CHEMESIS INTERNATIONAL INC.

Consolidated Financial Statements
As at and for the years ended June 30, 2022 and 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Chemesis International Inc.

Opinion

We have audited the consolidated financial statements of Chemesis International Inc. (the Group), which comprise the consolidated statements of financial position as at June 30, 2022 and the related consolidated statements of loss and comprehensive loss, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the relevant ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Material Uncertainty Related to Going concern

Without qualifying our conclusion, we draw attention to Note 2 in the consolidated financial statements which indicates that the Company incurred a net loss of $8,239,035 for the year ended June 30, 2022 and, as of that date, had an accumulated deficit of $102,065,825. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company´s ability to continue as a going concern.

Other Matter

The consolidated financial statements of Chemesis International Inc. for the year ended June 30, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on March 25, 2022.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit and also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Furthermore, our responsibilities in a group audit are to: (i) obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements., (ii) being responsible for the direction, supervision and performance of the group audit and (iii) remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

GreenGrowthCPAs

October 7, 2022

Marko Glisic
GreenGrowth CPAs
10250 Constellation Blvd.
Los Angeles, CA 90067

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

As at		June 30, 2022		June 30, 2021
ASSETS				
Current assets				
Cash	$	-	$	1,719,845
GST receivable		233,938		201,964
Loan receivable		-		55,631
Assets held for sale (Note 6)		-		345,257
		233,938		2,322,697
Non-current assets				
Exploration and Evaluation deposit (Note 5)		50,000		-
Note receivable (Note 6)		-		1,227,281
		50,000		1,227,281
TOTAL ASSETS	**$**	**283,938**	**$**	**3,549,978**
LIABILITIES				
Current				
Bank indebtedness	$	519	$	-
Accounts payable and accrued liabilities		1,727,924		2,287,347
Derivative liability (Note 9)		1,442		1,185,923
Convertible debt (Note 8)		132,720		129,382
Liabilities held for sale (Note 6)		-		150,459
TOTAL LIABILITIES		1,862,605		3,753,111
EQUITY				
Share capital (Note 9)		93,211,926		85,611,273
Subscriptions received		50,000		40,500
Contributed surplus		7,299,073		7,564,425
Accumulated other comprehensive income		(73,841)		(311,202)
Deficit		(102,065,825)		(94,757,209)
Equity attributable to shareholders of Chemesis		**(1,578,667)**		**(1,852,213)**
Non-controlling interests (Note 7)		-		1,649,080
TOTAL EQUITY		**(1,578,667)**		**(203,133)**
TOTAL LIABILITIES AND EQUITY	**$**	**283,938**	**$**	**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 consolidated financial statements.

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

	For the year ended June 30	
	2022	2021
REVENUES	29,321	27,838
COST OF GOODS SOLD	(22,751)	(31,124)
GROSS MARGIN	6,570	(3,286)
EXPENSES		
Depreciation	-	46,580
Foreign exchange loss	2,234	14,828
General and administration (Note 11)	1,528,931	7,327,353
Share-based payments (Note 9)	-	1,835,458
TOTAL EXPENSES	(1,531,165)	(9,224,219)
LOSS BEFORE OTHER ITEMS	**(1,524,595)**	**(9,227,505)**
OTHER INCOME (EXPENSES):		
Interest expense	(13,173)	33,459
Gain (loss) on debt settlement	101,245	(585,131)
Impairment	-	(119,247)
Change in fair value of derivative liabilities (Note 9.2)	1,184,481	12,488
	1,272,553	**(658,431)**
NET LOSS BEFORE DISCONTINUED OPERATIONS AND INCOME TAXES	**(252,042)**	**(9,885,936)**
Income tax recovery (expense)	-	76,974
NET LOSS FROM CONTINUING OPERATIONS	**(252,042)**	**(9,808,962)**
Net income (loss) from discontinued operations (Note 6)	(7,986,992)	(11,563,020)
NET LOSS	**(8,239,034)**	**(21,371,982)**
OTHER COMPREHENSIVE INCOME (LOSS)		
Cumulative translation adjustment - discontinued operations	319,574	(664,003)
COMPREHENSIVE LOSS	**(7,919,460)**	**(22,035,985)**
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Chemesis International Inc.	(252,043)	(9,808,962)
Discontinued operations	(7,986,992)	(11,563,020)
NET LOSS	**(8,239,035)**	**(21,371,982)**
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:		
Chemesis International Inc.	(252,043)	(9,808,962)
Discontinued operations	(7,667,417)	(12,227,023)
COMPREHENSIVE LOSS	$ **(7,919,460)**	$ **(22,035,985)**
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:		
Chemesis International Inc.	(252,043)	(9,808,962)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**(252,043)**	**(9,808,962)**
COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:		
Chemesis International Inc.	(252,043)	(9,808,962)
COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS	$ **(252,043)**	$ **(9,808,962)**

