



Global Cannabis Applications Corp.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the nine months ended March 31, 2022 and 2021

(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) (unaudited)

	<b>March 31,</b>	<b>June 30,</b>
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 125,011	\$ 1,016,931
<b>GST and other receivables</b>	<b>21,867</b>	29,985
Loan receivable (Note 7)	-	-
Prepaid expenses	17,260	45,100
	<b>164,138</b>	1,092,016
Equipment (Note 6)	1,362	1,763
Digital currencies (Note 5)	43,195	37,298
Intangible asset (Note 4)	386,312	330,770
	<b>\$ 595,007</b>	<b>\$ 1,461,847</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable (Note 8)	\$ 750,124	\$ 719,491
Accrued liabilities	381,016	383,061
Deferred revenue - current (Note 10)	10,333	10,333
Loan payable (Note 9)	466,756	442,965
	<b>1,608,229</b>	1,555,850
Deferred revenue – long term (Note 10)	5,787	11,307
	<b>1,614,016</b>	1,567,157
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 12)	\$ 15,994,959	\$ 15,869,359
Subscriptions received (Note 12)	100,000	-
Share-based payment reserve (Note 12)	3,870,302	3,783,642
Deficit	(20,984,270)	(19,758,311)
	<b>(1,019,009)</b>	<b>(105,310)</b>
	<b>\$ 595,007</b>	<b>\$ 1,461,847</b>

Going concern (Note 1)

Subsequent events (Note 14)

**Approved on behalf of the Board:**

*“Bradley Moore”*

*“Alexander Helmelt”*

Bradley Moore

Alexander Helmelt

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

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

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2022	2021	2022	2021
<b>Revenue:</b>				
Software licencing revenue (Notes 10 and 11)	\$ 1,840	\$ 920	\$ 5,520	\$ 920
<b>Expenses:</b>				
Accounting and audit fees	(2,300)	-	30,749	23,207
Amortization of intangible assets (Note 4)	27,115	6,682	73,288	6,682
Interest charges (Note 9)	8,152	10,681	23,791	26,897
Consulting fees (Note 8)	200,795	255,074	629,683	500,674
Licences and Permits	-	-	10,299	-
Depreciation of equipment (Note 6)	135	-	402	-
Foreign exchange	223	-	1,486	-
IT costs	20,678	30,582	53,579	37,983
Legal fees	14,349	25,815	54,835	25,815
Marketing	24,162	879,769	143,078	946,269
Office and miscellaneous	7,367	6,114	25,887	6,114
Research and development costs (Note 4)	28,153	-	48,306	-
Share based compensation (Notes 8 and 12)	40,142	20,500	86,660	379,500
Transfer agent, listing, and filing fees	10,281	10,956	28,902	23,988
Travel	(85)	-	20,534	-
	<b>(379,167)</b>	<b>(1,246,173)</b>	<b>(1,231,479)</b>	<b>(1,977,129)</b>
<b>Other items:</b>				
Change in fair value of loan receivable (Note 7)	-	1,772,727	-	3,136,364
Gain (loss) on debt settlement (Note 12)	-	(576,942)	-	(1,960,031)
Net and comprehensive income (loss)	\$ <b>(377,327)</b>	\$ (49,468)	\$ <b>(1,225,959)</b>	\$ (799,876)
Basic and diluted income (loss) per share	\$ <b>(0.00)</b>	\$ (0.00)	\$ <b>(0.01)</b>	\$ (0.01)
Weighted average number of common shares outstanding	<b>179,583,276</b>	177,033,107	<b>179,364,350</b>	149,589,515

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)

