THE GUMMY PROJECT INC.

(formerly Potent Ventures Inc.)

Form 2A – Listing Statement

May 26, 2022

INTRODUCTION

This Listing Statement is furnished on behalf of the Board in connection with the Change of Business of the Company from a cannabis related business to a company operating in the branded gummy and wellness space as more particularly described in this Listing Statement and in accordance with the rules of the CSE and the continued listing of the Common Shares on the CSE under the new symbol “GUMY”.

Capitalized terms used in this Listing Statement which are not otherwise defined shall have the meanings set forth under the heading “Glossary of Terms” of this Listing Statement. Information contained in this Listing Statement is given as of May 26, 2022 unless otherwise specifically stated.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This Listing Statement, including the documents incorporated by reference herein, contains forward-looking statements and information (collectively, “**forward-looking information**”). The use of any of the words could, expect, anticipate, continue, estimate, objective, ongoing, may, will, project, should, believe, expects plans, intends, potential, prospective, pro forma and similar expressions are intended to identify forward-looking information and relate to matters that are not historical facts and are based on the Company’s current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this Listing Statement. Forward-looking statements include, among others, statements with respect to:

- the regulations of the industries in which the Company operates, including the food industry;
- the future performance of the Company, including statements with respect to the implementation and execution of certain business strategies and plans and the achievement of business objectives and milestones;
- the Company’s expectations regarding revenues, expenses and anticipated cash needs;
- the requirement for, and the Company’s ability to obtain, future financing on favourable terms or at all;
- the intention to grow the Company’s business and operations and opportunities for growth in local and international markets and in the low sugar and plant-based gummy industry and expectations regarding the future growth;
- the Company’s expectations regarding the timing for availability of the Company’s products and acceptance of its products by the market;
- the competitive conditions of the industry in which the Company operates and advances of competitive products;
- the Company’s strategy to develop new products and to enhance the capabilities of existing products;
- the Company’s plans to market, sell and distribute its products;
- the Company’s strategy with respect to the protection of its intellectual property;
- laws and any amendments thereto applicable to the Company; and
- the Company’s plans with respect to the payment of dividends.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Several factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under “Risk Factors”. Although the forward-looking statements contained in this Listing Statement are based upon what the Board believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements and should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this Listing Statement.

Several factors could cause actual events, performance, or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Factors that could cause actual events, performance, or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the ability to successfully transition to the competitive food industry;
- the extent of future losses;
- the ability to obtain the capital required to fund development and operations;
- the ability to capitalize on changes to the marketplace and changes in consumer tastes;
- the ability to attract and retain skilled and experienced personnel;
- the ability to protect the Company’s intellectual property rights and not infringe on the intellectual property rights of others;
- stock market and share price volatility; and
- other risks detailed from time-to-time in the Company’s ongoing quarterly and annual filings with applicable securities regulators, and those which are discussed under the heading “Risk Factors” of this Listing Statement.

Readers should not place undue reliance on forward-looking statements as the plans, intentions, or expectations upon which they are based may change. Readers are cautioned that the foregoing lists of factors are not exhaustive. Each of the forward-looking statements contained in this Listing Statement are expressly qualified by this cautionary statement. The Company expressly disclaims any obligation or responsibility to update the forward-looking statements in this Listing Statement except as otherwise required by applicable law.

1. GLOSSARY OF TERMS

Unless otherwise defined in this Listing Statement, the capitalized terms used in this Listing Statement have the meaning given below:

"**Articles**"	means the articles of the Company.
"**BCBCA**"	means the *Business Corporations Act* (British Columbia).
"**CFIA**"	means the Canadian Food Inspection Agency.
"**CFDA**"	means Canada's *Food and Drug Act*.
"**cGMP**"	means current good manufacturing practice regulations applicable in the United States that provide guidelines to ensure proper design, monitoring, and control of manufacturing processes and facilities.
"**Common Share**"	means a common share in the share capital of the Company.
"**Company**" or "**Gummy**"	means the Gummy Project Inc., formerly Potent Ventures Inc.
"**CSE**"	means the Canadian Securities Exchange.
"**Directors**" or the "**Board**"	the board of directors of the Company.
"**DSHEA**"	means the United States *Dietary Supplement Health and Education Act of 1994.*
"**FDA**"	means the United States Food and Drug Administration.
"**FTC**"	means the United States Federal Trade Commission.
"**GMP**"	means the Canadian good manufacturing practices guide for drug products and pertaining to Part 3 of the NHPR.
"**IFRS**"	means International Financial Reporting Standards.
"**Manufacturing Partner**"	Herbaland Naturals Inc., an arm's length, British Columbia based contract manufacturer of gummy products, nutritional products and dietary supplements which the Company has engaged pursuant to the Supply Agreement to produce its branded line of products.
"**NHP**"	means natural health products as classified by the NHPR.
"**NHPR**"	means the *Natural Health Products Regulations* of the *Food and Drug Act* of Canada.
"**NI 52-110**"	means National Instrument 52-110 – *Audit Committees.*
"**NLEA**"	means the United States *Nutrition, Labeling and Education Act.*
"**NPN**"	means the eight digit natural product number required by Health Canada for the marketing of natural health products under the NHPR.

"**Products**"	means the Company's two initial products, which are low sugar, plant based, non-GMO, certified gluten free and naturally flavored bee and shark shaped gummy candy.
"**Purchase Order**"	means the purchase order entered into on December 14, 2021 between the Company and Manufacturing Partner.
"**SEDAR"**	means the System for Electronic Document Analysis and Retrieval.
"**Shareholders**"	means the shareholders of the Company.
"**Stock Option Plan**"	means the Company's current equity incentive plan, which was approved by the Shareholders at the Company's most recent annual general meeting of Shareholders held on June 21, 2021.
"**Supply Agreement**"	means the supply agreement entered into on January 1, 2022 between the Company and Manufacturing Partner, formalizing the terms and conditions for the manufacture of Products and any future products purchased under this agreement.
"Transfer Agent"	means Odyssey Trust Company, the registrar and transfer agent of the Company.
"**Transfer Agent Agreement**"	means the registrar and transfer agent agreement dated October 7, 2020 between the Company and the Transfer Agent.

2. CORPORATE STRUCTURE

The Gummy Project Inc. was formed under the *Business Corporations Act* (Alberta) on October 10, 2018 pursuant to an amalgamation with Open Source Health Inc. and Weekend Unlimited Inc. The Company is currently listed on the CSE trading under the symbol "POT". In accordance with the Change of Business described herein, the Company has changed its name and its trading symbol to "GUMY" in order to more accurately reflect what will be its primary business strategy moving forward and its portfolio of products.

The Company's corporate office is located at 734-1055 Dunsmuir St., Vancouver, BC V7X 1B1.

On October 4, 2018, the CSE approved the listing of the Common Shares on the CSE under the symbol "YOLO".

On February 4, 2019, the Company changed its listing symbol from "YOLO" to "POT" after winning a lottery for this symbol conducted by the various Canadian stock exchanges.

On January 20, 2020, the Company announced that effective January 21, 2020, the Company would change its name from "Weekend Unlimited Inc." to "Weekend Unlimited Industries Inc." and continue into British Columbia from Alberta. In conjunction with the name change the Company also completed a share consolidation on the basis of one (1) post-consolidation Common Share for every ten (10) pre-consolidation Common Shares.

On September 29, 2020, the Company consolidated all of its then issued and outstanding Common Shares on the basis of one (1) post-consolidation Common Share for every five (5) pre-consolidation Common Shares.

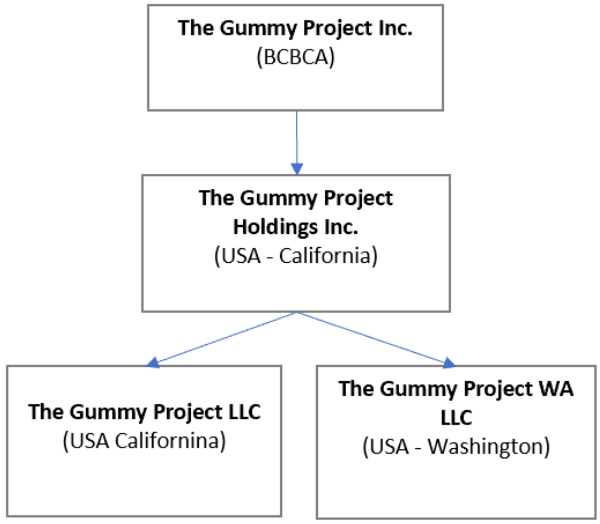
On April 28, 2021, the Company changed its name to "Potent Ventures Inc." and subdivided its then issued and outstanding Common Shares on the basis of four (4) post-split Common Shares for every one (1) existing Common Share.

On May 26, 2022, the Company changed its name to "The Gummy Project Inc." The name change reflects the change in business of the Company.

All references to issued and outstanding Common Shares, stock options, warrants, per share amounts, and exercise prices contained herein reflect have been retroactively restated to reflect the effect of the above noted share consolidations and subdivisions.

The Company has completed a change of business (the "**Change of Business**") as defined under applicable CSE regulations. In connection with the Change of Business, the Company received Shareholder approval on May 24, 2022. As a result, the Company is no longer involved in the regulated cannabis market, but is now engaged in the business of formulating, distributing, and selling low sugar plant-based gummies, with a view to expansion into other wellness products, such as those focusing on vitamins, adaptogens, or other nutraceutical ingredients.

As of the date hereof, the corporate structure of the Company is as follows. Each of the entities listed below is a wholly owned direct or indirect subsidiary of the Company:



The Gummy Project Holdings Inc.'s sole purpose is to hold the Company's interests in the Gummy Project LLC and The Gummy Project WA LLC. The Gummy Project LLC is currently inactive and holds a nominal amount of cash from prior operations in the business of hemp-based consumer products. The Gummy Project LLC is expected to be used as the primary operating entity to the extent the Company expands to the United States. The Gummy Project WA LLC is currently inactive and holds a nominal amount of cash from the Company's previous operations in Washington State. The Company is currently evaluating the role this entity plays in the overall corporate structure going forward and has yet to reach a conclusion.

For more information, please see the heading "Narrative Description of the Business of the Company".

3. GENERAL DEVELOPMENT OF THE BUSINESS OF THE COMPANY

History of the Business

In February 2019, the Company entered a definitive agreement to acquire R&D Pharma Inc. in exchange for 6,400,000 Common Shares and 2,000,000 Common Share purchase warrants. R&D Pharma Inc. was the holder of various licences to cultivate and sell cannabis in Jamaica for medicinal purposes. Each warrant entitled the holder to acquire one additional Common Share of the Company for CAD$4.375 for a period of two years.

In April 2019, the Company announced it would no longer pursue the investment in R&D Pharma Inc. due to an incident that occurred with regards to the alleged kidnapping of one of the vendors of R&D Pharma Inc.

In July 2019, the Company closed a non-brokered private placement of 3,309,464 units at a price of CAD$0.625 per unit for aggregate gross proceeds of CAD$2,068,416. Each unit consisted of one Common Share and one Common Share purchase warrant. Each Warrant entitled the holder to acquire one Common Share at an exercise price of CAD$1.25 for a period of 24 months from the date of issuance. In connection with the closing of the offering, the Company paid aggregate finder's fees of approximately CAD$135,073 and issued an aggregate of 216,116 finders warrants to eligible finders. Each Finders Warrant entitled the holder to purchase one Common Share at a price of CAD$1.25 for a period of 24 months from the date of issuance.

In August 2019, the Company announced an update regarding various cannabis and cannabis related investments and acquisitions which the Company had entered in fiscal 2019. The Company entered in settlement agreements with two of the vendors of R&D Pharma Inc. in respect to certain untrue representations and warranties of such vendors by the cancellation of 620,008 Common Shares. The Company recovered and cancelled 1,280,000 Common Shares in relation to the divestment of Verve Beverage Company. After an assessment of the operations and assets of S&K Industries, LLC, it was determined that an impairment charge of US$3,600,000 was appropriate. Additionally, circumstances arose suggesting a promissory note received from High Desert Group Inc. would not be recoverable when due on December 13, 2019. As a result, the Company recorded an impairment charge of US$750,000 in respect thereof.

In January 2020, the Company announced that effective January 21, 2020, the Company would change its name from "Weekend Unlimited Inc." to "Weekend Unlimited Industries Inc." and become a British Columbia company by means of a continuation from Alberta. In conjunction with the name change the Company also completed a share consolidation on the basis of one (1) post-consolidation Common Share for every ten (10) pre-consolidation Common Shares.

In February 2020, the Company closed a first tranche of a non-brokered private placement with the issuance of 6,587,760 units at a price of CAD$0.1563 per unit raising gross proceeds of CAD$1,029,338. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase an additional Common Share for CAD$0.2125 for a period of 2 years. In connection with the closing of the private placement, the Company paid finder's fees of CAD$78,495 in cash and issued 502,368 finder's warrants on the same terms as the warrants issued under the placement.

In March 2020, the Company closed the second tranche of a non-brokered private placement and issued an additional 503,440 units at a price of CDN$0.1536 per unit. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase an additional Common Share for CAD$0.2125 for a period of 2 years.

In April 2020, the Company entered into an agreement with a creditor of the Company and pursuant to the agreement, the Company issued an aggregate of 2,678,516 Common Shares to settle CAD$301,333 of outstanding debt.

In June 2020, the Company the entered a non-binding Letter of Intent to acquire 100% of Ruby Mae's, LLC intellectual property (the "**RM Transaction**"), and in August 2020 the Company completed a subscription receipt offering for gross proceeds of CAD$517,400. Ultimately, the RM Transaction was not completed, and the subscription receipts were cancelled, and proceeds were returned to subscribers.

In June 2020, the Company sold its facility and equipment in Wenatchee, Washington. The transaction was for a total of US$400,000, with US$300,000 paid at the completion of the property transfer and the remaining US$100,000 distributed over 12 consecutive monthly payments commencing in January of 2021. The Company purchased this facility in 2018 and from that date it has not served in any active operations for the Company.

In August 2020, the Company announced that it issued 480,000 Common Shares pursuant to an existing contract with a director and an additional 500,400 Common Shares to settle an existing debt with a former Director. The Common Shares were issued at a deemed value CAD$0.10 per Common Share.

In September 2020, the Company consolidated all of the issued and outstanding Common Shares on the basis of one (1) post-consolidation Common Share for every five (5) pre-consolidation Common Shares.

In January 2021, the Company announced the approval and adoption by the Board of an advance notice policy whereby the Company would provide Shareholders, directors and management with a clear framework for nominating directors of the Company. The policy outlined acceptable notice periods for annual and special meetings of the Shareholders.

In February 2021, the Company announced the closing of a non-brokered private placement of 35,272,004 units at a price of CAD$0.0425 per unit, raising total gross proceeds of CAD$1,499,060. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase one Common Share for CAD$0.0575 for a period of two years. In connection with the private placement, the Company paid finder's fees of CAD$50,728 in cash and issued 1,193,600 finder's warrants, upon the same terms as the Common Share purchase warrants issued under the placement.

In March 2021, the Company announced that it had granted a total of 5,800,000 options pursuant to its Stock Option Plan to certain directors, employees, and consultants. Each option entitles the holder to subscribe for one Common Share of the Company for CAD$0.0713 per Common Share for a period for 5 years, subject to the terms of the Stock Option Plan.

In April 2021, the Company changed its name to "Potent Venture Inc." and subdivided its Common Shares on the basis of four (4) post-split Common Shares for every one (1) existing Common Share.

In June 2021, the Company held its 2021 annual general and special meeting. At this meeting, the Shareholders re-elected directors, re-appointed the Auditor, approved a change to the Stock Option Plan, and approved the alteration of the Company's articles to add certain early notice provisions. Additionally, the Company's symbol on the OTCQB changed from "WKULF" to "POTVF".

In June 2021, the Company announced the grant of 9,600,000 stock options to certain directors, officers, and consultants exercisable at a price of CAD$0.06 per option for a period of five years.

In October 2021, the Company announced the closing of the first tranche of a non-brokered private placement. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase an additional Common Share for CAD$0.05 for a period of two years. The Company accepted subscriptions for 15,430,000 units at a price of CAD$0.04 per unit for total gross proceeds of CAD$617,200. In connection with the private placement the Company paid finder's fees of CAD$30,416 in cash and issued 860,400 finders warrants, on the same terms as the warrants issued under the placement.

Commencing in October 2021 and as preliminary step in assessing the Change of Business, the Company began a series of discussions with several potential manufacturers and suppliers of confectionary products.

The Company's diligence included numerous site visits to potential manufacturing partners, evaluation of flavour profiles and ingredient variations, and panel surveys. Following this product development process, in December 2021, the Company announced that it had entered into the Purchase Order with the Manufacturing Partner whereby the Company ordered an initial run of two separate gummy products (and associated samples for these products). The Company is expecting delivery of these products in June, 2022.

In December 2021, the Company announced that it was planning on changing its name to "The Gummy Project" and its ticker symbol to "GUMY" upon the receipt of all necessary regulatory approvals for the Change of Business.

In December 2021, the Company issued 857,142 Common Shares for service to external consultants at a deemed value of CAD$0.035.

On January 1, 2022, the Company entered into the Supply Agreement with the Manufacturing Partner setting out the underlying terms of the Purchase Order.

In January 2022, the Company announced that it had appointed Michael Hopkinson as a director of the Company.

In February 2022, the Company announced that it had appointed Anthony Gindin to the position of Chief Marketing Officer. Pursuant to Mr. Gindin's executive agreement, the Company issued him 1,400,000 Common Shares at a value of CAD$0.025 per Common Share for services provided.

In February 2022, the Company announced that it had appointed Bruce Gillies to its advisory board to assist with the Company with its marketing, sales, strategy, consumer development and operations as part of the Change of Business.

In March 2022, the Company announced that it has established a partnership with New York based "The Bee Conservancy" forming the foundation for its purpose-driven endangered species product marketing strategy for the Company's initial gummy product line featuring bees and sharks. (www.thebeeconservancy.org). Under the terms of its agreement with The Bee Conservancy, the Company will contribute 8% of the net proceeds of its bee shaped gummy products from March 1, 2022 to February 28, 2023.

In March 2022, the Company announced the closing of a non-brokered private placement of 13,000,000 units at a price of CAD$0.025 per unit for total gross proceeds of CAD$325,000. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase an additional Common Share for CAD$0.05 for a period of two years. In connection with the private placement the Company paid finder's fees of CAD$11,800 in cash and issued 472,000 finder's warrants, on the same terms as the warrants issued under the placement.

In March 2022, the Company announced that it has established a partnership with OCEARCH, a Global non-profit organization conducting research on shark populations in order to promote awareness and assist rebalancing of ocean ecosystems with healthy shark populations (www.ocearch.org). Under the terms of its agreement with OCEARCH, the Company will contribute 7% of net proceeds of its shark shaped gummy products, with a minimum guaranteed annual commitment of US$20,000 for the first year and US$30,000 for the second year.

In March 2022, the Company announced that it had appointed Kory Zelickson, Co-Founder of Namaste Technologies and Vejii Holdings to its Advisory Board. Mr. Zelickson adds considerable knowledge within the sustainable products section and has over 15 years of demonstrated innovation and technology experience, launching and scaling successful e-commerce and technology start-ups.

In May 2022, the Company announced the closing of a non-brokered private placement of 8,915,000 units at a price of CAD$0.03 per unit for total gross proceeds of CAD$267,450. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase an additional Common Share for CAD$0.05 for a period of two years.

In May 2022, pursuant to Mr Anthony Gindin's contract, the Company issued 1,166,667 Common Shares at a deemed value of $0.03 per share for services provided. The Company also issued to a consultant 166,667 common shares on the Company at a deemed value of $0.03 per share for services provided.

In May 2022, following receipt of Shareholder approval of the Change of Business and receipt of conditional approval for the listing of the Common Shares on the CSE, the Company formalized the previously announced name change and became "The Gummy Project Inc.".

There are several known trends, commitments, events or uncertainties that are presently known to management that are reasonably expected to have a material effect on the Company's business, financial condition or results of operations. These include, but are not limited to, consumer tastes, trends related to fitness and well being, and the expansion of online shopping. There are also risks that should be considered and these are described in the section entitled "Risk Factors" of this Listing Statement.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

Introduction

The Company completed the Change of Business to pursue growth opportunities in the formulation, manufacturing and sale of "better-for-you" low sugar plant-based gummy and other wellness products to consumers and retailers initially in Canada with potential expansion to the United States. The Products are low sugar (2 grams of sugar and 15 grams of fiber per bag), plant based, non-GMO, certified gluten free and made with only natural flavors. Accordingly, the Company no longer operates in the regulated cannabis or hemp sectors. Expansion plans include incorporating vitamins, adaptogens, and other nutraceutical ingredients into the Company's planned low sugar and plant-based gummy products.

