Maven Brands Inc.
(Formerly True Leaf Brands Inc.)
Condensed Interim Consolidated Financial Statements
For the nine months ended December 31, 2022 and 2021

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

MAVEN BRANDS INC.

(Formerly True Leaf Brands Inc.)

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	Notes	December 31, 2022	March 31, 2022
Assets			
Current			
Cash and cash equivalents		$ 41,105	$ 187,898
Trade and other receivables	5	11,000	20,300
Prepaid expenses and deposits	6	136,137	140,466
Assets held for sale	7	514,030	279,709
		702,272	628,373
Property, plant and equipment	7	4,315,268	4,390,997
Intangible assets	8	38,639	50,352
Total assets		$ 5,056,179	$ 5,069,722
Liabilities			
Current			
Accounts payable and accrued liabilities		$ 749,375	$ 426,652
Mortgages payable	10	6,000,000	6,100,000
		6,749,375	6,526,652
Deferred Income tax payable		63,000	63,000
Total liabilities		6,812,375	6,589,652
Shareholders' equity (deficiency)			
Share capital	12	32,376,008	32,371,008
Reserves		5,513,231	5,464,203
Deficit		(39,645,435)	(39,355,141)
Total shareholders' equity (deficiency)		(1,756,196)	(1,519,930)
Total liabilities and shareholders' equity (deficiency)		$ 5,056,179	$ 5,069,722

Nature of operations and going concern (Note 1)

Subsequent events (Note 19)

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

Approved on behalf of the Board of Directors on March 2, 2023.

"Darcy Bomford"	Director	*"Michael Harcourt"*	Director

MAVEN BRANDS INC.
(Formerly True Leaf Brands Inc.)
Condensed Consolidated Interim Statements of Loss
(Unaudited)
(Expressed in Canadian dollars)

	Notes	Nine months ended December 31, 2022	2021
Operating Expenditures			
Administrative and office	14	$ 963,810	$ 1,695,467
Amortization and depreciation	8,9	87,314	101,581
Selling and marketing	15	8,902	174,389
Share-based compensation	12	54,028	288,680
Total operating expenditures		1,114,054	2,260,117
Loss from operations		(1,114,054)	(2,260,117)
Foreign exchange gain (loss)			123
Other income	13	56,526	221,829
Gain (loss) on disposals of property, plant and equipment		766,022	39,352
Loss for the period		$ (291,506)	$ (1,998,813)
Weighted average number of common shares outstanding – basic and diluted *		35,140,866	24,217,967
Loss per common share– basic and diluted		($0.01)	($0.08)

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

MAVEN BRANDS INC.
(Formerly True Leaf Brands Inc.)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited)
(Expressed in Canadian dollars)

	Number of Shares		Share Capital		Reserves		Deficit		Total Shareholders' Equity (Deficit)
Balance, March 31, 2021	33,453,075	$	32,083,412	$	5,203,114	$	(36,890,200)	$	396,326
Share-based compensation	-		-		257,179		-		257,179
Shares issued to settle debt	91,346		23,750		-		-		23,750
Shares issued for cash	1,346,442		242,360		-		-		242,360
Finders warrants	-		(3,910)		3,910		-		-
Share issue costs	-		(6,105)		-		-		(6,105)
Bonus shares	150,003		31,501		-		-		31,501
Loss for the period	-		-		-		(2,463,729)		(2,463,729)
Balance, March 31, 2022	**35,040,866**	**$**	**32,371,008**	**$**	**5,464,203**	**$**	**(39,353,929)**	**$**	**(1,518,718)**
Share-based compensation	-		-		49,028		-		49,028
Shares issued to settle debt	100,000		5,000		-		-		5,000
Loss for the period	-		-		-		(291,506)		(291,506)
Balance, December 31, 2022	**35,140,866**	**$**	**32,376,008**	**$**	**5,513,231**	**$**	**(39,645,435)**	**$**	**(1,756,196)**

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

MAVEN BRANDS INC.

(Formerly True Leaf Brands Inc.)

