



BIOME GROW INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(UNAUDITED)

(Expressed in Canadian dollars)

Notice of Disclosure of Non-Auditor Review of the Condensed Interim Consolidated Financial Statements for the Three Months ended March 31, 2022 and 2021.

Pursuant to subsection 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations, issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Biome Grow Inc. (the "Company") for the interim period ended March 31, 2022 and 2021 have been prepared in accordance with the International Accounting Standard 34 - *Interim Financial Reporting* as issued by the International Accounting Standards Board, and are the responsibility of the Company's management.

The Company's independent auditors, Manning Elliot LLP, have not performed a review of these condensed interim consolidated financial statements.

May 30, 2022

BIOME GROW INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31, 2022 and December 31, 2021

(Unaudited - Expressed in Canadian dollars)

	Notes	2022	2021
		\$	\$
ASSETS			
Current assets			
Cash		329,197	582,304
Restricted cash		-	897
Goods and services tax receivable		103,286	86,064
Prepaid expenses and advances – current		144,053	88,695
Investments	4	6,436,068	10,249,135
Total current assets		7,012,604	11,007,095
Prepaid expenses and advances		44,348	66,521
TOTAL ASSETS		7,056,952	11,073,616
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5, 10	1,129,852	1,138,584
Loans payable	6, 10	3,510,178	3,506,295
Total liabilities		4,640,030	4,644,879
SHAREHOLDERS' EQUITY			
Share capital	7	23,183,398	23,183,398
Reserves		2,557,115	2,544,824
Deficit		(23,323,591)	(19,299,485)
Total shareholders' equity		2,416,922	6,428,737
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,056,952	11,073,616

Nature of operations and going concern (Note 1)

Subsequent event (Note 11)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on May 30, 2022. They are signed on the Company's behalf by:

 "Khurram Malik"

Director

 "Mark Lievonen"

Director

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

BIOME GROW INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME**

For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Notes	2022	2021
		\$	\$
Operating expenses			
Professional fees	10	49,605	28,648
Insurance		41,116	29,599
Share-based compensation	7, 10	12,291	16,344
Transfer agent and listing fees		4,892	5,310
Accretion expense		3,883	9,286
Donations		-	2,500
General and administration		-	5,923
Loss before other items		(111,787)	(97,610)
Other expenses (income)			
Change in unrealized fair value on investments	4	3,813,067	(16,976,298)
Interest expense	6	99,252	108,735
Realized gain on investments sold	4	-	(512,554)
Gain on settlement of debt		-	(28,071)
		3,912,319	(17,408,188)
Net (loss) income and comprehensive (loss) income		(4,024,106)	17,310,578
(Loss) earnings per share			
Basic and diluted		(0.04)	0.15
Weighted average number of common shares outstanding			
Basic and diluted		112,417,435	112,417,435

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

BIOME GROW INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares		Reserves	Deficit	Total
	Number	Share capital			
	#	\$	\$	\$	\$
Balance, December 31, 2020	112,417,435	23,183,398	2,492,497	(19,159,556)	6,516,339
Share-based compensation	-	-	16,344	-	16,344
Net income for the period	-	-	-	17,310,578	17,310,578
Balance, March 31, 2021	112,417,435	23,183,398	2,508,841	(1,848,978)	23,843,261
Share-based compensation	-	-	35,983	-	35,983
Net loss for the period	-	-	-	(17,450,507)	(17,450,507)
Balance, December 31, 2021	112,417,435	23,183,398	2,544,824	(19,299,485)	6,428,737
Share-based compensation	-	-	12,291	-	12,291
Net loss for the period	-	-	-	(4,024,106)	(4,024,106)
Balance, March 31, 2022	112,417,435	23,183,398	2,557,115	(23,323,591)	2,416,922