The Company has determined that the Change of Business presents an opportunity to serve the emerging and rapidly growing low sugar and plant-based gummy market and to promote holistic health and wellness with Canadian and potentially U.S. consumers through various wellness products.

The Company is planning a soft launch in Canada of two initial low sugar plant-based gummy formulations in the second quarter of 2022. The feasibility of expansion to the United States will be assessed by the Company based on performance of the Products in the Canadian market and the Company's then financial outlook. The Company does not anticipate any U.S. expansion occurring until the middle of calendar 2023 at earliest.

The Company does not currently have the infrastructure or capability internally to process and manufacture the Products and as a result it entered into the Supply Agreement with the Manufacturing Partner to use contract manufacturing to produce the Products. The Products and any future products will then be sold to consumers through a multichannel approach that includes e-commerce and retail channels in Canada and potentially the United States. Using customer analytics, feedback, and reviews, additional product development opportunities will be identified and utilized to aid in the development of further products under the Company's brand.

Distribution and storage of products that are natural dietary supplements in Canada must be in compliance with applicable food laws. An integral part of the Company's long-term vision is to develop and commercialize new products as new product categories emerge in the health and wellness industry. For the initial two products, the Company engaged with the Manufacturing Partner's research & development team to assist with the creation and formulation of products and expects to develop additional products using the same process. The Company assessed the Manufacturing Partner's available formulations and conducted extensive internal taste testing and colour analysis. The flavor profiles deemed most desirable by the Company upon completion of the analysis were selected to be paired with custom molds in two specific shapes, namely bees, and sharks. The products selected were formulated from an existing list of commonly used ingredients available from the Manufacturing Partner. The Company evaluated other manufacturers in the United States and determined that a manufacturer located in Canada would be strategically advantageous considering potential Covid-19 travel restrictions, supply chain issues and the Company's assessment of the Manufacturing Partner's ability to reliably meet expected demand. None of the Products contain ingredients which would be considered dietary supplements.

The Products will not be classified as NHPs, but the Company will likely seek to expand its product offerings to include products that qualify as NHPs. NHPs contain ingredients such as adaptogens, vitamins, and nutraceuticals, which have added health benefits. For example, Adaptogens are substances that produce resistance to stress in both animals and humans and are commonly found in plants and fungi. Scientifically, adaptogens were first documented in the 1950s and since then much work has gone into studying the effects on humans with respect to stress reduction, resistance to mental fatigue and improved attention capabilities.[1] Consumer research shows that consumers are looking for alternatives to help strengthen and boost immune systems and they are turning to functional foods and holistic health solutions to support those goals.[2] In recent years, the concept of adaptogens has witnessed significant growth in awareness by health and wellness consumers.

The Company's business structure is that of a lean start-up model that intends to reduce capital costs by utilizing contract manufacturing and third-party warehousing and shipping companies to fulfil e-commerce and wholesale market channels. The Company expects its sales to begin with an e-commerce launch in Canada, followed by potential expansion into the United States. Finally, the Company will pursue wholesaling to brick-and-mortar retailers.

The success of the Change of Business is reliant on implementation and execution of an effective omni-channel marketing and distribution strategy. In this regard, specific strategies are expected to include: (i) the use of influencers to endorse and advertise the brand through their personal media channels in exchange for promotional product or contractual wages; (ii) experiential advertising in the form of product tastings at retail stores, brand related festivals, health and wellness events, and in partnership with brand related service providers including yoga studios, coffee shops, and smoothie bars; (iii) the use of a third-party search engine-optimization consultants to raise search rankings to increase e-commerce traffic to the Company's website; (iv) and the hosting of three social media platforms (Facebook, Instagram, Tiktok) to communicate directly to potential and existing customers; (vi) the sale of Company branded accessories including clothing and athletic accessories, and (vii) charitable outreach and brand alignment with established environmentally focused organizations.

The Company has shortlisted advertising agencies and social media influencers and expects to advance these initiatives immediately. The Company is actively building out content for its consumer facing website which is expected to launch in the second quarter of 2022. In advance of the above planned marketing activities the Company has designed and purchased branded hooded sweatshirts and hats from a Vancouver based supplier to be used as promotional items and to support influencer campaigns or other give-aways. In addition to the branded hoodies and hats, the Company expects to have branded polo shirts and t-shirts available for sale during the third quarter of 2022. The Company has secured the domain "www.shopgummies.com" and obtained social media handles that are consistent with the Company's brand. Additionally, the Company has completed a comprehensive brand guideline to be used to guide the development of Company's website and overall marketing strategy to ensure cohesive brand messaging and communication with prospective customers. For additional specifics on each of the strategies, refer to the section of this Listing Statement entitled "Marketing".

[1] A. Panossian and G. Wikman, "Effects of adaptogens on the central nervous system and the molecular mechanisms associated with their stress—protective activity," Pharmaceuticals, vol. 3, no. 1, pp. 188–224, 2010.
[2] https://www.consumerreports.org/health-wellness/important-ways-to-build-immunity-a1067912808/

Change of Business

Commencing in October 2021 and as a preliminary step in assessing the Change of Business, the Company began a series of discussions with several potential manufacturers and suppliers of confectionary products. The Company's diligence included numerous site visits to potential partners, evaluation of flavour profiles and ingredient variations, and panel surveys. Following a decision to engage the Manufacturing Partner and in order to determine specifics of the Products, the Company conducted panel surveys consisting of twenty participants, who were asked to rate each flavor in terms of accuracy to the described flavor, desirability of texture, visual appeal, and overall taste. The most desirable flavors and texture profiles were selected and paired with the Products which are in the shapes of bees and sharks. These shape profiles were selected in order to differentiate the Products from the more commonly used "gummy bear" shape.

In terms of principal ingredients for the Products, the Company and the Manufacturing Partner settled on a formulation comprised principally of non-GMO soluble corn fiber, Stevia leaf extract, pectin, natural fruit flavour, malic acid, citric acid, fruit and vegetable juice, modified potato starch, chicory root fiber and carnuba wax.

Following this product development process, the Company placed the Purchase Order with the Manufacturing Partner on December 14, 2021. On January 1, 2022 the Company entered into the Supply Agreement with the Manufacturing Partner to formalize the commercial terms between the parties. Further details of the terms and conditions of the Purchase Order and Supply Agreement are described below.

Purchase Order

Pursuant to the Purchase Order, the Manufacturing Partner will provide the Company with its Products, consisting in each of case of 40,000, 50-gram packages of the applicable gummy shape as well as 8,500 corresponding samples of the applicable gummy shape, all as set out below. The total value of the Purchase Order is approximately $160,000.00 and anticipated third party packaging costs are expected to be approximately CAD$30,000.00, for a total aggregate total Product cost of approximately CAD$190,000.00. The Company has provided a deposit of approximately CAD$84,500.00 to the Manufacturing Partner in respect of amounts owing under the Purchase Order, with the balance payable on net 30 day terms following delivery, which is currently targeted for June 2022. A detailed breakdown of the Purchase Order is set out below:

Item	Description	Units	Rate (CAD$)	Amount (CAD$)
001G1	Low Sugar Plant-based Gummy Sharks – 50g	40,000	1.90	76,000
001G2 (sample)	Low Sugar Plant-based Gummy Sharks – 10g	8,500	0.47	4,000
002G1	Low Sugar Plant-based Gummy Bees – 50g	40,000	1.90	76,000
002G2 (sample)	Low Sugar Plant-based Gummy Bees – 10g	8,500	0.47	4,000
Total:		**97,000**		**160,000**
Less: deposit paid				(84,500)
Remaining amount owning				75,500(1)

(1) Does not include approximately CAD$30,000 of anticipated third party packaging costs.

Supply Agreement

The Supply Agreement formalized the terms and conditions underlying the Purchase Order and represents the Company's only material contract. Specifically, the Supply Agreement provides the following material terms:

- the Manufacturing Partner shall be responsible for the manufacture and delivery of Products to the Company, including acquisition of raw materials, ingredients and assembling the packaging provided by the Company during the term of the agreement, which expires on January 1, 2023, subject to mutual agreement to renew for a further one year term;

- any additional order of products beyond the initial run of Products will be subject to the Company submitting a separate purchase order with a requested delivery date not less than 12 weeks from date of order. Pricing for any such additional order is determined in accordance with a formula in the Supply Agreement that results in a cheaper cost per unit as ordered volume increases.

- the Manufacturing Partner retains title to the Products during production process and title transfer to the Company only upon receipt by the Company or its designated warehousing agent;

- the Manufacturing Partner has exclusive right to manufacture the Products during the term of the agreement. To the extent the Company develops new or additional product offerings, the Company has no obligation to use the Manufacturing Partner in respect thereof;

- the Company expressly retains any intellectual property rights over the Products;

- purchase orders may be cancelled within five business days' notice to the Manufacturing Partner, subject to the greater of incurred cost reimbursement and 5% of the purchase order value;

- the Manufacturing Partner has represented possession of applicable regulatory licenses in Canada and is required to test each production run of Products and issue a certificate evidencing conformity to contracted specifications;

- representatives of the Company have certain inspection and audit rights, as it pertains to the production of the Products, the Manufacturing Partner's facility and any warehouse. Inspection may include, but shall not be limited to, all aspects of the Manufacturing Partner's manufacturing techniques, quality control, production, inspections, qualifications, inventory control, shipping and receiving, internal quality audits, complaints, corrective actions, failure investigations, and sanitation procedures and records. The Company expects to retain a locally based accredited food inspection consultant to allow it to effectively manage its contractual quality control rights;

- the Company may reject any products that it determines are defective or do not substantially conform to samples, descriptions, or the specifications. The Manufacturing Partner shall be entitled to investigate any such rejection and a credit may be issued in the event of negligence or fault on behalf of the Manufacturing Partner;

- the Company may terminate the Supply Agreement upon any of the following:

    - breach of the agreement that remains unremedied for more than 30 days following notice to the Manufacturing Partner, or a material breach of the same type for which previous notice was given, in which case no cure period will apply;

    - any assignment for benefit of creditors, bankruptcy, or other insolvency event by the Manufacturing Partner; or

    - any change of control or attempted assignment of the agreement by Manufacturing Partner; and

- the Manufacturing Partner is required to have commercial general liability insurance coverage of a minimum US$1,000,000 per occurrence with and excess liability (umbrella) policy with a minimum limit of US$10,000,000.

The Manufacturing Partner is not an insider, associate, or affiliate of the Company and has no relation to the Company or its Directors.

Market for Products

The Products, along with future product development, will generally be classified within the gummy and jelly industry that was valued globablly at over CAD$20 billion in 2020 and is expected to grow at a compound annual growth rate of 12.6% from 2020 to 2028[3]. Accordingly, the global gummy market is expected to reach US$42.06 billion by 2028.

The Company intends to target a wide range of health and wellness advocates, belonging to a wide variety of demographics, as the market for its products. Nielsen survey data shows that across all consumer age ranges, being fit and healthy is a top aspiration for large portions of the population[4].

Key drivers to growth in the low sugar gummy industry are related to increasing demand for confectionary products, increased product availability in online and offline retail stores, increasing popularity of organic gummies, and availability of various flavours[5].

Production

All of the Manufacturing Partner's products are manufactured in Canada under GMP compliant and quality standards set by the Natural Health Products Directorate of Health Canada. Sustainable and locally sourced

[3] https://www.grandviewresearch.com/industry-analysis/gummy-market-report
[4] Nielsen, "Global Generational Lifestyles," 2015. [Online]. Available: https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/global-generational-report- november.pdf.
[5] https://www.marketresearchfuture.com/reports/sugar-free-gummies-market-8513

raw materials and finished products are subject to Standard Micro Testing by the Manufacturing Partner pursuant to the Supply Agreement, the Manufacturing Partner internally tests each production run of the Products and will issue a Certificate of Analysis to the Company documenting conformance with the applicable specifications for each production run of product.

Once manufactured, the Products will be sent to a central warehousing location pending distribution. The Company has identified a British Columbia based warehousing and shipping partner and expects to enter into an agreement with this party once the initial run of Products from the Manufacturing Partner have been manufactured. Following receipt of Products, the Company will direct the warehousing and shipping partner on shipment of product to customers. The Company expects costs of approximately CAD$50,000 in respect of warehousing and shipping for the Products. See "Available Funds, Principal Purposes, Business Objectives and Milestones".

Packaging

The Company is in advanced discussions with a Vancouver-based supplier of packaging material and the Company expects to finalize the terms of its packaging order shortly. These terms will include a requirement for the packaging supplier to deliver the packaging material directly to the Manufacturing Partner to permit packaging of the Product prior to delivery.

Marketing

The Company believes the adoption of the omni-channel marketing and distribution model is paramount in gaining a competitive advantage in consumer retail markets that are becoming increasingly saturated by direct to consumer business models. Omni-channel retail has been described as an immersive experience that puts the customer first, not the product; communicating in ways that are aligned with why customers use a given market channel and showing awareness of their individual preferences as a customer. With an omni-channel strategy, customer behaviour dictates the marketing tactics used next, with each interaction altering the experience in real-time. The brand's behaviour is not random; it is aligned with the customer's behaviour within and between market channels[6]. The Company's Chief Marketing Officer is responsible for directing and executing the Company's omni-channel marketing and distribution strategy.

As the non-retail store distribution channel segment of the global gummy market is expected to witness the fastest compound annual growth rate of more than 14% during from 2020 to 2028[7], the Company has identified an opportunity to grow through e-commerce platforms such as direct to consumer sales through a Company owned Shopify store, Amazon brand store, and other e-commerce wholesalers. The Company expects to advance these objectives in the short term. Additionally, the Company will employ the use of product samples and believes that providing samples present and opportunity for growth in the physical market space; Scaling into larger order volume will also reduce cost of goods, provide higher margin for the Company, and allow the Company to partner with distributors to establish in a variety of retailers initially across Canada and potentially the United States.

Advertising Strategies

<u>Influencers</u>

Influencers are people who have built a large network of online followers and are considered trusted tastemakers in one or more niches. Using influencers to endorse a brand publicly has been shown by many companies to be an effective and cost-conscious advertising strategy when compared to utilizing mainstream celebrities.

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[6] Shopify, "Omnichannel vs Multichannel: What is the Difference and Why Does It Matter?," 2019. [Online]. Available: https://www.shopify.co.nz/enterprise/omni-channel-vs-multi-channel.

[7] https://www.grandviewresearch.com/industry-analysis/gummy-market-report

The Company is planning to build a community of social media influencers that embody its brand positioning. These influencers will be given either promotional product or contract wages to endorse and advertise the brand through their personal media channels. The Company has not yet entered any contracts with any influencers to date.

Experiential

The Company plans to develop experiential advertising in the form of product tastings at partnered retail stores, brand related festivals, health and wellness events, and in partnered, brand related service providers (yoga studios, coffee shops, and smoothie bars). The Company has an opportunity to reinforce the link between the brand's symbolic meaning and the consumption experience, an important component in building brand equity. The Company has not yet entered any contracts to carry out experiential advertising campaigns; however, it is actively developing a road map to execute upon this initiative. The Company may be limited in implementing this strategy fully in the short to medium term due to COVID-19 and related restrictions.

Search Engine Optimization

The Company intends to utilize a third-party search engine optimization ("**SEO**") consultant to raise search rankings, thereby increasing unique visitors and e-commerce traffic to the Company's website. Effective SEO can produce large gains in organic search traffic compared to non-optimized webpages.

Social Media Platforms

The Company expects to initially host accounts on three primary social media platforms (Facebook, Instagram and Tiktok) to communicate directly to both potential and existing customers. These platforms can be utilized to deliver targeted advertising campaigns to wider audiences, host direct sales links and provide social media data analytics.

Charitable Outreach

The Company has entered into agreements with each of The Bee Conservatory and OCEARCH, in order to actively support these organizations' respective conservation efforts in relation to bees and sharks and their habitats. As part of these agreements, the Company is permitted to reference each of these organizations in its marketing materials and the Company expects consumers to react favourably to this socially and environmentally conscious alignment initiative.

Company Branded Apparel and Accessories

In order to drive brand awareness, the Company plans to sell branded premium accessories. In furtherance of this objective, the Company has designed and purchased branded hooded sweatshirts and hats from a Vancouver based supplier to be used as promotional items and to support influencer campaigns or other give-aways. In addition to the branded hoodies and hats, the Company expects to have branded polo shirts and t-shirts available for sale during the third quarter of 2022. These products are anticipated to constitute 10% or less of the Company's business. See "Business Objectives and Milestones, Operational Expansion and Asset Acquisition".

Sales and Distribution

The Company expects to implement a staged approach to building an omni-channel retail model. This means that while advancing the e-commerce rollout the Company will also be working in tandem to develop a physical presence at premium Canadian retailers, which will provide consumers with a physical product experience. The Company expects to launch its consumer facing e-commerce website (www.shopgummies.com) in the second quarter of 2022 with retail sales to commence in the third quarter of 2022. The Company expects to announce progress with implementation of its sales and marketing strategy regularly.

Specialized Skill and Knowledge

The Company's business requires specialized knowledge and technical skill around the formulation of products, quality assurance, sourcing of ingredients, and distributing products through various channels. Aside from the Company's directors and officers, the Company has established an advisory board to allow it to retain necessary expertise, knowledge and technical skill. In February 2022, the Company appointed Mr. Bruce Gillies as its first member to its advisory board. Mr. Gillies, as a former executive with PepsiCo Beverages and PepsiCo Bottling Group with significant experience in sales and marketing, provides necessary and critical support the Company's management in connection with the implementation of the Change of Business.

In March 2022, the Company announced that it had appointed Kory Zelickson, Co-Founder of Namaste Technologies and Vejii Holdings to its Advisory Board. Mr. Zelickson adds a wealth of knowledge within the sustainable products section and has over 15 years of demonstrated innovation and technology experience, launching and scaling successful e-commerce and technology start-ups.

The Company will continue to explore the appointment of additional new members to its advisory board on an organic and as-needed basis.

The Company also expects to retain a locally based accredited food inspection consultant to allow it to effectively manage its contractual quality control rights under the Supply Agreement. While the Company has not formalized the engagement of any such consultant, given the supply and availability of qualified food inspection consultants in the local market, it is highly likely that the Company will be able to engage an appropriate food inspection consultant prior to delivery of the Products.

The Company will also look to replicate the process it engaged in with the Manufacturing Partner's research & development team in formulating the Products with other manufacturers to the extent needed as part of the Company's expansion plans.

Regulatory Environment

The Company's products will be affected by laws, government regulations, court decisions and similar constraints in each jurisdiction that it operates. These legal requirements include but are not limited to: (i) the formulation, manufacturing, packaging, labeling, distribution, sale, and storage of the products; (ii) product safety and quality control; (iii) record-keeping; (iv) governmental reporting; and (v) product claims and advertising. In the future, the Company's products may incorporate vitamins, adaptogens, and nutraceutical ingredients and will thereby require incur additional regulatory approval and site licensing requirements.

Canada

The legal requirements applicable to the Company's products depend upon whether such products are classified as NHPs in Canada. The Products will not be classified as NHPs and as result, regulation pertaining to the food industry in general will be applicable.

In Canada, the primary federal agencies governing the manufacture, distribution, labelling and advertising of the consumer food products are the CFIA and Health Canada. Specifically, the CFIA is responsible for the enforcement of federal food safety policies and standards for food industry businesses, and Health Canada administers regulations relating to the health, safety, and nutritional quality of food sold in Canada, including labelling requirements about the nutrients in food, claims about nutrients, the presence of food allergens, and safety-related expiration dates. This regulatory oversight is established under Canada's *Food and Drugs Act* and the *Safe Food for Canadians Act*, and associated regulations thereunder.

To the extent any of the Company's product labels or marketing materials are considered misleading or deceptive, the Company may become subject to enforcement action by applicable regulators. Any such enforcement action could result in any or all of the following enforcement actions: (i) a monetary fine of up to CAD$50,000 in the case of a summary conviction or up to CAD$250,000 in the case of an indictable offense, (ii) product recall, and (iii) license revocation.

As the Company intends to initially market the Products inter-provincially within Canada, the Company is required under the aforementioned Canadian federal legislation to obtain a license for this purpose by July 15, 2022. The Company's application is in process and it fully expects to obtain the required license within the required timeline.

The Company is also subject to regulation at the provincial level in respect of each jurisdiction where the Products are manufactured or marketed in. Provincial legislation and associated regulations, while enacted separately by each applicable province, are generally similar across provinces, with a primary focus on food safety. In this regard, provincial regulation is complementary to the federal regulation applicable to the Company and its products described above.

To the extent NHPs are included as part of future product formulation and sales, any Canadian facility where such NHPs are manufactured, imported, labelled, packaged, distributed and/or stored must have a site license from Health Canada. The Company has no plans to directly obtain a site license from Health Canada for the foreseeable future. As a result, the Company will need to ensure any third party manufacturer has such licensing prior to expanding it product offering to include NHPs.