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

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

Income (loss) per share, basic and diluted, total operations	$	$	(0.26)	$	(0.91)
Continuing operations			(0.01)		(0.46)
Discontinued operations			(0.26)		(0.44)
Weighted average number of common shares outstanding			**31,209,027**		**21,193,688**

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

Chemesis International Inc.
Consolidated 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	27,664,808	85,611,273	40,500	7,564,425	(311,202)	(94,757,209)	(1,852,213)	1,649,080	(203,133)
Conversion of RSUs into common shares	150,000	265,352	-	(265,352)	-	-	-	-	-
Value of Chemesis common shares held by GSRX previously eliminated upon consolidation	364,594	6,027,801	-	-	-	-	6,027,801	-	6,027,801
GSRX Non-controlling interest disposed of	-	-	-	-	-	-	-	(908,122)	(908,122)
Non-controlling interest removed upon dissolution of US subsidiaries	-	-	-	-	-	-	-	107,248	107,248
Shares for services	212,000	60,300	-	-	-	-	60,300	-	60,300
Shares issued for cash	5,196,668	1,247,200	-	-	-	-	1,247,200	-	1,247,200
Shares for debt	-	-	9,500	-	-	-	9,500	-	9,500
Net loss	-	-	-	-	-	(7,308,616)	(7,308,616)	(930,419)	(8,239,035)
Other comprehensive loss (income)	-	-	-	-	237,361	-	237,361	82,213	319,574
As at June 30, 2022	**33,588,070**	**93,211,926**	**50,000**	**7,299,073**	**(73,841)**	**(102,065,825)**	**(1,578,667)**	**-**	**(1,578,667)**

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

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

	Share Capital								
	Number	**Amount**	**Subscriptions received**	**Reserves**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Equity (deficiency) attributable to shareholders of Chemesis**	**Non-controlling interests**	**Total equity (deficiency)**
		$	$	$	$	$	$	$	$
As at June 30, 2020	16,945,847	77,952,340	22,500	5,814,928	240,078	(76,517,929)	7,511,917	4,325,446	11,837,363
							-		-
Shares issued for cash	3,115,110	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	62,500	110,563	-	(110,563)	-	-	-	-	-
Exercise of warrants	5,378,502	4,534,586	-	-	-	-	4,534,586	-	4,534,586
Shares for debt	2,162,849	1,801,986	-	-	-	-	1,801,986	-	1,801,986
Subscriptions received	-	-	40,500	-	-	-	40,500	-	40,500
Disposal of non-controlling interests	-	-	-	-	-	-	-	569,059	569,059
Share-based payments	-	-	-	1,835,458	-	-	1,835,458	-	1,835,458
Net loss	-	-	-	-	-	(18,239,281)	(18,239,281)	(3,132,702)	(21,371,983)
Other comprehensive loss (income)	-	-	-	-	(551,279)	-	(551,279)	(112,723)	(664,002)
As at June 30, 2021	**27,664,808**	**85,611,273**	**40,500**	**7,564,425**	**(311,201)**	**(94,757,210)**	**(1,852,213)**	**1,649,080**	**(203,133)**