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

(Expressed in Canadian dollars)

	Notes	Nine months ended December 31, 2022		Nine months ended December 31, 2021	
Operating activities					
Loss for the period		$	(291,506)	$	(1,998,813)
Items not affecting cash					
Amortization and depreciation	8, 9		87,314		101,581
Share-based compensation	12		54,028		288,680
Changes in non-cash working capital items					
Prepaid expenses and deposits	7		4,329		(30,448)
Accounts payable and accrued liabilities			322,722		(178,871)
Due to related parties	13		21,000		-
Trade and other receivables	5		9,300		110,924
Net cash used in operating activities			207,187		(1,706,947)
Investing activities					
Additions to property, plant and equipment	8		-		(134,007)
Additions to intellectual property					(2,585)
Additions to assets held for sale	8		(321,403)		-
Disposal of assets	8		62,423		
Net cash used in investing activities			(258,980)		(136,592)
Financing activities					
Proceeds from share issue	11		5,000		266,110
Proceeds of mortgage	11		-		1,400,000
Settlement of debt	12		(100,000)		-
Net cash provided by financing activities			(95,000)		1,666,110
Change in cash and cash equivalents - continued operations			(146,793)		(177,429)
Cash and cash equivalents, beginning of the period (including discontinued operations)			187,898		480,833
Cash and cash equivalents, end of the period		$	41,105	$	303,404

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Maven Brands Inc. (formerly True Leaf Brands Inc.) ("TLB") (the "Company" or "Maven") was incorporated under the Business Corporations Act of the Province of British Columbia on September 9, 2014 and is the legal parent of True Leaf Investments Corp. ("TLI"), Maven Cannabis Inc. ("MCI"), Lind Asset Management XV-II LLC ("Lind"), 1279166 B.C. Ltd ("Amalco") and True Leaf USA ("TL USA")

On October 29, 2021 the Company changed its name to Maven Brands Inc. from True Leaf Brands Inc. On November 1, 2021 the name of its subsidiary, Maven Cannabis Inc. was changed from True Leaf Cannabis Inc. The legal and organizational structure was not altered as part of these name changes.

In December 2020 through a series of transactions described below under Refinancing Agreement, the Company acquired 100% of the outstanding shares of Lind Asset Management XV-II LLC through the acquisition of its parent company and the subsequent amalgamation of the parent company with a newly formed subsidiary of Maven, Amalco.

The Company's shares trade on the Canadian Securities Exchange (the "CSE") under the symbol "MJ", the OTC Market Group's OTC-PINK under the ticker symbol "TRLFF" and the Frankfurt Stock Exchange under the symbol "TLA". The Company's head office and registered office is located at #32 – 100 Kalamalka Lake Road, Vernon BC, V1T 9G1.

The Company has received approval to become a licensed producer of medicinal cannabis for the Canadian market under the Cannabis Act and has secured three licenses from Health Canada to cultivate, process and sell medical cannabis.

Going Concern

These condensed consolidated interim financial statements (the "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.

For the nine months ended December 31, 2022, the Company incurred a loss of from operations of $1,117,307 and a loss for the period of $294,759 and has a deficit of $39,648,688 and a working capital deficiency of $6,047,102. The Company requires a cash injection to begin business operations.

The Company had two mortgages due on December 1, 2021 which total $6,100,000. The Company renewed both mortgages and increased the mortgage amounts for additional financing in order to meet its near-term operating cash requirements, debt payments and sustaining capital expenditures (Note 9).

In September 2021 the Company listed for sale subject to the completion of subdivision, six lots for a gross list price of $6,381,150. As of December 31, 2022 two lots had sold after the subdivision was completed and lots registered. In March 2022 at the Company's Annual General Meeting shareholders gave their approval of alternative plans to sell and lease back the Cannabis facility.

There can be no assurances that alternatives will be available or available on terms that are acceptable to the Company. These undertakings and planned transactions, while significant, may not be sufficient in and of themselves to enable the Company to fund all aspects of its operations. The Company's ability to continue as a going concern is dependent on successfully liquidating idle land assets or finding alternative sources of financing. Accordingly, management continues to pursue other alternatives to fund the Company's operations and reduce costs so it can continue as a going concern, such as:

- Reduction of headcount and restructuring the organization to right size to future operating and administrative needs;
- Minimizing the Company's reliance on third party service providers and professional fees; and
- Liquidating the Company's excess real estate assets,

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

Going Concern (Continued)