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

BIOME GROW INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

	2022	2021
	\$	\$
Operating activities		
Net (loss) income for the period	(4,024,106)	17,310,578
Adjustments for non-cash items:		
Realized gain on investments sold	-	(512,554)
Change in unrealized fair value on investments	3,813,067	(16,976,298)
Interest expense	99,252	108,735
Share-based compensation	12,291	16,344
Gain on settlement of debt	-	(28,071)
Accretion expense	3,883	9,286
Changes in non-cash working capital items:		
Goods and services tax receivable	(17,222)	29,882
Accounts payable and accrued liabilities	(107,984)	(331,347)
Prepaid expense and advances	(33,185)	70,494
Cash used in operating activities	(254,004)	(302,951)
Investing activities		
Proceeds on sale of investments	-	923,314
Cash provided by investing activities	-	923,314
Financing activities		
Repayment of loan payable	-	(240,286)
Interest paid on loan payable	-	(108,735)
Cash used in financing activities	-	(349,021)
Change in cash restricted cash	(254,004)	271,342
Cash and restricted cash, beginning of period	583,201	569,499
Cash and restricted cash, end of period	329,197	840,841

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

BIOME GROW INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Biome Grow Inc. (the "Company") was incorporated under the *Business Corporations Act* of British Columbia on December 31, 2013. The head office and principal business location of the Company is 1401-480 University Avenue, Toronto, Ontario.

The Company's principal business activity is pursuing opportunities in the cannabis industry. On May 19, 2017, the Company acquired a 100% interest in Highland Grow Inc. ("HGI"). On July 31, 2020, the Company completed the sale of HGI (Note 4).

These unaudited condensed interim consolidated financial statements (the "interim financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business. The Company has incurred losses since its inception and has an accumulated deficit of \$23,323,591 as at March 31, 2022 (December 31, 2021 - \$19,299,485). There is a material uncertainty related to these conditions that casts doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern depends upon its ability to realize sufficient cash from the sale of its marketable securities and generate profitable operations in the future.

In March 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. This contagious disease outbreak including variants which continues to spread, and related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. During 2021 vaccines became available and certain restrictions have begun to ease. The Company and its prior operations had not been drastically impacted by the pandemic, but management continues to monitor the situation.

2. BASIS OF PRESENTATION

a) Statement of compliance

These interim financial statements were approved by the Board of Directors and authorized for issue on May 30, 2022.

These interim financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). As such, these interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2021, and 2020 (the "annual financial statements").

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on these financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

BIOME GROW INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

c) Basis of consolidation

These financial statements include the accounts of the Company and the following Canadian subsidiaries:

Subsidiaries	Percentage ownership
Cultivator Catalyst Corp.	100%
Great Lake Cannabis Company Inc.	100%
Red Sands Craft Cannabis Corp. ¹	100%
Weed Virtual Retail Inc. ¹	100%

¹ These companies were inactive during the three months ended March 31, 2022 and the year ended December 31, 2021.

Subsidiaries are entities that the Company controls directly. Control is defined as the exposure, or rights, or variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights and the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital.

All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied and disclosed in Note 3 to the Company's annual financial statements.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of the interim financial statements. In addition, the preparation of the financial data requires that the Company's management to make assumptions and estimates of the impacts of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period, and the reported amounts of expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2022. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

BIOME GROW INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

(Unaudited - Expressed in Canadian dollars)

4. INVESTMENTS

A summary of the Company's investments is as follows:

	Shares	Escrow Shares	Exchangeable Shares	Total
	\$	\$	\$	
Cost				
Balance, December 31, 2020	734,724	1,707,875	5,334,266	7,776,865
Transferred	791,012	(791,012)	-	-
Cost sold or transferred for debt settlement	(1,153,904)	-	-	(1,153,904)
Securities exchanged	5,334,266	-	(5,334,266)	-
Balance, March 31, 2022 and December 31, 2021	5,706,098	916,863	-	6,622,961
Fair value				
Balance, December 31, 2020	1,102,086	2,561,812	8,001,399	11,665,297
Transferred	791,012	(791,012)	-	-
Net proceeds on sales	(2,162,858)	-	-	(2,162,858)
Realized gain on investments sold	1,008,954	-	-	1,008,954
Cost of securities exchanged	5,334,266	-	(5,334,266)	-
Change in fair value of investments	2,756,982	(352,107)	(2,667,133)	(262,258)
Balance, December 31, 2021	8,830,442	1,418,693	-	10,249,135
Change in fair value of investments	(3,285,259)	(527,808)	-	(3,813,067)
Balance, March 31, 2022	5,545,183	890,885	-	6,436,068