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

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

For the years ended	June 30, 2022	June 30, 2021
Cash (used in) provided by:		
OPERATING ACTIVITIES		
Net loss for the year from continuing operations	$ (252,043)	$ (9,808,962)
Items not involving cash:		
Share-based payments	-	1,835,458
Change in fair value of derivative liabilities	(1,184,481)	(12,488)
Loss on recognition and change in fair value of note receivable	-	422,549
Interest accretion on convertible debt	13,218	149,132
Loss on debt settlement	(101,245)	345,131
Foreign exchange	-	(58,703)
Impairment of assets	-	119,247
Depreciation	-	46,580
Net changes in non-cash working capital items:		
Prepaid expenses and deposits	-	176,477
Income tax payable	-	(76,974)
Amounts receivable	(31,974)	(69,325)
Amounts payable and other payables	387,889	(91,191)
Net cash used in operating activities from continuing operations	(1,168,636)	(7,023,069)
Net cash used in operating activities from discontinued operations	(1,804,179)	(2,870,768)
	(2,972,815)	(9,893,837)
INVESTING ACTIVITIES:		
Note receivable	-	(55,631)
Net cash used in investing activities from continuing operations	-	(55,631)
Net cash provided by investing activities from discontinued operations	-	4,564,834
	-	4,509,203
FINANCING ACTIVITIES:		
Proceeds from private placement, net	1,247,200	2,447,311
Subscriptions received	50,000	-
Deposit on exploration and evaluation asset	(50,000)	-
Finder's fees	-	(35,000)
Collection of loans receivable	55,631	-
Proceeds from warrant exercise	-	4,534,586
Subscriptions received	(40,500)	40,500
Convertible debentures	-	(250,000)
Interest paid	(9,880)	(13,500)
Net cash provided by financing activities from continuing operations	1,252,451	6,723,897
Effect of exchange rate changes on cash	-	(664,003)
Net increase in cash	(1,720,364)	675,260
Cash, beginning of year	1,719,845	1,044,585
Cash, end of year	$ -	$ 1,719,845
Bank indebtedness, end of year	$ 519	$ -

The accompanying notes are an integral part of these consolidated 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 year ended June 30, 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. The special meeting of the shareholders occurred June 21, 2022. Upon completion of the COB, the Company will rename itself as Refined Energy Corp., under the ticker "REC". See Notes 5 and 17.

Subsequent to June 30, 2022, the Company completed a 2:1 share consolidation, whereby two of the pre-consolidation shares is consolidated in to one post-consolidation share. All disclosures in these consolidated financial statements reflect the shares post-consolidation.

During the year ended June 30, 2022, the Company was in active negotiations with a seller to dispose of 100% Chemesis' equity interest in GSRX, which completed on June 30, 2022. As such, 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.

As at June 30, 2021, the Company was in active negotiations with a seller to dispose of 100% of the Company's interest in La Finca. During the year ended June 30, 2022, the plan of sale changed and as such La Finca no longer qualified under IFRS 5 *Assets held for sale and discontinued operations.* 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 year ended June 30, 2022, the Company incurred a loss of $8,239,035 and as at June 30, 2022 has a working capital deficit of $1,628,667 and an accumulated deficit of $102,065,825 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 October 7, 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.

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.

3. BASIS OF PRESENTATION (CONTINUED)

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.

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, the shares of GSRX. 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, 2022 and 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%)
- 10998451 Canada Inc. (Canada) (100%)
- 1247262 B.C. Ltd. (British Columbia, Canada) (100%)
- La Finca Interacviva-Arachna MED SAS (100%)

In respect of La Finca Interacviva-Arachna MED SAS ("La Finca"), the Company has ceased operations in Colombia and is currently working with Colombian legal counsel to wind-up this Subsidiary. Once La Finca is wound up, the Company will also wind up the inactive holding companies, 10998451 Canada Inc. and 1247262 BC Ltd.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Intangible assets

Intangible assets acquired individually or with a group of other assets from others (other than in a business combination) are recognized at cost, including transaction costs, and allocated to the individual assets acquired based on relative fair values and no goodwill is recognized. Cost is measured based on cash consideration paid. If consideration given is in the form of non-cash assets, liabilities incurred, or equity interests issued, measurement of cost is based on either the fair value of the consideration given or the fair value of the assets (or net assets) acquired, whichever is more clearly evident and more reliably measurable. Costs of internally developing, maintaining or restoring intangible assets that are not specifically identifiable, have indeterminate lives or are inherent in a continuing business are expensed as incurred.

Intangibles with a finite useful life are amortized and those with an indefinite useful life are not amortized. The useful life is the best estimate of the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Company. The useful life is based on the duration of the expected use of the asset by the Company and the legal, regulatory or contractual provisions that constrain the useful life and future cash flows of the asset, including regulatory acceptance and approval, obsolescence, demand, competition and other economic factors. If an income approach is used to measure the fair value of an intangible asset, the Company considers the period of expected cash flows used to measure the fair value of the intangible asset, adjusted as appropriate for Company-specific factors discussed above, to determine the useful life for amortization purposes. If no regulatory, contractual, competitive, economic or other factors limit the useful life of the intangible to the Company, the useful life is considered indefinite.

