



Global Cannabis Applications Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended March 31, 2021 and 2020

(Stated in Canadian Dollars)
(unaudited)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED 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 consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of Global Cannabis Applications Corp. (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 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 CANNABIS APPLICATIONS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)

	March 31, 2021	June 30, 2020
ASSETS		
Current assets		
Cash	\$ 956,430	\$ 3,171
GST receivable	36,862	15,584
Loan receivable (Note 6)	3,477,273	340,909
Prepaid expenses	7,500	-
	4,478,064	359,664
Deposit	-	-
Intangible Asset (Note 4)	394,252	-
	\$ 4,872,316	\$ 359,664
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable (Note 7)	\$ 811,202	\$ 1,385,136
Accrued liabilities	390,096	418,846
Loan payable (Note 8)	435,347	413,268
	1,636,644	2,217,250
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	19,260,930	15,066,447
Subscriptions received (Note 9)	45,274	17,000
Obligation to issue shares (Note 9)	24,518	-
Share-based payment reserve (Note 9)	4,773,412	3,139,131
Deficit	(20,868,461)	(20,080,164)
	3,235,672	(1,857,586)
	\$ 4,872,316	\$ 359,664

Going concern (Note 1)

Approved on behalf of the Board:

"Bradley Moore"

Bradley Moore

"Alexander Helmel"

Alexander Helmel

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

GLOBAL CANNABIS APPLICATIONS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Stated in Canadian Dollars)
(unaudited)

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2021	2020	2021	2020
Expenses:				
Accounting and audit fees	\$ -	\$ 30,500	\$ 23,207	\$ 71,565
Amortization of intangible assets (Note 4)	6,682	-	6,682	-
Bank and interest charges (Note 8)	10,681	7,390	26,897	23,074
Consulting fees (Notes 6 and 7)	255,074	183,924	500,674	618,758
Depreciation of equipment (Note 5)	-	-	-	252
IT costs	30,582	-	37,983	-
Legal fees	25,815	-	25,815	2,282
Marketing	879,769	-	946,269	209,341
Office and miscellaneous	6,114	1,149	6,114	4,798
Research and development costs (Note 4)	-	2,333	-	10,091
Share based compensation	20,500	-	379,500	-
Transfer agent, listing, and filing fees	10,956	6,185	23,988	12,794
Travel	-	-	-	12,070
	(1,233,674)	(231,481)	(1,977,130)	(965,025)
Other items:				
Software Licencing Revenue	12,500	-	12,500	-
Change in fair value of loan receivable (Note 6)	1,772,727	(613,637)	3,136,364	(613,637)
Gain (loss) on debt settlement (Note 9)	(576,942)	-	(1,960,031)	-
				\$
Net and comprehensive gain (loss)	\$ (37,889)	\$ (845,118)	\$ (788,297)	(1,578,661)
Basic and diluted gain (loss) per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	177,033,107	114,712,001	149,589,515	107,281,410

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

GLOBAL CANNABIS APPLICATIONS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)
(unaudited)

	Nine months ended March 31, 2021	Nine months ended March 31, 2020
Operating Activities		
Net loss	\$ (788,297)	\$ (1,578,661)
Items not affecting cash:		
Amortization of intangible assets	6,682	-
Change in fair value of note receivable	(3,136,363)	613,637
Deposit Returned		11,500
Depreciation and amortization		252
Accrued interest	22,079	20,598
Loss (gain) from debt settlement	1,960,031	-
Share based compensation	379,500	-
Shares issued for services	878,250	544,375
Changes in non-cash working capital items:		
GST receivable	(21,278)	6,333
Prepaid expenses	(7,500)	-
Accounts payable and accrued liabilities	(602,685)	238,687
Cash used in operating activities	(1,309,581)	(143,280)
Financing Activities		
Obligation to issue shares	24,518	-
Shares subscriptions received (used), net	28,274	(23,441)
Shares issued for cash, net of issue costs	2,210,048	160,250
Cash provided by financing activities	2,262,839	136,809
Investing Activities		
Loan receivable	-	-
Cash used in investing activities	-	-
Increase (decrease) in cash	953,258	(6,471)
Cash, beginning	3,171	6,980
Cash, ending	\$ 956,430	\$ 509