The Company may be unable to realize its value from assets or discharge its liabilities in the normal course of business and may incur significant dilution to the holdings of existing shareholders in any restructuring or financing process and ultimately may be required to seek relief under a court-approved restructuring or liquidation process.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The cannabis industry is young and developing. Regulations are frequently changing as Health Canada adjusts to the evolving processes and operations. This fact, along with the factors discussed in the preceding paragraphs results in a material uncertainty that casts significant doubt as to the Company's ability to continue to operate as a going concern. The recoverability of the carrying value of property, plant and equipment is dependent upon the success of the operating and financing activities and the future cannabis prices. Changes in future conditions could require material write-downs of the carrying value of property, plant and equipment. If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the statement of financial position classifications used, and such adjustments could be material. The Company has been exploring and will continue to consider all of its options to maintain and raise capital when and as needed, including selling assets and/or issuing debt and/or equity securities subject to prevailing market conditions.

Corona Virus (COVID-19)

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

COVID-19 may impact the Company’s ability to start up cannabis growing, retail and medicinal on-line sales as a result of disruptions to supply chains, travel and trade restrictions and impact on local economic activity in affected regions. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty. Such pandemics also represent a threat to maintaining a skilled workforce. There can be no assurance that the Company’s personnel will not be impacted by this pandemic.

Inputs and assumptions relate to, among other things, interest rates, foreign exchange rates, cost of capital, commodity prices, and the amount and timing of future cash flows, while accounting judgments take into consideration the business and economic uncertainties related to the COVID19 pandemic and the future response of governments, the Company and others to those uncertainties. In the current environment, the inputs and assumptions and judgements are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to potential impact of the COVID-19 pandemic on various financial accounts and note disclosures and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on judgments estimates and assumptions includes the Company's valuation of the long-term assets (including the assessment for impairment and impairment reversal). Actual results may differ materially from these estimates.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with IFRS as issued by the International Accounting Standards Board and IFRS Interpretations Committee ("IFRIC"). These interim consolidated financial statements do not contain all the disclosures required in annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended March 31, 2022, prepared in accordance with IFRS. The interim consolidated financial statements have been prepared using accounting policies consistent with those described in the annual consolidated financial statements for the year ended March 31, 2022.

(b) Principles of consolidation

These financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These financial statements include the accounts of the Company and its wholly-owned subsidiaries:

- TLI – Inactive
- Lind– Inactive
- 1279166 BC Ltd. – Inactive
- MCI – Active
- TL USA - Inactive

All intercompany transactions and balances have been eliminated on consolidation.

(c) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value (Note 15) and fair value less cost to sell (Note 7). In addition these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of each of the entities in the group is the Canadian dollar. The functional currency determinations were conducted through an analysis of the factors identified in International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates.

The presentation currency of the Company is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statement of loss and comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments

Financial assets and liabilities are recognized when the Company or its subsidiaries become party to the contractual provisions of the instrument. On initial recognition, all financial assets and liabilities are recorded at fair value, net of transaction costs, except for financial assets and liabilities classified as at fair value through profit and loss ("FVTPL"). The directly attributable transaction costs related with financial assets and liabilities recorded at FVTPL are expensed in the period they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities. The classification of financial assets is generally based on its contractual cash flow characteristics and the business model in which it is managed.

(i) Financial assets at amortized cost

Financial assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows, and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest are classified and measured subsequently at amortized cost.

(ii) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets that are held within a business model whose objective is achieved by collecting the contractual cash flows and selling financial assets, and the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest are classified and measured at FVTOCI.

On initial recognition, the Company may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation of FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at FVTOCI and the cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to deficit.

(iii) Financial assets at fair value through profit or loss

All other financial assets are measured at FVTPL. These assets are measured at fair value at the end of each reporting period, with any gain or loss recognized in earnings.

(iv) Impairment and Write-off

The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of the expected credit loss is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by the default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Impairment and Write-off (Continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after reducing all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

(vi) Compound instruments

The component parts of convertible loan notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to deficit. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible loan notes using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial instruments (Continued)

(vii) Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

(viii) Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss.

