CHEMESIS INTERNATIONAL INC.

Condensed Consolidated Interim Financial Statements
As at and for the nine months ended March 31, 2022

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Chemesis International Inc. (the "Company") have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the nine months ended March 31, 2022 has not been reviewed or audited by the Company's independent auditors. All amounts are stated in Canadian Dollars unless otherwise stated.

Chemesis International Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

As at		**March 31, 2022**		**June 30, 2021**
ASSETS				
Current assets				
Cash	$	195,915	$	1,719,845
GST receivable		229,939		201,964
Loan receivable		-		55,631
Assets held for sale (Note 6)		914,245		345,257
		1,340,099		2,322,697
Non-current asset				
Note receivable (Note 6)		-		1,227,281
TOTAL ASSETS	**$**	**1,340,099**	**$**	**3,549,978**
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	1,834,352	$	2,187,347
Derivative liability (Note 9)		190,838		1,185,923
Convertible debt (Note 8)		132,719		129,382
Liabilities held for sale (Note 6)		1,087,951		150,549
TOTAL LIABILITIES		3,245,860		3,653,111
EQUITY				
Share capital (Note 9)		93,166,426		85,371,273
Subscriptions received		-		40,500
Contributed surplus		7,299,073		7,564,425
Accumulated other comprehensive income		(96,736)		(275,748)
Deficit		(102,167,276)		(94,474,422)
Equity attributable to shareholders of Chemesis		**(1,798,513)**		**(1,773,972)**
Non-controlling interests (Note 7)		(107,248)		1,670,839
TOTAL EQUITY		**(1,905,761)**		**(103,133)**
TOTAL LIABILITIES AND EQUITY	**$**	**1,340,099**	**$**	**3,549,978**

Subsequent events (Note 17) Going concern (Note 2) Contingent liabilities (Note 16)

Approved on behalf of the Board of Directors:

"Josh Rosenberg", Director *"Aman Parmar",* Director

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

Chemesis International Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the three months ended March 31		For the nine months ended March 31	
	2022	2021	2022	2021
REVENUES	-	-	13,919	-
COST OF GOODS SOLD	-	-	(8,351)	-
GROSS MARGIN	-	-	5,568	-
EXPENSES				
Depreciation	-	26,095	-	49,387
Foreign exchange loss	1,070	434,375	1,874	424,596
General and administration (Note 11)	509,468	2,993,389	1,458,250	6,258,152
Share-based payments (Note 9)	-	2,169,379	-	2,169,379
LOSS BEFORE OTHER ITEMS	**(510,568)**	**(5,623,238)**	**(1,454,556)**	**(8,901,514)**
OTHER INCOME (EXPENSES):				
Interest expense	(5,568)	-	(15,581)	(42,692)
Interest income and other (Note 9)	-	-	-	-
Loss on debt settlement	(14,800)	-	(14,800)	-
Change in fair value of derivative liabilities (Note 9.2)	51,418	-	995,084	-
	(31,050)	-	**964,703**	**(42,692)**
NET LOSS BEFORE DISCONTINUED OPERATIONS AND INCOME TAXES	**(479,518)**	**(5,623,238)**	**(500,989)**	**(8,944,206)**
Income tax recovery (expense)	-	-	-	-
NET LOSS FROM CONTINUING OPERATIONS	**(479,518)**	**(5,623,238)**	**(500,989)**	**(8,944,206)**
Net income (loss) from discontinued operations (Note 6)	(6,285,468)	5,861,680	(7,524,675)	(728,228)
NET LOSS	**(6,764,986)**	**(229,660)**	**(8,014,528)**	**(9,672,434)**
OTHER COMPREHENSIVE INCOME (LOSS)				
Cumulative translation adjustment - discontinued operations	144,199	(2,182,703)	278,313	(1,991,969)
COMPREHENSIVE LOSS	**(6,620,787)**	**(2,412,363)**	**(7,736,215)**	**(11,664,403)**
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Chemesis International Inc.	104,274	1,632,888	114,609	(1,558,155)
Discontinued operations	(6,500,799)	(1,862,548)	(8,129,136)	(8,114,279)
NET LOSS	**(6,396,525)**	**(229,660)**	**(8,014,528)**	**(9,672,434)**
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Chemesis International Inc.	650,813	1,613,078	392,921	(1,558,155)
Discontinued operations	(6,366,685)	(4,025,441)	(8,129,135)	(10,106,248)
COMPREHENSIVE LOSS	$ **(5,715,872)**	$ **(2,412,363)**	$ **(7,736,215)**	$ **(11,664,403)**
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:				
Chemesis International Inc.	104,274	1,632,888	114,609	(1,558,155)
NET LOSS FROM CONTINUING OPERATIONS	**104,274**	**1,632,888**	**114,609**	**(1,558,155)**
COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:				
Chemesis International Inc.	650,813	1,613,078	392,921	(1,558,155)
COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS	$ **650,813**	$ **1,613,078**	$ **392,921**	$ **(1,558,155)**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.
(CONTINUED ON NEXT PAGE)