On July 31, 2020, the Company received 4,352,447 MYM Shares, 38,461,538 Escrow Shares and 132,551,040 Exchangeable Shares of MYM as consideration for the sale of HGI (Note 4). In connection with the sale of HGI, the Company entered into various debt settlements and bonus payments with former employees of the Company and HGI which were settled with the issuance of either Exchangeable Shares or MYM Shares. On May 21, 2021, the Company exchanged the 88,904,428 outstanding Exchangeable Shares for 88,904,428 MYM Shares.

On July 9, 2021, MYM was acquired by IM Cannabis Corp. ("IMC") and all MYM Shares were converted into common shares of IMC. The Company received 2,700,905 IMC common shares (of which 336,183 are held in escrow), in exchange for 122,768,413 MYM Shares (which included 15,281,054 Escrow Shares).

For the three months ended March 31, 2022, the Company recorded a loss of \$3,813,067 on its revaluation of these investments (2021 – gain of \$16,976,298). During the three months ended March 31, 2022, the Company also recorded a realized gain on sale of investments of \$nil (2021 - \$512,554). As at March 31, 2021, the Company held 2,434,005 IMC Shares, of which 336,183 are IMC Escrow Shares.

The remaining IMC Escrow Shares are expected to be released within the next 12 months and have been classified as a current asset on the statement of financial position. The Company's investments are measured using Level 1 inputs.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as at March 31, 2022 and December 31, 2021 consisted of the following:

	2022	2021
	\$	\$
Trade payables	504,821	519,071
Accrued liabilities	169,500	261,510
Deferred compensation	60,000	60,000
Interest payable	395,531	298,003
	1,129,852	1,138,584

BIOME GROW INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

(Unaudited - Expressed in Canadian dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

During the three months ended March 31, 2022, the Company recorded a gain on debt settlement of \$nil (2021 - \$28,071) as a result of settlement agreements on trades payable.

During the year ended December 31, 2020, the Company entered legal proceedings with the former CEO of HGI subsequent to the disposition of HGI. As at December 31, 2020, the Company recorded an accrued liability for settlement contingency of \$571,891 representing the estimated cost of legal expenses and a final settlement amount which was included in accrued liabilities. During the year ended December 31, 2021, the Company finalized the settlement and recorded an additional loss on legal settlement of \$45,030. The total amount of \$616,921 was paid fully during the year ended December 31, 2021.

6. LOANS PAYABLE

A continuity of the Company's loan obligations as at March 31, 2022 and December 31, 2021 is as follows:

	MYM Loan	Related Party Loan	Total 2022	Total 2021
			\$	\$
Opening balance	2,256,295	1,250,000	3,506,295	3,705,545
Principal repayments, net	-	-	-	(240,287)
Accretion expense	3,883	-	3,883	41,037
Ending balance	2,260,178	1,250,000	3,510,178	3,506,295
Current portion	2,260,178	1,250,000	3,510,178	3,506,295
Non-current portion	-	-	-	-

- a) On July 31, 2020, in connection with sale of HGI, MYM agreed to loan the Company an amount equal to \$1,000,000 (the "MYM Loan – Tranche #1") plus the balance of certain liabilities of HGI, which will continue to be owed by HGI, post-closing, in the amount of \$1,664,141 (the "MYM Loan – Tranche #2"), both for a term of 18 months (January 31, 2022) with an option to extend for an additional 6 months at the sole discretion of the Company upon the Company paying an extension fee (together the "MYM Loan"). The MYM Loan bears interest at a rate of 17.5% per annum.