Intangibles with a finite useful life are amortized on the straight-line method unless the pattern in which the economic benefits of the intangible asset are consumed or used up are reliably determinable. The Company evaluates the remaining useful life of intangible assets each reporting period to determine whether any revision to the remaining useful life is required. If the remaining useful life is changed, the remaining carrying amount of the intangible asset will be amortized prospectively over the revised remaining useful life. Licenced rights are amortized on a straight-line basis over the lease period of the leased premises to which the licensed rights are related.

Intangibles with an indefinite useful life are not amortized until its useful life is determined to be no longer indefinite. If the useful life is determined to be finite, the intangible is tested for impairment and the carrying amount is amortized over the remaining useful life in accordance with intangibles subject to amortization. Indefinite-lived intangibles are tested for impairment annually and more frequently if events or circumstances indicate that it is more-likely-than-not that the asset is impaired. The Company has not recognized any intangible assets with an indefinite useful life.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Goodwill

Goodwill represents the excess of the consideration transferred over the Company's interest in the fair value of the net identifiable assets, including tangible assets, intangible assets, and liabilities of the acquire at the date of acquisition. At the date of acquisition, goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. A CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is tested at least annually for impairment at the CGU level and is carried at cost less accumulated impairment losses.

4.3 Revenue recognition, accounts receivable and allowance for doubtful accounts

The Company's revenue consists solely of product sales and as such, the Company recognizes revenues when a contract has been entered into and performance obligations are known, the price has been determined, control of the goods passes to the customer and the significant risks and benefits of ownership are transferred and performance obligations have been satisfied. Revenue is measured based on the price specified, net of excise taxes, trade discounts and estimated returns at the time of sale. Historical experience is used to estimate allowances for returns.

Due to the "pay at purchase" model that the Company's vending machines adopted, no accounts receivable arises at purchase as the company has received payment.

During the years ended June 30, 2022 and 2021, the Company derived revenue from *the retail sale of CBD products at vending machines.*

Revenue is recognized upon transfer of control of the promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Performance obligations are satisfied, and revenue is recognized, at a point in time upon delivery to the customer.

4.4 Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4.6 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Income taxes (continued)

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.8 Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

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 private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as contributed surplus.

4.9 Share-based payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or exploration and evaluation properties, with the offsetting credit to contributed surplus. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in contributed surplus.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.11 Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

4.12 Financial instruments - recognition and measurement

The Company accounts for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Loan receivable	Amortized cost
Note receivable	FVTPL
Accounts payable	Amortized cost
Derivative liability	FVTPL
Convertible debt	Amortized cost

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Measurement (continued)

Financial assets and liabilities at fair value through profit and loss

Financial assets and liabilities at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss in the period in which they arise. The Company's cash is measured at FVTPL.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. The Company's amounts receivable are financial assets at amortized cost. The Company's accounts payable and convertible debt are financial liabilities at amortized cost.

(iii) Impairment of financial assets at amortized cost.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss.

(v) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to share capital at the option of the holder. If the number of shares to be issued is fixed and does not vary, the liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Share Purchase Warrants issued in conjunction with a convertible debt are allocated a proportion value of the equity component and included within contributed surplus. If the number of share vary, the embedded derivative liability is recognized initially at fair value and the residual amount is allocated to the convertible debt liability. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry. The embedded derivative is remeasured at fair value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Share issuance costs

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital.

4.14 Comprehensive income (loss)

Total comprehensive income (loss) comprises all components of profit or loss and other comprehensive income (loss). Other comprehensive income (loss) includes items such as gains or losses on re-measuring FVTOCI financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

4.15 Foreign currency translation

Functional currency

Items included in the consolidated financial statements of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the parent company is the Canadian dollar. All the Company's subsidiaries except 1145411 have the US dollar as the functional currency, except for La Finca, which uses the Colombian peso.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of net loss and comprehensive loss.

Subsidiaries

The results and financial position of the Company's subsidiaries that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period;
- Equity is translated using historical rates; and
- All resulting exchange differences are recognised in other comprehensive income as foreign currency translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income (loss). When a foreign operation is sold, such exchange differences are recognised in the statement of loss as part of the gain or loss on sale.