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

GLOBAL CANNABIS APPLICATIONS CORP.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Stated in Canadian Dollars)
(unaudited)

	<u>Share capital</u>							
	Number of Shares	Amount	Obligation to issue shares	Subscriptions Received	Share-based payment reserve	Deficit	Total	
Balance, June 30, 2019	100,619,501	14,643,672	-	40,441	3,075,031	(18,415,452)	(656,308)	
Shares issued for cash, net of costs (Note 9)	3,205,000	160,250	-	(40,441)	-	-	119,809	
Shares issued for debt	10,887,500	544,375	-	-	-	-	544,375	
Subscriptions received	-	-	-	17,000	-	-	17,000	
Net and comprehensive loss	-	-	-	-	-	(1,578,661)	(1,578,661)	
Balance, March 31, 2020	114,712,001	\$ 15,348,297	\$ -	\$ 17,000	\$ 3,075,031	\$ (19,994,113)	\$ (1,553,785)	
Balance, June 30, 2020	114,712,001	\$ 15,066,447	\$ -	\$ 17,000	\$ 3,139,131	\$ (20,080,164)	\$ (1,857,586)	
Shares issued for cash, net of costs (Note 9)	18,914,452	1,297,723	-	(17,000)	92,093	-	1,372,815	
Shares issued for debt (Note 9)	26,664,436	4,675,594	-	-	1,162,688	-	2,838,282	
Shares issued for intangible (Note 4)	18,224,250	400,934	-	-	-	-	400,934	
Shares issued for exercise of warrants (Note 9)	8,378,233	810,233	-	-	-	-	810,233	
Shares issued for exercise of options (Note 9)	100,000	10,000	-	-	-	-	10,000	
Obligation to issue shares	-	-	24,518	-	-	-	24,518	
Subscriptions received	-	-	-	45,274	-	-	45,274	
Share based compensation	-	-	-	-	379,500	-	379,500	
Net and comprehensive loss	-	-	-	-	-	(788,297)	(788,297)	
Balance, March 31, 2021	186,993,372	\$ 19,260,930	\$ 24,518	\$ 45,274	\$ 4,773,412	\$ (20,868,461)	\$ (3,235,672)	

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

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2021

(Stated in Canadian Dollars) (unaudited)

1. Nature and Continuance of Operations

Global Cannabis Applications Corp. (the “Company” or “Global Cannabis”) was incorporated on July 14, 2014, under the *Business Corporations Act* (British Columbia). The Company’s shares trade on the Canadian Securities Exchange (“CSE”) under the trading symbol “APP”. The head office of the Company is Suite 830, 1100 Melville Street, Vancouver, BC V6E 4A6. The registered and records office of the Company is Suite 1500, 1055 West Georgia Street, Vancouver, BC V6E 4N7. The Company designs and develops data technologies and applications for the medical cannabis industry.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2021, the Company has not generated any revenues from operations and has an accumulated deficit of \$20,868,461 (June 30, 2020: \$20,080,164). The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Management intends to finance operating costs over the next twelve months with private placements of common shares and loans from directors. While management has been successful in obtaining sufficient funding for its operating and capital requirements from the inception of the Company to date, there is no assurance that additional funding will be available to the Company, when required, or on terms which are acceptable to management.

2. Statement of Compliance

These financial statements were authorized for issue on May 31, 2021, by the directors of the Company.

Statement of Compliance

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”).

These unaudited condensed interim consolidated financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended June 30, 2020.

3. Significant Accounting Policies and Basis of Preparation

Significant accounting policies

The accounting policies adopted in these condensed consolidated interim financial statements are consistent with the accounting policies adopted in the Company’s consolidated financial statements for the years ended June 30, 2020, and 2019, and as such, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s consolidated financial statements for the years ended June 30, 2020, and 2019.

Basis of Preparation

These consolidated financial statements have been prepared on an accrual basis except for certain financial instruments, and are based on historical costs. These financial statements are presented in Canadian dollars which is also the Company’s functional currency.