	<b>Nine months ended</b>		Nine months ended	
	<b>March 31, 2022</b>		March 31, 2021	
<b>Operating Activities</b>				
Net income (loss)	\$	(1,225,959)	\$	(799,877)
Items not affecting cash:				
Amortization of intangible assets		73,288		6,682
Change in fair value of note receivable		-		(3,136,363)
Depreciation		402		-
Accrued interest		23,791		22,079
Gain from debt settlement				1,960,031
Share based compensation		86,660		379,500
Shares issued for debt settlement		40,000		878,250
Changes in non-cash working capital items:				
GST and other receivables		8,118		(21,278)
Prepaid expenses		27,839		(7,500)
Accounts payable and accrued liabilities		28,588		(602,685)
Deferred revenue		(5,520)		11,580
<b>Cash used in operating activities</b>		<b>(942,793)</b>	<b>(1,309,581)</b>	
<b>Financing Activities</b>				
Convertible loan received		40,000		-
Obligation to issue shares		-		24,518
Shares subscriptions received (used), net		100,000		28,274
Shares issued for cash, net of issue costs and subscriptions		85,600		2,210,048
<b>Cash provided by financing activities</b>		<b>185,600</b>	<b>2,262,840</b>	
<b>Investing Activities</b>				
Purchase of digital currencies		(5,897)		-
Purchase of intangible assets		(128,830)		-
<b>Cash used in investing activities</b>		<b>(134,727)</b>	<b>-</b>	
Increase (decrease) in cash		(891,920)		953,259
<b>Cash, beginning</b>		<b>1,016,931</b>		<b>3,171</b>
<b>Cash, ending</b>	\$	<b>125,011</b>	\$	<b>956,430</b>
Other Non-Cash Transactions:				
Shares issued for debt	\$	40,000	\$	-
Shares issued for intangible asset		-		-

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)

	Share capital		Obligation to issue shares	Subscriptions received	Share-based payment reserve	Deficit	Total
	Number of Shares	Amount					
<b>Balance, June 30, 2020</b>	<b>114,712,001</b>	<b>15,066,447</b>	-	<b>17,000</b>	<b>3,139,131</b>	<b>(20,080,164)</b>	<b>(1,857,586)</b>
Shares issued for cash, net of costs (Note 12)	18,914,452	1,297,723	-	(17,000)	92,093	-	1,372,816
Shares issued for debt (Note 12)	26,664,436	1,675,594	-	-	1,162,688	-	2,838,282
Shares issued for intangible (Notes 4 and 10)	18,224,250	400,934	-	-	-	-	400,934
Shares issued for exercise of warrants	8,378,233	810,233	-	-	-	-	810,233
Shares issued for exercise of options	100,000	10,000	-	-	-	-	10,000
Obligation to issue shares	-	-	24,518	-	-	-	24,518
Share based compensation (Note 12)	-	-	-	-	379,500	-	379,500
Subscriptions received	-	-	-	45,274	-	-	45,274
Net and comprehensive income (loss)	-	-	-	-	-	(799,877)	(799,877)
<b>Balance, March 31, 2021</b>	<b>186,993,372</b>	<b>19,260,931</b>	<b>24,518</b>	<b>45,274</b>	<b>4,773,412</b>	<b>(20,880,041)</b>	<b>3,224,094</b>
<b>Balance, June 30, 2021</b>	<b>179,145,424</b>	<b>15,869,359</b>	-	-	<b>3,783,642</b>	<b>(19,758,311)</b>	<b>(105,310)</b>
Shares issued for warrant exercises (Note 12)	1,007,059	85,600	-	-	-	-	85,600
Share based compensation (Note 12)	-	-	-	-	86,660	-	86,660
Shares issued for convertible debt (Note 4)	800,000	40,000	-	-	-	-	40,000
Subscriptions received	-	-	-	100,000	-	-	100,000
Net and comprehensive income (loss)	-	-	-	-	-	(1,225,959)	(1,225,959)
<b>Balance, March 31, 2022</b>	<b>180,952,483</b>	<b>15,994,959</b>	-	<b>100,000</b>	<b>3,870,302</b>	<b>(20,984,270)</b>	<b>(1,019,009)</b>

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, 2022

(Stated in Canadian Dollars) (unaudited)

### **1. Nature and Continuance of Operations**

Global Cannabis Applications Corp. (the “Company”, “Global Cannabis”, or “GCAC”) 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, 2022, the Company has not generated significant revenues from operations and has an accumulated deficit of \$20,984,270 (June 30, 2021: \$19,758,311). 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. These adjustments could be material. 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.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (“COVID-19”). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations, cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in the future.

### **2. Statement of Compliance**

These financial statements were authorized for issue on May 30, 2022, 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 is 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, 2021.

### **3. Significant Accounting Policies and Basis of Preparation**

#### *Basis of Measurement*

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 Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2022

(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, 2022	June 30, 2021
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.

### Revenue recognition

The Company primarily derives revenue from the provision of cloud-based software as well as services associated with customizing its products. Software revenue includes licenses derived from software and software services. The Company generates revenue from several sources:

Software Licenses. Revenue from software licenses is recognized over the term of the license.

