GLOBAL HEALTH CLINICS LTD.

Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended January 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Global Health Clinics Ltd.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

As at,		January 31, 2023		July 31, 2022
		(Unaudited)		(Audited)
ASSETS				
Current assets				
Cash	$	36,097	$	496,692
Accounts receivable (note 8)		7,216		9,107
GST recoverable		31,292		20,932
Prepaid expenses (note 9)		31,133		49,808
Total current assets		105,738		576,539
Non-current assets				
Equipment (note 10)		2,023		2,267
Total non-current assets		2,023		2,267
Total assets	$	107,761	$	578,806
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current liabilities				
Accounts payable (note 13)	$	915,320	$	740,126
Accrued liabilities		88,500		41,500
Deferred revenue (note 14)		23,738		34,450
Loans payable (notes 13 and 15)		450,481		287,726
Total current liabilities		1,478,039		1,103,802
Non-current liability				
Loan payable		33,726		34,585
Total liabilities		1,511,765		1,138,387
Shareholders' deficiency				
Share capital (note 16)		26,342,700		26,342,700
Reserves		6,831,776		6,831,776
Accumulated deficit		(34,578,480)		(33,734,057)
Total shareholders' deficiency		(1,404,004)		(559,581)
Total liabilities and shareholders' deficiency	$	107,761	$	578,806

Nature of operations (note 1)
Subsequent events (note 21)

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 condensed consolidated interim financial statements are an integral part of these statements.

Global Health Clinics Ltd.

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

	For the Three Months Ended January 31, 2023	For the Three Months Ended January 31, 2022	For the Six Months Ended January 31, 2023	For the Six Months Ended January 31, 2022
REVENUE				
Sales (note 18)	**$ 26,519**	$ 31,410	**$ 56,514**	$ 73,513
COST OF SALES				
Doctor fees	**4,990**	8,906	**10,925**	14,001
Gross Profit	**21,529**	22,504	**45,589**	59,512
Operating Expenses				
Advertising and promotion	**2,000**	223,514	**399,920**	442,117
Depreciation (note 10)	**122**	162	**244**	324
Bad debts expense	**-**	-	**-**	1,255
Bank charges, interest and accretion (note 15)	**11,717**	2,109	**20,979**	4,333
Consulting and referral fees	**69,108**	95,852	**134,596**	213,793
Filing and listing fees	**5,229**	9,052	**7,479**	11,302
Legal and professional fees	**3,512**	7,612	**3,512**	7,612
Management fees (note 13)	**54,000**	64,391	**108,000**	130,391
Office and general expenses	**49,978**	62,547	**94,801**	125,899
Research and development	**-**	2,500	**-**	12,500
Salaries and wages	**60,576**	41,015	**121,332**	71,301
Transfer agent fees	**1,247**	727	**1,902**	3,002
Loss before other items	**(235,960)**	(486,977)	**(847,176)**	(964,317)
Other items				
Expense recovery (note 20)	**-**	-	**-**	100,000
Gain on loan modification	**-**	-	**2,753**	-
Net loss and comprehensive loss	**$ (235,960)**	$ (486,977)	**$ (844,423)**	$ (864,317)
Basic and diluted net loss per share (note 17)	**$ (0.03)**	$ (0.13)	**$ (0.09)**	$ (0.24)
Weighted average number of common shares outstanding – basic and diluted	**9,392,138**	3,836,581	**9,392,138**	3,563,483

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

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

For the Six Months Ended January 31,		2023		2022
Operating activities				
Net loss for the period	$	(844,423)	$	(864,317)
Items not affecting cash:				
Depreciation		244		324
Accretion and accrued interest		18,649		1,902
Gain on loan modification		(2,753)		-
Bad debt expense		-		1,255
Changes in non-cash working capital items:				
Accounts receivable		1,891		1,130
GST recoverable		(10,360)		4,648
Prepaid expenses		18,675		82,792
Accounts payable and accrued liabilities		222,194		(448,132)
Deferred revenue		(10,712)		(566)
Net cash used in operating activities		(606,595)		(1,220,964)
Financing activities				
Shares issued from private placement, net of issuance costs		-		750,000
Loan payable		146,000		30,000
Net cash provided by financing activities		146,000		780,000
Net change in cash		(460,595)		(440,964)
Cash, beginning of period		496,692		456,256
Cash, end of period	$	36,097	$	15,292