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Consolidated Interim Financial Statements

Nine months ended March 31, 2021

(Stated in Canadian Dollars) (unaudited)

Consolidation

These consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		March 31, 2021	June 30, 2020
Antisocial Holdings Ltd. **	Canada	100%	100%
FORO Technologies Inc. **	Canada	100%	100%
GCAC Europe UAB	Lithuania	100%	100%
Citizen Green OU **	Estonia	45.8%	45.8%
GCAC Australia Pty Ltd. **	Australia	61%	61%
OPINIT LLC **	USA	100%	100%

* Percentage of voting power is in proportion to ownership.

** These companies are dormant.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

4. Intangible Assets

	Tracelocker	Total
Cost:		
Balance June 30, 2019 and 2020	\$ -	\$ -
Additions	400,934	400,934
Balance March 31, 2021	\$ 400,934	\$ 400,934
Accumulated amortization:		
Balance June 30, 2019 and 2020	-	-
Amortization	6,682	6,682
Balance March 31, 2021	\$ 6,682	\$ 6,682
Carrying amount:		
Balance June 30, 2019 and 2020	\$ -	\$ -
Balance March 31, 2021	\$ 394,252	\$ 394,252

During the year ended June 30, 2020, costs incurred of \$13,918 (2019: \$1,134,288) have been expensed as research and development as these costs do not meet capitalization criteria. There were no comparable costs expensed during the period ended March 31, 2021.

On August 30, 2020, the Company entered a software license and support agreement with Abbey Technology GmbH to licence the use of the TraceLocker App in Canada, EU, and Israel. TraceLocker is an Ethereum blockchain powered compliance platform that provides binding attestations of regulated goods' chain of custody. Combining KYC and AML regtech with its end-to-end information management service, TraceLocker ensures all regulatory data is provably captured and secured using immutable blockchain notarizations. Under the terms of the agreement, the Company agreed to pay a one-time fee of USD\$302,500 (the "Fee") and to issue 18,224,250 warrants (the "Warrants") in connection six-month territorial exclusivity. The Warrants were issued in connection with the settlement of the Fee (by issuing 18,224,250 shares for debt) on September 25, 2020. The initial term of the agreement ends on August 12, 2021, and annual renewal will cost USD\$42,000 thereafter.

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Consolidated Interim Financial Statements

Nine months ended March 31, 2021

(Stated in Canadian Dollars) (unaudited)

5. Equipment

Cost:	
Balance, June 30, 2019, 2020, and March 31, 2021	\$ 7,067
Accumulated depreciation:	
Balance June 30, 2019	6,815
Depreciation	252
Balance June 30, 2020	\$ 7,067
Depreciation	-
Balance March 31, 2021	\$ 7,067
Carrying amount:	
As at June 30, 2019	\$ 252
As at June 30, 2020	-
As at March 31, 2021	\$ -

6. Loan Receivable

During the year ended June 30, 2018, the Company entered into a loan agreement whereby it committed to loan an arm's-length party (the "Borrower") a total of \$4,000,000. The loan was to be used to support the marketing and listing of the Company's proposed crypto currency token which, as at June 30, 2019, the Company is no longer pursuing. During the year ended June 30, 2019, the Company advanced \$500,000 (2018: \$3,000,000) to the Borrower. The term of the loan is one year, and the loan bears no interest prior to the maturity date and 12% per annum after the maturity date of April 6, 2019. The loan is secured by 13,636,363 shares of the Company owned by a significant shareholder. The Company determined the fair value of the \$3,000,000 advanced to be \$2,500,000 using a discount rate of 20% over the one year term of the loan. The Company expensed the discount of \$500,000 as a consulting fee during the year ended June 30, 2018. During the year ended June 30, 2019, the Company advanced the Borrower an additional \$500,000. The Company determined the fair value of this portion of the loan receivable to be \$438,913 using a discount rate of 20% over the remaining term of the loan. The Company expensed the discount of \$61,088 as a consulting fee.