Chemesis International Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

Incomed (loss) per share, basic and diluted, total operations	$ (0.11)	$ (0.00)	$ (0.14)	$ (0.23)
Continuing operations	(0.00)	0.03	(0.01)	(0.04)
Discontinued operations	(0.11)	(0.04)	(0.13)	(0.19)
Weighted average number of common shares outstanding	**60,009,496**	**49,794,908**	**58,088,008**	**42,387,375**

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

Chemesis International Inc.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share Capital								
	Number	**Amount**	**Subscriptions received**	**Contributed surplus**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Equity attributable to shareholders of Chemesis**	**Non-controlling interests**	**Total equity**
		$	$	$	$	$	$	$	$
As at June 30, 2021	**55,329,613**	**85,371,273**	**40,500**	**7,564,425**	**(428,035)**	**(94,406,442)**	**(1,858,279)**	**1,670,838**	**(187,440)**
Conversion of RSUs into common shares	300,000	265,352	-	(265,352)	-	-	-	-	-
Shares held internally charged upon GSRX IFRS 5 reclassification	729,187	6,027,801	-	-	-	-	6,027,801	-	6,027,801
Value of Chemesis common shares held by GSRX previously eliminated upon consolidation	-	-	-	-	-	-	-	(1,215,714)	(1,215,714)
Shares for services	74,000	14,800	-	-	-		14,800	-	14,800
Shares issued for cash	10,393,335	1,247,200	(40,500)	-	-	-	1,206,700	-	1,206,700
Net loss	-	-	-	-	-	(7,410,066)	(7,410,066)	(604,461)	(8,014,527)
Other comprehensive loss (income)	-	-	-	-	214,465	-	214,465	63,848	278,313
As at March 31, 2022	**66,826,135**	**93,166,426**	**-**	**7,299,073**	**(96,736)**	**(102,167,276)**	**(1,798,513)**	**(107,248)**	**(1,905,761)**

