



Global Compliance Applications Corp.
(formerly Global Cannabis Applications Corp.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended September 30, 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 COMPLIANCE APPLICATIONS CORP.
(formerly Global Cannabis Applications Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars – unaudited)

	September 30,	June 30,
	2022	2022
ASSETS		
Current assets		
Cash	\$ 10,852	\$ 47,697
GST and other receivables	60,558	38,335
Prepaid expenses	109,462	236,341
	180,872	322,373
Equipment (Note 6)	1,095	1,230
Digital currencies (Note 5)	44,473	44,473
Intangible assets (Note 4)	358,760	250,583
	\$ 585,200	\$ 618,659
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable (Note 7)	\$ 813,561	\$ 750,940
Accrued liabilities (Note 7)	449,159	402,922
Deferred revenue - current (Note 10)	10,360	10,360
Loans payable (Note 8,9)	508,816	475,370
	1,781,896	1,639,592
Deferred revenue – long term (Note 10)	2,080	3,920
	1,783,976	1,643,512
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	\$ 17,085,294	\$ 16,863,453
Obligation to issue shares	39,518	29,250
Share-based payment reserve (Note 11)	3,999,465	3,939,443
Deficit	(22,323,053)	(21,856,999)
	(1,198,776)	(1,024,853)
	\$ 585,200	\$ 618,659

Going concern (Note 1)
Subsequent events (Note 13)

Approved on behalf of the Board:

“Bradley Moore”
Bradley Moore

“Alexander Helm”
Alexander Helm

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

GLOBAL COMPLIANCE APPLICATIONS CORP.
(formerly Global Cannabis Applications Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Stated in Canadian Dollars - unaudited)

	3 months ended September 30,	
	2022	2021
Revenue:		
Software licencing revenue (Note 10 and 11)	\$ 2,101	\$ 1,840
Expenses:		
Accounting and audit fees	8,736	7,500
Amortization of intangible assets (Note 4)	20,077	20,673
Interest charges (Note 8, 9)	8,445	7,752
Consulting fees (Note 7)	223,484	186,239
Licences and Permits	23,000	10,299
Depreciation of equipment (Note 6)	135	135
Foreign exchange	(22,233)	1,225
IT costs	73,483	15,513
Legal fees	2,382	-
Marketing	69,501	68,500
Office and miscellaneous	2,594	2,839
Research and development costs (Note 4)	16,044	18,403
Share based compensation (Note 11)	17,291	46,518
Transfer agent, listing, and filing fees	19,375	6,148
Travel	8,341	3,624
	(470,655)	(395,368)
Other items:		
Gain on debt settlement (Notes 9 and 11)	2,500	-
Net and comprehensive income (loss)	\$ (466,054)	\$ (393,528)
Basic and diluted income (loss) per share	\$ (0.002)	\$ 0.002
Weighted average number of common shares outstanding	204,346,154	156,743,258

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

GLOBAL COMPLIANCE APPLICATIONS CORP.
(formerly Global Cannabis Applications Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars - unaudited)

	3 months ended September 30, 2022	3 months ended September 30, 2021
Operating Activities		
Net income (loss)	\$ (466,054)	\$ (393,528)
Items not affecting cash:		
Amortization of intangible assets	20,077	20,673
Depreciation	135	135
Accrued interest	8,446	7,752
Gain from debt settlement	(2,500)	-
Share based compensation	17,291	46,518
Changes in non-cash working capital items:		
GST and other receivables	(22,223)	18,528
Prepaid expenses	126,879	6,112
Accounts payable and accrued liabilities	146,358	(45,869)
Deferred revenue	(1,840)	(1,840)
Cash used in operating activities	(173,431)	(341,519)
Financing Activities		
Convertible loan received	37,500	-
Shares subscriptions received (used), net of issue costs and subscriptions	99,000	-
Cash provided by financing activities	136,500	-
Investing Activities		
Purchase of digital currencies	-	(2,672)
Purchase of intangible assets	86	(82,791)
Cash used in investing activities	86	(85,463)
Increase (decrease) in cash	(36,845)	(426,982)
Cash, beginning	47,697	1,016,931
Cash, ending	\$ 10,852	\$ 589,949
Other Non-Cash Transactions:		
Shares issued for debt	\$ 32,812	\$ -
Shares issued for convertible debt	\$ 12,500	\$ -
Shares issued for intangible asset	\$ 92,404	\$ -