(ix) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

(x) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

(xi) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial instruments (Continued)

(xii) Derivative financial instruments

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(xiii) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with hosts that are financial liabilities are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Company generally designates the whole hybrid contract at FVTPL. An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in Canadian banks. The Company has a cash and cash equivalent balance at December 31, 2022 of $41,105 (March 31, 2022: $187,898).

(d) Inventories

Inventories included finished goods and supplies in respect of dried cannabis. The classification of inventories is determined by the stage in the manufacturing process. Finished goods inventories are valued based on the lower of actual production costs incurred or estimated net realizable value. Production costs include all direct manufacturing costs, freight, labour and other costs to deliver inventory to distribution locations. Cost is determined using the weighted average cost basis. Supplies are valued at the lower of average cost or net realizable value. If the carrying value exceeds the net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances that caused it no longer exist.

(e) Assets held for sale

The Company classifies assets, or disposal groups, as held for sale when it expects to recover their carrying amounts primarily through sale rather than through continuing use. To meet the criteria to be held for sale, the sale must be highly probable, and the assets or disposal groups must be available for immediate sale in their present condition. The Company must be committed to a plan to sell the assets or disposal group, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The Company measures assets or disposal groups at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro-rata basis. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss; however, gains are not recognized in excess of any cumulative impairment loss. Upon classifying asset or disposal groups as held for sale, the Company presents the assets separately as a single amount and the associated liabilities separately as a single amount on the Consolidated Statements of Financial Position. Comparative period balances are not restated. Assets held for sale are not depreciated, depleted, or amortized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, Plant and Equipment

Capital assets are carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the straight-line method at the following rates:

Building – 10 to 40 years
Leasehold improvements – 5 years
Office furniture and equipment – 5 years

The Company's capital assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(g) Intangible assets

The Company owns intangible assets consisting of various direct costs associated with the acquisition of trademarks and intellectual property, as well as website costs. Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. The Company does not hold any intangible assets with indefinite lives.

Amortization is recognized using the straight-line method at the following rates:

Trademarks and related costs – 5 to 10 years
Website costs – 3 years
Intellectual property – 5 years

(h) Impairment of non-financial assets

The Company’s non-financial assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset’s recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit (“CGU”), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset’s fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Provisions

Provisions are recorded when a present legal, statutory or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

(j) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, warrants and stock options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their estimated fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

(k) Share-based payments

Options granted to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

On vesting, share-based payments are recorded as an operating expense and as reserves. When options are exercised the consideration received is recorded as share capital. In addition, the related share-based payments originally recorded as reserves are transferred to share capital.

(l) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares, calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted EPS is calculated by adjusting the profit or loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted EPS assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. For the periods presented, the calculation proved to be anti-dilutive as the Company was in a loss position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Selling and marketing

Selling and marketing expenses include costs attributable to the sale of pet products and include salaries, fees and commissions for the related staff. Marketing expenses also include costs associated with the Maven corporate brand.

(n) Grants and Subsidies

Government grants and subsidies are recognized as revenue on an accrual basis when it is reasonably assured that the funds will be received and have been earned to match them with the related costs, for which they are intended to compensate, on a systematic basis.

(o) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statements of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

(p) Segmented information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating segment results are reviewed regularly by the Company's President and Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assess performance, for which discrete financial information is available.

(q) Adoption of New IFRS Pronouncements

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors contains a general requirement that changes in accounting policies are retrospectively applied, but this does not apply to the extent an individual pronouncement has specific transitional provisions. IAS 33 Earnings Per Share requires basic and diluted EPS to be adjusted for the impacts of adjustments resulting from changes in accounting policies accounted for retrospectively and IAS 8 requires the disclosure of the amount of any such adjustments. There were no changes in accounting policies during the year.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

- Share-based payments and compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating the fair value for share-based payment transactions and the resulting share-based compensation expense is based on a variety of assumptions, including the expected life, risk-free interest rates, volatility, and forfeiture rates.

- Amortization rates for intangible assets

Amortization expenses are calculated based on assumed intangible asset lives. Should the intangible asset life or amortization rates differ from the initial estimate, an adjustment would be made in the consolidated statements of loss.