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

Chemesis International Inc.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share Capital								
	Number	**Amount**	**Subscriptions received**	**Contributed surplus**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Equity attributable to shareholders of Chemesis**	**Non-controlling interests**	**Total equity**
		$	$	$	$	$	$	$	$
As at June 30, 2020	33,891,694	77,952,340	22,500	5,814,928	240,078	(76,517,929)	7,511,917	4,325,445	11,837,362
Shares issued for cash	6,230,219	2,469,811	(22,500)	-	-	-	2,447,311	-	2,447,311
Allocation to derivative liability	-	(1,198,411)	-	-	-	-	(1,198,411)	-	(1,198,411)
Share issuance costs		(59,602)		24,602		-	(35,000)	-	(35,000)
Conversion of RSUs into common shares	125,000	110,563	-	(110,563)	-	-	-	-	-
Exercise of warrants	9,307,767	3,947,646	-	-	-	-	3,947,646	-	3,947,646
Shares for debt	3,928,784	1,327,808	-	-	-	-	1,327,808	-	1,327,808
Subscriptions received	-	-	-	2,169,379	-	-	2,169,379	-	2,169,379
Net loss	-	-	-	-	-	(13,911,178)	(13,911,178)	(2,201,049)	(16,112,227)
Other comprehensive loss (income)	-	-	-	-	(2,004,460)	-	(2,004,460)	12,491	(1,991,969)
As at March 31, 2021	**53,483,464**	**84,550,155**	**-**	**7,898,346**	**(1,764,382)**	**(90,429,107)**	**255,012**	**2,136,887**	**2,391,899**
Exercise of warrants	1,449,236	586,940	-	-	-	-	586,940	-	586,940
Shares for debt	396,913	474,178	-	-	-	-	474,178	-	474,178
Subscriptions received	-	-	40,500	-	-	-	40,500	-	40,500
Disposal of non-controlling interests	-	-	-	-	-	-	-	569,059	569,059
Share-based payments	-	-	-	(333,921)	-	-	(333,921)	-	(333,921)
Net loss	-	-	-	-	-	(4,328,103)	(4,328,103)	(931,653)	(5,259,756)
Other comprehensive loss (income)	-	-	-	-	1,453,181	-	1,453,181	(125,214)	1,327,967
As at June 30, 2021	**55,329,613**	**85,611,273**	**40,500**	**7,564,425**	**(311,201)**	**(94,757,210)**	**(1,852,213)**	**1,649,079**	**(203,134)**

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

Chemesis International Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

For the nine months ended		March 31, 2022		March 31, 2021
Cash (used in) provided by:				
OPERATING ACTIVITIES				
Net income (loss) for the year from continuing operations	**$**	**114,609**	**$**	**(5,077,717)**
Items not involving cash:				
Change in fair value of derivative liability		(995,085)		-
Interest accretion on convertible debt		-		116,175
Loss on debt settlement		14,800		-
Foreign exchange		10,013		(256,867)
Depreciation		-		12,721
Net changes in non-cash working capital items:				
Amounts receivable		(27,975)		(16,560)
Amounts payable and other payables		(601,091)		978,761
Net cash used in operating activities (continuing operations)		**(1,484,729)**		**(4,243,487)**
Net cash used in operating activities (assets held for sale and discontinued operations)		**(1,294,856)**		**(3,866,489)**
INVESTING ACTIVITIES:				
Net cash provided by (used in) investing activities (assets held for sale and discontinued operations)		**-**		**-**
FINANCING ACTIVITIES:				
Proceeds from private placement, net		1,247,200		2,471,400
Proceeds from option and warrant exercise		-		3,947,646
Interest paid		(6,676)		-
Subscriptions received		(40,500)		167,000
Net cash provided by financing activities (continuing operations)		**1,200,024**		**6,586,046**
Net cash provided by financing activities (assets held for sale and discontinued operations)		**55,631**		**-**
Effect of exchange rate changes on cash		-		-
Net increase (decrease) in cash		(1,523,930)		
Cash, beginning of year		1,719,845		1,719,845
Cash, end of year	**$**	**195,915**	**$**	**195,915**

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

1. NATURE OF OPERATIONS

Chemesis International Inc. ("Chemesis" or "the Company") was incorporated under the Business Corporations Act of British Columbia on April 26, 2013. Chemesis' registered records office is Suite 2200 - 885 West Georgia Street, Vancouver, BC V6C3E8 and the corporate head office is at Suite 2200 - 885 West Georgia Street, Vancouver, BC V6C3E8. The Company trades on the Canadian Securities Exchange ("CSE") under the symbol CSI, on the OTC markets under the symbol CADMF, and on the Frankfurt Stock Exchange under the symbol CWAA.