NHPs are regulated by Health Canada under the *Natural and Non-Prescription Health Products Directorate* issued pursuant to the NHPR and the *Food and Drugs Act* (Canada). NHPs are defined in the NHPR as a substance set out in Schedule 1 to the NHPR or a combination of substances in which all the medicinal ingredients are substances set out in Schedule 1 to the NHPR, a homeopathic medicine or a traditional medicine, that is manufactured, sold or represented for use in: (i) (a) the diagnosis, treatment, mitigation or prevention of a disease, disorder or abnormal physical state or its symptoms in humans; (ii) restoring or correcting organic functions in humans; or (iii) modifying organic functions in humans, such as modifying those functions in a manner that maintains or promotes health. Schedule 1 to the NHPR includes plant-based materials, extracts of plant-based materials, certain vitamins, amino acids, essential fatty acids, minerals, and probiotics. Schedule 2 to the NHPR includes salts and derivatives of opium, methylphenidate, and barbiturates. NHPs do not include substances set out in Schedule 2 to the NHPR, any combination of substances that includes a substance set out in Schedule 2 to the NHPR or a homeopathic medicine or a traditional medicine that is or includes a substance set out in Schedule 2 to the NHPR.

Health Canada defines NHPs as naturally occurring substances used to restore or maintain good health and are found in a variety of forms including powders, tablets, solutions, creams, and ointments. In order to be considered an NHP, the product must have a specific health claim. Products with a license have been assessed by Health Canada and found to be safe, effective and of high quality under their recommended conditions of use. The products selected for the Company's initial launch do not constitute NHPs.

All NHPs are required to have an NPN that must appear on each product's label before they can be sold in Canada. The Company's initial two Products are not NHPs and therefore will not require NPNs. Authorizations for additional product launches will be required if the Company is to make specific health claims and there is no guarantee that the Company will obtain these authorizations. See "Risk Factors".

All Canadian manufacturers, packagers, labellers, and importers of natural health products must follow GMP to obtain site licenses. As part of on-going requirements to maintain site licenses, sites must ensure adherence to GMP requirements as outlined by Health Canada, which include product specifications, premises, equipment, personnel, sanitation program, operations, quality assurance, stability, records, sterile products, lot or batch samples, and recall reporting.

United States

Similar to Canada and should the Company expands to the United States, the Company's initial focus will likely not include the US equivalent of NHPs in any product launch. Within the United States, this category of products is subject to the NLEA, and regulations promulgated under the NLEA. The NLEA regulates health claims, ingredient labeling and nutrient content claims characterizing the level of a nutrient in the product. The ingredients in conventional foods must either be generally recognized as safe by experts for the purposes to which they are put in foods or be approved as food additives under FDA regulations. If the Company's intended product mix is regulated as foods, these products will be required to comply with the Federal *Food Safety & Modernization Act* and applicable regulations. If the Company expands to the United States, the Company will be required to provide foreign supplier certifications evidencing its compliance with FDA requirements. In that case, the Company may continue to use the Manufacturing Partner (as it possesses the necessary certifications) for products and would then partner with a FDA compliant third party warehousing and shipping provider for last mile fulfilment to US customers. Alternatively, the Company may contract with a domestic manufacturer in the United States.

If the Company expands to the United States and such expansion includes products considered dietary supplements, in that they contain vitamins, adaptogens, or other nutraceutical ingredients, the formulation, manufacturing, packaging, holding, labeling, promotion, advertising, importation, distribution and sale of such products will be subject to regulation by various governmental authorities, including the FDA under the DSHEA, the FTC, and other federal governmental agencies. These products may also be regulated by the governments of states and local jurisdictions in which the Company's products are marketed, distributed, and sold.

The FDA requirements under cGMP are substantially similar to those imposed on the Company and its contract manufacturers under Canada's GMP. If the Company expands to the United States, the Company will ensure as a matter of preliminary diligence that applicable manufacturing partners have necessary cGMP certification and ensure that any agreements contain representations, warranties and covenants with respect to on going compliance.

The Company notes that under applicable US regulation, "statements of nutritional support" on any product must be submitted to the FDA prior to first use in marketing and include prescribed label disclosure that a dietary supplement will not diagnose, cure, mitigate, treat, or prevent a disease. Any statement of nutritional support made on product labeling must be based upon scientific evidence substantiating that the statement is truthful and not misleading. If the FDA determines that a particular statement of nutritional support is an unacceptable drug claim or an unauthorized version of a health claim about disease risk reduction for a food product, or if the FDA determines that a particular claim was not adequately supported by existing scientific data or was false or misleading, the Company would be prevented from using that claim. In addition, the FDA deems promotional and internet materials as labeling; therefore, promotional and internet materials must comply with FDA requirements and could be the subject of regulatory action by the FDA, or by the FTC if that agency or other governmental authorities, reviewing the materials as advertising, considers the materials false and misleading.

Additional FDA enforcement action could include the issuance of a public warning letter, publication of information about illegal or harmful products, requesting a recall of products from the market, and requesting the United States Department of Justice to initiate a seizure action, an injunction action, or a criminal prosecution in the U.S. courts.

The Company may also become subject of FTC regulation to the extent any of the Company's products are the subject of advertisement in the United States. In the past, the FTC has instituted enforcement actions against several dietary supplement and food companies and against manufacturers of dietary supplement products, including for false and misleading advertising, label claims or product promotional claims. In addition, the FTC has increased its scrutiny of the use of testimonials, which the Company may utilize as part of its marketing approach, as well as the role of endorsements and product clinical studies.

General Regulatory Outlook

In the future, the Company believes the dietary supplement industry will likely face increased scrutiny from applicable federal, state, provincial and local governmental authorities. It is difficult to predict the effect future laws, regulations, repeals or interpretations will have on the Company's business. However, such changes could require the reformulation of products, recalls or discontinuance of products, additional administrative requirements, revised or additional labeling, increased scientific substantiation or other requirements. Any such changes could have a material adverse effect on the Company's business or financial performance. See "Risk Factors".

Competitive Conditions

The food and snacking industry is highly competitive. The Company may not be able to compete successfully in this highly competitive market. Numerous brands and products compete for limited retailer shelf space, foodservice and food customers and consumers. In the Company's target market, competition is based on, among other things, product quality and taste, brand recognition and loyalty, product variety, interesting or unique product names, product packaging and package design, shelf space, reputation, price, advertising, promotion, and nutritional claims.

The Company competes with conventional confectionary companies, who may have substantially greater financial and other resources than the Company and whose confectionary products are well-accepted in the marketplace today. Established confectionary companies may also have lower operational costs, and as a result may be able to offer confectionary products to customers at lower costs. This could cause the Company to lower its prices, resulting in lower profitability or, in the alternative, cause it to lose market share if it fails to lower prices.

The Company will also have to compete with other food brands that develop and sell low-sugar gummy products, and with companies which may be more innovative, have more resources and be able to bring new products to market faster and to more quickly exploit and serve niche markets. This would also include competition for retailer shelf space and consumers.

To remain competitive, the Company will require a continued high level of investment in research and development, marketing and sales. The Company may not have sufficient resources to maintain research and development, marketing, and sales efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Despite the above, the Company has observed new entrants to the confectionary market which offer low sugar products incorporating innovative branding and positioning strategies. The Company has identified the following early-stage companies that offer similar products:

Name	Operations Location	Public/Private
Smart Sweets	Vancouver, BC, Canada	Private
YumEarth	Stamford, CT, USA	Private
Better Bears	Toronto, ON, Canada	Private
Yumy Bear Goods Inc.	Vancouver, BC, Canada	Public
The Jelly Belly Candy Company	Fairfield, California, USA	Private

SmartSweets was launched in 2016 in Vancouver BC. According to Forbes, Smart Sweets was acquired by TPG Growth for US$360 million dollars in October 2020. Revenue reported by Forbes was approximately

100 million in the year preceding the transaction.[8] SmartSweets products feature no added sugar or artificial sweeteners, plant-based fiber, no sugar alcohols, and natural flavors and colors.

YumEarth was founded in 2007 and is based in Stamford, Connecticut and is reported to have revenues of US$4,300,000 and 22 employees.[9] YumEarth specializes in making organic candy that adults love and parents can feel good about giving to their children, only using ingredients and no artificial flavors or coloring. Most of YumEarth's products are USDA Organic, gluten-free, non-GMO, free from common allergens, vegan, and made without high fructose corn syrup.

Better Bears was founded in 2019 is on a mission to modernize the candy aisle by creating healthier snacking options that are naturally sweetened with zero waste.[10] Better Bears was recently reported to have been acquired by CandyVerse Brands Inc. in an all-stock transaction estimated to value Better Bears at CAD$14,000,000.[11]

Yumy Bear Goods Inc. ("**Yumy**") is a Vancouver based CSE listed marketer of plant-based low sugar candy products that launched in 2021. According to its public disclosure on SEDAR, Yumy reported unaudited revenues of CAD$198,288 with cost of sales of CAD$192,061 for the nine month period ended October 31, 2021.

The Jelly Belly Candy Company, formerly known as Herman Goelitz Candy Company and Goelitz Confectionery Company, is a Californian company that manufactures Jelly Belly jellybeans and other candy. The company is based in Fairfield, California, with a second manufacturing facility in North Chicago, Illinois. Jelly Belly Candy Company is reported as having revenues of US$190 million and 800 employees.[12]

The Company believes that the low sugar plant-based products market is still at an early but rapid stage of development and that by offering consumers low sugar plant-based gummy products at a competitive price and good taste it can gain traction in the market.

Generally, the food industry is dominated by multinational corporations with substantially greater resources and operations than the Company. The Company cannot be certain that it will successfully compete with larger competitors that have greater financial, sales and technical resources. Conventional food companies may acquire the Company's competitors or launch their own gummy products, and they may be able to use their resources and scale to respond to competitive pressures and changes in consumer preferences by introducing new products, reducing prices or increasing promotional activities, among other things. Retailers could change the merchandising of the Company's products and it may be unable to retain the placement of its products in retailers to effectively compete with other confectionary products. Competitive pressures or other factors could cause the Company to lose market share, which may require it to lower prices, increase marketing and advertising expenditures, or increase the use of discounting or promotional campaigns, each of which would adversely affect margins and could result in a decrease in operating results and profitability.

The Company has identified the following multinational corporations which may seek to enter the low sugar segment of the confectionary market:

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8 https://www.forbes.com/sites/douglasyu/2020/10/22/tpg-capital-acquires-low-sugar-candies-maker-smartsweets-for-nearly-400-million-sources/?sh=136899a63510
9 https://www.datanyze.com/companies/yumearth/306348118
10 https://betterbears.ca/pages/our-story
11 https://www.newswire.ca/news-releases/better-bears-foods-inc-becomes-a-wholly-owned-subsidiary-of-candyverse-brands-inc-and-appoints-new-board-of-directors-807859572.html
12 https://en.wikipedia.org/wiki/Jelly_Belly

Name	Operations Location	Market Capitalization (Approximate) in Billions
Tootsie Roll Industries (NYSE: TR)	Chicago, Illinois	US$2.19
The Hershey Company (NYSE: HSY)	Derry Township, Pennsylvania	US$41.93
Mondelez International (NASDAQ: MDLZ)	Chicago, Illinois	US$93
Nestle S.A. (SWX: NESN)	Vevey Vaud, Switzerland	US$332

Tootsie Roll Industries is an American manufacturer of confectionery. Its best-known products have been Tootsie Rolls and Tootsie Pops. Tootsie Roll Industries currently markets its brands internationally in Canada, Mexico, and over 75 other countries. In the fiscal year ended 2021 Tootsie Roll Industries reported revenue of approximately US$500 million.[13]

The Hershey Company, commonly known as Hershey's, is an American multinational company and one of the largest chocolate manufacturers in the world. It also manufactures baked products, such as cookies and cakes, and sells beverages like milkshakes, and many more that are produced globally.[14]

Mondelez International, Inc., is an American multinational confectionery, food, holding and beverage and snack food company based in Chicago, Illinois. Mondelez has an annual revenue of about US$26 billion and operates in approximately 160 countries.[15]

Nestlé S.A. is a Swiss multinational food and drink processing conglomerate corporation headquartered in Vevey, Vaud, Switzerland. It is the largest food company in the world, measured by revenue and other metrics, since 2014.[16]

In order to differentiate itself, the Company has internally developed branding which it believes will appeal to consumers who are interested in engaging with purpose driven brands. The Company believes that consumers today, more than ever, expect a company to be purpose driven and that they are more inclined to support a company that makes a positive impact on society (e.g., supporting critical issues, giving back to communities, or adopting sustainable environmental practices). Based on a June 2018 survey of 1,006 Americans ages 20 and older, 79% said they have more loyalty to a purpose-driven company, 77% said they had a stronger emotional connection to a purpose driven company, 73% said they are likely to defend a purpose driven company and 70% said they are proud to be associated with a purpose-driven company[17]. The Company's product packaging and brand messaging has been designed to communicate critical environmental issues and the Company has established a relationship with both The Bee Conservatory and OCEARCH to support their respective conservation mandates. The Company will continue to look for additional partnerships with organizations that are supporting similar environmentally focused issues. The Company believes this social alignment will resonate with consumers and put it in a position to be competitive in the gummy market by encouraging consumer loyalty.

Intellectual Property

Protection of intellectual property is important to the success of the Company's business. The Company has taken the measures described below to protect its intellectual property. No third-party intellectual property (other than standard business software) is required in order to manufacture the products.

[13] https://en.wikipedia.org/wiki/Tootsie_Roll_Industries
[14] https://en.wikipedia.org/wiki/The_Hershey_Company
[15] https://en.wikipedia.org/wiki/Mondelez_International
[16] https://en.wikipedia.org/wiki/Nestl%C3%A9
[17] https://www.marketingcharts.com/brand-related/csr-83626

The Company's website is www.shopgummies.com. The Company currently has no other domains it intends to register.

Patents

The Company has no registered patents and has not filed any patent applications in any jurisdiction.

Trademarks

The Company's has filed the following trademark applications:

Jurisdiction	Trademark	Application Number	Filing Date
Canada	The Gummy Project	2153305	December 9, 2021
United States	The Gummy Project	97/166350	December 15, 2021

The Company expects approval of the above trademark applications will occur ten to twelve months from the application dates.

Seasonality

The Company's sales and revenues will be subject to fluctuations associated with consumer demand trends during seasonal holidays and seasonal changes in weather. The Company expects to ramp up marketing efforts leading into winter and North American consumer-based holidays when demand is forecast to be at its highest and accordingly increased sales levels are expected during these periods. Conversely, during the summer months, North American consumers tend to be less health conscious; therefore, there may be periods in the summer months that experience decreased consumer demand.

Economic Dependence

The Company's business is dependent upon establishing manufacturing relationships, such as the one entered with the Manufacturing Partner under the Supply Agreement. The Company does not have the infrastructure or capability internally to process and manufacture its current and proposed product offerings. The Company expects to rely primarily on third-parties to process, manufacture, and ship its products. The Company initially expects to primarily rely on the Manufacturing Partner to obtain all of the raw ingredients required for its products. The Company has identified a local packaging supplier that can meet the Company's expected requirements for packaging and has begun negotiations with this supplier in respect of the applicable supply agreement. If the Company is unable to formalize an agreement with this supplier, the Company does not expect any difficulty in identifying and engaging an alternate supplier to provide required packaging given the large number of such alternative packaging suppliers with which the Company can engage. Notwithstanding the foregoing, any delay in entering a supply agreement would likely delay the Product launch and in that case would likely have a significant and adverse impact on the Company's business to the extent such delay was prolonged. See "Risk Factors".

Changes to Contracts

The Company does not anticipate that its business will be affected by renegotiation or termination of contracts during the current financial year.

Employees and Consultants

As of the date hereof the Company has no full-time employees. The officers and directors of the Company are independent contractors. Charlie Lamb and Robert Payment have extensive experience in the Consumer-packaged goods industry through their prior directorships and senior management positions held at Love Hemp Group Plc (“**Love Hemp**”). As one of the United Kingdom’s leading CBD brands and the official CBD partner of the UFC, Love Hemp is committed to providing pure, high-quality CBD products to support the health and wellbeing of consumers. Love Hemp offers a range of CBD Oils, CBD Capsules, and CBD chocolates which are 100% Vegan and THC free. Love Hemp has been endorsed by well-known athletes such as Georges St-Pierre and Anthony Joshua.

Anthony Gindin, Chief Marketing Officer, was previously a founding partner at Vejii, a leading vegan ecommerce platform with operations in the US, Canada, and the UK. Mr. Gindin brings 20 years’ experience as a brand builder and marketing strategist.

In the short term, the Company expects to retain a locally based accredited food inspection consultant to allow it to effectively manage its contractual quality control rights under the Supply Agreement.

The Company intends to engage with external sales agencies initially in Canada and potentially the United States to build out a brick-and-mortar retail client base and launch its products into the market. The Company intends to engage external contract food scientists to aid in the creation and commercialization of future products.

In addition to the appointment of Mr. Gillies and Mr. Zelickson to the Company’s advisory board, the Company will continue to assess future opportunities and the Company’s needs for specialized knowledge in determining whether to engage other individuals for the Company’s advisory board.

The Company will engage with search engine optimization and digital advertising agencies to assist the Company with marketing and targeted social media campaigns. The Company maintains a relationship with a managed IT service provider which has implemented an IT system suitable for the needs of the Company at this stage of development. There is no fixed contract, rather services are provided on an as needed based and billed hourly.

Foreign Operations

The Company’s sales and distribution operations will be conducted in Canada to begin with and may be expanded to the United States in the future. The Company’s expects to source raw materials in North America and to initially enter into manufacturing and packaging agreements with British Columbia, Canada based partners, such as the Manufacturing Partner. There is a risk, depending on the development of the Company’s business, that future trade restrictions or tariffs may require the Company to engage a new manufacturing partner or find alternate sources of raw materials. The Company does not currently have any foreign operations and, to the extent such operations develop in the future, the Company does not expect any other risk or dependency other than as described herein. See “Risk Factors”.

The Impact of the COVID-19 Pandemic

The Company believes that the ongoing pandemic may increase interest in natural health and wellness products. The Company expects that the sales of its two initial formulations will occur online and in retail stores. Should further lock down orders be mandated in the markets in which the Company operates, the Company may experience decreased sales volumes if retailers were ordered closed or access thereto was otherwise subject to restriction. For the most part, grocery, and specialty retail such as alternative wellness centers have been considered essential services and have remained open during the pandemic despite lock down orders. The Company anticipates that its existing and any future manufacturing partners may face any challenges with obtaining supplies and raw materials for its products, workplace shortages, international border closures that could affect the ability to purchase materials in a timely manner, restrictions on shipping in North America, restrictions on the ability to obtain financing in the financial markets, or changes to the regulatory landscape that may affect the Company's ability to sell and deliver its products to customers. The Company continues to closely monitor the pandemic and its potential impact on the Company's business. As of the date hereof there have been no supply chain disruptions identified that are expected to impact the Manufacturing Partner's operations or the current production and delivery schedule.

The extent to which COVID-19 may impact the ability of the Manufacturing Partner to obtain raw ingredients is uncertain and cannot be predicted; however, as many of the raw ingredients are sourced in the United States, and as the Manufacturing Partner is based in Canada, the presence of COVID-19 and the governmental and commercial response to the pandemic may negatively affect the ability to source raw ingredients for the Company's products. See "Risk Factors".

The extent to which COVID-19 may impact the ability of a packaging partner to obtain supplies is uncertain and cannot be predicted; the presence of COVID-19 and the governmental and commercial response to the pandemic may negatively affect the ability to source supplies necessary for packaging. See "Risk Factors".

Bankruptcy and Similar Procedures

The Company has not been subject to any bankruptcy, receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings within the three most recently completed financial years.

Available funds, Principal Purposes, Business Objectives and Milestones

The Company currently has no revenues from its operations and is in the early stage of development as the Company continues to progress its business strategy. The estimated working capital as of the last completed month, being April 30, 2022 (unaudited) is approximately CAD$786,550. On May 19, 2022, the Company closed a private placement of 8,915,000 units at a price of CAD$0.03 per unit for total gross proceeds of CAD$267,450. Total available funds to the Company as of the date of this Listing Statement is therefore CAD$1,054,000.

Principal Purpose	Available Funds (CAD$)
Product line development and approvals	$10,000
Product launch and distribution	$60,000
Operational expansion and asset acquisition	$155,500
General and administrative expenses(1)	$792,500
Unallocated working capital	$36,000
Available Funds	**$1,054,000**

(1) Includes consulting, rent, travel, operating costs (including warehousing and shipping), transfer agent fees, CSE fees, office supplies, and other miscellaneous expenses.