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

Global Health Clinics Ltd.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency
For the Six Months Ended January 31, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)

	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, 2021	**3,086,581**	**$ 25,604,225**	**100**	**$ 100,000**	**$ 1,154,630**	**$ 5,039,321**	**$ 26,300**	**$ (32,364,869)**	**$ (440,393)**
Private placements (note 16)	750,000	377,172	-	-	-	372,828	-	-	750,000
Net loss for the period	-	-	-	-	-	-	-	(864,317)	(864,317)
Balance, January 31, 2022	**3,836,581**	**$ 25,981,397**	**100**	**$ 100,000**	**$ 1,154,630**	**$ 5,412,149**	**$ 26,300**	**$ (33,229,186)**	**$ (554,710)**
Balance, July 31, 2022	**9,392,138**	**$ 26,242,700**	**100**	**$ 100,000**	**$ 1,154,630**	**$ 5,650,846**	**$ 26,300**	**$ (33,734,057)**	**$ (559,581)**
Net loss for the period	-	-	-	-	-	-	-	(844,423)	(844,423)
Balance, January 31, 2023	**9,392,138**	**$ 26,242,700**	**100**	**$ 100,000**	**$ 1,154,630**	**$ 5,650,846**	**$ 26,300**	**$ (34,578,480)**	**$ (1,404,004)**

(i) After effect of share consolidation on a 1 to 20 basis (note 16)

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

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 their potential usage for pharmaceutical purposes.

2. Going Concern Assumption

These condensed consolidated interim 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 six months ended January 31, 2023, the Company recorded net loss of $844,423. As at January 31, 2023, the Company had a working capital deficit of $1,372,301 and had an accumulated deficit of $34,578,480. 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. 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.

3. Statement of Compliance and Basis of Presentation

(a) Statement of compliance

The policies applied in these condensed consolidated interim financial statements are based on IFRS as issued by the International Accounting Standards Board ("IASB"), in particular International Accounting Standards ("IAS") 34, Interim Reporting, and interpretations issued by the Interpretation Financial Reporting Interpretations Committee ("IFRIC"). The board of directors approved the condensed consolidated interim financial statements on April 3, 2023.

(b) Basis of presentation

These condensed consolidated interim 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.

3. Statement of Compliance and Basis of Presentation (continued)

(c) Basis of consolidation

These condensed consolidated interim 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, Green Life Clinics Ltd. 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

<u>Classification</u>

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
Loans payable	Amortized cost

<u>Measurement</u>

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.

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.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

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.

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.

4. Significant Accounting Policies (continued)

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 loss and 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.

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.

When warrants are issued as part of a unit placement, proceeds from unit placement are allocated between shares and warrants issued using the relative fair value method. Proceeds are charged in proportion to the fair value of shares based on the stock prices at the time of issue and the fair value of the warrants determined using the Black-Scholes model. The fair value attributed to the warrant is recorded as contributed surplus. If the warrant is exercised, the value attributed to the warrant is transferred to share capital. If the warrant expires unexercised, the value remains at contributed surplus within equity.

4. Significant Accounting Policies (continued)

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 payment 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 and educational fees. 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 recognises 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 earned.

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 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

4. Significant Accounting Policies (continued)

Revenue recognition (continued)

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.

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

4. Significant Accounting Policies (continued)

Impairment of financial assets (continued)
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.

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 IFRS16, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both the lessee and the lessor. It follows a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. Management has assessed that it does not have any leases to which IFRS 16 applies.

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 loss and comprehensive loss over the periods in which the expense that the subsidy is intended to offset are incurred (note 15).

Operating segments
IFRS 8 aligns the identification and reporting of operating segments with internal management reporting. Segment reporting under IFRS 8 highlights the information and measures that management believes are important and are used to make key decisions.

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses;
- Whose operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

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 condensed consolidated interim 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 condensed consolidated interim 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 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.

(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 condensed consolidated interim 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.

5. Significant Accounting Estimates and Judgments (continued)

Key sources of estimation uncertainty (continued)

(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 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 condensed consolidated interim 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 loans 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 are measured at amortized cost and 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:

6. Financial Risk Management (continued)

Financial risks (continued)

(b) Market risk (continued)

Currency risk

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.

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 as loans are carried at fixed 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

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At January 31, 2023, the Company's cash balance of $36,097 is not able to settle current liabilities of $1,478,039. 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 January 31, 2023, the Company's capital deficit amounted to its share capital, reserves and deficit of $1,404,004 (July 31, 2022 - $559,581).