During the nine months ended March 31, 2022, the Company entered into an option agreement with Geomap Exploration Inc.("Geomap"), a privately-owned BC company, to acquire up to 100% interest in the Rose Property which is located in the Kamloops Mining Division in British Columbia. As such, the Company is in the process of completing a Change of Business ("COB") as defined by Policy 8 of the CSE, subject to shareholder approval. The special meeting of the shareholders is scheduled for June 21, 2022. Upon completion of the COB, the Company will rename itself as Core Battery Metals Corp, under the ticker "CORX". See Notes 5 and 17.

During the nine months ended March 31, 2022, the Company was in active negotiations with a seller to dispose of 100% of the shares of La Finca Interacviva-Arachna MED SAS ("La Finca") and with another seller to dispose of 100% Chemesis' equity interest in GSRX. Accordingly, the related assets and liabilities have been presented separately on the statement of financial position as at March 31, 2022 and June 30, 2021. Additionally, the sum of the post-tax loss of the discontinued operations and post-tax gain or loss recognized on the measurement to fair value less cost to sell or fair value adjustments on the disposal of the assets has been presented as a single amount on the face of the statement of comprehensive income. See Note 6.

In March, 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company's operations have not been affected by the COVID-19 global pandemic.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

During the nine months ended March 31, 2022, the Company incurred a loss of $8,014,527 and as at March 31, 2022 has a working capital deficit of $1,905,761 and an accumulated deficit of $102,167,276 and remains dependent upon the receipt of additional equity or debt financing. While management has been successful in obtaining required financing in the past, there is no assurance that additional financing will be available or be available on favourable terms. The Company's ability to continue as a going concern is dependent upon the ability to raise financing and ultimately generate profitable operations. These consolidated financial statements do not reflect and adjustments to the carrying value of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies below have been applied to all periods presented in these consolidated financial statements and are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

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

3.1. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value. All amounts are presented in Canadian dollars unless otherwise specified.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

3. BASIS OF PRESENTATION (CONTINUED)

Critical Accounting Judgments

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment. In assessing the Company's ability to continue as a going concern, market and regulatory factors are considered.

Business combinations

Judgment is used when determining whether an acquisition is a business combination or an asset acquisition. Judgment is also used in measuring the fair value of equity instruments issued as consideration for a business combination, and in allocating the fair value of consideration paid to the assets acquired and liabilities assumed.

The Company measures all assets acquired and liabilities assumed at their acquisition-date fair values. Non-controlling interests in the acquiree are measured on the basis of the non-controlling interests' proportionate share of this equity in the acquiree's identifiable net assets. The excess of the aggregate of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net assets of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Functional currency

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

Collectability of amounts receivable

The Company monitors its exposure for credit losses on its customer and related party receivable balances and the creditworthiness of the customers and related parties on an ongoing basis and records related allowances for doubtful accounts. Allowances are estimated based upon specific customer and related party balances, where a risk of default is identified, and also include a provision for non-customer specific defaults based upon historical experience and aging of accounts.

3. BASIS OF PRESENTATION (CONTINUED)

Assets held for sale and related disposal groups

During the year ended June 30, 2021, and subsequent to, the Company entered into or are in the process of negotiating disposal of the shares of NVPR, the net assets related to certain P1493 operations, and the shares of La Finca. Judgement was used in determining the completeness of each disposal group as well as in the classification of assets held for sale as at June 30, 2021.

Financial instruments

The determination of categories of financial assets and liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

The identification of convertible note component is based on interpretations of the substance of the contractual arrangement and therefore requires judgement from management. The separation of components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest of the liability component. The determination of fair value of the liability is also based on several assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Critical Accounting Estimates

Share-based payments

Where applicable, the fair value of certain equity instruments is subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Income Taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

3. BASIS OF PRESENTATION (CONTINUED)

Valuation of equity consideration granted

The valuation of share consideration granted involves management judgment in determining valuation of the share consideration granted. Judgment is exercised in the reliability of the fair value of consideration received.

Estimated useful lives, impairment considerations and amortization of tangible assets, intangible assets, and goodwill

Amortization of tangible and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Assets held for sale

The recoverable value of a disposal group under IFRS 5 Assets held for sale and discontinued operations is based on estimates of the net consideration received. Estimates can change due to changes in negotiations or due to professional fees.