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

GLOBAL COMPLIANCE APPLICATIONS CORP.
(formerly Global Cannabis Applications Corp.)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Stated in Canadian Dollars - unaudited)

	Share capital		Obligation to issue shares	Share-based payment reserve	Deficit	Total
	Number of Shares	Amount				
		\$	\$	\$	\$	\$
Balance, June 30, 2021	179,145,424	15,869,359	-	3,783,642	(19,758,311)	(105,310)
Share based compensation (Note 11)	-	-	-	46,518	-	46,518
Net and comprehensive income (loss)	-	-	-	-	(393,528)	(393,528)
Balance September 30, 2021	179,145,424	15,869,358	-	3,830,161	(20,151,839)	(452,320)
Balance, June 30, 2022	200,252,483	16,863,453.00	29,250	3,939,443	(21,856,999)	(1,024,853)
Share based compensation (Note 12)	-	-	-	17,291	-	17,291
Shares issued for cash, net of costs (Note 11)	2,475,000	86,625.00	-	12,375	-	99,000
Shares issued for acquisition (Note 4)	2,310,108	92,404.00	-	25,668	-	118,072
Shares issued for convertible debt (Note 9)	250,000	10,000.00	-	-	-	10,000
Shares issued for debt (Note 11)	937,500	32,812.00	-	4,688	-	37,500
Obligation to issue shares (Note 4)	-	-	10,268	-	-	10,268
Net and comprehensive income (loss)	-	-	-	-	(466,054)	(466,054)
Balance September 30, 2022	206,225,091	17,085,294.00	39,518	3,999,465	(22,323,053)	(1,198,776)

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

GLOBAL COMPLIANCE APPLICATIONS CORP.

(formerly Global Cannabis Applications Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2022 and 2021

(Stated in Canadian Dollars - unaudited)

1. Nature and Continuance of Operations

Global Compliance Applications Corp. (formerly Global Cannabis Applications Corp.) (the “Company”, “Global Compliance”, or “GCAC”) was incorporated on July 14, 2014, under the *Business Corporations Act* (British Columbia). On July 11, 2022 the Company’s name was changed to Global Compliance Applications Corp. 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 September 30, 2022, the Company has not generated significant revenues from operations and has an accumulated deficit of \$22,283,262. 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.

2. Statement of Compliance

These financial statements were authorized for issue on November 29, 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, 2022.

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 COMPLIANCE APPLICATIONS CORP.

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Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2022 and 2021

(Stated in Canadian Dollars)

3. Significant Accounting Policies and Basis of Preparation (continued)

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*	
		September 30, 2022	June 30, 2022
Antisocial Holdings Ltd. **	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%
GCAC North America Inc.	USA	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.

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Notes to the Condensed Consolidated Interim Financial Statements

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4. Intangible Assets

TraceLocker

	Tracelocker	
Cost:		
Balance June 30, 2021, 2022 and September 30, 2022	\$	400,934
Accumulated amortization:		
Balance June 30, 2021	\$	70,164
Amortization		80,187
Balance June 30, 2022		150,351
Amortization		20,077
Balance, September 30, 2022	\$	170,428
Carrying amount:		
Balance June 30, 2022	\$	330,770
Balance September 30, 2022	\$	230,506

During the year ended June 30, 2022, costs incurred of \$48,856 (2021: \$174,314) have been 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, European Union, 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. The initial term of the agreement ended on August 12, 2021, and annual renewal fees are USD\$42,000 thereafter. During the three months ended September 30, 2022, the Company incurred \$65,200 in development costs associated with the TraceLocker App platform which have been expensed to the statement of comprehensive income (loss).