The Company expects to incur approximately $792,500 in general and administrative costs over the next 12 months from the date of the Listing Statement. A breakdown of the estimated general and administrative costs for that period is as follows:

	Annual Amount (CAD$)
Accounting and audit fees	$41,500
Legal fees	$25,000
Transfer agent and regulatory filing fees	$31,000
Office expenses	$44,000
Operations (warehousing and shipping)	$50,000
Management and consulting fees	$576,000
Investor communications and public relations	$25,000
Total	**$792,500**

Asset Acquisition

The Company's initial launch plan contemplates spending an aggregate of approximately CAD$190,000 on the purchase of product inventory, comprised of approximately CAD$30,000 relating to anticipated packaging expenses and CAD$160,000 under the Purchase Order, as described in further detail in the table below. The Purchase Order and associated packaging represent the anticipated purchases the Company intends to make over the following 12 months.

Item	**Description**	**Units**	**Rate (CAD$)**	**Amount (CAD$)**
001G1	Low Sugar Plant-based Gummy Sharks – 50g	40,000	1.90	76,000
001G2 (sample)	Low Sugar Plant-based Gummy Sharks – 10g	8,500	0.47	4,000
002G1	Low Sugar Plant-based Gummy Bees – 50g	40,000	1.90	76,000
002G2 (sample)	Low Sugar Plant-based Gummy Bees – 10g	8,500	0.47	4,000
Total:		**97,000**		**160,000**
Less: deposit paid				(84,500)
Remaining amount owning				75,500[(1)]

(1) Does not include approximately CAD$30,000 of anticipated third party packaging costs.

Negative Operating Cash Flow

Since incorporation, the Company has had negative operating cash flow and incurred significant losses. The Company's negative operating cash flow and losses are expected to continue for the foreseeable future. The Company cannot predict when it will reach positive operating cash flow, if ever. Due to the expected continuation of negative operating cash flow, the Company will be reliant on future financings in order to meet its cash needs. There is no assurance that such future financings will be available on acceptable terms or at all. See "Risk Factors".

Business Objectives and Milestones

In the 12 months following the date of this Listing Statement, the Company intends to pursue the following business objectives using the available funds:

- development of the Company product line;
- advance product launch and marketing program (including website development and launch); and
- operational expansion.

Business Objectives and Milestones	Anticipated Time Period	Anticipated Amount Allocated for the Change of Business (CAD$)
Product Line Development and Approvals		
• Obtain Health Canada approval for any proprietary vitamin, adaptogen, and nutraceutical formulations.	6-12 months	$5,000
• Through existing relationships with contract product formation experts and contract manufacturers the Company will develop additions to the Company's product line including low sugar gummies incorporating vitamins, adaptogens, and other nutraceuticals.	6-12 months	$5,000
Total:		$10,000
Product Launch and Distribution		
• Soft launch in Canada of two initial low sugar plant-based gummy formulations	2-4 months	$15,000
• Engage social media influencers on a contractual basis to build social media following and enhance brand awareness to increase traffic to the Company's online channels and informing potential customers of product availability at retail locations in respective geographic launch areas where available.	3-12 months	$15,000
• Engagement of digital advertising agencies to solidify brand identifiers through development of impactful digital marketing and communications materials. Direct advertising and promotion expenditure through radio, social media, and online.	1-4 months	$15,000

Business Objectives and Milestones	Anticipated Time Period	Anticipated Amount Allocated for the Change of Business (CAD$)
• Develop and launch consumer facing website to enable online retail sales.	1-3 months	$15,000
Total:		$60,000
Operational Expansion and Asset Acquisition • Trademark registration. • Purchase of apparel • E-commerce development, optimization, and integration with third party warehousing, shipping, customer support. Customer relationship management training and implementation. • Purchase product packaging • Asset Acquisition: Remainder of balance under Purchase Order and associated packaging costs.	12 months 2 months 3-6 months 2-3 months 2-3 months	$5,000 $10,000 $35,000 30,000 $75,500
Total:		$155,500
Total for all business objectives and milestones:		**$225,500**

While the Company intends to pursue these milestones, there may be circumstances where, for valid business reasons or due to factors beyond the control of the Company, such as the COVID-19 pandemic, a re-allocation of efforts or capital may be necessary or advisable. Although the Company does not currently anticipate material delays in the timelines or estimates set out above these timelines and estimates may require adjustment in the future. See “Risk Factors”.

Use of Available Capital

It is anticipated that the available funds will be sufficient to satisfy the Company’s objectives and meet the milestones over the next 12 months. The Company’s current available capital will be used to fund the growth of the Company’s business and to the extent this available capital is insufficient, the Company may need to access further funding.

Ability to Access Public and Private Capital

The Company has historically, and the Board believes it will continue to have, adequate access to equity from prospectus exempt (private placement) markets in Canada. Further, the Company’s executive team and Board have extensive relationships with sources of private capital (such as high net worth individuals), that could be approached to provide further capital if necessary. To the extent these financings transactions are comprised wholly or partially of equity or debt, there is a risk that such financing may be overly dilutive to Shareholder equity or increase the Company’s debt levels above industry standards, as applicable. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company’s inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See section entitled “Risk Factors”.

Principal Products and Services

The Company will sell "better-for-you" low sugar plant-based gummy and other wellness products to consumers and retailers initially in Canada and with potential expansion to the United States. The Products are low sugar (2 grams of sugar and 15 grams of fiber per bag), plant based, non-GMO, certified gluten free and made with only natural flavors. The Company will sell each of the two Product shapes (bees and sharks) individually and in cases of 12.

Market Overview

The global gummy market size was valued at USD16.28 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 12.6% from 2020 to 2028[18]. With proven demand for the better-for-you low sugar plant-based gummy products, the Company believes there are opportunities for growth within the sector. Innovation and unique formulas, including incorporating vitamins, adaptogens, and nutraceuticals, will serve as the basis for the Company's attempts to distinguish the Company from its competitors. The Company is undertaking a differentiated positioning strategy by increasing awareness of endangered species by partnering with Charitable organizations. The Company is committed to producing better-for-you low sugar plant-based products made with plant-based ingredients with a portion of the proceeds from each sale going to various charities. The Company aims to offer accessible, healthier, and nutrient rich plant-based alternatives that do not sacrifice in taste.

The plant-based low sugar gummy industry is, however, relatively new and the current guidelines and regulations are still being developed on an ongoing basis.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following financial statements of the Company are attached as Schedule "A" to this Listing Statement and can be viewed on SEDAR:

- the unaudited interim financial statements of the Company and the notes thereto as at and for the periods ended December 31, 2021 and 2020 (the "**2022 First Quarter Financials**");

- the audited financial statements of the Company together with the independent auditors' report thereon and the notes thereto as at and for the years ended September 30, 2021 and 2020 (the "**2021 Annual Financials**");

- the audited financial statements of the Company together with the independent auditors' report thereon and the notes thereto as at and for the years ended September 30, 2020 and 2019 (the "**2020 Annual Financials**"); and

- the audited financial statements of the Company together with the independent auditors' report thereon and the notes thereto as at and for the years ended September 30, 2019 and 2018 (the "**2019 Annual Financials**").

The following is a summary of selected financial information for the Company as at the dates indicated and should be read in conjunction with the foregoing financial reports and notes thereto.

Annual Information:

	Financial Year ended September 30, 2021	Financial Year ended September 30, 2020	Financial Year ended September 30, 2019
Net Sales (US$)	$47,297	$133,379	$7,144
Net Loss (US$)	$1,983,353	$3,439,524	$44,102,824
Comprehensive Loss (US$)	$1,970,676	$3,458,597	$44,185,501
Net Loss per Common Share (US$) – Basic and diluted – continuing operations	$0.03	$0.08	$1.53
Net Loss per Common Share (US$) – Basic and diluted – discontinued operations	$-	$0.02	$0.04
Total Assets (US$)	$888,374	$1,140,169	$3,214,433
Total Liabilities (US$)	$ 67,137	$67,701	$306,957

Quarterly Information:

	Net Sales (US$)	Net Loss (US$)	Comprehensive Loss (US$)	Net Loss per Common Share (US$) – Basic and diluted
Quarter ended December 31, 2021	$Nil	$373,911	$369,653	$0.01
Quarter ended September 30, 2021	$Nil	$272,948	$328,026	$0.00
Quarter ended June 30, 2021	$2,256	$581,572	$526,563	$0.01
Quarter ended March 31, 2021	$16,698	$775,413	$778,168	$0.01
Quarter ended December 31, 2020	$28,206	$353,420	$337,919	$0.01
Quarter ended September 30, 2020	$38,871	$876,111	$807,882	$0.02
Quarter ended June 30, 2020	$68,197	$894,061	$921,744	$0.02
Quarter ended March 31, 2020	$20,604	$1,162,573	$1,236,875	$0.03

6. MANAGEMENTS DISCUSSION AND ANALYSIS

The following MD&As of the Company are attached as Schedule "B" to this Listing Statement and can be viewed on SEDAR:

- management's discussion and analysis of the financial condition and operations of the Company for the period ended December 31, 2021 (the "**2022 First Quarter MD&A**");
- management's discussion and analysis of the financial condition and operations of the Company for the year ended September 30, 2021 (the "**2021 Annual MD&A**");
- management's discussion and analysis of the financial condition and operations of the Company for the year ended September 30, 2020 (the "**2020 Annual MD&A**"); and

- management's discussion and analysis of the financial condition and operations of the Company for the year ended September 30, 2019 (the "**2019 Annual MD&A**").

7. MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the CSE under the symbol "POT", on the Frankfurt Exchange under the symbol "0OS" and the OTCQB under the symbol "POTVF". As of the date hereof, the Common Shares remain trading.

8. CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company.

Designation of Security	Authorized	Number outstanding as of September 30, 2021	Number outstanding as of date of Listing Statement Outstanding
Common Shares	Unlimited	81,566,088	122,501,564
Options	20% of outstanding Common Shares	16,192,000	16,192,000
Warrants(1)	Unlimited	43,819,804	74,788,604

9. OPTIONS TO PURCHASE SECURITIES

Stock Option Plan

The Company has in place a rolling stock option plan (the "**Stock Option Plan**"), as amended, which was ratified, confirmed and approved by the Shareholders on June 21, 2021.

The purpose of the Stock Option Plan is to, among other things, encourage Common Share ownership in the Company by directors, officers, employees and consultants of the Company and its affiliates and other designated persons. Stock options allowing the purchase of Common Shares of the Company ("**Options**") may be granted under the Stock Option Plan only to directors, officers, employees and consultants of the Company and its subsidiaries and other designated persons as designated from time to time by the board of directors of the Company.

The number of Options which may be issued under the Stock Option Plan is limited to 20% of the number of Common Shares outstanding at the time of the grant of the Options. As at the date hereof, there are an aggregate of 16,192,000 Common Shares granted under the Stock Option Plan.

Any Option which is exercised, or for any reason is cancelled or terminated prior to exercise, will be available for a subsequent grant under the Stock Option Plan. The option exercise price of any Option cannot be lower than the greater of the closing market prices of the Common Shares on (a) the trading day prior to the date of grant of the Options; and (b) the date of grant of the Options. The terms of an Option may not be amended once issued. If an Option is cancelled prior to its expiry date, the Company must post notice of the cancellation and shall not grant new Options to the same person until 30 days have elapsed from the date of cancellation. Options granted under the Stock Option Plan may be exercised during a period not exceeding ten years, subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, officer, director or consultant of the Company or any of its subsidiaries or ceasing to have a designated relationship with the Company, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The Options are non-transferable.

The Stock Option Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Company's capitalization. Subject to Shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time. The Stock Option Plan does not contain any provision for financial assistance by the Company in respect of options granted under the Stock Option Plan.

Options of the Company

Holders	Number of Holders in Group	Description of Securities	Exercise price (CAD$)	Market value of securities on date of grant	Market value of securities as of the date of the filing of the Listing Statement	Particulars of the grant, including any consideration
All executive officers of the Company (past and present) as a group	2 2 2	1,800,000 options 1,400,000 options 560,000 options	$0.06 $0.07125 $0.15625	Nil Nil Nil	Nil Nil Nil	NA NA NA
All directors of the Company who are not executive officers (past and present) as a group	1 1 1	500,000 options 200,000 options 280,000 options	$0.06 $0.07125 $0.15625	Nil Nil Nil	Nil Nil Nil	NA NA NA
All other employees of the Company (past and present) as a group	NA	NA	NA	NA	NA	NA
All consultants of the Company as a group	5 2 7	7,300,000 options 3,000,000 options 1,152,000 options	$0.06 $0.07125 $0.15625	Nil Nil Nil	Nil Nil Nil	NA NA NA
Total		16,192,000 options				

10. DESCRIPTION OF THE SECURITIES

Capital Structure

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As of the date of this Listing Statement, 122,501,564 Common Shares are issued and outstanding. In addition, 74,788,604 Common Shares are reserved for issuance under outstanding warrants of the Company and there are 16,192,000 Common Shares reserved for issuance under outstanding stock options of the Company.

All Common Shares are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers (one vote per share) and participation in assets upon dissolution or winding up.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions attached to the Common Shares. In addition, there are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a securityholder to contribute additional capital.

Prior Sales

The following table summarizes the issuances of Common Shares or securities convertible into Common Shares for the 12-month period prior to the date of the Listing Statement:

Date Issued	Securities	Number of Common Shares Issued/Issuable	Price/Deemed Price/Exercise Price of Security
June 29, 2021	Options	9,600,000	CAD $0.06
October 13, 2021	Units(1)	15,430,000	CAD $0.04
December 22, 2021	Common Shares(2)	857,142	CAD $0.035
February 17, 2022	Common Shares(3)	1,400,000	CAD $0.025
March 4, 2022	Units(4)	13,000,000	CAD $0.025
May 17, 2022	Common Shares(5)	1,333,334	CAD $0.03
May 24, 2022	Units(6)	8,915,000	CAD $0.03

Notes:

1. Each Unit consists of one Common Share and one Common Share purchase warrant entitling the holder to purchase an additional Common Share for $0.05 for a period of 2 years from the issue date.
2. Represents Common Shares issued in consideration for past services by certain contractors of the Company.
3. Represents the Common Shares issued to Anthony Gindin as part of his executive agreement.
4. Each Unit consists of one Common Share and one Common Share purchase warrant entitling the holder to purchase an additional Common Share for $0.05 for a period of 2 years from the issue date.
5. Represents 1,166,667 Common Shares issued to Anthony Gindin as part of his executive agreement and 166,667 Common Shares issued to a consultant under an existing agreement.
6. Each Unit consists of one Common Share and one Common Share purchase warrant entitling the holder to purchase an additional Common Share for $0.05 for a period of 2 years from the issue date.

The following table sets forth the daily high and low closing trading prices and the volume of the trading of the Common Shares, on days which there was trading activity, on the CSE for the periods indicated.

Price Range Per Common Share (CAD$)				
Date	High $	Low $	Close $	Volume
May 1, 2022 to May 25, 2022	0.03	0.02	0.025	593,824
April 1, 2022 to April 30, 2022	0.035	0.025	0.025	960,720
March 1, 2022 to March 31, 2022	0.035	0.025	0.025	679,009
February 1, 2022 to February 28, 2022	0.035	0.02	0.035	1,826,065
January 1, 2022 to January 31, 2022	0.035	0.02	0.02	2,253,758

Price Range Per Common Share (CAD$)				
Date	High $	Low $	Close $	Volume
Quarter to December 31, 2021	0.045	0.03	0.03	2,783,137
Quarter to September 30, 2021	0.06	0.03	0.04	7,491,626
Quarter to June 30, 2021	0.23	0.05	0.05	8,766,950
Quarter to March 31, 2021	0.10	0.05	0.08	11,064,056
Quarter to December 31, 2020	0.08	0.04	0.05	6,702,548
Quarter to September 30, 2020	0.14	0.04	0.04	5,101,472
Quarter to June 30, 2020	0.23	0.13	0.14	6,975,722

11. ESCROWED SECURITIES

As at the date hereof, no securities of the Company are held in escrow.

12. PRINCIPAL SHAREHOLDERS

To the knowledge of the Company, as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares.

13. DIRECTORS AND OFFICERS

The following table sets out the names of the directors and officers of the Company, all positions and office in the Company held by them, their municipality of residence, their principal occupation for the last five years and the number of Common Shares beneficially owned or controlled, directly or indirectly, by them or over which control or direction is exercised in respect of the Company as of the date hereof.

Name of director/officer, municipality of residence and position, if any, held in the Company	Principal Occupation over the last five years	Date of appointment to position	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed	Approximate Percentage of Common Shares Owned or Controlled
Charlie Lamb(1) (2) North Vancouver, British Columbia President, Chief Executive Officer and Director	1) Lawyer – Skylaw Professional 2) Legal Consultant 3) President & CEO – Potent Ventures	July 2020	1,602,000	1.31%

Name of director/officer, municipality of residence and position, if any, held in the Company	Principal Occupation over the last five years	Date of appointment to position	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed	Approximate Percentage of Common Shares Owned or Controlled
Brian Keane[(1) (2)] New York, New York Director	Independent Contractor to number of companies with focus on finance expertise	October 2018	499,060	0.41%
Robert Payment [(2)] Vancouver, British Columbia Chief Financial Officer, Corporate Secretary and Director	Independent Contractor to number of companies with focus on accounting expertise	March 2020	1,777,000	1.45%
Anthony Gindin Winnipeg, Manitoba Chief Marketing Officer	CMO Vejii Holdings Inc.	February 2022	3,395,238	2.77%
Michael Hopkinson[(1) (2)] Vancouver, British Columbia Director	Principal – Goldsmith Kwok Accounting Group	January 2022	40,000	0.03%

Notes:

(1) Member of the Audit Committee.

(2) The term of each director expires as of the date of the Company's next annual general meeting of Shareholders.

As at the date of this Listing Statement, the directors and officers as a group owned beneficially, directly, and indirectly, 7,313,298 Common Shares, representing approximately 5.97% of the issued and outstanding Common Shares on a non-diluted basis.

The following are brief profiles of the Board, including their age, positions they hold with the Company, their responsibilities, the proportion of their time to be devoted to the Company and their relevant educational background. The proportion of time indicated is an estimate and may increase or decrease as business needs dictate.

None of the directors or officers of the Company have entered into a non-competition or non-disclosure agreement with the Company as a condition of appointment as a director and/or officer of the Company.

Charlie Lamb, 40, President, Director and Chief Executive Officer

From August 2009 to August 2017, Mr. Lamb was employed as a lawyer at a large international law firm in New York, with a focus on Canadian corporate and securities law. With extensive cross-border corporate and securities law experience, Mr. Lamb has worked on numerous corporate transactions, including mergers and acquisitions, public and private offerings of securities for investment funds, private equity funds and other alternative investment vehicles in the Canadian markets. He also has significant experience advising broker dealers, advisers and investment fund managers on Canadian compliance issues.

Mr. Lamb also has significant experience in the venture capital industry focusing on small/mid cap companies. More specifically, Mr. Lamb specializes in finding, partnering and supporting entrepreneurs with building and financing their companies.

Mr. Lamb was previously a director of Love Hemp Group PLC, a brand-led consumer goods company focussed on health and wellness solutions for consumer use cases including sleep, pain, anxiety, stress and recovery. As one of the United Kingdom's leading CBD brands and the official CBD partner of the UFC, Love Hemp is committed to providing pure, high-quality CBD products to support the health and wellbeing of consumers. Love Hemp offers a range of CBD Oils, CBD Capsules, and CBD chocolates which are 100% Vegan and THC free.

Mr. Lamb graduated from University of Victoria, British Columbia and is a member of the Law Society of Upper Canada, The Canadian Bar Association and the American Bar Association. Mr. Lamb provides his services to the Company as an independent contractor and devotes 95% of his time to the business of the Company.

Robert Payment, 40, Chief Financial Officer, Corporate Secretary and Director

Robert is a Chartered Professional Accountant with 15 years' experience in finance, reporting, regulatory requirements, public company administration, equity markets, and financing of publicly traded companies. Robert has extensive experience in the manufacturing, consumer products, natural resource, and retail industries. He received a BBA from Simon Fraser University and is a member in good standing of the Chartered Professional Accountants of British Columbia. Mr. Payment provides his services to the Company as an independent contractor and devotes 80% of his time to the business of the Company.

Mr. Payment was previously CFO and interim-CEO of Love Hemp Group PLC, a brand-led consumer goods company described above.

Anthony Gindin, 39, Chief Marketing Officer

Mr. Gindin was a co-founder and Chief Marketing Officer at Vejii Holdings Inc., a leading vegan ecommerce platform with operations in the US, Canada and UK. Mr. Gindin brings 20 years' experience as brand developer and marketing strategist. He has led strategic planning with executive leadership groups of multi-billion dollar corporations in the US, South America, Europe, Asia, Middle East and Australia. Mr. Gindin is also a published author and Founder/CEO at Futurecraft Consulting with extensive experience in the agri-food sector.