Support and maintenance. Revenue from support and maintenance arrangements is recognized as provided over the contract term, unless otherwise agreed to between the Company and the customer.

Customization services. Revenue from customization services is recognized as earned, based on performance according to specific terms of the contract.

Monthly subscription fees. Revenue from subscriptions to access the Company's software over a period of time is recognized over the contractual period.

Code generation. Revenue from the generation of certain codes within the software is recognized at the time of generation.

Revenue is recognized when the performance obligations have been achieved and the goods or services have been transferred to the customer, which are normally:

- persuasive evidence of a contractual arrangement exists;
- the program is complete;
- the contractual delivery arrangements have been satisfied;
- the customer has access to the license software and has the contractual right to use it as per the contract;
- the fee is fixed or determinable;
- collection of the fee is reasonably assured; and
- the costs incurred or to be incurred in respect of the contractual arrangement can be measured reliably.



## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2022

(Stated in Canadian Dollars) (unaudited)

### 4. Intangible Assets

	<b>Tracelocker</b>
<b>Cost:</b>	
<b>Balance June 30, 2020 and 2021</b>	<b>\$ 400,934</b>
Additions	128,830
<b>Balance March 31, 2022</b>	<b>\$ 529,764</b>
<b>Accumulated amortization:</b>	
<b>Balance June 30, 2020 and 2021</b>	<b>70,164</b>
Amortization	73,288
<b>Balance March 31, 2022</b>	<b>143,452</b>
<b>Carrying amount:</b>	
Balance June 30, 2020 and 2021	\$ -
<b>Balance March 31, 2022</b>	<b>\$ 386,312</b>

During the year ended June 30, 2021, costs incurred of \$174,314 (2020: \$13,918) have been expensed as research and development as these costs do not meet capitalization criteria. During the nine months ended March 31, 2022, costs incurred of \$48,306 were expensed as research and development as these costs do not meet capitalization criteria.

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. Under the terms of the agreement, the Company agreed to pay a one-time fee of \$400,934 (USD\$302,500), which was settled with 18,224,250 units (each unit consisting of one common share and one share purchase warrant) with a fair value of \$400,934 on September 25, 2020 (Note 11). The initial term of the agreement ends on August 12, 2021, and annual renewal fees are USD\$42,000 thereafter. During the nine months ending March 31, 2022, the Company spent \$128,830 in development costs associated with the TraceLocker App platform.

### 5. Digital Currencies

During the year ended June 30, 2021, and the period ended March 31, 2022, the Company acquired GCAC tokens, an Ethereum ERC-20 token listed on Uniswap.org, as follows:

	<b>GCAC Token</b>
<b>Balance June 30, 2020</b>	<b>\$ -</b>
Digital currencies purchased *	37,298
<b>Balance June 30, 2021</b>	<b>\$ 37,298</b>
Digital currencies purchased *	5,897
<b>Balance March 31, 2022</b>	<b>\$ 43,195</b>

\* On April 8, 2021 the Company purchased 100,000 GCAC tokens for CAD 24,798

On June 1, 2021 the Company purchased 550.8239 GCAC tokens for CAD 12,500

On September, 2021 The Company purchased 349.0397 GCAC tokens for CAD 2,672

On December 6, 2021, the Company purchased 557.4984 GCAC tokens for CAD 1,947.

On March 28, 2022, the Company purchased 605.21 GCAC tokens for CAD 1,278.00

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2022

(Stated in Canadian Dollars) (unaudited)

### 6. Equipment

<b>Cost:</b>	
Balance, June 30, 2020 and 2021	\$ 8,851
Additions	
<b>Balance March 31, 2022</b>	<b>\$ 8,851</b>
<b>Accumulated depreciation:</b>	
Balance June 30, 2020	\$ 7,067
Depreciation	21
Balance June 30, 2021	\$ 7,088
Depreciation	401
<b>Balance March 31, 2022</b>	<b>\$ 7,489</b>
<b>Carrying amount:</b>	
As at June 30, 2020	-
As at June 30, 2021	-
<b>Balance March 31, 2022</b>	<b>\$ 1,362</b>

### 7. Loan Receivable

During the year ended June 30, 2018, the Company entered into a loan agreement whereby it was committed to loan an arm's-length party (the "Borrower") \$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 of June 30, 2019, the Company is no longer pursuing. By June 30, 2019, the Company had advanced \$3,500,000 to the Borrower. The term of the loan was one year, and the loan bore no interest prior to the maturity date and 12% per annum after the maturity date of April 6, 2019. The loan was secured by 13,636,363 shares of the Company owned by a significant shareholder.