GCAC North America (formerly WasteTrakr Technologies Inc.)

On July 8, 2022, the Company acquired all of the outstanding share capital of GCAC North America Inc. (formerly WasteTrakr Technologies Inc.) ("GCACNA"). GCACNA focuses on sustainability and how to provide recycling solutions for the waste being generated by the cannabis industry. As consideration for the transaction, the Company:

- Issued an aggregate of 2,310,108 common shares with a fair value of \$92,404 to the GCACNA shareholders pro rata in proportion to their holdings of the GCACNA shares. An additional 256,692 consideration shares with fair value of \$10,268 (recorded as an obligation to issue shares) are being held back as security for the warranties, representations and covenants of GCACNA and the GCACNA shareholders provided in the definitive agreement. Provided that the Company has not given notice of a claim to GCACNA or the GCACNA shareholders, then the holdback shares will be issued on the date that is 180 business days following the closing of the transaction;
- Granted an aggregate of 499,993 common shares purchase warrants to the GCACNA shareholders pro rata in proportion to their holdings of the GCACNA shares. Each consideration warrant is exercisable into one common share in the capital of the Company at a price of \$0.09 per warrant share for a period of 24 months from the closing of the transaction. The fair value of the warrants was determined to be \$25,668 using the residual method.

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(Stated in Canadian Dollars)

4. Intangible Assets (continued)

The Acquisition has been treated as an asset acquisition in respect of the intangible assets in GCACNA, resulting in capitalization of the consideration and other related costs. As a wholly owned subsidiary, the focus will be to drive a sustainable supply chain using the Company's Efixii product. The purchase price consideration was allocated as follows:

	GCACNA
Fair Value of consideration	\$ 128,340
Intangible assets	128,254
Net assets acquired	86
	\$ 128,340

5. Digital Currencies

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

	GCAC Token
Balance June 30, 2021	\$ 37,298
Digital currencies purchased *	7,175
Balance June 30, 2022 and September 30, 2022	\$ 44,473

* 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

On June 08, 2022 the Company purchased 605.21 GCAC tokens for CAD 1,278.00

6. Equipment

Cost:		
Balance June 30, 2021, 2022 and September 30, 2022	\$	8,851
Accumulated depreciation:		
Balance June 30, 2021	\$	7,088
Depreciation		533
Balance June 30, 2021	\$	7,621
Depreciation		135
Balance, September 30, 2022	\$	7,756
Carrying amount:		
As at June 30, 2022		1,230
Balance, September 30, 2022	\$	1,095

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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 three months ended September 30, 2022, from directors and senior management, or companies controlled by them, for consulting fees in the amount of \$51,050 (2021: \$110,215).

At September 30, 2022, a balance of \$56,550 (June 30, 2022: \$41,731) was owing to related parties and included in accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing and due on demand.

8. 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 subsequently renewed until December 31, 2020 and December 31, 2021. The loan is currently at default and continues to accrue interest under the same terms until repaid. The demand to repay the loan has not been made.

		Principal		Interest		Total
Balance June 30, 2021	\$	310,716		132,249	\$	442,965
Interest		-		32,405		32,405
Balance June 30, 2022		310,716		164,654		475,370
Interest		-		8,309		8,309
Balance September 30, 2022	\$	310,716	\$	172,963	\$	483,679

9. Convertible Note

On February 1, 2022, the Company entered into a \$1.8-million two-year unsecured convertible 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. The note is convertible into common shares at the volume weighted average trading price of the common shares on the CSE for the 5 trading days ending on the day prior the receipt of a conversion notice, less 25%, subject to the minimum pricing requirements of the CSE.

The Company has designated the convertible note as measured at FVTPL. At inception, the fair value of the instruments was measured at the transaction amounts. There was nil gain or loss on change in fair value recorded in 2022 as their fair values approximate the carrying amount.