Upon the adoption of IFRS 9, the Company classified the loan receivable as FVTPL as it is not held solely for purposes of principal and interest. At March 31, 2021, the fair value of the loan was estimated to be \$3,477,273 (June 30, 2020: \$340,909), based on the fair value of the underlying security. During the nine months ended March 31, 2021, an increase in the fair value of the loan of \$3,136,364 (2020: decrease of \$613,637) was recorded in the statement of comprehensive loss.

7. Related Party Transactions

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. The Company considers its Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer, and directors of the Company to be key management. The Company has incurred charges during the period from directors and senior management, or companies controlled by them, for consulting fees in the amount of \$210,000 (2020: \$453,346).

During the nine months ended March 31, 2021, share based compensation for key management totaled \$298,832 (2020: \$Nil).

At March 31, 2021, a balance of \$198,288 (June 30, 2020: \$435,493) was owing to related parties and included in accounts payable. These amounts are unsecured, non-interest bearing and due on demand.

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Consolidated Interim Financial Statements

Nine months ended March 31, 2021

(Stated in Canadian Dollars) (unaudited)

8. Loan Payable

During the year ended June 30, 2017, all the short term loans and outstanding interest were renegotiated and consolidated into a single unsecured, due on demand loan. The loan bears an interest of 7% per annum. The Company paid the lender \$75,000 as an arrangement fee in connection with the re-negotiation which was recorded as reduction of the debt. On October 30, 2018, the Company issued 600,000 units with a fair value of \$108,000 as payment towards the outstanding amount (Note 9). The loan was renewed during the year ended June 30, 2019, and again during the year ended June 30, 2020. The loan was due on December 31, 2020, and is currently being renegotiated.

Loan payable changes are as follows:

	Principal	Interest	Total
Balance June 30, 2019	310,716	74,847	385,563
Interest	-	27,705	27,705
Balance June 30, 2020	\$ 310,716	\$ 102,552	\$ 413,268
Interest	-	22,079	22,079
Balance March 31, 2021	\$ 310,716	\$ 124,631	\$ 435,347

9. Share Capital

a) Authorized

Unlimited common shares, without par value.

b) Issued

During the nine months ended March 31, 2021

On February 22, 2021, the Company closed the final tranche of a non-brokered private placement. Pursuant to the private placement, the Company issued 6,184,490 units at a price of \$0.105 per unit for gross proceeds of \$649,371.45 and 1,087,618 units at a deemed price of \$0.105 per unit to settle an aggregate of \$114,199.89 in debt to various creditors of the Company. Each financing unit and settlement unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of three years from closing at an exercise price of \$0.17 per common share. In connection with the private placement, the Company paid finder's fees in the amount of \$23,855.16, issued 44,755 finders' units and 195,192 finder's warrants with each finders' unit having the same terms as the financing units and each finder's warrant having the same terms as the warrants. Net proceeds from the private placement will be used for working capital and general corporate purposes. All securities issued in connection with the private placement are subject to a statutory hold period of four months from the date of issuance. The fair value of the warrants issued as part of the debt settlement unit was determined to be \$210,400 using the Black-Scholes pricing model (expected life: 2 years, bond equivalent yield: 0.305%, volatility: 100%).

On February 3, 2021, the Company closed its first tranche of a non-brokered private placement. Pursuant to the private placement, the Company has issued 3,288,561 units at a price of \$0.105 per unit for gross proceeds of \$345,299 and 1,360,000 units at a deemed price of \$0.105 per unit to settle an aggregate of \$142,800 in debt to various creditors of the Company. Each financing unit and settlement unit consist of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the company for a period of three years from closing at an exercise price of \$0.17 per common share. In connection with the private placement, the Company issued 223,919 finders' units. Each finder's unit consists of one common share and one common share purchase warrant, having the same terms as the warrants. The fair value of the warrants issued as part of the debt settlement unit was determined to be \$120,447 using the black scholes pricing model (expected life: 2 years, bond equivalent yield: 0.203%, volatility: 100%).