(b) Critical judgements

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

- Functional currency

The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

- Going concern

In order to assess whether it is appropriate for the Company to be reported as a going concern, the Directors apply judgement, having undertaken appropriate enquiries and having considered the business activities and the Company's principal risks and uncertainties. In arriving at this judgement there are a large number of assumptions and estimates involved in calculating these future cash flow projections. This includes management's expectations of revenue, EBITDA, timing and quantum of future capital expenditure and estimates and cost of future funding.

(Expressed in Canadian dollars)

5. TRADE AND OTHER RECEIVABLES

	December 31, 2022		March 31, 2022	
Miscellaneous receivables	$	11,000	$	-
Goods and services tax receivable		-		20,300
	$	**11,000**	**$**	**20,300**

At December 31, 2022 accounts receivable consisted of $nil in GST receivable (March 31, 2022 - $20,300). Miscellaneous receivables include rent receivable of $11,000.

6. PREPAID EXPENSES AND DEPOSITS

	December 31, 2022		March 31, 2022	
Insurance premiums	$	14,197	$	10,828
Prepaid Interest Reserve		-		8,333
Other		82,730		82,095
Total prepaid expenses	**$**	**96,927**	**$**	**101,256**
Construction deposits		39,210		39,210
Total deposits		**39,210**		**39,210**
Total prepaid expenses & deposits	**$**	**136,137**	**$**	**140,466**

As at December 31, 2022, prepaid expenses include a deposit of $39,210 (March 31, 2022 - $39,210) paid in connection with construction of the Company's cannabis production facility in Lumby (Note 7). The deposit is refundable subject to approval by the Village of Lumby that the Company has complied with conditions set out in its various permits.
Other prepaid deposits include the following:

	December 31, 2022		March 31, 2022	
Subscriptions & licenses	$	1,108	$	473
Excise Tax Deposit		5,000		5,000
Clone Prepayment		20,000		20,000
Renovation deposit		56,622		56,622
Total Other	**$**	**82,730**	**$**	**82,095**

(Expressed in Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT

Cost:		**Land**		**Buildings**		**Leasehold Improvements**		**Office Furniture**		**Equipment**		**Total**
Balance, March 31, 2021	$	801,192	$	3,745,430	$	95,676	$	3,246	$	68,565	$	4,590,958
Additions		-		140,091		-		2,649		18,168		160,908
Classified as held for sale		(140,175)		-		-		-		-		(140,175)
Balance, March 31, 2022		661,017		3,885,521		95,676		5,895		86,733		4,734,842
Balance December 31, 2022	**$**	**661,017**	**$**	**3,885,521**	**$**	**95,676**	**$**	**5,895**	**$**	**86,733**	**$**	**4,734,842**
Accumulated depreciation:												
Balance, March 31, 2021	$	-	$	136,019	$	78,047	$	1,739	$	9,651	$	225,456
Depreciation for the year		-		90,679		17,629		1,126		8,955		118,389
Balance, March 31, 2022		-		226,698		95,676		2,865		18,606		343,845
Depreciation for the period		-		68,009		-		884		6,837		75,730
Balance December 31, 2022	**$**	**-**	**$**	**294,707**	**$**	**95,676**	**$**	**3,749**	**$**	**25,443**	**$**	**419,575**
Carrying value:												
At March 31, 2022	$	661,017	$	3,658,823	$	-	$	3,030	$	68,127	$	4,390,997
As at December 31, 2022	**$**	**661,017**	**$**	**3,590,814**	**$**	**-**	**$**	**2,146**	**$**	**61,290**	**$**	**4,315,267**

On August 25, 2021 the Company listed for sale approximately 7 acres of excess land of its 40 acre parcel in Lumby BC for sale as future subdivided lots. The Company classified the proportionate value of the land as held for sale. The Company incurred $321,403 in costs to develop the subdivision in the nine months ended December 31, 2022 and capitalized these costs to assets held for sale.