During the year ended June 30, 2022, the Company drew down \$82,500 from the Lender. On March 31, 2022, the Lender converted \$40,000 of the outstanding loan into 800,000 common shares of the Company at a value of \$0.05 per common share. On June 28, 2022, the Lender converted \$42,500 of the outstanding loan into 850,000 common shares of the Company at a value of \$0.05 per common share. During the year ended June 30, 2022, the Company recorded \$574 in interest.

During the three months ended September 30, 2022, the Company drew \$37,500 from the Lender. On July 6, 2022, the Lender converted \$12,500 of the outstanding loan into 250,000 common shares of the Company at a value of \$0.05 per common share. During the three months ended September 30, 2022, the Company recorded \$137 in interest. As at September 30, 2022, the outstanding principal of the loan is \$25,000.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Stated in Canadian Dollars)

10. Deferred Revenue

Total deferred revenue received	12,440
Less: current portion	10,360
Long term portion	\$ 2,080

11. Share Capital

a) Authorized

Unlimited common shares, without par value.

b) Issued

During the three months ended September 30, 2022

The Company issued 250,000 common shares to convert \$12,500 of the outstanding convertible note.

On July 8, 2022, the Company issued 2,310,108 common shares with a fair value of \$92,404 as a part consideration for the GCACNA acquisition. An additional 256,692 consideration shares with fair value of \$10,268 are being held back as security and have been recorded as an obligation to issue shares (Note 4).

On August 15, 2022, the Company closed a non-brokered private placement and issued 2,475,000 units at a price of \$0.04 per unit for gross proceeds of \$99,000 and 937,500 units at a price of \$0.04 per unit to settle with a creditor of the Company an aggregate amount of \$37,500 in debt. 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 \$0.05 per common share. Under the residual method, a value of \$17,063 was allocated to the warrant reserve.

During the year ended June 30, 2022

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 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. The fair value of the warrants issued was \$4,366, determined using the Black-Scholes Option Pricing Model with the following assumptions: expected life of warrants: 1 year; volatility rate of 135%; risk-free interest rate of 2.02%; and a dividend rate of 0%.

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 price of \$0.05 per share to certain creditors to settle an aggregate of \$162,500 in debt with a gain on debt settlement of \$12,500. 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. The fair value of the warrants issued was \$14,381, determined using the Black-Scholes Option Pricing Model with the following assumptions: expected life of warrants: 1 year; volatility rate of 135%; risk-free interest rate of 2.53%; and a dividend rate of 0%.

The Company received a gross amount of \$85,600 in connection with the exercise of 1,007,059 warrants.

The Company issued 1,650,000 common shares to convert \$82,500 of the outstanding promissory.

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11. Share Capital (continued)**c) Warrants**

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

	Number of warrants	Weighted average exercise price (\$)
Balance, June 30, 2021	66,529,778	0.090
Issued	13,568,000	0.060
Exercised	(1,007,059)	0.085
Expired	(1,025,000)	0.085
Balance, June 30, 2022	78,065,719	0.090
Issued	3,912,493	0.055
Expired	(535,000)	0.100
Balance, September 30, 2022	81,443,212	0.10

The following table details the warrants outstanding and exercisable at September 30, 2022:

Number of Warrants	Exercise Price	Expiry Date
10,377,600	\$0.10	31-Dec-22
3,544,000	\$0.06	06-Apr-23
10,024,000	\$0.06	02-May-23
37,781,069	\$0.05	25-Sep-23
4,872,480	\$0.17	03-Feb-24
7,512,055	\$0.33	22-Feb-24
3,419,515	\$0.26	05-May-24
499,993	\$0.09	08-Jul-24
937,500	\$0.05	15-Aug-24
2,475,000	\$0.05	15-Aug-24
81,443,212	\$0.10	

At September 30, 2022, the weighted average remaining contractual life of all warrants outstanding was 0.95 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 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 year ended June 30, 2022, the Company granted 2,835,000 share purchase options to consultants of the Company. The share purchase options are exercisable between \$0.05 and \$0.14 per share for a period of five years. The fair value of the options was determined to be \$110,195 using the Black Scholes Stock Option Pricing model (expected life: 5 years, bond equivalent yield: (0.6% - 2.6%), volatility: 132-140%).