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Consolidated Interim Financial Statements

Nine months ended March 31, 2021

(Stated in Canadian Dollars) (unaudited)

On December 31, 2020, the Company closed a non-brokered private placement and issued 8,400,000 units at a price of \$0.05 per unit for gross proceeds of \$420,000 and 3,160,000 units at a deemed price of \$0.05 per unit to settle an aggregate of \$158,000 in debt to various creditors of the Company. Each unit consisted of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.10 per common share. The Company paid finders fees of \$18,000 cash and issued 360,000 finders warrants (with a fair value of \$25,843) with the same terms as the warrants above. Each common share issued to creditors as part of a unit was issued with a fair value of \$0.125 resulting in the Company recognizing a loss on debt settlement of \$237,000. The fair value of the warrants issued as part of the debt settlement unit was determined to be \$226,841 using the black scholes pricing model (expected life: 2 years, bond equivalent yield: 0.203%, volatility: 100%).

On September 25, 2020, the Company closed a non-brokered private placement and issued 772,727 units at a price of \$0.022 per unit for gross proceeds of \$17,000 (received prior to June 30, 2020) and 39,281,068 units at a deemed price of \$0.022 per unit to settle an aggregate of \$864,184 in debt to various creditors of the Company. Each unit consisted of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of three years from closing at an exercise price of \$0.05 per common share. No finders' fees were paid in connection with the private placement. Each common share issued to creditors as part of a unit was issued with a fair value of \$0.03 resulting in the Company recognizing a loss on debt settlement of \$314,248. The fair value of the warrants issued as part of the debt settlement unit was determined to be \$605,000 using the black scholes pricing model (expected life: 3 years, bond equivalent yield: 0.26%, volatility: 100%).

The Company received \$30,000 in connection with the exercise of warrants which was recorded as an obligation to issue shares at December 31, 2020.

During the year ended June 30, 2020

On November 22, 2019, the Company issued 3,205,000 units at a price of \$0.05 per unit for gross proceeds of \$160,250. Each unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the company for a period of two years from closing at an exercise price of \$0.085 per common share. The value allocated to the warrants was \$64,100 using the residual method.

On November 22, 2019, the Company settled an aggregate of \$544,375 in debt through the issuance of 10,887,500 common shares, each issued with a fair value of \$0.03, to various creditors of the Company. The Company recognized a gain on debt settlement of \$217,750 in connection with the debt settlement.

e) Warrants

The continuity schedule of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price
Balance, June 30, 2019	40,815,605	0.36
Issued	3,205,000	0.085
Expired	(19,361,876)	0.46
Balance, June 30, 2020	24,658,729	\$ 0.24
Issued	64,358,330	0.08
Exercised	(8,378,233)	0.10
Expired	(14,035,163)	0.26
Balance, March 31, 2021	66,603,663	\$ 0.105

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Consolidated Interim Financial Statements

Nine months ended March 31, 2021

(Stated in Canadian Dollars) (unaudited)

The following table details the warrants outstanding and exercisable at March 31, 2021:

Number of Warrants	Exercise Price	Expiry Date
821,000	\$0.135	April 5, 2021
900,000	\$0.30	June 2, 2021
535,000	\$0.10	August 11, 2022
2,262,059	\$0.085	November 22, 2021
37,781,069	\$0.05	September 25, 2023
11,920,000	\$0.10	December 31, 2022
4,872,480	\$0.17	February 3, 2024
7,512,055	\$0.17	February 22, 2024
66,603,663	\$0.105	

At March 31, 2021, the weighted average remaining contractual life of all warrants outstanding was 2.30 years.

d) Share-based compensation

The Company has a stock option plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant, subject to a minimum exercise price of \$0.10, and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

During the nine months ended March 31, 2021, the Company granted 9,125,000 stock options to consultants, management, and directors of the company. The stock options are exercisable between \$0.10 and \$0.17 per share for a period of five years. The fair value of the options was determined to be \$379,500 using the Black Scholes pricing model (expected life: 5 years, bond equivalent yield: (0.469% - 0.423%), volatility: 100%).

During the year ended June 30, 2020, the Company did not grant any incentive stock options.