(Expressed in Canadian Dollars)

7. Capital Management (continued)

The Company's capital management objectives, policies and processes have been directed towards the cannabis and psilocybin industries during the year ended July 31, 2022 and the period ended January 31, 2023. 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.

8. Accounts Receivable

The Company generally does not hold any collateral as security for trade receivables. As at January 31, 2023, one customer has receivable balance greater than 10% of the total accounts receivable balance (July 31, 2022 - three customers) and account for 67% of receivables (July 31, 2022 - 10%, 25%, and 49% of receivables, respectively).

The following table shows the breakdown of accounts receivable ageing report as of the six months ended January 31, 2023 and the year ended July 31, 2022.

	January 31, 2023	July 31, 2022
Current	4,990	5,108
31-60 days	190	980
61-90 days	-	214
More than 90 days	2,036	2,805
Accounts receivable, net of allowance for doubtful accounts	**7,216**	**9,107**

As of January 31, 2023, allowance for doubtful accounts was $11,563 (July 31, 2022 - $11,563).

9. Prepaid Expenses and Deposit

The prepaid expenses of $31,133 (July 31, 2022 - $49,808) comprise of a prepaid rent deposit of $7,625 (July 31, 2022 - $7,625), prepaid legal fees of $15,000 (July 31, 2022 - $15,000), and prepaid insurance of $8,508 (July 31, 2022 - $27,183).

10. Leasehold Improvements and Equipment

Amortization on equipment was $244 (2022 - $324) during the six months ended January 31, 2023.

11. 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 600,000 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 60,000 common shares to an entity that assisted with facilitating 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:

(Expressed in Canadian Dollars)

11. Acquisition of H2H (continued)

Fair value of consideration and finder's shares (660,000 shares)	$	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	$	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.

12. 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 1,300,000 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) 198,957 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) 1,101,043 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	**$**	4,402,408
Finder's fee		483,000
Transaction costs		55,712
Cost of acquisition		**4,941,120**
Fair value of Wonder's assets acquired, net of liabilities		
Cash		428,974
Prepaid expense		2,659
Trade and other payables		(17,290)
		414,343
Share-based payment expense	**$**	**4,526,777**

(Expressed in Canadian Dollars)

13. Related Party Transactions and Disclosures

Key management personnel

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

Remuneration attributed to key management personnel is summarized as follows:

	January 31, 2023	January 31, 2022
Management fees	**108,000**	**113,000**

At January 31, 2023, the Company had a balance of $40,950 (July 31, 2022 - $22,050) due to the CFO, and a balance of $246,985 (July 31, 2022 - $167,964) due to the CEO. These amounts are included in accounts payable.

During the six months ended January 31, 2023, the Company received loans of $58,000 (year ended July 31, 2022 - $83,159), from an officer of the Company. The loans bear interest of 10% per annum. As of January 31, 2023, the loans had a balance of $149,575 (July 31, 2022 - $86,591), including accrued interest of $8,416. Interest expenses recorded for the six months ended January 31, 2023 was $4,984 (2022 - $16). (Note 15).

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

14. 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. As at January 31, 2023, the total deferred revenue balance is $23,738 (July 31, 2022 - $34,450).

	January 31, 2023	July 31, 2022
Beginning balance	34,450	42,920
Additions during the period	23,224	78,879
Recognized as revenue	(33,936)	(87,349)
Balance, end of the period	**23,738**	**34,450**

15. Loans Payable

During the year ended July 31, 2022, the Company received loans totalling $279,273 from a related party (note 14) and from third parties. The loans bear interest of 10% per annum. The loans are due 12 months from issue date. As of January 31, 2023, the loan balance was $301,804 (July 31, 2022 - $287,726), including accrued interest of $22,531 (July 31, 2022 - $8,453).

During the six months ended January 31, 2023, the Company received loans totaling $146,000. The loans bear interest of 10% per annum. The loans are due 12 months from issue date. As of January 31, 2023, the loan balance was $148,677, including accrued interest of $2,677.

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.

(Expressed in Canadian Dollars)

15. Loans Payable (continued)

The due date of the loan has been extended to December 2023.