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 June 30, 2020, the fair value of the loan was estimated to be \$340,909, based on the fair value of the underlying security. During the year ended June 30, 2021, the Company called its security and at that point the fair value of the loan was estimated to be \$3,409,089 resulting in a gain on change in fair value of \$3,068,182. On April 14, 2021, the 13,636,363 shares of the Company held as security were returned to treasury and a reduction in share capital of \$3,409,091 was recognized.

### 8. 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 nine months ended March 31, 2022, from directors and senior management, or companies controlled by them, for consulting fees in the amount of \$327,077 (2021: \$210,000).

During the nine months ended March 31, 2022, share based compensation for key management totaled \$Nil (2020: \$298,832).

At March 31, 2022, a balance of \$ 23,550 (June 30, 2021: \$75,243) 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 Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2022

(Stated in Canadian Dollars) (unaudited)

### 9. Loan Payable

The Company has a loan payable of \$310,716 which is unsecured and bears interest at 7% per annum. The loan was originally due December 31, 2019, but was renewed during the year ended June 30, 2019, and June 30, 2020, and continues on the same terms until repaid.

	Principal	Interest	Total
Balance June 30, 2020	\$ 310,716	102,552	\$ 413,268
Interest	-	29,697	29,697
Balance June 30, 2021	310,716	132,249	442,965
Interest	-	23,791	23,791
<b>Balance March 31, 2022</b>	<b>\$ 310,716</b>	<b>\$ 156,040</b>	<b>\$ 466,756</b>

On February 1, 2022, the Company entered into a \$1.8-million two-year unsecured promissory note (drawable at the request of the Company) with an arms-length party (the “Lender”) bearing interest at 5% per annum with the principal and interest due and payable at maturity on February 1, 2024. The note automatically terminates when the full amount of outstanding principal and interest is paid prior to the maturity date.

During the period ending March 31, 2022, the Company drew down \$40,000 of the promissory note from the Lender. On March 28, 2022, the Lender converted \$40,000 of the outstanding loan into 800,000 common shares of the Company at a deemed value of \$0.05 per common share. All securities issued are subject to a statutory four month hold. During the period ended March 31, 2022, the Company recorded \$126 in interest.

### 10. Deferred Revenue

Total deferred revenue received	16,120
Less: current portion	10,333
<b>Long term portion</b>	<b>\$ 5,787</b>

### 11. Contract with customers

On March 1, 2022, the Company entered into an Agreement (the “Agreement”) to provide a license to its Efixii technology along with ongoing management and technical support. Under the terms of the agreement, the Company shall, at its own cost:

- License the Efixii technology for use under the agreement
- Develop a branded smartphone app for use under the Agreement
- Assist with obtaining and maintaining all licences, permits and approvals necessary to consummate the agreement
- Assist in liaising with government authorities in connection with the operation as contemplated in the Agreement
- Provide technical staff to provide technology support to the operations contemplated in the Agreement
- Provide expertise on management, business operations, trading software product development and sales and marketing

In exchange, the Company shall be entitled to the following:

Receive USD \$0.15 per gram of cannabis managed under the Agreement

Have a minimum of ten million grams of cannabis managed by the Efixii technology licensed per the Agreement.

The customer is to be invoiced for the minimum annual flow and be paid within 12 months of the invoice date.

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2022

(Stated in Canadian Dollars) (unaudited)

As at March 31, 2022, the Company had not yet commenced development of the smartphone app nor had it invoiced the customer. Therefore, the Company has no contract assets or liabilities to recognize at this time.

### 12. Share Capital

#### a) Authorized

Unlimited common shares, without par value.

#### b) Issued

##### During the nine months ended March 31, 2022

The Company received a gross amount of \$86,660 in connection with the exercise of 1,007,059 warrants.

The Company issued 800,000 common shares to convert \$40,000 of the outstanding promissory note (note 9).