(Expressed in Canadian dollars)

8. INTANGIBLE ASSETS

Cost:		**Website**		**Trademarks and related costs**		**Total**
Balance, March 31, 2021	$	27,462	$	48,040	$	75,502
Additions		-		2,585		2,585
Balance, March 31, 2022		27,462		50,625		78,087
Additions		-		-		-
Balance December 31, 2022	**$**	**27,462**	**$**	**50,625**	**$**	**78,087**
Accumulated amortization:						
Balance, March 31, 2021	$	12,247	$	-	$	12,247
Amortization for the period		5,494		9,994		15,488
Balance, March 31, 2022		17,741		9,994.00		27,735
Amortization for the period		4,119		7,594		11,713
Balance December 31, 2022	**$**	**21,860**	**$**	**17,588**	**$**	**39,448**
Carrying value:						
As at March 31, 2022	$	9,721	$	40,631	$	50,352
As at December 31, 2022	**$**	**5,602**	**$**	**33,037**	**$**	**38,639**

9. MORTGAGES PAYABLE

The Company entered into two debt agreements as part of the restructuring that completed the BIA Process to settle it's convertible notes and other debts. Following creditor approval and Court approval in early November 2020 of the BIA Proposals filed by MCI and TLI, the transactions contemplated by the Refinancing Agreement were completed on November 16, 2020. The proposals are sponsored by two financing groups, Canguard Mortgage Investment Corporation ("Canguard") and 1263815 BC Ltd. ("Second Mortgage Co.").

On December 12, 2020 the Refinancing Agreement was executed and the Lind debt was settled using all of the proceeds of the Canguard Loan and $1,150,000 of the proceeds of the Second Mortgage Co. Loan, being an aggregate of $4,150,000, to pay down the Lind Debt and was released of the balance of any obligation under the Convertible Note agreement. The remaining funds from the new mortgages were used to pay obligations to unsecured creditors and transaction costs. For the nine months ended December 31, 2022 the Company incurred $488,997 (2021- $413,074) in interest expense related to these mortgages.

On October 5, 2021 the Company negotiated an early renewal of it's Second Mortgage extending it to November 1, 2022 and increasing the loan amount to $2,100,000, all other terms remained the same. On October 25, 2021 the Company negotiated an early renewal of it's First Mortgage extending it to February 1, 2023 and increasing the loan amount to $4,000,000, all other terms remained the same. Both renewals were completed on October 29, 2021. The proceeds of the renewal after legal and renewal fees was $1,264,653, of that $326,000 was held in interest reserve and $320,000 was reserved for lot servicing of the Company's subdivision. The reserve has been invested in the subdivision held for sale. In November 2023 part of the proceeds of lot sales were used to pay down the Second Mortgage. Subsequent to December 31, 2022 both the First and Second Mortgages were renewed with the mortgage holders and extended to March 2024 and December 2023 respectively.

(Expressed in Canadian dollars)

9. MORTGAGES PAYABLE (Continued)

		December 31, 2022		March 31, 2022
Opening balance of loan	$	6,100,000	$	4,700,000
Draws		-		1,400,000
Settlement		(100,000)		-
Total	**$**	**6,000,000**	**$**	**6,100,000**

10. RELATED PARTY BALANCES AND TRANSACTIONS

a) Goods and services

		Nine months ended December 31,		
		2022		2021
Paid or payable to the Chief Executive Officer for office space rental	$	22,500	$	21,762
Paid or payable to the Chief Executive Officer for contracted services	$	10,500	$	-
Paid or payable to the Chief Financial Officer for contracted services	$	10,500	$	-

b) Compensation of key management personnel

The Company considered its key management personnel to be Directors, Chief Executive Officer, Chief Financial Officer and Vice Presidents.

		Nine months ended December 31,		
		2022		2021
Director compensation (non-Executive):				
Salaries and consulting fees	$	21,000	$	-
Share-based compensation	$	14,093	$	51,436
	$	35,093	$	51,436
Management compensation:				
Salaries and management fees	$	21,000	$	160,016
Share-based compensation		20,458		205,743
	$	41,458	$	365,759
	$	76,551	$	417,195

10. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

c) Related party loans

On November 15, 2022, the Company issued a two-year convertible note in settlement of a debt totalling $157,500 (the "Convertible Note"). A corporation wholly-owned by Darcy Bomford, the Chief Executive Officer of the Issuer (the "Creditor") advanced to the Company $10,000 in May of 2022 and $140,000 in June 2022 as a loan to the Issuer (the "Debt"). The Debt was evidenced by a secured promissory note with interest accruing at 12% (the "Original Note") and was due September 1, 2022. The security on the Original Note was the Company's 14,500 square foot Varco Pruden Steel Building Package (the "Security").