Mr. Gindin provides his services to the Company as an independent contractor and devotes 90% of his time to the business of the Company.

Brian Keane, 44, Director

Mr. Keane has over 18 years of capital markets, investing and C-level consulting experience in emerging growth companies in the U.S., Caribbean and Asia. His previous experience includes acting as an investment banker with each of Rodman & Renshaw, LLC, Ladenburg Thalmann & Co., TechVest and Qualified Capital where he focused on life science, biotech, mining and emerging growth companies. He earned a BS from the University of Scranton and a JD from New York Law School.

Mr. Keane provides his services to the Company as an independent contractor and devotes 5% of his time to the business of the Company.

Michael Hopkinson, 49, Director

Michael is a US licensed CPA in the state of New Hampshire. Michael has over 25 years of US tax and public company experience. Having spent over 11 years working primarily for the accounting industry's Big 4, his experience has been extensive in the cannabis, mining, pharmaceutical and real estate business sectors. Having served as CFO or director of numerous public companies he has comprehensive experience in US-Canada Cross-Border tax and repatriation planning, Financial Statement Reporting -

Quarterly & Annual and Capital Financing Activities. Mr. Hopkinson was previously CFO of 1933 Industries Inc. which was a licensed cannabis products company with operations located in Las Vegas, Nevada.

Mr. Hopkinson provides his services to the Company as an independent contractor and devotes 5% of his time to the business of the Company.

Board Committees

The members of the Audit Committee are Michael Hopkinson (Chair), Charlie Lamb, and Brian Keane.

All of the members of the Audit Committee are financially literate, as defined in NI 52-110, as all of the Audit Committee members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. All members of the Audit Committee, with the exception of Mr. Lamb by virtue of his executive role with the Company, are independent under the definition therefor for the purposes of NI 52-110.

Corporate Cease Trade Orders or Bankruptcies

Except as set out below no director or officer of the Company, or Shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is or has, within the ten years prior to the date of this Listing Statement, been a director or officer of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemption under Ontario securities law, for a period of more than 30 consecutive days;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Keane became an officer and director of Callitas Health Inc. while it was already subject to cease trade order dated July 9, 2019 for failure to file financial statements. That cease trade order is ongoing.

Personal Bankruptcies

No director or officer of the Company or Shareholder holding sufficient securities of the Company to affect materially the control of the Company, or personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Penalties or Sanctions

No director or officer of the Company or Shareholder holding sufficient securities of the Company to affect materially the control of the Company has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by any Canadian securities regulatory authority or has entered into a settlement agreement with Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its directors and executive officers may be engaged in a range of business activities. In addition, the Company's directors and executive officers may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company and subject to any contractual restrictions restricting such activities. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with business interests that interfere with their ability to devote time to the Company's business and affairs, which could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

The Company's directors and officers serve as directors or officers of other company's or have significant shareholdings in other company's and, to the extent that such other companies may participate in a venture in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. Specifically, the BCBCA provides, among other things, that if a director or senior officer of a company holds any office or possesses any property, right or interest that materially conflicts with that individual's duty or interest as a director or senior officer of the company, the director or senior officer must promptly disclose the nature and extent of the conflict and is not entitled to vote on any resolution to approve such matter or transaction.

Other Reporting Issuer Experience

The following table sets out the directors and officers of the Company that are, or have been within the last five (5) years, directors, officers or promoters of other reporting issuers:

Name of Director or Officer	Reporting Issuer
Charlie Lamb	Love Pharma Inc. (formerly Glenbriar Technologies Inc.) (CSE: LUV) – Director Love Hemp Group Plc (AQSE: LIFE) - Director
Brian Keane	Codebase Ventures Inc. (CSE: CODE) – Director 1933 Industries Inc. (CSE: TGIF) – Director Callitas Health Inc. (CSE: LILY) – CEO and Director
Robert Payment	Rritual Superfoods Inc. (CSE: RSF) – CFO Love Hemp Group Plc (AQSE: LIFE) – CFO, Director
Michael Hopkinson	1933 Industries Inc. (CSE: TGIF) – CFO Gold State Resources (TSXV – GOST)– Director
Anthony Gindin	Vejii Holdings Inc (CSE: VEJI) - CMO

14. CAPITALIZATION

The following information in this section is presented to the best of the knowledge of the Company as at the date of the Listing Statement.

Issued Capital

	Number of Common Shares (non-diluted)	Number of Common Shares (fully diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total Outstanding (A)	122,501,564	213,482,168		
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	7,313,298	16,303,358	5.97%	7.64%
Total Public Float (A)-(B)	115,188,266	197,178,810	94.03%	92.36%

	Number of Common Shares (non-diluted)	Number of Common Shares (fully diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	21,915,000	44,302,000	17.89%	20.75%
Total Tradeable Float (A-C)	100,586,564	169,180,168	76.14%	71.61%

Public Securityholders (Registered)

Size of Holding	Number of Holders	Total Number of Common Shares
1 - 99 Common Shares	2	40
100 - 499 Common Shares	4	873
500 - 999 Common Shares	8	5,855
1,000 -1,999 Common Shares	3	4,350
2,000 - 2,999 Common Shares	2	4,771
3,000 - 3,999 Common Shares	3	10,132
4,000 - 4,999 Common Shares	1	4,213
5,000 or more Common Shares	51	45,224,090
Total	**74**	**45,254,324**

Public Securityholders (Beneficial)

Size of Holding	Number of Holders	Total Number of Common Shares
1 - 99 Common Shares	2,616	379,292
100 - 499 Common Shares	1,029	533,332
500 - 999 Common Shares	460	593,507
1,000 -1,999 Common Shares	326	673,661
2,000 - 2,999 Common Shares	164	488,054
3,000 - 3,999 Common Shares	169	713,031
4,000 - 4,999 Common Shares	329	2,298,103
5,000 or more Common Shares	490	71,568,260
Total	**5,583**	**77,247,240**

Non-Public Security holders (Registered)

Size of Holding	Number of Holders	Total Number of Common Shares
1 - 99 Common Shares	Nil	Nil
100 - 499 Common Shares	Nil	Nil
500 - 999 Common Shares	Nil	Nil
1,000 -1,999 Common Shares	Nil	Nil
2,000 - 2,999 Common Shares	Nil	Nil
3,000 - 3,999 Common Shares	Nil	Nil
4,000 - 4,999 Common Shares	Nil	Nil
5,000 - or more Common Shares	Nil	Nil

Convertible and Exchangeable Securities

Description of Security (Including conversion/exercise/terms. including exercise/conversion price)	Number of convertible/exchangeable securities outstanding(1)	Number of listed securities issuable upon conversion/exercise(1)
Warrants entitling the holder thereof to acquire one Common Share at an exercise price of CAD $0.0575 expiring February 23, 2023	36,211,204	36,211,204
Warrants entitling the holder thereof to acquire one Common Share at an exercise price of CAD $0.05 expiring October 13, 2023	16,190,400	16,190,400
Warrants entitling the holder thereof to acquire one Common Share at an exercise price of CAD $0.05 expiring March 4, 2024	13,472,000	13,472,000
Warrants entitling the holder thereof to acquire one Common Share at an exercise price of CAD $0.05 expiring May 24, 2024	8,915,000	8,915,000
Total Warrants	**74,788,604**	**74,788,604**
Stock Options entitling the holder thereof to acquire one Common Share at an exercise price of CAD $0.1563 expiring March 25, 2025	1,992,000	1,992,000
Stock Options entitling the holder thereof to acquire one Common Share at an exercise price of $0.0713 expiring March 9, 2026	4,600,000	4,600,000
Stock Options entitling the holder thereof to acquire one Common Share at an exercise price of CAD $0.06 expiring March 9, 2026	9,600,000	9,600,000
Total Options	**16,192,000**	**16,192,000**
Total	**90,980,604**	**90,980,604**

15. EXECUTIVE COMPENSATION

The disclosure required by Form 51-102F6V - *Statement of Executive Compensation – Venture Issuers* under National Instrument 51-102 *Continuous Disclosure Obligations* is provided in the Company's Information Circular dated March 25, 2022 (the "**Circular**") and is incorporated by reference into this Listing Statement. The Circular was filed on Sedar on April 6, 2022 and is available for review at www.sedar.com. The Company has no intention of making any material changes in 2022 to the compensation structure outlined in the Circular.

No changes to executive compensation have occurred since the date of the Circular, other than the addition of Anthony Gindin as CMO. Mr. Gindin is compensated CAD$12,000 per month, has no change of control provision in his contract and the contract can be terminated upon 30 days notice from either party.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or executive officer of the Company (or associate of any such director or executive officer) is, or at any time during the most recently completed financial year was, (a) indebted to the Company or any of its subsidiaries, or (b) indebted to another entity that is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

17. RISK FACTORS

An investor should carefully consider the following risk factors in addition to the other information contained in this Listing Statement. The risks and uncertainties below are not the only ones related to the Company. There are additional risks and uncertainties that the Company does not presently know of or that the Company currently considers immaterial which may also impair the Company's business operations. If any of the following risks actually occur, the Company's business may be harmed, and its financial condition and results of operations may suffer significantly.

An investment in the Common Shares is highly speculative due to the high risk nature of the Company's business and the Change of Business. Shareholders may lose their entire investment. Investors should not invest any funds in the Company unless they can afford to lose their entire investment.

Going concern risk

The Company's ability to continue as a going concern is dependent upon its ability to generate revenue and achieve profitable operations while also obtaining the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or at all. The risks referred to herein indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's future operations may be dependent upon the identification and successful completion of equity or debt or other financing and the achievement of profitable operations. There can be no assurances that the Company will be successful in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Negative operating cash flow

The Company has negative operating cash flow. The failure of the Company to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial conditions and results of operations. To the extent that the Company has a negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow or conduct additional financings. The Company expects to continue to sustain operating losses in the future until it generates revenue from its products. There is no guarantee that the Company will ever be profitable.

The Company is a development stage company with little operating history and the Company cannot assure profitability in regards to the Change of Business

The Company's lack of operating history in the natural food and candy industry makes it difficult for investors to evaluate the Company's prospects for success. Prospective investors should consider the risks and difficulties the Company might encounter, since there is no assurance that it will be successful. Any likelihood of success must be considered in light of the Company's early stage of operations in its new industry. It is extremely difficult to make accurate predictions and forecasts of the Company's finances. This is compounded by the fact that the Company intends to operate in the food industry, which is highly competitive. There is no guarantee that the Company's products will be attractive to potential consumers. There can be no assurance that the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to its operations and further development of its business.

The Company and its management has limited or no operating history in the food sector

Other than certain experience described herein with respect to Love Hemp and Mr. Gindin's marketing role with an e-commerce vegan food focused business, the Company's management has limited experience in the food industry. The Company has addressed this by the creation of an advisory board and the initial appointee thereto. The Company plans on adding additional expertise as needed, but can give no assurance that it will be able to add such expertise on an as needed basis.

The Company has limited cash reserves, no operating history in food industry, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. Operations are not yet sufficiently established such that the Company can mitigate the risks associated with planned activities.

With specific respect to the Company's and management's lack of operations and experience in the food industry, the Company is subject to many of the risks common to entering a new area of operation, including under-capitalization, limitations with respect to personnel, financial, and other resources, lack of revenues, and uncertainty with respect to its ability to attract and retain paying customers. There is no assurance that the Company will be successful in operating its business, generate revenue, successfully implement its plans or achieve a return on its investment and the likelihood of success must be considered in light of the Company's lack of experience in the food industry and the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business.

Shareholders could lose all or part of their investment

The trading price of the Common Shares has been, and may continue to be, highly volatile, and you could lose all or part of your investment.

The market price of the Common Shares is likely to remain highly volatile and could be subject to wide fluctuations in response to many factors discussed in this "*Risk Factors*" section, including:

- Actual or anticipated fluctuations in financial condition and operating results, including fluctuations in quarterly and annual results;

- Announcements of innovations by the Company or competitors;
- Overall conditions in the industry and the markets in which the Company operates;
- Market conditions or trends in the food industry, snacking industry, confectionary industry, gummy bear industry, retail industry, or in the economy as a whole;
- Addition or loss of significant customers or other developments with respect to significant customers;
- Adverse developments concerning manufacturers or suppliers;
- Changes in laws or regulations applicable to the Company's products;
- Ability to effectively manage growth;
- Ability to effectively research, develop and launch products;
- Actual or anticipated changes in growth rate relative to competitors;
- Announcements by the Company or competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- Additions or departures of key personnel;
- Competition from existing products or new products that may emerge;
- Issuance of new or updated research or reports about the Company or the industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- News reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry;
- Failure to meet the estimates and projections of the investment community or that the Company may otherwise provide to the public;
- Fluctuations in the valuation of companies perceived by investors to be comparable to the Company;
- Disputes or other developments related to proprietary rights, including patents, and the Company's ability to obtain intellectual property protection for its products;
- Litigation or regulatory matters;
- Announcement or expectation of additional financing efforts;
- Cash position;
- Sales of Common Shares by the Company or its shareholders;
- Share price and volume fluctuations attributable to inconsistent trading volume levels of the Common Shares;
- Changes in accounting practices;

- Ineffectiveness of internal controls;
- General economic, market and political conditions; and
- Other events or factors, many of which are beyond the Company's control.

Furthermore, financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies, including those fluctuations a result of the COVID-19 pandemic. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and trading volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the Common Shares may be materially adversely affected.

Uncertainty of Revenue Growth

Sales of the Company gummies are expected to contribute nearly all of the Company's revenue. A reduction in sales of the Company gummies would have an adverse effect on the Company's financial condition.

The Company expects the sales of its gummy products to account for 90% or more of all of its gross revenue. Branded Gummies are the Company's flagship products and are the focal point of development and marketing efforts, and its sales will constitute a significant portion of the Company's revenues, income and cash flow for the foreseeable future. The Company cannot be certain that the Manufacturing Partner will have sufficient manufacturing capacity to meet the Company's future demand requirements should the Company's products be widely adopted by customers. To the extent that the Manufacturing Partner is unable to meet the scale of manufacturing required to meet the Company's needs, the Company will seek to locate other Manufacturing Partners with available manufacturing capacity. The Company will maintain regular communication with the Manufacturing Partner to ensure satisfactory manufacturing capacity is available to meet the Company's internal demand forecasts for a period of 12 months.

Supply disruptions that may occur due to inaccurate demand planning by the Company or capacity constraints imposed by the Manufacturing Partner may adversely affect sales of the Company's products and could have a material adverse effect on business, financial condition and results of operations.

There can be no assurance that the Company can generate revenue growth, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company may achieve may not be indicative of future operating results. In addition, the Company may increase further its operating expenses in order to fund higher levels of research and development, increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

There are factors which may prevent the Company from the realization of growth targets

The Company's growth strategy contemplates marketing its initial portfolio of products, with the potential to develop additional products. There is a risk that the initial portfolio of products and any additional products will not be developed on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- non-performance by third party contractors;
- increases in materials or labour costs;

- falling below expected levels of output or efficiency;
- inability to engage with food professionals;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruptions to the operations of a manufacturing partner;
- changes in consumer tastes; and
- changes to general economic conditions.

The Company's actual financial position and results of operations may differ materially from the expectations of the Board

The Company's actual financial position and results of operations may differ materially from the Board's expectations. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

Regulatory risks

The Company seeks to comply with applicable regulations through a combination of employing internal experience and expert personnel to ensure quality-assurance compliance (i.e., assuring that the Company's products are not adulterated or misbranded) and ensuring compliance with nutrition labeling requirements. Failure by the Company or its co-manufacturers to comply with applicable laws and regulations or maintain permits, licenses or registrations relating to the Company's or its co-manufacturers' operations could subject the Company to civil remedies or penalties, including fines, injunctions, recalls or seizures, warning letters, restrictions on the marketing or manufacturing of products, or refusals to permit the import or export of products, as well as potential criminal sanctions, which could result in increased operating costs resulting in a material effect on the Company's operating results and business.

Changes in existing laws or regulations, or the adoption of new laws or regulations may increase the Company's costs and otherwise adversely affect the Company's business, results of operations and financial condition.

The manufacture and marketing of food products is highly regulated. The Company and its suppliers and co-manufacturers will be subject to a variety of laws and regulations. These laws and regulations apply to many aspects of the Company's business, including the manufacture, packaging, labeling, distribution, advertising, sale, quality and safety of its products, as well as the health and safety of its employees and the protection of the environment.

The regulatory environment in which the Company expects to operate could change significantly and adversely in the future. Any change in manufacturing, labeling or packaging requirements for the Company's products may lead to an increase in costs or interruptions in production, either of which could adversely affect its operations and financial condition. New or revised government laws and regulations could result in additional compliance costs and, in the event of non-compliance, civil remedies, including fines, injunctions, withdrawals, recalls or seizures and confiscations, as well as potential criminal sanctions, any of which may adversely affect the Company's business, results of operations and financial condition.

Compliance with Applicable Regulations

The processing, formulation, safety, manufacturing, packaging, labeling, advertising and distribution of the Company's products and the business activities of the Company will initially be subject to Canadian federal and provincial laws and regulations by one or more agencies, and if the Company expands to the United States, the Company will also be regulated by applicable US federal, state and local regulations. These laws and regulations may prevent or delay the introduction, or require the reformulation or recall, of the Company's products, which could result in lost revenues and increased costs to the Company. For instance, the FDA and Health Canada regulate, among other things, the composition, safety, manufacture, labeling and marketing of dietary ingredients and dietary supplements (including vitamins, minerals, herbs, and other dietary ingredients for human use) in the U.S. and Canada respectively. Dietary supplements and dietary ingredients that do not comply with FDA or Health Canada laws and regulations can be deemed adulterated or misbranded. Manufacturers and distributors of dietary supplements and dietary ingredients are prohibited from marketing products that are adulterated or misbranded, and the FDA, Health Canada or other governmental entities may take enforcement action against any adulterated or misbranded dietary supplement on the market. If the Company violates applicable regulatory requirements, the Company may face enforcement actions by the applicable regulatory bodies, which could have a material adverse effect on the Company's business, prospects, financial condition, and results of operations.

Applicable regulatory bodies may determine that a particular dietary supplement or ingredient presents an unacceptable health risk based on the required submission of serious adverse events or other information, or may determine that a particular claim or statement of nutritional value that the Company proposes to use to support the marketing of a dietary supplement is an impermissible drug claim, is not substantiated, or is an unauthorized version of a health claim which the Company is not allowed to make. Any of these actions could prevent the Company from marketing particular dietary supplement products or making certain claims or statements with respect to its products. Applicable regulatory bodies could also require the Company to recall, withdraw or remove a particular product from the market. Any recall, withdrawal or removal would result in additional costs to the Company, including lost revenues from any products that the Company is required to remove from the market, any of which could be material. Any product recalls, withdrawals or removals could also lead to an increased risk of litigation and liability, substantial costs, and reduced growth prospects.

Applicable regulatory bodies also exercise jurisdiction over the advertising of dietary supplements and can institute numerous enforcement actions against dietary supplement companies for failure to have adequate substantiation for claims made in advertising or for the use of false or misleading advertising claims. Failure by the Company to comply with applicable regulations could result in substantial monetary penalties and could have a material adverse effect on the Company's financial condition or results of operations.

Authorizations for additional product launches will be required if the Company is to make specific health claims and there is no guarantee that the Company will obtain these authorizations from the applicable regulatory authority in a timely manner or at all.

Future Regulations

From time to time, applicable regulatory bodies may impose additional or more stringent laws or regulations that could apply to the Company, business and products, repeal laws or regulations that the Company considers favorable to it or impose more stringent interpretations of current laws or regulations. The Company is not able to predict the nature of such future laws, regulations, repeals or interpretations or to predict the effect that additional governmental regulation, when and if it occurs, would have on the Company's future business. Those developments could prohibit the sale and marketing of ingredients and products or require reformulation of products to meet new standards, recalls or discontinuance of products (including products that the Company expects to sell). Further, the Company may be subject to requirements for reformulation, labeling, additional record-keeping requirements, increased documentation of the properties of certain products, additional or different labeling, additional scientific substantiation, quality control requirements, adverse event reporting or other requirements. Any developments of this nature could increase the Company's costs significantly and could have a material adverse effect on its business, financial condition and results of operations.

Litigation

As a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of food products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of food products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

The Company's products are not irradiated or chemically treated, and therefore they are perishable and contain certain naturally occurring microorganisms. The Company may receive complaints from consumers regarding ill effects allegedly caused by the Company's products.

The Company may become subject to various legal proceedings and claims that arise from time to time in the ordinary course of the Company's business. Such litigation may arise as a consequence of contractual or other disputes or as a consequence of the Company's listing and reporting issuer status and could adversely affect its business and operations. Litigation or legal proceedings could expose the Company to significant liabilities and have a negative impact on the Company's reputation or business. Should any litigation in which the Company becomes involved be determined against it such a decision could adversely affect its ability to continue operating and the market price for the Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources. Litigation may also create a negative perception of the Company's brand.