3.3 Basis of consolidation

These consolidated financials are presented in Canadian dollars ("CAD") and incorporate the financial results of the Company and its controlled subsidiaries: The Company has 10 subsidiaries (the "**Subsidiaries**"), as follows:

- 1145411 B.C. Ltd. (British Columbia, Canada) (100%)
- GSRX Industries Inc. (United States) (66%)
- 10998451 Canada Inc. (Canada) (100%)
- 1247262 B.C. Ltd. (British Columbia, Canada) (100%)
- La Finca Interacviva-Arachna MED SAS (100%)
- Bonhomie Labs LLC (United States) (100%)
- Desert Zen LLC (United States) (100%)
- SAP Global Inc. (United States) (100%)
- Kieley Growth Management LLC (United States) (60%)
- Vending Co. (United States) (100%)

The Company is in the process of winding up or divesting its interest in the Subsidiaries. Specifically, the Company notes that: (i) in respect of GSRX Industries Inc., the Company is in the process of working on an agreement to settle outstanding debts and dispose of its common share and preferred share holdings, however, there are no formal agreements or terms at this stage; (ii) in respect of Bonhomie Labs LLC, Desert Zen LLC, SAP Global Inc. and Kieley Growth Management LLC, the Company is in the process of winding up these Subsidiaries as they are inactive; and (iii) in respect of La Finca Interacviva-Arachna MED SAS, the Company has ceased operations in Colombia and is currently working with Colombian legal counsel to wind-up this Subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended June 30, 2021, filed March 25 2021.

5. PROPERTY OPTION AGREEMENT WITH GEOMAP

During the three months ended March 31, 2022, the Company entered into a property option agreement with Geomap Explorations Inc, a privately-owned B.C. company to acquire up to 100% interest in the Rose Property, located in Kamloops Mining Division, B.C for consideration as follows:

- Cash payments of $170,000 to be made on the following dates:
  - $80,000 10 days after the effective date of the agreement;
  - $30,000 one year after the effective date
  - $50,000 two years after the effective date
- Issuing 800,000 common shares on the following dates:
  - 250,000 common shares 10 days after the effective date of the agreement;
  - 250,000 common shares one year after the effective date
  - 300,000 common shares two years after the effective date of the agreement; and
- Incurring exploration expenditures as follows:
  - $110,000 one year after the effective date; and
  - $250,000 two years after the effective date.

Shares issued pursuant to this agreement are subject to escrow terms, whereby one quarter of the shares issued will vest every three months.

Once the title to the property is granted to the Company, the Company will grant a 3% Net Smelter Royalty(“NSR”) on commercial production on the property to Geomap. Chemesis has an irrevocable option to acquire one third of the NSR for $1,000,000.

To date the company has not capitalized any amounts related to this option agreement.

Concurrently with the mineral property agreement acceptance, the Company has applied for new financing and a Change of Business under Policy 8 of the CSE. See Note 17 for details. This property option agreement is subject to shareholder approval.

(Expressed in Canadian dollars)

6. ASSETS HELD FOR SALE

As at March 31, 2022, the Company has the following assets held for sale:

- During the year ended June 30, 2021, the Company entered into negotiations to dispose of 100% of its equity interest in La Finca in exchange for the Company issuing shares to settle $180,000 in liabilities and wind up La Finca;
- During the nine months ended March 31, 2022, the Company entered into negotiations with an arm's length party to dispose of the Company's remaining ownership of GSRX, being 54,301,122 common shares and 1,000 preferred shares of GSRX. The company is in active negotiations with the counterparty, however the net assets of the GSRX disposal group were written down to $nil.