The Company entered into a settlement and waiver agreement dated November 15, 2022, with the Creditor. Under the term of the settlement agreement the Company issued the Convertible Note to the Creditor in satisfaction and settlement of the Original Note and on the terms and conditions set out in the settlement and waiver agreement and Convertible Note.

The Convertible Note carries 12% interest per annum, is secured against the Security, and matures on November 15, 2024, at which date the principal and interest are due in full. The outstanding principal value and accumulated interest of the Debt may be converted at the option of the Creditor for units of the Issuer at $0.05 per unit (the "Unit"). Each Unit consists of a common share of the Issuer ("Common Share"), and a common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Issuer ("the "Warrant Share") at $0.10 per share for a period of twenty-four months from the date of issuance of the Warrants.
A change of control will not result because of the issuance of Common Shares, Warrants and Warrant Shares on conversion of the Convertible Note. The Creditor will own 22.96% of the Issuer's issued and outstanding shares if the Creditor converts the Convertible Note into Units and exercise the all the Warrants for Warrant Shares..

11. SHARE CAPITAL

a) Authorized

Unlimited Common voting shares with no par value

b) Issued

The Company had the following share capital transactions during the year ended March 31, 2022:

1. The Company issued 91,346 common shares to settle debt at a deemed price of $0.26 and recorded $23,750 as an addition to share capital

2. The Company issued 1,346,442 common shares at a price of $0.18 per share and 673,221 warrants at a price of $0.27 for proceeds of $242,360. In addition, 33,360 finders' warrants with a fair value of $3,910 were issued as part of the transaction.

3. The Company issued 150,003 common shares to employees and contractors as bonus payments and recorded $31,501 as a share-based compensation expense, with the same amount as an addition to share capital.

4. Stock based compensation of $257,179 was recognized due to stock options granted and vested during the year.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (Continued)

c) Issued (Continued)

The Company had the following share capital transactions during the nine months ended December 31, 2022.

1. The company issued Stock Options to related parties totaling 2,300,000 at a price of $0.05. All options vested immediately on the grant date of November 15, 2022.

2. The Company issued 100,000 shares to the Board Chair at a price of $0.05 as settlement of debt for Directors fees owed and past due.

d) Share purchase warrants

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price $
Balance, March 31, 2021	**865,000**	**3.84**
Warrants issued	706,580	0.27
Warrants expired	(625,000)	4.59
Balance, March 31, 2022	**946,580**	**0.68**
Warrants expired	(240,000)	1.89
Balance, December 31, 2022	**706,580**	**0.27**

As at December 31, 2022, the following share purchase warrants are outstanding:

Number of Warrants	$	Expiry Date
706,580	0.27	November 19, 2023
706,580		

e) Stock options

The Company has a Stock Option Plan (the "Plan") in place under which it is authorized to grant options to directors, executive officers, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company in any twelve-month period. Under the Plan, the exercise price of each stock option is subject to a minimum exercise price of $0.10 and may not be less than the closing market price of Company's common shares on the trading day immediately preceding the date of grant of the options. The options can be granted for a maximum term of five years and vest at the discretion of the Board of Directors.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (Continued)

e) Stock options Continued

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price $
Balance, March 31, 2021	**789,444**	**1.80**
Stock options granted	875,000	0.38
Balance, March 31, 2022	**1,664,444**	**1.05**
Stock options cancelled	(1,227,776)	0.74
Stock options forfeited	(436,668)	1.94
Stock options issued	2,300,000	0.05
Balance, December 31, 2022	**2,300,000**	**0.05**

As at December 31, 2022, the following stock options are outstanding and exercisable:

Number of Options Outstanding	Exercisable	Exercise Price $	Expiry Date
2,300,000	2,300,000	0.05	November 15, 2027
2,300,000	**2,300,000**		

During the nine months ended December 31, 2022, the Company recorded share-based compensation of $49,028 (2021: $257,179) relating to the stock options. Share-based compensation is measured at fair value at the date of grant and are expensed over the vesting period. In determining the amount of share-based compensation, the Company used the Black-Scholes option pricing model to establish the fair value of stock options granted at grant date by applying the following assumptions for options granted during the period ended December 31, 2021:

	Nine months ended December 31, 2022	2021
Exercise price	$ 0.05	$ 0.38
Market price	$ 0.03	$ 0.37
Risk-free interest rate	3.83%	0.87%
Expected life (periods) of options	5	5
Volatility	103.35%	112.78%

(Expressed in Canadian dollars)

12. OTHER INCOME

The Company earns rental revenue from tenants in month-to month tenancy agreements for buildings on the Company property that are not utilized for operations. The Company also received the Canada Emergency Wage Subsidy and recognized these revenues as Other Income in the financial statements. Below are the details of all Other Revenue generated:

	Nine months ended December 31,			
		2022		2021
Government wage subsidies	$	-	$	135,324
Rental income		56,526		75,229
Sales of bulk cannabis		-		11,276
Total	$	56,526	$	221,829

13. ADMINISTRATIVE AND OFFICE EXPENSE

	Nine months ended December			
		2022		2021
Accounting and legal	$	39,388	$	168,900
Filing fees		12,343		17,761
Insurance		28,413		43,508
Transaction costs & interest expense		495,120		413,074
Office and other		162,790		407,824
Property tax expense		128,682		170,444
Rent		22,500		21,762
Transfer agent		2,352		7,070
Travel and meals		5,736		8,901
Utilities		19,361		27,980
Consulting fees		28,900		78,237
Wages and salaries		18,225		330,006
Total administrative and office	**$**	**963,810**	**$**	**1,695,467**

(Expressed in Canadian dollars)

14. SELLING AND MARKETING EXPENSE

	Nine months ended December 31,			
		2022		2021
Advertising	$	-	$	52,345
Investor Relations	$	8,902	$	93,294
Public Relations		-		28,750
Total selling and marketing	**$**	**8,902**	**$**	**174,389**

15. FINANCIAL INSTRUMENTS AND RISK

Fair Value

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly;
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of receivables. accounts payable, accrued liabilities and mortgages payable approximates their fair value because of the short-term nature of these instruments. The fair values of cash and cash equivalents are measured based on level 1 inputs of the fair value hierarchy.

Risk

The Company is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of December 31, 2022.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash. At present, the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks.

At December 31, 2022, the Company's exposure to credit risk consists of the carrying value of cash and cash equivalents and prepaid expenses. The Company limits its credit exposure on cash by holding its deposits with established financial institutions.

Liquidity risk

Liquidity risk arises from our general and capital financing needs with respect to future growth. Liquidity risk could arise if the Company encounters difficulty in meeting future obligations with financial liabilities. As at December 31, 2022, the Company has cash and cash equivalents of $41,105 (March 31, 2022 - $187,898) to settle current liabilities of $6,749,375 (March 31, 2022- $6,526,652)

15. FINANCIAL INSTRUMENTS AND RISK (Continued)

Currency risk

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risk from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. As at December 31, 2022, the Company did not have any liabilities that bear interest at rates fluctuating with the prime rate.

16. CAPITAL MANAGEMENT

Capital Management

The Company's capital includes share capital, cash, the mortgages, and the accumulated deficit. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares in order to meet its financial obligations. The Company has not changed its approach to capital management during the period ended December 31, 2022.

17. COMMITMENTS

The Company had no commitments as at December 31, 2022.

18. SEGMENTED INFORMATION

The Company has one reportable segment for continued operations in Canada.

19. SUBSEQUENT EVENTS

On January 13, 2023, the Issuer renewed its first and second mortgages secured by the Issuer's property in Lumby, British Columbia. The First Mortgage loan is $4,000,000, bearing interest at a fixed rate of 12% per annum (calculated monthly and payable monthly and not in advance). The second mortgage is with 1263815 BC LTD (the "Second Mortgage"). The original maturity date was November 1, 2022. The Second Mortgage loan is $2,000,000, bearing interest at a fixed rate of 12%. The maturity date is now December 1, 2024

On January 30th the company closed on the sale of Lot 3, for aggregate gross proceeds of $195,800.

On February 16th the company completed on the sale of a steel package that had been previously purchased for cannabis growing, for aggregate gross proceeds of $167,500 and discharged the related party loan associated with the asset.

On February 23rd, the Company received notice from the Cannabis licensing and Security division that their license had expired and it no is longer authorized to conduct any activities with cannabis under their licence (LIC- ICNMH3T0MG-2022).