The Company evaluates these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, the Company may establish reserves, as appropriate. These assessments and estimates are based on the information available to the Board at the time and involve a significant amount of judgment. Actual outcomes or losses may differ materially from the Company's assessments and estimates.

Given the Company's reliance on contract manufacturing, the Company may be subject to litigation associated with the actions of its contracted manufacturers, such as the Manufacturing Partner. Litigation affecting the Manufacturing Partner could expose the Company to significant liabilities or indemnity costs and could affect the reputation or business of the Company.

The Company could be liable for fraudulent or illegal activity by any of its contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Company. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Company. Consequently, the Company will be subject certain risks, including that contractors and consultants may inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Company.

Product liability claims or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's results of operations and financial condition of the Company.

Shipment of adulterated or misbranded products, even if inadvertent, can result in criminal or civil liability. and expose the Company to product liability, negligence, or other lawsuits, including consumer class action lawsuits. Any claims brought against the Company may exceed or be outside the scope of its existing or future insurance policy coverage or limits. The Company has applied for general liability insurance coverage in Canada and does not foresee any impediments to obtaining coverage on reasonable terms.

The Company will not commence the sale of the Products until satisfactory insurance coverage is in place. Any judgment against the Company that is more than its policy limits or not covered by its policies or not subject to insurance would have to be paid from cash reserves, which would reduce the Company's capital resources.

Product recalls, withdrawals or seizures, which could materially and adversely affect the Company's business, financial condition and results of operations

The Company may be subject to product recalls, withdrawals or seizures if any of the products it expects to sell are believed to cause injury or illness or if the Company is alleged to have violated governmental regulations in the manufacturing, labeling, promotion, sale or distribution of those products. A significant recall, withdrawal or seizure of any of the products the Company manufactures or sells may require significant Board attention, would likely result in substantial and unexpected costs and may materially and adversely affect the Company's business, financial condition or results of operations. Furthermore, a recall, withdrawal or seizure of any of the Company's products may adversely affect consumer confidence in its brands and thus decrease consumer demand for its products. As is common in the dietary supplement industry, the Company expects to rely on contract manufacturers and suppliers to ensure that the products they manufacture and sell to the Company comply with all applicable regulatory and legislative requirements. In general, the Company will seek representations and warranties, indemnification and/or insurance from contract manufacturers and suppliers. However, even with adequate insurance and indemnification, any claims of non-compliance could significantly damage the Company's reputation and consumer confidence in its products. In addition, the failure of those products to comply with applicable regulatory and legislative requirements could prevent the Company from marketing the products or require it to recall or remove such products from the market, which in certain cases could materially and adversely affect the Company's business, financial condition and results of operations.

Competition

The Company's ability to compete successfully in the gummy market, and the food market more generally, is expected to depend upon many factors both within and beyond its control, including:

- the size and composition of the Company's customer base;
- the number of suppliers and products that the Company has;
- the quality and responsiveness of customer service;
- the Company's selling and marketing efforts;
- the quality, price and reliability of the products that the Company offers;
- the convenience of the shopping experience that the Company provides;
- the Company's ability to distribute its products and manage its operations; and
- the Company's reputation and brand strength.

The food and snacking industry is highly competitive. The Company may not be able to compete successfully in this highly competitive market. Numerous brands and products compete for limited retailer shelf space, foodservice and food customers and consumers. In the Company's target market, competition is based on, among other things, product quality and taste, brand recognition and loyalty, product variety, interesting or unique product names, product packaging and package design, shelf space, reputation, price, advertising, promotion and nutritional claims.

The Company competes with conventional confectionary companies, who may have substantially greater financial and other resources than the Company and whose confectionary products are well-accepted in the marketplace today. Established confectionary companies may also have lower operational costs, and as a result may be able to offer confectionary products to customers at lower costs. This could cause the Company to lower its prices, resulting in lower profitability or, in the alternative, cause it to lose market share if it fails to lower prices.

The Company may also have to compete with other food brands that develop and sell low-sugar gummy products, and with companies which may be more innovative, have more resources and be able to bring new products to market faster and to more quickly exploit and serve niche markets. This would also include competition for retailer shelf space and consumers.

Generally, the food industry is dominated by multinational corporations with substantially greater resources and operations than the Company. The Company cannot be certain that it will successfully compete with larger competitors that have greater financial, sales and technical resources. Conventional food companies may acquire the Company's competitors or launch their own gummy products, and they may be able to use their resources and scale to respond to competitive pressures and changes in consumer preferences by introducing new products, reducing prices or increasing promotional activities, among other things. Retailers could change the merchandising of the Company's products and it may be unable to retain the placement of its products in retailers to effectively compete with other confectionary products. Competitive pressures or other factors could cause the Company to lose market share, which may require it to lower prices, increase marketing and advertising expenditures, or increase the use of discounting or promotional campaigns, each of which would adversely affect margins and could result in a decrease in operating results and profitability.

To remain competitive, the Company will require a continued high level of investment in research and development, marketing and sales. The Company may not have sufficient resources to maintain research and development, marketing, and sales efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

The Dietary Supplement Industry is an Intensely Competitive Market

The Company cannot assure potential investors that consumers will continue to embrace using dietary supplement products derived from alternative sweetener ingredients. Many factors must be considered when investing in this industry due to regulations set by agencies that regulate the industry. The Company expects to face significant competition from others in this industry. The industry is highly fragmented with smaller companies offering products, to large multi-national corporations with integrated manufacturing operations, all of which may affect the Company's entry into the market. Many companies may have greater financial resources than the Company and to the extent the Company competes directly with any given company possessing greater financial resources, it may be at a disadvantage.

Dependency on customers

The Company's success will depend on its ability to acquire and retain customers and to do so in a cost-effective manner. The Company must acquire customers to increase net sales, improve margins, and achieve profitability. The Company will make significant investments related to customer acquisition. The Company cannot assure you that the net sales from the customers it acquires will ultimately exceed the cost of acquiring those customers. If the Company fails to deliver quality products, or if consumers do not perceive the products it offers to be of high value and quality, the Company may be unable to acquire or retain customers. If the Company is unable to acquire or retain customers who purchase products in volumes sufficient to grow its business, the Company may be unable to generate the scale necessary to achieve operational efficiency and drive beneficial network effects with its suppliers. Consequently, the Company's prices may increase, or may not decrease to levels sufficient to generate customer interest, the Company's net sales may decrease, and its margins and profitability may decline or not improve. As a result, the Company's business, financial condition, and results of operations may be materially and adversely affected.

Future acquisitions or dispositions

Material acquisitions, dispositions and other strategic transactions, involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of the Board; (iii) the Company may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Company's operations; and (vi) loss or reduction of control over certain of the Company's assets.

The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Company. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

Global pandemic

As a result of the global outbreak of COVID-19 and its declaration by the World Health Organization to be a pandemic, certain actions are being taken by governments and businesses around the world to control the outbreak, including restrictions on public activities, travel and commercial operations. As such, the Company's ability to produce and supply products and its sales revenue, results of operations, cashflow and liquidity has been and may continue to be adversely impacted.

The COVID-19 pandemic, the measures attempting to contain and mitigate the effects of the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, shutdowns and restrictions on trade, and the resulting changes in customer and consumer behaviors have disrupted and will continue to disrupt the Company's normal operations and impact employees, suppliers, partners, and customers and their buyers.

The degree to which COVID-19 will affect the Company's results and operations will depend on future developments that are highly uncertain and cannot currently be predicted, including, but not limited to, the duration, extent and severity of the COVID-19 pandemic, actions taken to contain the COVID-19 pandemic, the impact of the COVID-19 pandemic and related restrictions on economic activity and domestic and international trade, and the extent of the impact of these and other factors on the Company's employees, partners, suppliers, customers and their buyers. The COVID-19 pandemic and related restrictions could limit customers' ability to continue to operate, lead to disruption in the Company's supply chain, disrupt or delay the ability of employees to work because they become sick or are required to care for those who become sick, cause delays or disruptions in services provided by key suppliers and vendors, increase vulnerability of the Company and its partners and service providers to security breaches, denial of service attacks or other hacking or phishing attacks, or cause other unpredictable events.

COVID-19 has also caused heightened uncertainty in the global economy. If economic growth slows further or if a recession develops or continues to develop, consumers may not have the financial means to make purchases from customers, or potential customers, of the Company and may delay or reduce discretionary purchases, negatively impacting customers and the Company's operations. As well, the Company may find it harder or impossible to find further financing opportunities due to the uncertainty in the global economy Since the impact of COVID-19 is ongoing, the effect of the COVID-19 pandemic and the related impact on the global economy may not be fully reflected in the Company's results of operations until future periods. To the extent that COVID-19 causes disruption to the global economy, and in turn financial markets, the Company may be prevented from obtaining additional debt or equity financing on reasonable terms, or at all.

Unfavorable publicity or consumer perception of the Company's products could have a material adverse effect on its reputation, which could result in decreased sales and significant fluctuations in its business, financial condition and results of operations

The Company may depend significantly on consumer perception regarding the safety and quality of its products. Consumer perception of products can be significantly influenced by adverse publicity in the form of published scientific research, media attention, social media, or other publicity, accurate or not, that associates consumption of the Company's products or any other similar products with illness or other adverse effects, questions the benefits of the Company's or similar products, or claims that any such products are ineffective. A new product may initially be received favorably, resulting in high sales of that product, but that sales level may not be sustainable as consumer preferences change. Future scientific research or publicity could be unfavorable to the Company's industry or any of its products and may not be consistent with earlier favorable research or publicity. Unfavorable research or publicity could have a material adverse effect on the Company's ability to generate sales. Should the Company engage in the sale of dietary supplement products, the products will not be drug products and will not be able to be used to diagnose, treat, cure or prevent any disease, and the Company may be subject to legal and regulatory actions if its products are classified as drug or food products with respect to the marketing and sale of such products.

Third Party Suppliers

The Company does not currently have the infrastructure or capability internally to process and manufacture its low sugar plant-based gummy products and relies on third-parties to process and manufacture all products. Any replacement of the Manufacturing Partner could require significant effort and the Company may not be able to secure supplies from other manufacturers on a timely basis or on reasonable commercial terms. The Manufacturing Partner or any future manufacturing partner may be subject to damage or interruption from, among other things, fire, natural or man-made disaster, disease outbreaks or public health pandemics, power loss, telecommunications or internet failure, unauthorized entry, computer viruses, denial-of service attacks, acts of terrorism, human error, vandalism or sabotage, financial insolvency, bankruptcy and similar events.

Limited Number of Products

The Company's business is focused on the production and distribution of the Products, which are comprised of two low sugar plant-based gummy products. If the Products do not achieve sufficient market acceptance, it will be difficult for the Company to achieve profitability. The Company's revenues are expected to derive almost exclusively from sales of the Products, and the Company expects that the Products will account for substantially all of its revenue for the foreseeable future.

Development of New Products

The Company's success is expected to depend, in part, on its ability to develop, introduce and market new and innovative products. If there is a shift in consumer demand, the Company must meet such demand through new and innovative products or else its business will fail. The Company's ability to develop, market and produce new products is subject to it having substantial capital. There is no assurance that the Company will be able to develop new and innovative products or have the capital necessary to develop such products.

Supply and demand risk

If the Company fails to effectively launch or develop its products and maintain and adequate supply of products to meet the demand for those products, its business and operating results and its brand reputation could be harmed. If the Company does not have sufficient supply to meet customers' demands and to satisfy increased demand, it will need to expand operations, supply and the capacity of the Manufacturing Partner, or establish agreements with new manufacturers. There is a risk that applicable manufacturers will not have the ability to effectively scale production processes and effectively manage supply chain requirements. The Company must accurately forecast demand for products in order to ensure it has adequate available manufacturing capacity. The Company's forecasts are based on multiple assumptions which may cause estimates to be inaccurate and affect its ability to obtain adequate manufacturing capacity in order to meet the demand for products, which could prevent it from meeting increased customer demand and harm the Company's brand and its business and in some cases may result in fines the Company must pay customers or distributors if it is unable to fulfill orders placed by them in a timely manner or at all.

However, if the Company overestimates its demand and over contracts capacity, it may have significantly underutilized assets and may experience reduced margins. If the Company does not accurately align manufacturing capacity with demand, if it experience disruptions or delays in its supply chain, or if its manufactures cannot obtain raw materials of sufficient quantity and quality at reasonable prices and in a timely manner, the Company's business, financial condition and results of operations may be materially adversely affected.

Reliance on third-party suppliers

Because the Company currently relies on one third-party supplier, the Manufacturing Partner for production, it may not be able to obtain finished products in sufficient quantities to meet the demand for said products due to the Manufacturing Partner being unable to obtain materials on a timely basis. The Company's financial performance depends in large part on the ability of the Manufacturing Partner to arrange for the purchase of materials in sufficient quantities at competitive prices. The Company is not assured of third-party suppliers' ability obtain a continuous supply of, or acceptable pricing for materials. The Manufacturing Partner could discontinue or seek to alter its relationship with the Company.

Any third-party warehouse and shipping provider engaged by the Company will not be considered financially dependent on this supplier as there are numerous providers which could be easily substituted. There may however be instances where upon transition to a new third-party warehouse and shipping provider that additional costs are incurred, and sales are delayed until the transition is complete. In these instances, the Company will seek to maintain parallel operations at two warehouses until the transition is complete so as to prevent any delays to shipments.

Events that adversely affect the Manufacturing Partner's access to materials could impair the Company's ability to obtain products in the quantities that it desires. Such events could include problems with the Manufacturing Partner's businesses, finances, labor relations, ability to import materials, costs, production, insurance and reputation, as well as natural disasters, fires or other catastrophic occurrences.

If the Company needs to replace the Manufacturing Partner, there can be no assurance that supplies of materials will be available when required on acceptable terms, or at all, or that a new supplier would allocate sufficient capacity to the Company to meet its requirements, fill its orders in a timely manner or meet its strict quality standards. If the Company is unable to manage its product supply chain effectively and ensure that its products are available to meet consumer demand, its operating costs could increase, and its profit margins could decrease. This could also have a significant impact on the Company's capacity to complete certain of its future product and development projects and, accordingly, would negatively affect its projected commercial and financial growth. Any significant increase in the price of materials that cannot be passed on to the customers could have a material adverse effect on the Company's results of operations or financial condition.

Warehousing and Shipping Providers

Failure by a third-party warehousing and shipping provider to deliver products to the Company's customers on time, or at all, could result in lost sales. Utilization of delivery services for shipments is subject to risks, including increases in fuel prices, which would increase its shipping costs, and employee strikes and inclement weather, which may impact the ability of providers to provide delivery services that adequately meet shipping needs. The Company expects to periodically change shipping companies and could face logistical difficulties that could adversely affect deliveries. In addition, the Company could incur costs and expend resources in connection with such change. Moreover, the Company may not be able to obtain terms as favourable as those it receives from the third-party transportation providers that it previously used, which in turn would increase costs and thereby adversely affect operating results.

The Company will depend on fast and efficient third-party warehousing and shipping services to distribute its products. Any prolonged disruption of third-party warehousing or shipping services could have a material adverse effect on the Company's business, financial condition and results of operations. Rising costs associated with third party transportation services used by the Company to ship products may also adversely impact the Company's business, financial condition and results of operations.

Damage to the Company's reputation

The Company plans to differentiate itself as a purpose driven brand, and its efforts in this regard and its reputation may be undermined due to real or perceived quality or health issues with its products, which could have an adverse effect on the business, reputation, operating results and financial condition.

The Company may also introduce new products or services that customers do not like, which may negatively affect its brand and reputation. Any negative publicity, regardless of its accuracy, could materially adversely affect the business. Brand value is based on perceptions of subjective qualities, and any incident that erodes the loyalty of customers, suppliers or co-manufacturers, including adverse publicity or a governmental investigation or litigation, could significantly reduce the value of the Company's brand and significantly damage its business.

Real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving the Company (such as incidents involving competitors), could cause negative publicity and reduced confidence in the Company, brand or products, which could in turn harm the Company's reputation and sales, and could materially adversely affect its business, financial condition and operating results. Although the Company requires a rigorous quality control process on the part of the Manufacturing Partner and has been granted certain contractual inspection rights by the Manufacturing Partner, there can be no assurance that the Company's products will always comply with the standards required under applicable manufacturing contracts. For example, although the Company strives to keep its products free of pathogenic organisms, they may not be easily detected, and cross-contamination can occur. There is no assurance that health risks will always be pre-empted by a manufacturing partner's quality control processes.

The Company will have no control over its products once purchased by consumers. Accordingly, consumers may store products for long periods of time, which may adversely affect the quality and safety of the Company's products. If consumers do not perceive the Company's products to be safe or of high quality, then the value of the Company's brand would be diminished, and its business, results of operations and financial condition would be adversely affected.

Food safety and food-borne illness incidents or advertising or product mislabeling may materially adversely affect the Company's business by exposing it to lawsuits, product recalls or regulatory enforcement actions, increasing its operating costs and reducing demand for its product offerings.

The occurrence of food-borne illnesses or other food safety incidents could also adversely affect the price and availability of affected ingredients, resulting in higher costs, disruptions in supply and a reduction in sales. Furthermore, any instances of food contamination or regulatory noncompliance, whether caused by the Company's actions, could compel it, suppliers, distributors, or customers, depending on the circumstances, to conduct a recall. Food recalls could result in significant losses due to their costs, the destruction of product inventory, lost sales due to the unavailability of the product for a period and potential loss of existing distributors or customers and a potential negative impact on the Company's ability to attract new customers due to negative consumer experiences or because of an adverse impact on its brand and reputation. The costs of a recall could exceed or be outside the scope of its existing or future insurance policy coverage or limits.

Changing consumer preferences

Consumer preferences for food and snacking products change continually. The Company's success will depend on its ability to predict, identify and interpret the tastes, dietary habits, packaging, sales channel and other preferences of consumers and to offer products that appeal to these preferences in the places and ways consumers want to shop. There may be further shifts in the relative size of shopping channels in addition to the increasing role of e-commerce for consumers. The Company's success will rely upon managing this complexity to promote and bring its products to consumers effectively. Moreover, weak economic conditions, recession, equity market volatility or other factors, such as severe or unusual weather events, can affect consumer preferences and demand. Failure to offer products that appeal to consumers or to correctly judge consumer demand for the Company's products will impact the Company's ability to meet its growth targets and sales.

The Company must distinguish between short-term fads and trends and long-term changes in consumer preferences. If the Company does not accurately predict which shifts in consumer preferences or category trends will be long-term or fail to introduce new and improved products to satisfy changing preferences, the Company's sales could be adversely affected. Should consumer preferences change or a more popular substitute good be invented, the shift in consumer sentiment may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's business is focused on the development, manufacture, marketing and distribution of a line of low-sugar gummy bears made from plant-based and natural ingredients. Consumer demand could change based on a number of possible factors, including dietary habits and nutritional values, concerns regarding the health effects of ingredients and shifts in preference for various product attributes. If consumer demand for products decreased, the Company's business and financial condition would suffer. In addition, sales of low-sugar, plant-based and natural-ingredient products are subject to evolving consumer preferences that the Company may not be able to accurately predict or respond to. Consumer trends that the Company believes flavour sales of its products could change based on a number of possible factors, including economic factors and social trends. A significant shift in consumer demand away from the Company's products could reduce its sales or market share and the prestige of its brand, which would harm the business and financial condition.

Failure to introduce new products or successfully improve existing products may adversely affect the Company's ability to continue to grow. The success of the Company's innovation and product development efforts is affected by its ability to anticipate changes in customer and consumer preferences, the technical capability of innovation staff in developing and testing products, including complying with applicable governmental regulations, and the success of the Board and the sales and marketing teams in introducing and marketing new products and services. Failure to develop and market new products and services that appeal to customers and consumers may lead to a decrease in growth, sales and profitability. Additionally, the development and introduction of new products requires substantial research, development and marketing expenditures, which the Company may be unable to recoup if the new products do not gain widespread market acceptance. If the Company is unsuccessful in meeting its objectives with respect to new or improved products, business could be harmed.

Ingredient Supply risk

The Company's profitability will be dependent on, among other things, its ability to anticipate and react to raw material and food costs which may be passed on to the Company by the applicable manufacturing partner. The availability of principal ingredients underlying the Products is subject to many factors beyond the Company's control, such as the number and size of suppliers, the vagaries of these supplier's businesses, the price and availability of applicable ingredients, and general changes to national and world economic conditions to the extent product is sourced outside of Canada.

Ingredient and packaging costs

Costs of ingredients and packaging are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand and changes in governmental trade and agricultural programs. The Company expects its contract partners to "pass through" volatility in the prices of raw materials and other supplies the Company purchases, which could increase its cost of sales and reduce its profitability. Moreover, the Company may not be able to implement price increases for its products to cover any increased costs, and any price increases it does implement may result in lower sales volumes. If the Company is not successful in managing its ingredient and packaging costs, if it is unable to increase its prices to cover increased costs or if such price increases reduce sales volumes, then such increases in costs will adversely affect its business, results of operations and financial condition.