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11. Share Capital (continued)**d) Share-based compensation (continued)**

During the period ended September 30, 2022, the Company granted 500,000 share purchase options to consultants of the Company. The share purchase options are exercisable at \$0.05 per share for a period of five years. The fair value of the options was determined to be \$17,291 using the Black Scholes Stock Option Pricing model (expected life: 5 years, bond equivalent yield: 3.2%, volatility: 135%.

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

	Options	Weighted average exercise price (\$)
Balance, June 30, 2021	14,765,000	0.130
Granted	2,835,000	0.080
Expired/forfeited/cancelled	(2,725,000)	0.118
Balance, June 30, 2022	14,875,000	0.120
Granted	500,000	0.050
Balance, September 30, 2022	15,375,000	0.12

Details of the Company's outstanding and exercisable share purchase options at September 30, 2022, is as follows:

Exercise price	Remaining contractual life (years)	Number of options outstanding	Expiry Dates
\$0.10	4.44	300,000	March 7, 2027
\$0.40	0.15	500,000	November 24, 2022
\$0.64	0.34	50,000	January 31, 2023
\$0.37	0.41	100,000	February 27, 2023
\$0.27	0.51	25,000	April 3, 2023
\$0.36	0.62	75,000	May 14, 2023
\$0.23	0.99	450,000	September 28, 2023
\$0.17	1.07	140,000	October 26, 2023
\$0.12	1.20	500,000	December 13, 2023
\$0.10	1.25	175,000	January 1, 2024
\$0.13	1.27	400,000	January 8, 2024
\$0.10	1.62	1,025,000	May 13, 2024
\$0.10	3.13	7,450,000	November 16, 2025
\$0.15	3.61	850,000	May 10, 2026
\$0.14	3.77	750,000	July 7, 2026
\$0.06	4.34	400,000	February 1, 2027
\$0.10	4.36	250,000	February 7, 2027
\$0.07	4.46	100,000	March 15, 2027
\$0.05	4.59	1,335,000	May 2, 2027
\$0.05	4.77	500,000	July 8, 2027
\$0.12	2.94 years	15,375,000	

GLOBAL COMPLIANCE APPLICATIONS CORP.

(formerly Global Cannabis Applications Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

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(Stated in Canadian Dollars)

11. Share Capital (continued)

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. If the options and warrants expire unexercised, the amount recorded remains in the reserve.

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 three months ended September 30, 2022, an amount of \$17,063 (2020 - \$nil) was allocated to warrants under this method.

f) Loss per share

The calculation of basic and diluted income (loss) per share for the three months ended September 30, 2022, was based on the loss attributable to common shareholders of \$466,054 (2021: \$393,528) and the weighted average number of common shares outstanding of 204,346,154 (2021: 156,743,258).

12. 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 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, and loans. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding or loans.

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 September 30, 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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12. Financial Risk and Capital Management (continued)

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.

13. Subsequent Events

On November 9, 2022, the Company entered into a Sale Share Agreement with Blue Anchor Risk Solutions (Pty) Ltd. ("Blue Anchor") and Blue Anchor 420 SPV (Pty) Ltd. ("SPV") pursuant to which the Company will acquire thirty-three percent (33%) of the issued and outstanding common shares in the capital of SPV (the "Transaction"). The Company will pay \$200,000 in common shares of the Company at a deemed price of \$0.05 per common share or such other price as may be required by the Canadian Securities Exchange. The Transaction remains subject to certain closing conditions, including, without limitation, the receipt of all required regulatory and third-party approvals. In addition to the Transaction, the Company signed an exclusive Reseller Agreement with Efixii Africa, a wholly-owned subsidiary of SPV. In return to using the Company's Efixii's software by South African cannabis cultivators, the Company will be paid a license fee of USD \$230,000 by Efixii Africa.