4.16 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The Company measures goodwill as the fair value of the consideration transferred less the recognized amount of the identifiable assets and liabilities assumed, all measured at the acquisition date. Transactions costs, other than those associated with the issue of equity instruments, incurred in connection with a business combination are expensed as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development or use or sell the asset. Other development expenditures are expensed as incurred.

5. PROPERTY OPTION AGREEMENT WITH GEOMAP

During the year ended June 30, 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:
  - $90,000 10 days after the effective date of the agreement: ($50,000 paid as at June 30, 2022, $40,000 paid subsequent)
  - $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 on or before the date that is one year after the effective date; and
  - $250,000 on or before the date that is 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.

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 1 for details.

(Expressed in Canadian dollars)

6. DISCONTINUED OPERATIONS

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 as such La Finca was classified as an asset held for sale. However during the year ended June 30, 2022, the Company started the wind-up of La Finca instead of disposal, therefore La Finca no longer meets the criteria of IFRS 5 as at June 30, 2022, and as such, net assets of La Finca were written down to their fair values.

During the year ended June 30, 2022, the Company disposed of the Company's remaining ownership of GSRX to a third party, being 54,301,122 common shares and 1,000 preferred shares of GSRX in exchange for forgiveness of approximately US $229,000 intercompany loans. Upon disposition of the GSRX shares, 364,594 common shares, which are held by GSRX, are now considered issued and outstanding rather than treasury shares. As such, $6,027,801, the fair value initially recorded upon the issuance of the Company's common shares exchanged for the GSRX shares, was reclassified to share capital. Upon disposition, $908,122 in non-controlling interest was charged to the Statement of Comprehensive Loss. See Note 7.

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 year ended June 30, 2022, the Company disposed of its entire equity interest GSRX in exchange for forgiveness of a US $243,000 intercompany loan. 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	-	(930,418)		(930,418)
Other comprehensive loss	-	167,533	-	167,533
Deemed disposal	(99,679)	-	206,927	107,248
Disposal	-	(908,122)	-	(908,122)
Balance, June 30, 2022	**$ -**	**$ -**	**$ -**	**$ -**

(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$2.00 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. Of this amount, $100,000 USD plus principal and interest is outstanding as at June 30, 2022.

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	**$**	**129,382**
Interest expense		13,173
Interest repayment		(9,835)
Balance, June 30, 2022	**$**	**132,720**

9. SHAREHOLDERS' EQUITY

9.1 Authorized share capital

Unlimited number of common shares with no par value.

9.2 Issued share capital

Subsequent to June 30, 2022, the Company completed a 2:1 share consolidation (Note 1). All shares are stated post-consolidation in these consolidated financial statements.

Common shares issued and outstanding as at June 30, 2022 are 33,588,070. As at June 30, 2022 the Company held no common shares in escrow.

During the year ended June 30, 2022, the Company issued 150,000 common shares pursuant to the exercise of RSRs and 5,196,668 units of the Company at a price of $0.12 per unit for total proceeds of $1,247,200.

During the year ended June 30, 2022, the Company issued 464,000 common shares with a fair value of $180,000 to settle liabilities in La Finca.

During the year ended June 30, 2022, the Company reclassified its 364,594 Chemesis common shares held internally by GSRX to shares issued and outstanding on the statement of changes in equity.

(Expressed in Canadian dollars)

9. SHAREHOLDERS' EQUITY (CONTINUED)

9.2 Issued share capital (continued)

Derivative liability

In January, 2021, the Company issued 1,843,709 common share purchase warrants exercisable at $0.68 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 June 30, 2022, the fair value of the liability was $1,442, calculated using the Black-Scholes Option Pricing Model and using inputs of 132% volatility, $0.05 share price, $0.68 USD exercise price and a period of 0.6 years. A gain of $995,085 was recorded during the year ended June 30, 2022.

9.3 Warrants

As of June 30, 2022, 10,013,220 warrants were outstanding:

Expiry date	Warrants		Exercise Price
December 21, 2023	15,625	$	30.00
January 21, 2024	19,230		49.00
March 1, 2024	75,000		50.00
May 30, 2024	9,459		50.00
May 30, 2024	18,918		50.00
June 13, 2024	2,702		50.00
July 3, 2022 (Note 17)	1,306,400		2.00
July 24, 2022 (Note 17)	346,208		1.70
January 18, 2023	1,843,710		US 0.68
November 29, 2023	5,196,667		0.30
Balance, June 30, 2022	**8,833,919**	**$**	**1.49**

At June 30, 2022, the weighted-average remaining life of the outstanding warrants was 0.98 years.