Product returns, refunds or recalls

The Company expects to offer refunds or allows its customers to return products or offer refunds, subject to the Company return and refunds policy. If product returns or refunds are significant or higher than anticipated and forecasted, the Company's business, financial condition, and results of operations could be adversely affected. Further, if the Company modifies its policies relating to returns or refunds from time to time, which is may do so in the future, which may result in customer dissatisfaction and harm to the Company's reputation or brand, or an increase in the number of product returns or the amount of refunds the Company makes. The Company will adopt policies which follow industry best practices and make them available on the Company's consumer facing website, www.shopgummies.com.

The Company may enter into agreements with its trade partners that provide a right to return unsold products. Due to the limited shelf life, the Company may need to destroy the products because they cannot be sold anymore. This right will reduce the income due to the Company for the destroyed products, which will have a negative impact on its earnings.

Manufacturers and distributors of products are sometimes subject to the recall imposed by applicable regulators or return of their products by distributors or customers for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may also lose a significant sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant Board attention. Although the Company will have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency, or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action, or lawsuits. Additionally, if one of the products were subject to recall, the image of that product and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products and could have a material adverse effect on the results of operations and financial condition of the Company.

Staffing and management

Failure to attract and retain Board and key personnel with appropriate expertise may adversely affect the Company's operations. Its success is substantially dependent on the continued service of certain senior management. These executives have been primarily responsible for determining the strategic direction of the business and for executing the growth strategy and will be integral to the brand, culture and the Company's reputation with current and prospective suppliers, distributors, customers and consumers. The loss of the services of any of these executives could have a material adverse effect on the business and prospects, as the Company may not be able to find suitable individuals to replace them on a timely basis, if at all. In addition, any such departure could be viewed in a negative light by investors and analysts, which may cause the price of the Common Shares to decline.

If the Company is unable to attract, train and retain employees and/or consultants, including key personnel, it may not be able to grow or successfully operate its business. The Company's success will depend in part upon its ability to attract, train and retain a sufficient number of employees and/or consultants who understand and appreciate its culture and can represent its brand effectively and establish credibility with its business partners and consumers. If the Company is unable to hire and retain individuals capable of meeting its business needs and expectations, its business and brand image may be impaired. Any failure to meet the Company's staffing needs or any material increase in turnover rates may adversely affect the business, results of operations and financial condition.

Conflicts of interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its directors and executive officers are engaged in a range of business activities. In addition, the Company's directors and executive officers may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company and subject to any contractual restrictions restricting such activities. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with business interests that interfere with their ability to devote time to the Company's business and affairs, which could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

The Company's directors and officers serve as directors or officers of other companies and may have significant shareholdings in other companies and, to the extent that such other companies may participate in a venture in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. See "Directors and Officers - Conflicts of Interest" for a full discussion of potential conflicts of interests and the remedies offered to deal with such conflicts of interest.

Information technology

The Company relies on information technology systems and any inadequacy, failure, interruption or security breaches of those systems may harm its ability to effectively operate the business. The Company is dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of the business. A failure of the Company's information technology systems to perform as it anticipates could disrupt the business and result in transaction errors, processing inefficiencies and loss of sales, causing the business to suffer. In addition, the Company's information technology systems may be vulnerable to damage or interruption from circumstances beyond its control, including fire, natural disasters, systems failures, viruses and security breaches. Any such damage or interruption could have a material adverse effect on the business.

Cybersecurity incidents, technological disruptions and personal information

A cybersecurity incident or other technology disruptions could negatively impact the business and relationships with customers. The Company uses computers in substantially all aspects of business operations. It also uses mobile devices, social networking, cloud services and other online activities to connect with employees, suppliers, partners, distributors, customers and consumers. Such uses give rise to cybersecurity risks, including security breaches, espionage, system disruption, theft and inadvertent release of information.

The Company will store personal information, debit card information, credit card information, banking information, financial information and other confidential information of its partners, customers and consumers with whom the Company has a direct relationship. The unauthorized release, unauthorized access or compromise of this information could have a material adverse effect on the Company's business, financial condition and results of operations. Even if such a data breach did not arise out of the Company's actions or inactions, or if it were to affect one or more of the Company's competitors or customers' competitors, rather than the Company itself, the Company's business, financial condition, and results of operations may be materially and adversely affected.

The Company is also subject to federal, provincial, state and foreign laws regarding cybersecurity and the protection of data. The Company's failure to comply with legal or contractual requirements around the security of personal information could lead to significant fines and penalties imposed by regulators, as well as claims by the Company's customers, their buyers, or other relevant stakeholders. These proceedings or violations could force the Company to spend money in defense or settlement of these proceedings, result in the imposition of monetary liability or injunctive relief, divert the Board's time and attention, increase the Company's costs of doing business, and materially and adversely affect the Company's reputation and the demand for its solutions.

In addition, various federal, provincial and state legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, consumer protection, and advertising. Each of these privacy, security, and data protection laws and regulations, and any other such changes or new laws or regulations, could impose significant limitations, require changes to the Company's business, or restrict the Company's use or storage of personal information, which may increase the Company's compliance expenses and make the Company's business more costly or less efficient to conduct. In addition, any such changes could compromise the Company's ability to develop an adequate marketing strategy and pursue the Company's growth strategy effectively, which, in turn, could adversely affect the Company's business, financial condition, and results of operations.

Intellectual property protection

The Company may not be able to protect its intellectual property adequately, which may harm the value of its brand. The Company believes that its intellectual property has substantial value and will contribute significantly to the success of the business. The Company believes its trademarks are valuable assets that will reinforce its brand and consumers' favorable perception of its products. The Company may rely on unpatented proprietary expertise, recipes and formulations and other trade secrets and copyright protection to develop and maintain its competitive position. The Company's success may depend to a significant degree, upon its ability to protect and preserve any intellectual property, as applicable, including its trademarks, trade secrets and copyrights. The Company currently relies on, and intends on to continue to require, confidentiality agreements with its non-management consultants and members of its advisory board.

The Company's current executive team is not party to any confidentiality agreement and trade secrets are difficult to protect. Although the Company may attempt to invoke measures to protect its trade secrets, any future confidentiality agreements or similar protections may not effectively prevent disclosure of proprietary information and may not provide an adequate remedy in the event of unauthorized disclosure of such information.

The Company cannot ensure that any steps taken to protect any intellectual property rights will be adequate, that any intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. In addition, the Company's trademark rights, and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect trademark rights could prevent the Company in the future from challenging third parties who use names and logos similar to its trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of the brand and products. In addition, if the Company does not keep any trade secrets confidential, others may produce products with the Company's recipes or formulations. Moreover, if they arise, intellectual property disputes and proceedings and infringement claims may result in a significant distraction for the Board and significant expense, which may not be recoverable regardless of whether it is successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject the Company to liabilities, force it to cease use of certain trademarks or other intellectual property or force it to enter into licenses with others. Any one of these occurrences may have a material adverse effect on the business, results of operations and financial condition.

Expansion efforts may not be successful

There is no guarantee that the Company's intentions to grow its business will be successful. Any such activities may require, among other things, various regulatory approvals, licenses and permits and there is no guarantee that all required approvals, licenses and permits will be obtained in a timely fashion or at all.

In addition to being subject to general business and regulatory risks, any business that produces, distributes and/or sells a food product will need to build brand awareness in the industry and market through significant investments in strategy, distribution channels, quality assurance and regulatory compliance. These activities may not promote the Company's brands as effectively as intended, or at all.

There is also no guarantee that the Company will be able to complete any of the foregoing activities as anticipated or at all. The failure of the Company to successful execute any expansion strategy (including receiving required regulatory approvals and permits) could adversely affect the Company's business, financial condition and results of operations.

Estimates of the addressable market

If the Company's estimates of the size of its addressable market are not accurate, the Company's potential for future growth may be less than the Company currently anticipates, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

Risks related to being a public Company

If the Company fails to maintain proper and effective internal controls, its ability to produce accurate financial statements on a timely basis could be impaired, investors may lose confidence in its financial reporting and the trading price of its Common Shares may decline.

Ensuring that the Company has adequate internal financial and accounting controls and procedures in place to produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re- evaluated frequently. Any failure to maintain internal control over financial reporting could severely inhibit the Company's ability to accurately report the financial condition, results of operations or cash flows. If it is unable to conclude that the Company's internal control over financial reporting is effective, or if its independent accounting firm determines that it has a material weakness or significant deficiency in its internal control over financial reporting investors may lose confidence in the accuracy and completeness of the Company's financial reports, the market price of its Common Shares could decline, and it could be subject to sanctions or investigations regulatory authorities.

Active trading market

An active trading market may not be sustained. You may not be able to sell your Common Shares quickly or at a recently reported market price if trading in the Common Shares does not remain active. The lack of an active market may also reduce the fair market value the Common Shares and the liquidity of a Shareholder's investment may be limited. An inactive market may also impair the Company's ability to raise capital to continue to fund operations by selling Common Shares.

Public market sales

Future sales of the Common Shares in the public market could cause the price of the Common Shares to fall. Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares.

Price volatility of publicly traded securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility.

Costs of being a public Company

The requirements of being a public company require the Company to incur costs and may strain its resources, divert the Board's attention and affect its ability to attract and retain qualified board members.

As a public company, the Company has incurred and will continue to incur significant legal, accounting and other expenses. The Company is subject to the reporting requirements which require, among other things, that it file annual, quarterly and current reports with respect to its business and financial condition. The Company expects the rules and regulations applicable to public companies to continue to increase its legal and financial compliance costs and to make some activities more time-consuming and costly. If these requirements divert the attention of the Board and personnel from other business concerns, they could have a material adverse effect on the business, financial condition and results of operations.

18. PROMOTERS

Charlie Lamb is the promoter of the Company. Mr. Lamb has ownership and control of 1,602,000 Common Shares, representing 1.31% of the issued and outstanding Shares as of the date of this Listing Statement. Mr. Lamb does not beneficially own, directly or indirectly, or exercise control over, any voting or equity securities in any subsidiaries of the Company.

No asset was acquired within the two years before the date of the Listing Statement or thereafter, or is to be acquired, by the Company or by a subsidiary of the Company from Mr. Lamb.

For further information regarding Charlie Lamb, please refer to Section 13 – *Directors and Officers* and Section 15 – *Executive Compensation*.

19. LEGAL PROCEEDINGS

There are no legal proceedings material to the Company to which the Company or a subsidiary of the Company is a party or of which any of their respective property is the subject matter and no such proceedings are known to the Company to be contemplated.

20. INTEREST OF DIRECTORS AND OTHERS IN MATERIAL TRANSACTIONS

The Board is not aware of a material interest, direct or indirect, of any director or officer of the Company, any director or officer of a body corporate that is itself an insider of the Company, any proposed nominee for election as a director of the Company, any principal Shareholder, or any associate or affiliate of any such person, in any transaction for the 36 months preceding the date of this Listing Statement or in any proposed transaction which has materially affected or would materially affect the Company or a subsidiary of the Company.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditor of the Company is Davidson & Company LLP at its principal office located at 1200 – 609 Granville Street, Vancouver, BC V7Y 1G6. Davidson & Company LLP was appointed as auditor of the Company on June 20, 2021.

The Company's transfer agent and registrar is Odyssey Trust Company at its principal office located at 409 Granville Street, Vancouver, BC V6C 1T2.

22. MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business of the Company, the following is the only material contract of the Company entered into within the last two (2) years prior to the date hereof and which is currently in effect:

- Supply Agreement dated January 1, 2022, between the Company and the Manufacturing Partner, formalizing the terms and conditions for the manufacture of Products and any future products purchased under this agreement.

A copy of this agreement is available for inspection at the offices of MLT Aikins LLP located at 2600 – 1066 W. Hastings Street, Vancouver BC, V6E 3X1 during ordinary business hours and is posted on SEDAR. Contact Jonathan O'Connor at 604-608-4580 or joconnor@mltaikins.com to request access.

23. INTEREST OF EXPERTS

No expert has prepared or certified a report or valuation described or included in this Listing Statement.

24. OTHER MATERIAL FACTS

There are no material facts not otherwise disclosed elsewhere in this Listing Statement.

25. FINANCIAL STATEMENTS

The following financial statements and related management's discussion and analysis are attached hereto as schedules:

Schedule "A":

- the 2022 First Quarter Financials;
- the 2021 Annual Financials;
- the 2020 Annual Financials; and
- the 2019 Annual Financials.

Schedule "B":

- the 2022 First Quarter MD&A;
- the 2021 Annual MD&A;
- the 2020 Annual MD&A; and

- the 2019 Annual MD&A.

Schedule "A"

POTENT VENTURES INC.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended December 31, 2021

(Expressed in United States Dollars)

(UNAUDITED)

POTENT VENTURES INC.
CONSOLIDATED INTERIM BALANCE SHEETS (UNAUDITED)
(Expressed in United States Dollars)

AS AT	Note	December 31 2021	September 30, 2021
ASSETS			
Current			
Cash		$ 737,644	$ 716,801
Deposits for inventory		85,963	-
Prepaid expenses and deposits		54,190	10,683
		877,797	727,484
Non-Current			
Investments	*7*	60,812	128,216
Right of use asset	*8*	26,360	32,674
Total assets		$ 964,969	$ 888,374
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities		$ 41,498	$ 29,711
Lease liability	*8*	28,947	11,516
		70,445	41,227
Non-Current			
Lease liability	*8*	1,848	25,910
Total Liabilities		72,293	67,137
Equity			
Share capital	*11*	45,802,748	45,313,655
Subscriptions receivable	*11*	(48,498)	-
Reserves	*11*	7,773,661	7,768,906
Deficit		(52,529,986)	(52,156,075)
Total equity attributable to shareholders of the Company		997,925	926,486
Non-controlling interest		(105,249)	(105,249)
Total equity		892,676	821,237
Total liabilities and equity		$ 964,969	$ 888,374

Nature and continuance of operations (Note 1)
Subsequent events (Note 17)

Approved on behalf of the Board of Directors and authorized for issuance on March 7, 2022:

"Signed"	"Signed"
Charlie Lamb, Director	Brian Keane, Director

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

POTENT VENTURES INC.
CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)
(Expressed in United States Dollars)

		Three Months Ended	
		December 31	December 31
	Note	2021	2020
Revenue		$ -	$ 28,206
Cost of goods sold		-	20,744
Gross margin		-	7,462
Expenses			
General and administrative	*15*	266,595	166,855
Professional fees		31,197	58,265
Depreciation	*8*	6,314	6,107
Total expenses		304,106	231,227
Loss before other items		(304,106)	(223,765)
Impairment - loan receivable	*6*	-	(44,906)
Impairment - assets held for sale	*10*	-	(82,517)
Unrealized loss on investments	*7*	(68,455)	-
Interest and other		(1,350)	(2,232)
Net loss for the period		(373,911)	(353,420)
Other comprehensive loss			
Translation adjustment		4,258	15,501
Comprehensive loss for the period		$ (369,653)	$ (337,919)
Comprehensive loss attributable to:			
Net loss - shareholders of the Company		(373,911)	(353,420)
Translation adjustment		4,258	15,501
		$ (369,653)	$ (337,919)
Loss per share			
Basic and diluted		$ (0.01)	$ (0.01)
Total		$ (0.01)	$ (0.01)
Weighted average number of common shares			
Basic and diluted		94,908,930	43,039,684

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

POTENT VENTURES INC.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(Expressed in United States Dollars)

	Number of common shares	Share Capital	Share subscriptions receivable	Reserves	Translation adjustment reserve	Non-controlling interest	Deficit	Total equity
Balance, September 30, 2020	45,039,684	$ 44,072,332	$ -	$ 7,479,220	$ (201,113)	$ (105,249)	$ (50,172,722)	$ 1,072,468
Translation adjustment	-	-	-	-	15,501	-	-	15,501
Net loss for the period	-	-	-	-	-	-	(353,420)	(353,420)
Balance, December 31, 2020	45,039,684	$ 44,072,332	$ -	$ 7,479,220	$ (185,612)	$ (105,249)	$ (50,526,142)	$ 734,549
Balance, September 30, 2021	81,566,088	$ 45,313,655	$ -	$ 7,957,342	$ (188,436)	$ (105,249)	$ (52,156,075)	$ 821,237
Common shares issued for cash	15,430,000	498,883	(48,498)	-	-	-	-	450,385
Shares issuance costs - cash	-	(24,585)	-	-	-	-	-	(24,585)
Common shares issued for service	857,142	23,808	-	-	-	-	-	23,808
Finders' warrants	-	(9,013)	-	9,013	-	-	-	-
Translation adjustment	-	-	-	-	(4,258)	-	-	(4,258)
Net loss for the period	-	-	-	-	-	-	(373,911)	(373,911)
Balance, December 31, 2021	97,853,230	$ 45,802,748	$ (48,498)	$ 7,966,355	$ (192,694)	$ (105,249)	$ (52,529,986)	$ 892,676

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

POTENT VENTURES INC.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
(Expressed in United States Dollars)

		December 31 2021		December 31 2020
Operating activities				
Net loss for the period	$	(373,911)	$	(353,420)
Adjusted for:				
Depreciation		6,314		6,107
Shares issued for service		23,808		-
Fair value adjustment - long term investment		68,455		-
Impairment - loan receivable		-		45,000
Impairment - assets held for sale		-		82,517
Changes in non-cash working capital:				
Receivables		-		(4,794)
Prepaid expenses		(43,308)		(268)
Accounts payable and accrued liabilities		14,250		46,761
Inventory and inventory deposits		(86,376)		16,447
Cash flows from operating activities		(390,768)		(161,650)
Financing activities				
Common shares issued for cash		450,385		-
Share issue costs		(24,585)		-
Lease repayments		(6,631)		(5,580)
Cash flows from financing activities		419,169		(5,580)
Effect of exchange rate changes on cash		(7,558)		(5,820)
Increase (Decrease) in cash		20,843		(173,050)
Cash, beginning of period		716,801		638,982
Cash, end of period	$	737,644	$	465,932

Supplemental cash flow information				
Asset held for sale	$	-	$	148,066
Subscription receivable	$	48,488	$	-
Fair value of finders' warrants	$	9,013	$	-

No cash was paid for interest or income taxes for the periods presented.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Potent Ventures Inc. (the "Company", Formerly Weekend Unlimited Industries Inc.) was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on September 21, 2017. The Company's registered and records office address is 1066 West Hastings Street, Vancouver BC V6E 3X1.

The Company is in the process of developing a line of low sugar branded gummies. The Company's focus is on building and facilitating the growth of a diversified portfolio of branded consumer products.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company's ability to continue as a going concern.

On April 28, 2021 the Company completed a roll forward of its common shares ("share consolidation") on the basis of four post-roll forward common share for every one pre-roll forward common shares held (1-to-4). All references contained in these consolidated financial statements to issued and outstanding common shares, warrants, per share amounts, and exercise prices, have been retroactively restated to reflect the effect of the share roll forward.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated.

2. BASIS OF PRESENTATION

Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in accordance with International Accounting Standards 34, *"Interim Financial Reporting"* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Presentation and functional currency

The consolidated financial statements of the Company are presented in United States dollars. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's wholly owned subsidiaries is detailed below.

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, which are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The list below sets out the principal subsidiaries of the Company. These subsidiaries engage in intercompany transactions, all of which are eliminated upon the preparation of these consolidated financial statements:

Name of subsidiary	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
The Gummy Project Holdings Inc.	USA	100%	USD	Holding Company
The Gummy Project, LLC	USA	100%	USD	Inactive
The Gummy Project WA, LLC	USA	100%	USD	Inactive

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously 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. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Impairment of long-lived assets

Long-lived assets, including property and equipment, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (CGU). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Share-based payments

The Company utilizes the Black-Scholes option pricing model ("Black-Scholes") to estimate the fair value of warrants and stock options granted to directors, officers, employees, consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the Share-based compensation calculation value, however the most significant estimate is the volatility. The Company estimated volatility based on historic share prices of companies operating in the regulated cannabis industry. Historical volatility is not necessarily indicative of future volatility. The expected life of stock options or warrants is determined based on the estimate that they would be exercised evenly over their term. There was no recent history of stock option exercises available to consider in the estimate of expected life at the time of grant.

4. SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, *"The Effects of Changes in Foreign Exchange Rates"* ("IAS 21"). The functional currency of the Company and its subsidiaries is included within Note 2.

Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

Translation of the functional currency into the presentation currency

The results of operations which have a different presentation currency than the Company are translated to US dollars at appropriate average rates of exchange during the period. The assets and liabilities of these operations are translated to US dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of these operations to US dollars at period end are recognized in accumulated other comprehensive income as a translation adjustment.