##### During the year ended June 30, 2021

On May 5, 2021, the Company closed a non-brokered private placement and issued 2,760,439 units at a price of \$0.195 per unit for gross proceeds of \$538,286 and 645,076 units at a fair value of \$0.195 per unit to settle an aggregate of \$125,790 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 \$0.26 per common share. Under the residual method, a value of \$102,165 was allocated to the warrants. In connection with the private placement, the Company paid finder's fees in the amount of \$9,105, issued 14,000 finder's warrants with each finder's warrant having the same terms as the warrants. The fair value of the finder's warrants was determined to be \$1,200 using the Black Scholes Option Pricing Model (expected life: 1.5 years, bond equivalent yield: 0.508%, volatility: 143%).

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 and 1,087,618 units at a fair value of \$0.105 per unit to settle an aggregate of \$114,200 in debt to various creditors of the company. 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 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 \$23,885, issued 44,755 finders' units with a fair value of \$4,699 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. The fair value of the finder's warrants was determined to be \$46,400 using the Black Scholes Option Pricing Model (expected life: 1.5 years, bond equivalent yield: 0.305%, volatility: 139%).

On February 3, 2021, the Company closed its first tranche of a non-brokered private placement. Pursuant to the private placement, the Company issued 3,288,571 units at a price of \$0.105 per unit for gross proceeds of \$345,299 and 1,360,000 units at a fair value of \$0.105 per unit to settle an aggregate of \$142,800 in debt to various creditors of the Company. Each 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 finder's warrants was determined to be \$19,850 using the Black Scholes Option Pricing Model (expected life: 1.5 years, bond equivalent yield: 0.229%, volatility: 111%).

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 fair value 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

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2022

(Stated in Canadian Dollars) (unaudited)

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 the same terms as the warrants above. The fair value of the finder's warrants issued was determined to be \$25,843 using the Black Scholes Option Pricing Model (expected life: 1 year, bond equivalent yield: 0.203%, volatility: 132%).

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 fair value of \$0.022 per unit to settle an aggregate of \$864,184 in debt to various creditors of the Company, including the vendors of the software license (Note 4). 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.

The Company received a gross amount of \$1,066,440 in connection with the exercise of 10,761,133 warrants and a gross amount of \$10,000 in connection with the exercise of 100,000 share purchase options during the year ended June 30, 2021. In connection with the exercise of share purchase options, \$7,050 was allocated from the option reserve to share capital.

On April 14, 2021, 13,636,363 shares of the Company held as security were returned to treasury (Note 7).

### c) Warrants

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

	Number of warrants	Weighted average exercise price (\$)
Balance, June 30, 2020	24,658,729	0.24
Issued	67,777,845	0.09
Exercised	(10,761,133)	0.11
Expired	(15,145,663)	0.28
Balance, June 30, 2021	66,529,778	0.09
Issued	-	-
Exercised	(1,007,059)	0.085
Expired	(1,025,000)	0.085
<b>Balance, March 31, 2022</b>	<b>64,497,719</b>	<b>0.09</b>

The following table details the warrants outstanding and exercisable at March 31, 2022:

Number of Warrants	Exercise Price	Expiry Date
535,000	\$0.10	August 11, 2022
37,781,069	\$0.05	September 25, 2023
10,377,600	\$0.10	December 31, 2022
4,872,480	\$0.17	February 3, 2024
7,512,055	\$0.17	February 22, 2024
3,419,515	\$0.26	May 5, 2024
<b>64,497,719</b>	<b>\$0.09</b>	

At March 31, 2022, the weighted average remaining contractual life of all warrants outstanding was 1.47 years.

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### 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 greater of the market price of the Company's shares on the date of the grant and the date prior thereto and, unless otherwise stated, vest on the grant date. The term of any share purchase option shall not exceed five years. Under the stock option 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 2022, the Company granted 1,500,000 share purchase options to consultants of the Company. The share purchase options are exercisable between \$0.06 and \$0.14 per share for a period of five years. The fair value of the options was determined to be \$86,660 using the Black Scholes Stock Option Pricing model (expected life: 5 years, bond equivalent yield: (0.939% - 1.977%), volatility: 135%).

During the year ended June 30, 2021, the Company granted 10,125,000 share purchase options to consultants, management, and directors of the Company. The share purchase options are exercisable between \$0.10 and \$0.25 per share for a period of five years. The fair value of the options was determined to be \$456,103 using the Black Scholes Stock Option Pricing model (expected life: 2.5 years, bond equivalent yield: (0.423% - 0.957%), volatility: 127-135%).