9.4 Options and share-based compensation

As at June 30, 2022, the Company had 1,897,500 (2021 – 1,897,500) options outstanding with expiry dates as follows:

			Outstanding and exercisable	
Expiry date	Options		Exercise price	Remaining contractual life (years)
January 12, 2025	1,147,500	$	1.80	2.53
January 12, 2026	750,000		US 1.40	3.53
Balance, June 30, 2022	**1,897,500**	**$**	**1.80**	**2.93**

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.

(Expressed in Canadian dollars)

9. SHAREHOLDERS' EQUITY (CONTINUED)

9.4 Options and share-based compensation (continued)

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 June 30, 2022 the estimated remaining life of the outstanding options was 1.98 years.

9.5 Restricted Share Rights ("RSR")

As at June 30, 2021, the Company has 1,787,500 RSRs outstanding and exercisable, each allowing the holder to exercise one RSR into one common share at the holder's option.

10. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the directors and officers of the Company. Management compensation transactions for the years ended June 30, 2022 and 2021 is summarized as follows:

		2022		2021
Management fees	$	365,612	$	772,673
Consulting fees		49,506		-
Share-based payments		-		1,724,896
Total	**$**	**415,118**	**$**	**2,497,569**

As at June 30, 2022, $1,198,568 (2020 - $477,424) is owed to directors and officers of the Company for unpaid fees and expenses paid on behalf of the Company.

During the year ended June 30, 2022, the Company accrued $34,000 (2021 - $190,500) included in management fees to the CEO and Director of the Company pursuant to CEO and director services provided.

During the year ended June 30, 2022, the Company accrued $140,000 (2021 - $150,000) included in management fees to the CFO of the Company pursuant to CFO services provided.

During the year ended June 30, 2022, the Company accrued $144,000 (2021 - $300,000) included in management fees to a director of the Company pursuant to director services provided.

During the year ended June 30, 2021, the Company accrued $47,612 (2021 - $96,173) included in management fees to a director of the Company pursuant to President and Director services provided. $40,506 was included in consulting fees in 2022 relating to consulting work performed on Vendco.

During the year ended June 30, 2022, the Company paid $9,000 (2021 - $36,000) 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. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

During the year ended June 30, 2021, the Company issued 1,500,000 RSUs to directors and officers of the Company with a fair value of $1,035,000.

Subsequent to June 30, 2022, the Company settled $599,284 through the issuance of 5,992,839 common shares of the Company with a fair value of $599,284. Of this, 2,751,589 common shares with a fair value of $275,159 was issued to a director of the Company, 2,753,750 common shares with a fair value of $275,375 were issued to the CFO of the Company, and 487,500 common shares with a fair value of $48,750 issued to the President and Director of the Company.

During the year ended June 30, 2021, 1,250,000 stock options were issued to directors and officers and vested. Share-based compensation of $nil was recognized.

November 27, 2020, the Company withdrew its interests in NVPR in substance transferring them to the CEO of the Company.

During the year ended June 30, 2021, $30,835 was paid in interest relating to a convertible debenture to a director of the Company.

11. GENERAL AND ADMINISTRATION

General and administrative costs from continuing operations during the years ended June 30, 2022 and 2021 are as follows:

		2022		2021
Advertising and marketing	$	-	$	4,779,627
Consulting		172,767		386,408
Management fees (Note 10)		365,612		518,250
Office and miscellaneous		77,077		161,337
Professional fees - general		798,522		1,259,811
Rent		-		60,000
Transfer agent and filing fees		144,792		118,650
Travel		10,667		43,270
	$	**1,528,931**	**$**	**7,327,353**

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 June 30, 2022, the Company's working capital deficiency of $1,628,667. 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 June 30, 2021 are as follows:

	Less Than 1 Year $	Years 2 and 3 $	Years 4 and 5 $	More Than 5 Years $	Total $
Bank indebtedness	519	-	-	-	-
Accounts payable and accrued liabilities	1,727,924	-	-	-	-
Derivative Liability (Note 9)	1,442				
Convertible debt (Note 8)	132,720	-	-	-	-

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

		June 30, 2022		June 30, 2021
Level 1				
Cash	$	-	$	1,719,845
Level 3				
Note receivable*	$	-	$	1,227,281

At June 30, 2022, the Company held cash of $nil measured at Level 1 and a note receivable of $nil at Level 3. During the years ended June 30, 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.

