

# **GLOBAL HEALTH CLINICS LTD.**

**MANAGEMENT DISCUSSION & ANALYSIS**

**FOR THE THREE MONTHS ENDED OCTOBER 31, 2021**

**(Prepared by Management and dated on December 30, 2021)**

**400-837 West Hastings Street**

**Vancouver, BC, V6C 3N6**

**Tel: (604) 283-1722**

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MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”) AS OF DECEMBER 30, 2021 TO ACCOMPANY THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF GLOBAL HEALTH CLINICS LTD. (THE “COMPANY”) FOR THE THREE MONTHS ENDED OCTOBER 31, 2021.

This MD&A is dated December 30, 2021.

The following MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three months ended October 31, 2021 and the audited consolidated financial statements of the Company for the year ended July 31, 2021, 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 medicinal marijuana industry. 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. 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 Hastings Street, 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”).

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 November 18, 2020, the Company acquired all of the issued and outstanding shares of 2770914 Ontario Inc. (“H2H”), a private Ontario corporation. The acquisition was an arm’s length transaction and did not result in a change of control of the Company.

On January 20, 2021, the Company acquired all of the issued and outstanding shares of 2756407 Ontario Ltd. (Wonder), a private Ontario corporation. The acquisition was an arm’s length transaction and did not result in a change of control of the Company.

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### **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 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 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 Company has no plans of completing the acquisition, therefore, a loss on deposit of \$15,000 was recorded during the year ended July 31, 2021.

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.

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On November 18, 2020, the Company acquired all of the issued and outstanding shares of 2770914 Ontario Inc. (H2H), a private Ontario corporation.

On January 20, 2021, the Company acquired all of the issued and outstanding shares of 2756407 Ontario Ltd. (Wonder Scientific), a private Ontario corporation.

As at December 30, 2021, MCRCI currently operates a virtual clinic in British Columbia via affiliate agreements with doctors.

**Acquisition of Anytime Health Corp.**

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 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”). These shares were issued at \$0.14 per share on September 8, 2020 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*)	\$	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>\$</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.

At July 31, 2021, the Company did not intend to further develop or use the asset. The Company wrote down the value of the web-based application to \$Nil and recorded an impairment loss of \$298,845 (2020 - \$Nil).

**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 users 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.

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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)	\$	2,178,000
Transaction costs		17,866
<b>Cost of acquisition</b>		<b>2,195,866</b>
Fair value of H2H's assets acquired, net of liabilities		
Intangible asset – application		2,210,866
Trade and other payables		(15,000)
<b>Net assets acquired</b>	<b>\$</b>	<b>2,195,866</b>

At July 31, 2021, the Company did not intend to further develop or use the asset. The Company wrote down the value of the intellectual property to \$Nil and recorded an impairment loss of \$2,210,866 (2020 - \$Nil).

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

\*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 a discount relating to the voluntary pooling arrangement.

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### **Joint Venture Patient Partnership**

The Company and one of Canada's top three largest licensed producers have established an education 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.

### **Management Changes**

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

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

### **FINANCIAL STATEMENTS GOING CONCERN ASSUMPTION**

The condensed consolidated interim 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.

During the three months ended October 31, 2021, the Company recorded net loss of \$377,340 (2020 - \$152,537). As at October 31, 2021, the Company had a working capital deficit of \$70,486 (July 31, 2021 - \$443,308) and had an accumulated deficit of \$32,742,209 (July 31, 2021 - \$32,364,869). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is

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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. Accordingly, the condensed consolidated interim 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 condensed consolidated interim 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.

## **RESULTS OF OPERATIONS**

For the three months ended October 31, 2021, the Company incurred a net and comprehensive loss of \$377,340 (2020 - \$152,537); (\$0.01) (2020 - \$0.01) loss per share. The Company earned revenues of \$38,733 (2020 - \$71,730) and incurred cost of sales of \$5,095 (2020 - \$11,987). The Company's net loss is mainly comprised of advertising and promotion of \$218,603 (2020 - \$Nil), amortization of \$Nil (2020 - \$20,617), depreciation of \$162 (2020 - \$222), bad debt expense of \$1,255 (2020 - \$Nil), bank charges, interest and accretion of \$2,224 (2020 - \$1,910), consulting and referral fees of \$117,941 (2020 - \$24,458), filing and listing fees of \$2,250 (2020 - \$3,059), management fees of \$66,000 (2020 - \$71,000), office and general expenses of \$63,352 (2020 - \$76,545), research and development of \$10,000 (2020 - \$Nil), salaries and wages of \$30,286 (2020 - \$16,107), transfer agent fees of \$2,275 (2020 - \$2,945), interest income of \$3,370 (2020 - \$4,583), and expense recovery of \$100,000 (2020 - \$Nil). The increase in net loss and comprehensive loss was mainly due to higher advertising and promotion and consulting and referral fees incurred during the current period as compared to the prior period.

For the three months ended October 31, 2021, the net cash used in operating activities was \$841,507 (2020 - cash provided of \$70,179), net cash provided by financing activity of \$750,000 (2020 - \$Nil), net cash used in investing activity of \$Nil for the three months ended October 31, 2021 and 2020, and net decrease in cash of \$91,507 (2020 - increase of \$70,179).