As management believes the sales are highly probable and the remaining criteria under IFRS 5 *Assets Held for Sale and Discontinued Operations* are met, the La Finca and remaining GSRX assets and liabilities were classified as held for sale at March 31, 2022 and are as follows:

As at		**March 31, 2022**
Current		
Cash	$	6,696
Amounts receivable (Note 14)		19,594
Note receivable		132,207
Prepaids		1,642
Inventory (Note 10)		4,186
		164,325
Non-current assets		
Fixed assets (Note 12)		81,691
Building (Note 12)		286,133
Investment in Chemesis		364,285
Intangible assets (Note 11)		17,811
Total non-current assets		749,920
TOTAL ASSETS	$	914,245
LIABILITIES		
Current		
Accounts payable	$	1,087,951
NET ASSETS	$	(173,706)

(Expressed in Canadian dollars)

7. NON-CONTROLLING INTERESTS

During the years ended June 30, 2020 and 2019, the Company acquired several companies with significant non-controlling interests. Non-controlling interests are initially recorded at the non-controlling interests' percentage of the total fair value of net assets acquired.

During the year ended June 30, 2021, the Company disposed of Natural Ventures.

During the nine months ended March 31, 2022, the Company engaged in negotiations to dispose of its entire equity interest GSRX. See Note 6.

A continuity of the Company's non-controlling interests is below:

	Kieley Growth	GSRX	SAP	Total
	United States	*Puerto Rico*	*United States*	
Balance, June 30, 2021	$ **99,679**	**$ 1,671,007**	**$ (206,927)**	**$ 1,563,759**
Net loss	-	(604,461)		(604,461)
Other comprehensive loss	-	149,168	-	149,168
Disposal	-	(1,215,714)	-	(1,215,714)
Balance, March 31, 2022	**$ 99,679**	**$ -**	**$ (206,927)**	**$ (107,248)**

Summarized financial information from each subsidiary with significant non-controlling interests is as follows:

	Kieley Growth	GSRX	SAP	Total
Total assets	$ -	$ 107,128	$	$ 107,128
Total liabilities	-	298,645	12,149	310,794
Other loss	-	(7,524,675)	-	(7,524,675)
Expenses	-	-	-	-
Net loss	**$ -**	**$ (7,524,675)**	**$ -**	**$ (7,524,675)**

(Expressed in Canadian dollars)

8. CONVERTIBLE DEBT

During the year ended June 30, 2020, the Company completed a convertible debt financing for total gross proceeds of $1,455,080 (USD$1,100,000). The convertible debentures bear interest at a rate of 10% per year and mature two years from the closing date. The convertible debentures are unsecured and are convertible, at the option of the holder, into common shares of the Company at a price of USD$1.00 per common share. The debentures carry a derivative liability whereby the number of shares is fixed to the US dollar. The Company recognized a derivative liability of $620,960 and re-measures the liability at the end of each reporting period using the Black-Scholes option pricing model.

The Company has the right to repay and cancel convertible debentures at any time prior to the maturity date at a price equal to 105% of the principal amount of the convertible debentures then outstanding plus accrued and unpaid interest thereon.

The following table summarizes the Company's convertible debt:

Balance, June 30, 2021	**$**	**129,382**
Interest expense		9,979
Interest repayment		(6,642)
Balance, March 31, 2022	**$**	**132,719**

9. SHAREHOLDERS' EQUITY

9.1 Authorized share capital

Unlimited number of common shares with no par value.

9.2 Issued share capital

Common shares issued and outstanding as at March 31, 2022 are 66,826,135. As at March 31, 2022 the Company held no common shares in escrow.

During the nine months ended March 31, 2022, the Company issued 200,000 common shares pursuant to the exercise of RSRs (Note 9.5) and 10,393,335 units of the Company at a price of $0.12 per unit for total proceeds of $1,247,200.

During the nine months ended March 31, 2022, the Company issued 74,000 common shares with a fair value of $14,800 for services.

During the nine months ended March 31, 2022, the Company reclassified its 729,187 Chemesis common shares held internally by GSRX to shares issued and outstanding on the statement of changes in equity.