Pursuant to the loan and security agreement, the Company incurred a one-time set-up fee equal to 8% of the MYM Loan – Tranche #1 advance. Interest on the MYM Loan is calculated from July 31, 2020 on a monthly basis and payable every fourth months beginning on November 30, 2020. The total debt issuance costs of \$80,000 were applied against the loan principle in the amount of \$2,664,141 and are accreted over the term of the loan.

During the three months ended March 31, 2022, the Company incurred an interest expense of \$97,528 (2021 - \$105,247) in connection with this loan. The loan matured on January 31, 2022, is due on demand (see Note 11) and continues to accrue interest at 17.5%.

- b) During the year ended December 31, 2019, the Company received a series of advances from a related party totaling \$1,250,000. The amounts are secured by promissory notes, bear no interest and are due on demand. As at March 31, 2022, the carrying value of these loans are \$1,250,000 (December 31, 2021 - \$1,250,000).

7. SHARE CAPITAL**a) Authorized**

- Unlimited number of voting common shares without par value
- Unlimited number of Special Class C Shares without par value subject to special rights or restrictions
- Unlimited number of Class B Preferred Shares without par values subject to special rights or restrictions

As at March 31, 2022, and December 31, 2021, there were 112,417,435 common shares outstanding.

BIOME GROW INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)**b) Issued shares**

There were no common share transactions during the three months ended March 31, 2022 or the year ended December 31, 2021.

c) Stock options

The Company has adopted a stock option plan for its directors, officers, employees, and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the stock options are determined by the Board of Directors.

During the three months ended March 31, 2022, the Company had no stock option grants.

During the year ended December 2021, the Company had the following grant:

- a) On November 5, 2021, the Company granted 1,500,000 stock options to directors of the Company with an exercise price of \$0.05. The options vest in two equal tranches on November 5, 2022 and 2023, respectively, and expire on October 26, 2026.

A summary of stock option transactions are as follows:

	Number of stock options	Weighted average exercise price
	#	\$
Balance, December 31, 2020	1,700,000	1.60
Granted	1,500,000	0.05
Expired	(200,000)	1.60
Balance, March 31, 2022 and December 31, 2021	3,000,000	0.07

The following table summarizes stock options outstanding and exercisable as at March 31, 2022 and December 31, 2021:

Grant date	Expiry date	Exercise price	2022	2021
		\$	#	#
July 31, 2020	July 31, 2025	0.08	1,500,000	1,500,000
November 5, 2021	October 26, 2026	0.05	1,500,000	1,500,000
Total outstanding			3,000,000	3,000,000
Total exercisable			750,000	750,000
Weighted average remaining contractual life of stock options outstanding at the end of the period			4.0 years	4.2 years

The fair value of stock options granted during the year ended December 31, 2021 were estimated using the Black-Scholes option pricing model using the following assumptions:

	2021
Risk-free interest rate	1.26%
Annualized volatility	100%
Expected dividend yield	0.00%
Expected life	5 years

During the three months ended March 31, 2022, the Company recognized share-based compensation of \$12,291 (2021 - \$16,344) that was recorded in the consolidated statement of (loss) income and comprehensive (loss) income. The share-based compensation represents the fair value of stock options vested during the period.

BIOME GROW INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)**d) Share purchase warrants**

A summary of share purchase warrant activities are as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2020	6,394,880	0.52
Expired	(1,037,737)	1.68
Balance, March 31, 2022 and December 31, 2021	5,357,143	0.28

As at March 31, 2022 and December 31, 2021, the Company had share purchase warrants outstanding to acquire common shares of the Company as follows:

Grant date	Expiry date	Exercise price	2022	2021
		\$	#	#
November 21, 2019	November 21, 2023	0.28	5,357,143	5,357,143
Total outstanding and exercisable			5,357,143	5,357,143
Weighted average remaining contractual life of share purchase warrants outstanding at the end of the period			1.6 years	1.9 years

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**Fair value measurement of financial assets and liabilities**

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 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.