The carrying value of the loans as of January 31, 2023 are as follows:

		CEBA loan		Other loans		Total
Balance, July 31, 2021	$	30,813	$	-	$	30,813
Addition		-		279,273		279,273
Accretion and interest		3,772		8,453		12,225
Balance, July 31, 2022	$	34,585	$	287,726	$	322,311
Addition		-		146,000		146,000
Loan modification adjustment		(2,753)		-		(2,753)
Accretion and interest		1,894		16,755		18,649
Balance, January 31, 2023	**$**	**33,726**	**$**	**450,481**	**$**	**484,207**

16. 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:

Six months ended January 31, 2023
There were no shares issued during the six months ended January 31, 2023.

Year ended July 31, 2022
On October 6, 2021, the Company closed a non-brokered private placement of 750,000 at a price of $1.00 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 $1.10 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%.

On July 7, 2022, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidated common share for every 20 pre-consolidated share. All shares figures have been retroactively adjusted to reflect share consolidation.

On July 28, 2022, the Company closed a non-brokered private placement of 5,555,557 at a price of $0.09 per unit for gross proceeds of $500,000. Each unit consists of one common share of the Company and one common share purchase warrant of the Company. Each full warrant is exercisable into a common share of the Company for a period of 24 months at an exercise price of $0.12. The fair value of the warrants was estimated to be $238,697, which was determined using the Black-Scholes Option Pricing Model with the following assumptions: expected life – 2 years; volatility – 231.56%; risk-free interest rate – 2.94%; dividend rate – 0%.

Escrow shares
During the year ended July 31, 2022, 107,984 common shares (2021 - 215,970 common shares) in escrow were released pursuant to the escrow agreement. There were no common shares remaining in escrow as at July 31, 2022.

On July 28, 2022, the Company issued 5,555,557 common shares from private placement. The shares have a hold period of four months and one day.

(Expressed in Canadian Dollars)

16. Share Capital (continued)

(ii) Warrants

The issued and outstanding warrants balance at January 31, 2023 is comprised as follows:

	Number of warrants
Balance, July 31, 2020	-
Issued	356,634
Balance, July 31, 2021	356,634
Issued	6,305,557
Expired	(356,634)
Balance, July 31, 2022 and January 31, 2023	**6,305,557**

The following table sets out the details of the warrants issued and outstanding as at January 31, 2023.

Issue date	Expiry date	Weighted average exercise price	Number of warrants	Weighted average remaining life (in years)
October 6, 2021	October 6, 2024	$1.10	750,000	1.68
July 28, 2022	July 28, 2024	0.12	5,555,577	1.49
		$0.24	**6,305,557**	**1.51**

(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.

(Expressed in Canadian Dollars)

16. Share Capital (continued)

(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.

17. Net Loss Per Common Share

The calculation of basic and diluted loss per share for the three and six months ended January 31, 2023 was based on the loss attributable to common shareholders of $235,960 and $844,423, respectively (three and six months ended January 31, 2022 - $486,977 and $864,317, respectively) and the weighted average number of common shares outstanding of 9,392,138 and 9,392,138 (three and six months ended January 31, 2022 - 3,836,581 and 3,563,483, respectively). Outstanding options and warrants are excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

18. Revenue

The Company's analysis of revenue from contracts with customers segmented by nature of transactions for the six months ended January 31, 2023 and 2022 is as follows:

		January 31, 2023		January 31, 2022
Membership fees	$	33,936	$	38,177
Education fees		20,050		31,343
Operating expense reimbursements		2,528		3,993
	$	56,514	$	73,513

19. Segment Disclosures

The Company operates in two operating segments being the operating of medical clinics to guide patients to become legal users of marijuana, and the development of psilocybin products for research and potentially usage for pharmaceutical purposes. Revenues, net loss and total assets at January 31, 2023 and July 31, 2022 are as follows:

		Medical Clinics for legal user of Marijuana		Psilocybin development		Total
For the six months ended January 31, 2023						
Revenue	$	56,514	$	-	$	56,514
Net loss		(844,353)		(70)		(844,423)
As of January 31, 2023						
Total Assets	$	107,218	$	543	$	107,761
For the six months ended January 31, 2022						
Revenue	$	73,513	$	-	$	73,513
Net loss		(840,830)		(23,487)		(864,317)
As of January 31, 2022						
Total Assets	$	75,176	$	4,310	$	79,486

20. Expense Recovery

During the year ended July 31, 2022, the Company received $100,000 for consulting fees previously paid to a third party in 2017.

21. Subsequent Events

No subsequent events.