Derivative liability

In January, 2021, the Company issued 3,687,419 common share purchase warrants exercisable at $0.34 USD for a period of two years. As the exercise price is in a foreign currency, the fixed for fixed equity criteria are not met and therefore is recorded as a liability. At inception, the fair value of $1,198,411 was calculated using the Black-Scholes Option pricing model, however was 100% allocated to the proceeds from the related private placement of $1,198,411. At March 31, 2022, the fair value of the liability was $190,838, calculated using the Black-Scholes Option Pricing Model and using inputs of 132% volatility, $0.20 share price, $0.34 USD exercise price and a period of 0.8 years. A gain of $995,084 was recorded during the nine months ended March 31, 2022.

(Expressed in Canadian dollars)

9. SHAREHOLDERS' EQUITY (CONTINUED)

9.3 Warrants

As of March 31, 2022, 20,045,340 warrants were outstanding:

Expiry date	Warrants		Exercise Price
December 21, 2023	31,250	$	15.00
January 21, 2024	38,460		24.50
March 1, 2024	105,000		25.00
May 30, 2024	18.918		25.00
May 30, 2024	37,837		25.00
June 13, 2024	5,405		25.00
May 19, 2022	1,220,000		1.00
May 20, 2022	1,272,500		1.00
July 3, 2022	2,542,800		1.00
July 24, 2022	692,416		0.85
January 18, 2023	3,687,419		USD 0.34
November 29, 2023	10,393,335		0.15
Balance, March 31, 2022	**20,045,340**	**$**	**0.72**

At March 31, 2022, the weighted-average remaining life of the outstanding warrants was 1.25 years.

9.4 Options and share-based compensation

As at March 31, 2022, the Company had 3,795,000 (December 31, 2021 – 3,795,000) options outstanding with expiry dates as follows:

			Outstanding and exercisable	
Expiry date	Options		Exercise price	Remaining contractual life (years)
January 12, 2025	2,295,000	$	0.90	2.78
January 12, 2026	1,500,000		0.89	3.78
Balance, December 31, 2021	**3,795,000**	**$**	**0.90**	3.18

The Company has adopted a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the CSE. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority. Stock options granted to any person engaged in investor relations activities will vest over a period of not less than 12 months with no more than 25% of the stock options vesting in any six-month period. The exercise price of any stock options granted under the plan shall be determined by the Board but may not be less than the market price of the common shares on the Exchange on the date of grant (less any discount permissible under Exchange rules). The term of any stock options granted under the plan shall be determined by the Board at the time of grant but may not exceed ten years.

As at March 31, 2022 the estimated remaining life of the outstanding options was 2.23 years.

9.5 Restricted Share Rights ("RSR")

As at March 31, 2021, the Company has 3,375,000 RSRs outstanding and exercisable, each allowing the holder to exercise one RSR into one common share at the holder's option.

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the directors and officers of the Company. Management compensation transactions for the nine months ended March 31, 2022 and 2021 is summarized as follows:

		2021		2020
Management fees	$	402,750	$	518,250
Share-based payments		-		-
Total	**$**	**402,750**	**$**	**518,250**

As at March 31, 2022, $862,523 (June 30, 2020 - $647,083) is owed to directors and officers of the Company for unpaid fees and expenses paid on behalf of the Company.

During the nine months ended March 31, 2022, the Company accrued $nil (2020 - $162,000) included in management fees to the CEO and Director of the Company pursuant to CEO and director services provided.

During the nine months ended March 31, 2022, the Company accrued $112,500 (2020 - $75,000) included in management fees to the CFO of the Company pursuant to CFO services provided.

During the nine months ended March 31, 2022, the Company accrued $150,000 (2020 - $162,000) included in management fees to a director of the Company pursuant to director services provided.

During the year ended June 30, 2020, the Company accrued $131,250 (2020 - $50,625) included in management fees to a director of the Company pursuant to President and Director services provided.

During the nine months ended March 31, 2022, the Company paid $9,000 (2020 - $18,000) included in consulting fees to the Corporate Secretary and Director and of the Company pursuant to corporate secretary and director services provided.

