 2020</u>
On May 22, 2020, the Company consolidated its issued and outstanding share capital on the basis of one post-consolidation share for each ten pre-consolidation common shares. All share figures and references are retrospectively adjusted.

On June 5, 2020, the Company issued 4,016,000 common shares of the Company with a fair value of $783,120 to settle an outstanding debt of $502,000. 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 (note 11).

During the year ended July 31, 2020, the Company issued 3,000,000 common shares with a fair value of $137,799 related to the acquisition of AHC (note 13).

<u>Escrow shares</u>
During the year ended July 31, 2021, 215,970 common shares (2020 - 323,955 common shares) in escrow were released pursuant to the escrow agreement. The 107,984 common shares remaining in escrow as at July 31, 2021 are scheduled to be released as follow:

Date	Number of common shares
August 27, 2021 (released subsequent to year-end)	107,984

(iii) Warrants

The issued and outstanding warrants balance at July 31, 2021 and 2020 is comprised as follows:

	Number of warrants
Balance, July 31, 2019 and 2020	**-**
Issued	7,132,697
Balance, July 31, 2021	**7,132,697**

The following table sets out the details of the warrants issued and outstanding as at July 31, 2021.

Issue date	Expiry date	Weighted average exercise price	Number of warrants
November 27, 2020	November 27, 2021	$0.14	7,132,697

The average remaining life of the warrants is 0.33 years.

There were no warrants outstanding during the year ended July 31, 2020.

19. Share Capital (continued)

(iv) Stock options

The Company has adopted a stock option plan (the "Plan"). Pursuant to the Plan, the Board of Directors may from time to time in its discretion, and in accordance with the Exchange Requirements, grant non-transferable options to purchase

shares to directors, officers, founders, employees, persons engaged to provide investor relations activities and consultants of the Company.

The options granted under the Plan together with all of the Company's other previously established stock option plans or grants, shall not result at any time in:

- the number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the outstanding Common Shares;
- the grant to Insiders within a 12-month period, of a number of Options exceeding 10% of the outstanding Common Shares;
- the grant to any once optionee within a 12-month period, of a number of options exceeding 5% of the issues and outstanding Common Shares unless the Company obtains the requisite disinterested shareholder approval; and
- the grant to all persons engaged by the Corporation to provide investor relations activities, within any 12-month period, of options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Company's issued and outstanding Common Shares; other grant to any one consultant, in any 12-month period, of Options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Company's issued and outstanding Common Shares.

An optionee shall be entitled to exercise an Option granted to at any time prior to the expiry of the option period and to vesting limitations imposed by the Board of directors at the time such Option is granted. Exercise prices shall be determined by the Board of Directors. The exercise price shall not be less than the closing price (the "market price") of the shares on the exchange immediately preceding the day on which the Board grants the options and provides such notice to the exchange.

(v) Reserves

The share-based payment reserve records the fair value of stock options granted for services until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

The warrant reserve records the fair value of warrant issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

20. Net Loss Per Common Share

The calculation of basic and diluted loss per share for the year ended July 31, 2021 was based on the loss attributable to common shareholders of $8,478,860 (2020 - $1,704,327) and the weighted average number of common shares outstanding of 42,192,672 (2020 - 6,246,885). Outstanding options are excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

(Expressed in Canadian Dollars)

21. Income Taxes

A reconciliation of the calculated income taxes for the fiscal years ended July 31, 2021 and 2020 are as follows:

		2021		**2020**
Loss before income taxes	**$**	(8,478,860)	$	(1,704,327)
Combined statutory rate		27%		27%
		(2,289,292)		(460,168)
Non-deductible items		1,809,746		81,255
Effect of change in tax rate and true-ups		-		(1,001,392)
Benefit of tax losses not recognized		479,546		1,380,306
	$	**-**	$	**-**

The Company did not recognize the following deferred tax assets for the following deductible temporary differences:

		2021		**2020**
Benefit of non-capital losses	**$**	3,735,811	$	3,350,071
Equipment		3,853		3,613
Share issuance costs		8,322		30,670
Government grant		(2,480)		(3,388)
Intangible assets		115,007		-
Less: Valuation allowance		(3,860,513)		(3,380,966)
	$	-	$	-

As at July 31, 2021, the Company has non-capital losses of approximately $13,836,335 available for deduction against future taxable income, the balances of which will expire as follows:

2033	$	12,711
2034		428,151
2035		171,679
2036		613,712
2037		3,034,596
2038		3,480,762
2039		2,856,965
2040		1,809,092
2041		1,428,667
	$	13,836,335

21. Subsequent Events

On October 6, 2021, the Company closed a non-brokered private placement of 15,000,000 units at a price of $0.05 per unit for gross proceeds of $750,000. 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 $0.055 per share for a period of 36 months following the date of issue.

On November 27, 2021, 7,132,697 warrants expired unexercised.