The fair value of cash, restricted cash, accounts payable and accrued liabilities and the loans payable are held at amortized cost and approximate their respective fair values due to the short-term nature of these instruments. Investments are a level 1 financial asset with fair value determined in whole by reference to the bid price of the shares at each reporting date.

As at March 31, 2022, the Company's financial instruments consist of cash, investments, accounts payable and accrued liabilities and loans payable.

Financial risk management objectives and policies

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company operates primarily in Canadian dollars and as such is not significantly affected by the fluctuations of the Canadian dollar with other currencies.

BIOME GROW INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

(Unaudited - Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)*(ii) Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) 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 and arises principally from the Company's cash. At present, the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure safety and liquidity of its cash.

As at March 31, 2022, the Company's exposure is the carrying value of the financial instruments. The Company's maximum exposure to credit risk is the carrying value of its financial assets excluding investments.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through issuances of equity and debt or partnering transactions. The Board of Directors approves any material transactions outside the ordinary course of business. Management regularly reviews the Company's operating and capital budgets and maintains short-term cash flow forecasts.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of debt and other accounts payable relative to the sale of investments (marketable securities).

(v) Maturity risk

As at March 31, 2022, the Company did not have derivative financial liabilities with contractual maturities.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses and commitments for a period of 90 days.

The following table summarizes the maturities of the Company's financial liabilities As at March 31, 2022, based on the undiscounted contractual cash flows:

	Carrying value	Principal amount	Less than 1 year
	\$	\$	\$
Accounts payable and accrued liabilities	1,129,852	1,129,852	1,129,852
Loans payable	3,510,178	3,510,178	3,510,178
	4,640,030	4,640,030	4,640,030

(vi) Market risk

The Company is exposed to market risk because of the fluctuating values of its publicly traded investment in IMC. The Company has no control over these fluctuations and does not hedge its investments. Based on the March 31, 2022, value of investments, a 10% increase or decrease in the share price of IMC would have impacted income / loss for the period, up or down, by approximately \$643,607 before income taxes.

BIOME GROW INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2022

(Unaudited - Expressed in Canadian dollars)

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

10. RELATED PARTY BALANCES AND TRANSACTIONS

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

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. During the three months ended March 31, 2022 and 2021, key management compensation consisted of the following:

	2022	2021
	\$	\$
Share-based compensation	12,291	16,344
Management fees	23,000	-
	35,291	16,344

Amounts payable to related parties as at March 31, 2022 and December 31, 2021 consisted of the following:

	2022	2021
	\$	\$
Accounts payable and accrued liabilities	195,500	194,324
Loans payable	1,250,000	1,250,000
	1,445,500	1,444,324

As at March 31, 2022, accounts payable and accrued liabilities include \$195,500 due to related parties comprised of the following:

- \$60,000 in deferred compensation to directors of the Company related to the sale of HGI. The amount has been recorded in salaries, wages and benefits in the statement of (loss) income and comprehensive (loss) income. The deferred compensation is payable at the earlier of November 5, 2022, or IMC shares trading at greater than \$8.86 per share.
- \$127,500 for accrued management fees to the Chief Executive Officer related to services from 2020 and 2021 authorized during the year ended December 31, 2021
- \$8,000 for amounts owed to the Chief Executive Officer for current year management fees.

As at March 31, 2022, the Company has loans payable totaling \$1,250,000 (December 31, 2021 - \$1,250,000) to an entity under control of a significant shareholder of the Company (Note 6(b)). The balance payable is secured by promissory notes, non-interest bearing and due on demand.

11. SUBSEQUENT EVENT

Subsequent to period end, the MYM Loan lender and the Company continued negotiations towards a mutually acceptable solution for the matured MYM Loan (Note 6), noting that no resolution had been met as of the date of these financial statements.