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, 2021</b>	<b>Year ended July 31, 2020</b>	<b>Year ended July 31, 2019</b>
<b>Revenue</b>	\$ 225,093	\$ 352,141	\$ 487,869
<b>Net Loss</b>	\$ (8,478,860)	\$ (1,704,327)	\$ (16,304,251)
<b>Current Assets</b>	\$ 607,684	\$ 344,095	\$ 1,269,562
<b>Total Assets</b>	\$ 610,599	\$ 563,848	\$ 1,274,637
<b>Total Liabilities</b>	\$ 1,050,992	\$ 562,012	\$ 489,393
<b>Shareholders' Equity (Deficiency)</b>	\$ (440,393)	\$ 1,836	\$ 785,244

**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><u>Quarter ended</u></b>	<b><u>Oct. 31, 2021</u></b>	<b><u>Jul. 31, 2021</u></b>	<b><u>Apr. 30, 2021</u></b>	<b><u>Jan. 31, 2021</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	38,733	44,041	51,774	57,548
Net Loss	(377,340)	(7,078,834)	(368,099)	(879,390)
Current Assets	670,538	607,684	886,978	1,302,405
Total Assets	673,291	610,599	7,790,113	8,232,084
Total Liabilities	741,024	1,050,992	767,080	840,952
Total Shareholders' Equity (Deficiency)	(67,733)	(440,393)	7,023,033	7,391,132

<b><u>Quarter ended</u></b>	<b><u>Oct. 31, 2020</u></b>	<b><u>Jul. 31, 2020</u></b>	<b><u>Apr. 31, 2020</u></b>	<b><u>Jan. 31, 2020</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	71,730	86,001	86,287	89,456
Net Loss	(152,537)	(774,744)	(432,447)	(182,918)
Current Assets	266,922	344,095	313,689	623,593
Total Assets	675,836	563,848	317,810	628,032
Total Liabilities	616,537	562,012	462,149	339,924
Total Shareholders' Equity (Deficiency)	59,299	1,836	(144,339)	288,108

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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>October 31, 2021</b>
	\$
Cash	364,749
Working Capital Deficit	(70,486)
Cash Used in Operating Activities	(841,507)
Cash Used in Investing Activity	Nil
Cash Provided by Financing Activity	750,000
Decrease in Cash	(91,507)

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 30, 2021.

#### Common Shares

The authorized capital of the Company consists of an unlimited number of common shares without par value of which 76,731,630 are outstanding. Holders of the Company'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 Company.

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.

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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.

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%.

On January 20, 2021, the Company issued 26,000,000 common shares at a fair value of \$4,402,408 in connection with the acquisition of Wonder. The Company also issued 2,100,000 common shares valued at \$483,000 to arm's-length parties that are assisting with the transaction. 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%

On October 14, 2021, the Company closed a non-brokered private placement of 15,000,000 at a price of \$.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. The fair value of the warrants was estimated to be \$372,828, which was determined using the Black-Scholes Option Pricing Model with the following assumptions: expected life – 3 years; volatility – 300.37%; risk-free interest rate – 0.52%; dividend rate – 0%.

#### Preferred Shares

The authorized capital of the Company consists of an unlimited number of preferred shares without par value, of which 2,000 are issued or outstanding as of December 30, 2021. The preferred shares rank in priority to the common shares upon the liquidation, winding up or other dissolution of the Company. The preferred shares were issued in August 2013, as part of the plan of arrangement with Zara Resources Inc.

#### Escrow Shares

As of December 30, 2021, Nil common shares were held in escrow. Under the applicable escrow agreement, 323,955 were released during the year ended July 31, 2020, 215,970 were released during the year ended July 31, 2021, and 107,984 were released during the three months ended October 31, 2021.

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### Stock Options

There were no stock options granted during the three months ended October 31, 2021 and the year ended July 31, 2021.

As of December 30, 2021, no stock options are outstanding.

### Warrants

As of December 30, 2021, the Company has 15,000,000 share purchase warrants outstanding.

### **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**

During the three months ended October 31, 2021, the Company paid management fees of \$Nil (2020 - \$4,500) to a former director of the Company.

During the three months ended October 31, 2021, the Company paid management fees of \$54,000 (2020 - \$54,500) to directors and officers of the Company.

At October 31, 2021, the Company had a net balance of \$21,245 (July 31, 2021 - \$21,245) due to a former CFO and a company controlled by the former CEO, a balance of \$9,450 (July 31, 2021 - \$51,350) due to the CFO, and a balance of \$67,485 (July 31, 2021 - \$53,261) due to the CEO.

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

### **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 condensed consolidated interim financial statements have been prepared by management in accordance with IFRS. Significant accounting policies used have been outlined on the condensed consolidated interim financial statements for the three months ended October 31, 2021.

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

The preparation of these condensed consolidated interim 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 judgments 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 condensed consolidated interim financial statements within the next financial year are discussed below:

#### ***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 condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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***

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 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 payments. 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 condensed consolidated interim 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 October 31, 2021, the Company's capital deficit amounted to its share capital, reserves and deficit of \$67,733 (July 31, 2021 - \$440,393).

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

### **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 Company's ability to attract and retain patients, including but not limited to the successful implementation of the Company'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 Company'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***

Future development of the Company's business may not yield expected returns and may strain management resources. Development of the Company'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 Company plans to grow rapidly and significantly expand its operations. This growth will place a significant strain on management systems and resources. The Company will not be able to implement our business strategy in a rapidly evolving market, without an effective planning and management process. To date, the Company has implemented some managerial, informational, operational and financial systems and controls, however, there can be assurance these systems and controls will be adequate. The Company 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 Company 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 Company 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 Company may also be required to expand its finance, administrative and operations staff. The Company 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 unaudited condensed consolidated interim 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” 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 30, 2021 and are subject to change after this date. Forward-looking statements are subject to a number of known and

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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**

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

**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).