A continuity schedule of the Company's share purchase options is as follows:

	Options	Weighted Average Exercise Price
Balance June 30, 2019	8,685,000	0.23
Expired/forfeited/cancelled	(1,880,000)	0.38
Balance June 30, 2020	6,805,000	0.18
Granted	9,125,000	0.10
Exercised	(100,000)	0.10
Expired/forfeited/cancelled	(1,165,000)	0.27
Balance March 31, 2021	14,665,000	\$ 0.13

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Consolidated Interim Financial Statements

Nine months ended March 31, 2021

(Stated in Canadian Dollars) (unaudited)

Details of the Company's outstanding and exercisable stock options at March 31, 2021, is as follows:

Exercise price	Remaining contractual life (years)	Number of options outstanding	Expiry Dates
\$0.26	0.11	900,000	May 10, 2021
\$0.15	0.57	200,000	October 24, 2021
\$0.10	0.93	300,000	March 7, 2022
\$0.395	1.65	500,000	November 24, 2022
\$0.64	1.84	50,000	January 31, 2023
\$0.37	1.91	100,000	February 27, 2023
\$0.265	2.01	25,000	April 3, 2023
\$0.365	2.12	75,000	May 14, 2023
\$0.225	2.50	450,000	September 28, 2023
\$0.17	2.57	140,000	October 26, 2023
\$0.12	2.70	500,000	December 13, 2023
\$0.10	2.76	175,000	January 1, 2024
\$0.13	2.78	400,000	January 8, 2024
\$0.105	2.80	700,000	January 17, 2024
\$0.10	3.12	1,025,000	May 13, 2024
\$0.10	4.63	8,950,000	November 16, 2025
\$0.17	4.83	175,000	January 21, 2026
\$0.13	3.66 years	14,665,000	

e) Share based payment reserve

The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or finders' warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. During the year ended June 30, 2020, an amount of \$64,100 (2019 - \$354,602) was allocated to warrants under this method.

f) Loss per share

The calculation of basic and diluted loss per share for the nine months ended March 31, 2021, was based on the loss attributable to common shareholders of \$788,297 (2020: \$1,578,661) and the weighted average number of common shares outstanding of 149,589,515 (2020: 107,281,410).

10. Financial Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its loan receivable. This risk is partially managed by loan security of 13,636,363 shares of the Company and a personal guarantee from an individual related to the lender.

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Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not believe the Company is exposed to significant interest rate risk as cash is non interest bearing and liabilities bear interest at a fixed rate as at March 31, 2021.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

Fair value

The carrying value of cash, loan accruals, accounts payable and loan payable approximate their fair value due to the relatively short-term nature of these instruments.

Capital Risk Management

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue the development of mobile applications. As the Company is in the preliminary stages of operations, its principal source of funds is from the issuance of common shares.

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, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to externally imposed capital requirements. There were no changes in management's approach to managing capital.

11. Subsequent Events

- On April 13, 2021, the Company announced that it has signed a definitive three-year software licensing agreement with Herb Industries Ltd., a Malta-based medical cannabis cultivator. Grams cultivated are forecast as 44 million in 2022 and 66 million in 2023.
- On May 6, 2021, the Company announced that it has closed its non-brokered private placement whereby the Company has issued 2,760,439 units at a price of \$0.195 per unit for gross proceeds of \$538,285.61 and 645,076 units at a price of \$0.195 per unit to settle an aggregate of \$125,789.82 in debt to various creditors of the Company. Each financing unit and settlement unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the company for a period of three years from closing at an exercise price of \$0.26 per common share. In connection with the private placement, the Company paid finders' fees of \$9,104.55 and issued 14,000 finders' warrants. Each finder's warrant bears the same terms as the warrants.

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- On May 6, 2021, the Company confirmed the return of 13,636,363 shares of the Company, which had previously been used to guarantee the repayment of a loan to the Company. The shares were returned to the Company's treasury, thereby reducing the number of issued and outstanding shares of the Company accordingly.
- Subsequent to March 31, 2021, an aggregate of 2,382,900 warrants were exercised for total proceeds of \$176,757.50, a total of 210,500 warrants expired unexercised, and 1,000,000 stock options were granted.