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

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

Balance June 30, 2020	6,805,000	0.18
Granted	10,125,000	0.11
Exercised	(100,000)	0.10
Expired/forfeited/cancelled	(2,065,000)	0.26
Balance June 30, 2021	14,765,000	0.13
Granted	1,500,000	0.14
Exercised	-	-
Expired/forfeited/cancelled	(1,900,000)	0.10
<b>Balance March 31, 2022</b>	<b>14,365,000</b>	<b>0.13</b>

Details of the Company's outstanding and exercisable share purchase options at March 31, 2022, is as follows:

<b>Exercise price</b>	<b>Remaining contractual life (years)</b>	<b>Number of options outstanding</b>	<b>Expiry Dates</b>
\$0.10	4.94	300,000	March 7, 2027
\$0.395	0.65	500,000	November 24, 2022
\$0.64	0.84	50,000	January 31, 2023
\$0.37	0.91	100,000	February 27, 2023
\$0.265	1.01	25,000	April 3, 2023
\$0.365	1.12	75,000	May 14, 2023
\$0.225	1.50	450,000	September 28, 2023
\$0.17	1.57	140,000	October 26, 2023
\$0.12	1.70	500,000	December 13, 2023
\$0.10	1.76	175,000	January 1, 2024
\$0.13	1.78	400,000	January 8, 2024
\$0.10	2.12	1,025,000	May 13, 2024
\$0.10	3.63	7,950,000	November 16, 2025
\$0.17	3.83	175,000	January 21, 2026
\$0.25	4.04	150,000	April 14, 2026

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\$0.15	4.11	850,000	May 10, 2026
\$0.14	4.27	750,000	July 7, 2026
\$0.06	4.84	400,000	February 1, 2027
\$0.10	4.86	250,000	February 7, 2027
\$0.065	4.96	100,000	March 15, 2022
<b>\$0.13</b>	<b>3.31 years</b>	<b>14,365,000</b>	

### 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 share purchase 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, 2021, an amount of \$nil (2020 - \$64,100) was allocated to warrants under this method.

### f) Loss per share

The calculation of basic and diluted income (loss) per share for the nine months ended March 31, 2022, was based on the income (loss) attributable to common shareholders of \$848,632 (2020: loss of \$750,408) and the weighted average number of common shares outstanding of 179,364,350 (2020: 154,857,100).

## 13. 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 was on its cash. Management believes that the credit risk with respect to cash is minimal as balances are held with a high-credit quality financial institution.

### *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, 2022.

### *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.

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### *Fair value*

The carrying value of cash, 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.

## 14. Subsequent Events

- On April 6, 2022, the Company closed the first tranche of a non-brokered private placement. Pursuant to the first tranche, the Company issued 3,400,000 units at a price of \$0.05 per unit to investors for gross proceeds of \$170,000 and 2,400,000 common shares in its capital at a deemed price of \$0.05 per share to certain creditors to settle an aggregate of \$120,000 in debt. Each unit consists of one share and one share purchase warrant, whereby each warrant entitles the holder to purchase one additional share for a period of one year from closing at an exercise price of \$0.06 per share. In connection with the first tranche, the Company has paid finders' fees of \$7,200 and issued 144,000 finders' warrants. Each finder warrant bears the same terms as the warrants.
- On May 2, 2022, the Company closed the second and final tranche of a non-brokered private placement. Pursuant to the final tranche, the Company issued 9,400,000 units at a price of \$0.05 per unit to investors for gross proceeds of \$470,000 and 3,250,000 common shares in its capital at a deemed price of \$0.05 per share to certain creditors to settle an aggregate of \$162,500 in debt. Each unit consists of one share and one share purchase warrant, whereby each warrant entitles the holder to purchase one additional share for a period of one year from closing at an exercise price of \$0.06 per share. In connection with the final tranche, the Company has paid finders' fees of \$31,200 and issued 624,000 finders' warrants. Each finder's warrant bears the same terms as the warrants.
- On May 2, 2022, the Company granted an aggregate of 1,335,000 stock options to consultants of the Company. Each stock option is exercisable at a price of \$0.05 into a share of the Company for a term of five years.