(Expressed in Canadian dollars)

11. GENERAL AND ADMINISTRATION

General and administrative costs from continuing operations during the nine months ended March 31, 2022 and 2021 are as follows:

		2022		2021
Advertising and marketing	$	7,500	$	4,153,502
Consulting and payroll		210,182		178,206
Finder's fee		-		35,000
Management fees (Note 10)		402,750		518,250
Office and miscellaneous		49,076		137,110
Professional fees		660,885		1,044,977
Rent		30,000		45,000
Transfer agent and filing fees		87,190		106,282
Travel		10,667		39,825
	$	**1,458,250**	**$**	**6,258,152**

12. NON-CASH INVESTING AND FINANCING ACTIVITIES

See the following for non-cash note disclosures:

i) Interest paid - see Statement of Changes in Shareholders' Equity

13. RISK MANAGEMENT

13.1 Financial risk management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

b. Credit risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low. The maximum amount exposed to credit risk is equal to trade receivables.

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at March 31, 2022, the Company's working capital deficiency of $1,905,761. The Company plans to seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

13. RISK MANAGEMENT (CONTINUED)

c. Liquidity risk (continued)

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Contractual undiscounted cash flow requirements for contractual obligations as at March 31, 2021 are as follows:

	Less Than 1 Year $	Years 2 and 3 $	Years 4 and 5 $	More Than 5 Years $	Total $
Accounts payable and accrued liabilities	1,834,352	-	-	-	-
Derivative Liability (Note 9)	190,838				
Liabilities held for sale (Note 6)	1,087,951	-	-	-	-
Convertible debt (Note 8)	132,719	-	-	-	-

d. Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company does not have a practice of trading derivatives

Foreign currency risk
The Company's foreign exchange risk arises from transactions denominated in other currencies.

13.2 Fair values

The carrying values of trade receivables and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The carrying value of convertible debt approximates its fair value based on current market rates.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

(Expressed in Canadian dollars)

13. RISK MANAGEMENT (CONTINUED)

As at March 31, 2022 and June 30, 2021 the Company held the following measured at their stated fair value hierarchy level:

		March 31, 2022		June 30, 2021
Level 1				
Cash	$	195,915	$	1,719,845
Level 3				
Note receivable	$	-	$	1,227,281

At March 31, 2022, the Company held cash of $195,515 measured at Level 1 and a note receivable of $nil at Level 3. During the nine months ended March 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements and there were no transfers in and out of Level 3 fair value measurements.

14. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

15. SEGMENTED REPORTING

The Company currently has one operating segment.

16. CONTINGENT LIABILITIES

As at March 31, 2022, the Company has the following claims open:

a) On October 19, 2020, Carlsbad Naturals, LLC and Carlsbad Naturals LLC filed a claim for unpaid services $2,000,000 USD of common shares of the Company pursuant to an asset purchase agreement. A hearing date is set for June 1, 2022. The Company disputes this claim and has not accrued any amounts as the Company believes the claim to be without merit.

17. SUBSEQUENT EVENTS

Further to Notes 1 and 5, subsequent to March 31, 2022, the Company applied to the CSE for the following, subject to shareholder approval (the "Arrangement"):

Share consolidation
As part of the Arrangement, subject to shareholder approval, the Company applied to have its common shares consolidated on a basis of one post-consolidation common share for two pre-consolidation common shares.

Loan facility
As part of the Arrangement, the Company applied to obtain an unsecured loan facility of up to $1,000,000 at an interest rate of 10$ and have a maturity date one year from closing.

Equity financing
As part of the Arrangement, the Company also intends to raise up to $1,000,000 by way of a private placement through the issuance of approximately 6.7 million units at $0.15, each unit consisting of one common share and one common share purchase warrant exercisable at $0.25 for two years.

Property
As part of the Arrangement, the Company applied for a Change of Business under Policy 8 of the CSE, and further entered into a property option agreement with to acquire up to 100% interest in the Rose Property, located in Kamloops Mining Division, B.C. See Note 5.