*Note receivable was disposed as part of the GSRX discontinued operations (Note 6).

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. CONTINGENT LIABILITIES

As at June 30, 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 December 14, 2022. The Company disputes this claim and has not accrued any amounts as the Company believes the claim to be without merit.

(Expressed in Canadian dollars)

16. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	June 30, 2022 $	June 30, 2021 $
Net loss for the year before income taxes	(8,239,034)	(21,371,982)
Expected tax recovery at a combined federal and provincial rate of 27.0% (2020 - 27.0%)	(2,224,000)	(5,770,435)
Effects of change in statutory, foreign tax, foreign exchange rates	217,000	1,608,461
Permanent differences and other	516,000	3,137,000
Share issue costs	(9,000)	(55,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	13,000	31,000
Changes in unrecognized deductible temporary differences, excluding disposal	1,487,000	972,000
Income tax expense (recovery)	-	(76,974)
Current income tax expense (recovery)	-	(76,974)
Deferred income tax expense (recovery)	-	-
Income tax expense (recovery)	-	(76,974)

As at June 30, 2022 and 2021, the Company had $nil U.S. income taxes payable.

Significant components of the Company's deferred income tax assets and liabilities are as follows:

	June 30, 2022 $	June 30, 2021 $
Deferred tax assets (liabilities)		
Equipment	40,000	528,000
Share issue costs	68,000	68,000
Investments	1,957,000	1,438,000
Derivative liability	320,000	320,000
Leasehold improvements	-	623,000
Intangible assets	405,000	927,000
Non-capital losses available for future period	12,628,000	15,506,000
	15,418,000	20,410,000
Unrecognized deferred tax assets	(15,418,000)	(20,410,000)
Net deferred tax assets	-	-

(Expressed in Canadian dollars)

16. INCOME TAXES (CONTINUED)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	June 30, 2022 $	Expiry date range	June 30, 2021 $	Expiry date range
Temporary differences				
Equipment	133,000	No expiry date	$2,771,000	No expiry date
Share issue costs	253,000	2040 to 2043	253,000	2040 to 2043
Investment in GSRX	14,537,000	No expiry date	10,648,000	No expiry date
Leasehold improvements	2,227,000	2040 to 2043	2,227,000	2040 to 2043
Intangible assets	1,501,000	No expiry date	2,819,000	No expiry date
Non-capital losses available for future periods	51,903,000	2027 to indefinite	65,682,000	2026 to indefinite

The following losses are available for utilization in future years:

	June 30, 2022 $	Expiry date range	June 30, 2021 $	Expiry date range
Net operating losses				
Canada	45,540,000	2037 to 2040	44,148,000	2037 to 2039
USA - California	5,339,000	2038 to Indefinite	5,339,000	2038 to indefinite
USA - Puerto Rico	-	-	15,166,704	2026 to 2029
Colombia	1,028,000	2029 to 2032	1,028,000	2029 to 2031

Tax attributes are subject to review, and potential adjustment, by tax authorities.

17. SUBSEQUENT EVENTS

Subsequent to June 30, 2022, the Company completed a private placement for $1,400,000 through the issuance of 14,000,000 units of the Company at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant with a strike price of $0.12, expiring September 1, 2024.

Concurrently, the Company issued Geomap 250,000 common shares with a fair value of $25,000. Further, the Company settled $839,568 in debt for services through the issuance of 8,395,683 common shares at a price of $0.10 per share. Of this amount, the Company issued 5,992,839 common shares of the Company with a fair value of $599,284 to related parties.

Subsequent to June 30, 2022, 1,271,400 common share purchase warrants at an exercise price of $2.00 and 346,208 common share purchase warrants with an exercise price of $1.70 expired unexercised.

The Arrangement:

Further to Notes 1 and 5, subsequent to June 30, 2022, the CSE has approved the Company's plan of arrangement (the "Arrangement"), whereby, the Company has now completed a Change of Business under Policy 8 of the CSE, 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 and closed a private placement to be used towards exploration and evaluation activities and ongoing business operations.