Share-based payments

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI, are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities is classified on the statement of financial position at amortized cost.

Inventory

Inventories of finished goods and packing materials are valued initially at cost and subsequently at the lower of cost and net realizable value. Inventory consists of infused products, accessories, and product packaging. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written down to net realizable value. During the period the Company expensed $Nil of inventory to cost of goods sold (December 31, 2020 - $20,744).

4. SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and other-non-current assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value are excluded from impairment analysis.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit 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. Fair value less costs of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs of disposal is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the term of the office lease.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the profit or loss in the period the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively, if appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from the direct sale of branded products for a fixed price is recognized when the Company transfers control of the good to the customer upon delivery.

Share capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and other equity instruments are recognized as a deduction from shareholders' equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiaries is classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

To identify a lease, the Company (1) considers whether an explicit or implicit asset is specified in the contract and (2) determines whether the Company obtains substantially all the economic benefits from the use of the underlying asset by assessing numerous factors, including but not limited to substitution rights and the right to determine how and for what purpose the asset is used.

When assessing the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option. This judgment is based on factors such as contract rates compared to market rates, economic reasons, significance of leasehold improvements, termination and relocation costs, installation of specialized assets, residual value guarantees, and any sublease term.

The Company has elected not to recognize right-of-use assets and lease liabilities for low-value assets or short-term leases with a term of 12 months or less. These lease payments are recognized in operating expenses over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid. The Company elected to not separate non-lease components from lease components and to account for the non-lease and lease components as a single lease component. Lease payments generally include fixed payments less any lease incentives receivable. The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. The Company estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of new assessments of contractual options and residual value guarantees.

The right-of-use asset is recognized at the present value of the liability at the commencement date of the lease less any incentives received from the lessor. Added to the right-of-use asset are initial direct costs, payments made before the commencement date, and estimated restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Upon adoption of IFRS 16 the Company recorded a right of use asset of $81,531 and a lease liability of a corresponding amount. The right of use asset was measured at the present value of the remaining lease payments, discounted using the Company’s weighted average incremental borrowing rate of 15%.

5. RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting policies

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date on or later than January 1, 2022. Many of these updates are not currently relevant to the Company and are therefore not discussed herein.

(Expressed in United States Dollars unless otherwise noted)

6. LOANS RECEIVABLE

A summary of the Company's loans receivable is as follows:

	Love Hemp Group Plc	Ruby Mae's LLC	MDFD Holdings LLC	Total
Balance, September 30, 2020	$ 105,129	$ 25,000	$ 100,000	$ 230,129
Impairment	-	-	(44,906)	(44,906)
Loans repaid	-	(25,000)	(55,000)	(80,000)
Loan settled for shares	(116,347)	-	-	(116,347)
Foreign exchange variance	11,218	-	(94)	11,124
Balance, September 30, 2021 and December 31, 2021	$ -	$ -	$ -	$ -

Love Hemp Group Plc

In February 2020, the Company advanced Love Hemp Group Plc ("LHG") an unsecured demand loan of $116,347 (CAD $140,000) bearing interest of 5%. The loan matured November 1, 2020. LHG was considered a related party due to common directors of each Company. On November 1, 2020 the Company amended the maturity date to May 1, 2021. During the year ended September 30, 2021 the Company settled the loan balance in exchange for 3,000,000 Ordinary shares of LHG. LHG is no longer considered a related party as both Charlie Lamb and Robert Payment have now resigned from LHG.

Ruby Mae's LLC

During the year ended September 30, 2019, the Company received a non-interest bearing secured note in the amount of $25,000 from Ruby Mae's LLC. The maturity date of the note was February 28, 2020. The maturity date was extended to March 30, 2021. During the year ended September 30, 2021 the balance owing was recovered in full.

MDFD Holdings LLC

In relation to the sale of equipment and inventory at the Company's former facility in Wenatchee Washington the Company received a promissory note of $100,000. Under the note monthly payments to the Company are to commence January 3, 2021 of $6,666 per month until the balance is repaid. The note bears interest of 5%. During the year ended September 30, 2021 the Company accepted $55,000 as final payment of the outstanding balance.

(Expressed in United States Dollars unless otherwise noted)

7. INVESTMENTS

A continuity of the Company's investments is as follows:

		Love Hemp Group Plc.
Balance, September 30, 2020	$	-
Shares received for debt settlement (Note 6)		116,347
Unrealized fair value gain		18,303
Foreign exchange		(6,434)
Balance, September 30, 2021	$	128,216
Unrealized fair value loss		(68,455)
Foreign exchange		1,051
Balance, December 31, 2021	$	60,812

During the year ended September 30, 2021 the Company entered a debt settlement agreement to settle an outstanding loan totaling $116,347 in exchange for 3,000,000 Ordinary Shares of Love Hemp Group Plc.

8. PROPERTY AND EQUIPMENT

A continuity of the right of use asset and lease liability is as follows:

Right of use asset recognized on adoption of IFRS 16	$	81,531
Depreciation of right of use asset		(23,668)
Balance - September 30, 2020	$	57,863
Depreciation of right of use asset		(25,189)
Balance - September 30, 2021	$	32,674
Depreciation of right of use asset		(6,314)
Balance - December 31, 2021	$	26,360

Lease liability recognized on adoption of IFRS 16	$	81,531
Lease payments		(29,911)
Interest		10,071
Balance - September 30, 2020	$	61,691
Lease payments		(31,833)
Interest		7,568
Balance - September 30, 2021	$	37,426
Lease payments		(7,980)
Interest		1,349
Balance - December 31, 2021	$	30,795

Current portion	$	28,947
Long term		1,848
Total	$	30,795

The Company recorded interest expense of $1,349 in relation to the lease liability during the period. The lease expires in February 2023. The monthly rent expense is $3,351. The effective date of the lease was February 1, 2018.

10. ASSETS HELD FOR SALE

During the period ended December 31, 2020, the Company reached an agreement to sell its land in Northern British Columbia for $70,803 (CAD $90,000). In relation to the sale, the Company recorded an impairment of $82,517 on the book value of the land.

11. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares with no par value and unlimited preferred shares with no par value. As of December 31, 2021, there were 97,853,230 common shares outstanding (September 30, 2021 – 81,566,088).

Escrow Shares

The Company has shares subject to trading restrictions and escrow which are released in tranches through 2022. As at December 31, 2021 a total of Nil common shares were subject to these escrow restrictions.

Issued and Outstanding – Common Shares Fiscal 2022:

On October 13, 2021, the Company closed a non-brokered private placement of 15,430,000 units at a price of CAD $0.04 per unit, raising gross proceeds of $498,883 (CAD $617,200). Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share for CAD $0.05 for a period of 2 years from the issue date. As of December 31, 2021 a total of $48,498 (Note 17) was included in subscriptions receivable.

Issued and Outstanding – Common Shares Fiscal 2021:

On February 22, 2021, the Company closed a non-brokered private placement of 35,272,004 units at a price of CAD $0.0425 per unit, raising gross proceeds of $1,188,455 (CAD $1,499,060). Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share for CAD $0.0575 for a period of 2 years from the issue date.

In connection with the closing of the private placement, the Company paid finder's fees of $40,217 in cash and issued 1,193,600 finder's warrants. The finder's warrants hold the same terms of the warrants issued as part of the Units. The grant date fair value of the broker warrants was $13,862, using the Black-Scholes option Pricing Model with the following assumptions: expected life – 2 years, expected volatility – 80%, dividend yield - $0, and risk-free rate – 0.23%.

(Expressed in United States Dollars unless otherwise noted)

11. SHARE CAPITAL AND RESERVES (Continued)

Warrants

A summary of warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price ($CAD)
Balance at September 30, 2020	22,472,088	1.7500
Granted	36,465,604	0.0575
Expired	(14,863,488)	1.5236
Exercised	(254,400)	0.0575
Balance at September 30, 2021	43,819,804	0.0844
Granted	16,190,400	0.0500
Balance at December 31, 2021	60,010,204	0.0751

The following table summarizes warrants outstanding as of December 31, 2021:

Expiry date	Number of Warrants	Weighted Average Exercise Price ($CAD)	Weighted Average Remaining Years
February 11, 2022	7,090,128	$0.2125	0.12
March 10, 2022	518,472	$0.2125	0.19
February 22, 2023	36,211,204	$0.0575	1.15
October 23, 2023	16,190,400	$0.0500	1.78
	60,010,204		1.19

During the period ended December 31, 2021, the Company recorded share issue costs of $9,013 (2020 - $Nil) with respect to 760,400 broker warrants granted as finders' fees. The weighted average fair value of these broker warrants was CAD $0.015 per warrant and was estimated using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair value are as follows:

	December 31, 2021	December 31, 2020
Risk-free interest rate	0.23%	NA
Expected life	2	NA
Annualized volatility	80%	NA
Dividend rate	0%	NA
Weighted average fair value per warrant ($CAD)	$0.07	NA

(Expressed in United States Dollars unless otherwise noted)

11. SHARE CAPITAL AND RESERVES (Continued)

Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The aggregate number of stock options granted shall not exceed 20% of the issued and outstanding common shares of the Company at the time of shareholder approval of the plan, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of stock options granted under the plan shall not be lower than the exercise price permitted by the CSE, and all stock options granted under the plan will have a maximum term of seven years.

A summary of stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price ($CAD)
Balance at September 30, 2020	3,944,000	0.1563
Cancelled	(2,152,000)	0.1563
Exercised	(1,000,000)	0.0713
Granted	15,400,000	0.0642
Balance at September 30, 2021 and December 31, 2021	16,192,000	0.0740

The following table summarizes stock options outstanding and exercisable as of December 31, 2021:

Expiry date	Number of Options	Number of Exercisable Options	Weighted Average Exercise Price ($CAD)	Weighted Average Remaining Years
March 25, 2025	1,792,000	1,792,000	$0.1563	3.23
March 9, 2026	4,800,000	4,800,000	$0.0713	4.19
June 29, 2026	9,600,000	9,600,000	$0.0600	4.50
	16,192,000	16,192,000		4.28

(Expressed in United States Dollars unless otherwise noted)

11. SHARE CAPITAL AND RESERVES (Continued)

The following is a summary of the changes in reserves:

Reserves

	Stock options	Warrants	Total
Balance, September 30, 2020	$ 2,033,171	$ 5,446,049	$ 7,479,220
Finders' warrants	-	13,862	13,862
Exercise of stock options	(36,811)	-	(36,811)
Share-based payments	501,071	-	501,071
Balance, September 30, 2021	$ 2,497,431	$ 5,459,911	$ 7,957,342
Finders' warrants	-	9,013	9,013
Balance, December 31, 2021	$ 2,497,431	$ 5,468,924	$ 7,966,355

12. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the periods ended December 31, 2021, and 2020 the Company entered the following key management transactions:

Key Management Remuneration:	**December 31, 2021**	**December 31, 2020**
Charlie Lamb - CEO, Director	$ 38,748	37,478
Robert Payment - CFO, Director	29,998	28,785
Brian Keane - Director	7,500	7,500
Michael Young - Former Director	-	7,500
Total	$ 76,246	$ 81,263

Share-based compensation of $Nil (2020 - $Nil) was related to directors, officers, and a former officer.

12. RELATED PARTY TRANSACTIONS (Continued)

Other related party transactions include:

- During the year ended September 30, 2021, the Company recorded an impairment of inventory deposits in the amount of $99,988 which was related to inventory which was indirectly acquired from a Company with a Common Director and officer, Brian Keane.
- As at December 31, 2021, included in accounts payable is $10,000 (December 31, 2020 - $10,000) owing to Robert Payment for consulting fees.
- In February 2020, the Company advanced Love Hemp Group Plc ("LHG") an unsecured demand loan of $116,347 (CAD $140,000) bearing interest of 5%. LHG was considered a related party due to a common director of each Company (Note 6).

13. FINANCIAL INSTRUMENTS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash and investments are carried at fair value using a level 1 fair value measurement. The recorded values of accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021 the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

13. FINANCIAL INSTRUMENTS (Continued)

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is exposed to price risk with respect to its investments. A 10% change in the share prices would affect their fair values and net loss by approximately $6,000.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at December 31, 2021, the Company had cash, investments, and, accounts payable and accrued liabilities, denominated in Canadian dollars ("CAD"). A 10% fluctuation in the foreign exchange rate between the USD and Canadian dollar would have a $74,000 impact on profit or loss for the year. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

14. CAPITAL MANAGEMENT

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. As discussed in Note 1, the Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, and securing additional financing. Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the years presented. The Company is not subject to externally imposed capital requirement.

15. GENERAL AND ADMINISTRATIVE EXPENSE

For the periods ended:

General and administrative	**December 31, 2021**	**December 31, 2020**
Advertising, marketing, and brand development	$ 12,226	$ 906
Investor relations	12,499	7,253
Office expenses and general administration	40,500	44,411
Management fees	76,246	81,263
Consulting	125,124	28,933
Travel and entertainment	-	4,089
Total	$ 266,595	$ 166,855

(Expressed in United States Dollars unless otherwise noted)

16. SEGMENTED INFORMATION

During the period ended December 31, 2021, the Company presently operated in one segment, the sales and distribution of low sugar plant based gummies in Canada.

During the period ended December 31, 2020, the Company operated in two segments, referred to as Business to Business ("B2B") and its administrative costs center, ("Corporate"). B2B is focused on the provision of services to cultivators, and processors in Washington State and Oklahoma. The corporate head office is located in Canada. Segmented info as at and for the period ended December 31, 2020, is as follows:

	B2B (USA)	Corporate (Canada)	Total
Revenue	$ 28,206		$ 28,206
Cost of goods sold	20,744	-	20,744
Gross margin	7,462	-	7,462
Expenses			
General and administrative	$ 59,559	$ 107,296	$ 166,855
Professional fees	569	57,696	58,265
Depreciation	-	6,107	6,107
Total expenses	60,128	171,099	231,227
Net Loss before other items	$ (52,666)	$ (171,099)	$ (223,765)
Property and equipment	$ -	$ -	$ -
Total assets	$ 146,930	$ 685,622	$ 832,552
Total liabilities	$ 3,144	$ 94,859	$ 98,003

17. SUBSEQUENT EVENTS

Subsequent to December 31, 2021, the Company completed the following transactions:

- In February 2022 the Company issued 1,400,000 common shares of the Company to a consultant pursuant to an existing contract with the Company.

- In February 2022 the Company received subscriptions receivable of $48,498 (Note 11).

- In March 2022 closed a non-brokered private placement of 13,000,000 units at a price of CAD$0.025 per unit for total gross proceeds of CAD $325,000. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase an additional Common Share for CAD$0.05 for a period of two years. In connection with the private placement the Company paid finder's fees of CAD$11,800 in cash and issued 472,000 finder's warrants, on the same terms as the warrants issued under the placement.

POTENT VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended September 30, 2021

(Expressed in United States Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Potent Ventures Inc.

Opinion

We have audited the accompanying consolidated financial statements of Potent Ventures Inc. (the "Company"), which comprise the consolidated balance sheets as at September 30, 2021 and 2020 and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 Company in accordance with the 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates the Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 scepticism throughout the audit. We 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 Company'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 Company'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 Company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We 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.

The engagement partner on the audit resulting in this independent auditor's report is Dylan Connelly.

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

January 28, 2022

POTENT VENTURES INC.
CONSOLIDATED BALANCE SHEETS
(Expressed in United States Dollars)

AS AT	Note	September 30, 2021	September 30, 2020
ASSETS			
Current			
Cash		$ 716,801	$ 638,982
Inventory and deposits for inventory	4	-	53,232
Receivables		-	6,469
Loans receivable	6	-	230,129
Prepaid expenses and deposits		10,683	5,428
		727,484	934,240
Non-Current			
Investments	7	128,216	-
Property and equipment	8	-	148,066
Right of use asset	8	32,674	57,863
Total assets		$ 888,374	$ 1,140,169
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities		$ 29,711	$ 6,010
Lease liability	8	11,516	18,982
		41,227	24,992
Non-Current			
Lease liability	8	25,910	42,709
Total Liabilities		67,137	67,701
Equity			
Share capital	11	45,313,655	44,072,332
Reserves	11	7,768,906	7,278,107
Deficit		(52,156,075)	(50,172,722)
Total equity attributable to shareholders of the Company		926,486	1,177,717
Non-controlling interest		(105,249)	(105,249)
Total equity		821,237	1,072,468
Total liabilities and equity		$ 888,374	$ 1,140,169

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors and authorized for issuance on January 28, 2022:

"Signed"
Charlie Lamb, Director

"Signed"
Brian Keane, Director

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

POTENT VENTURES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in United States Dollars)

	Note	September 30 2021	September 30, 2020
Revenue		$ 47,297	$ 133,379
Cost of goods sold		44,466	89,644
Gross margin		2,831	43,735
Expenses			
General and administrative	*15*	1,053,017	1,212,441
Professional fees		173,028	344,481
Share-based compensation	*11*	501,071	329,800
Northern Lights Organics milestone payment	*9*	-	26,341
Depreciation	*8*	25,189	27,007
Total expenses		1,752,305	1,940,070
Loss before other items		(1,749,474)	(1,896,335)
Impairment - loan receivable	*6*	(44,906)	(315,298)
Impairment - property and equipment		-	(581,125)
Impairment - assets held for sale	*10*	(85,011)	-
Gain on settlement of debt		-	113,334
Impairment - inventory		(16,011)	(89,129)
Impairment - inventory deposit		(99,988)	-
Unrealized gain on investments	*7*	18,303	-
Interest and other		(6,266)	(1,554)
Loss from continuing operations		(1,983,353)	(2,770,107)
Net loss from discontinued operations	*10*	-	(669,417)
Net loss for the year		(1,983,353)	(3,439,524)
Other comprehensive loss			
Translation adjustment		12,677	(19,073)
Comprehensive loss for the year		$ (1,970,676)	$ (3,458,597)
Comprehensive loss attributable to:			
Net loss - shareholders of the Company		(1,983,353)	(3,383,206)
Net loss - non-controlling interest		-	(56,318)
Translation adjustment		12,677	(19,073)
		$ (1,970,676)	$ (3,458,597)
Loss per share			
Basic and diluted - continuing operations		$ (0.03)	$ (0.08)
Basic and diluted - discontinued operations		$ -	$ (0.02)
Total		$ (0.03)	$ (0.10)
Weighted average number of common shares			
Basic and diluted		66,754,330	35,387,360

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

POTENT VENTURES INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in United States Dollars)

	Number of common shares	Share Capital	Reserves	Translation adjustment reserve	Non-controlling interest	Deficit	Total equity
Balance, September 30, 2019	35,284,420	$ 44,723,002	$ 7,096,507	$ (182,040)	$ (48,931)	$ (48,681,062)	$ 2,907,476
Common shares issued for cash	7,091,200	831,661	-	-	-	-	831,661
Common shares issued for settlement of debt	317,004	37,263	-	-	-	-	37,263
Common shares issued for services	4,190,516	442,381	-	-	-	-	442,381
Common shares issued upon exercise of warrants	36,000	17,030	-	-	-	-	17,030
Shares issued under NLO agreement	80,000	26,341	-	-	-	-	26,341
Cancellation of shares - R&D Pharma Corp.	(620,008)	(604,433)	-	-	-	604,433	-
Cancellation of shares - services	(1,339,448)	(1,287,113)	-	-	-	1,287,113	-
Shares issuance costs - cash	-	(60,887)	-	-	-	-	(60,887)
Finders' warrants	-	(52,913)	52,913	-	-	-	-
Share-based compensation	-	-	329,800	-	-	-	329,800
Translation adjustment	-	-	-	(19,073)	-	-	(19,073)
Net loss for the year	-	-	-	-	(56,318)	(3,383,206)	(3,439,524)
Balance, September 30, 2020	45,039,684	$ 44,072,332	$ 7,479,220	$ (201,113)	$ (105,249)	$ (50,172,722)	$ 1,072,468
Common shares issued for cash	35,272,004	1,188,455	-	-	-	-	1,188,455
Common shares issued upon exercise of options	1,000,000	95,145	(36,811)	-	-	-	58,334
Common shares issued upon exercise of warrants	254,400	11,802	-	-	-	-	11,802
Shares issuance costs - cash	-	(40,217)	-	-	-	-	(40,217)
Finders' warrants	-	(13,862)	13,862	-	-	-	-
Share-based compensation	-	-	501,071	-	-	-	501,071
Translation adjustment	-	-	-	12,677	-	-	12,677
Net loss for the year	-	-	-	-	-	(1,983,353)	(1,983,353)
Balance, September 30, 2021	81,566,088	$ 45,313,655	$ 7,957,342	$ (188,436)	$ (105,249)	$ (52,156,075)	$ 821,237

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

POTENT VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States Dollars)

	September 30, 2021	September 30, 2020
Operating activities		
Net loss for the year	$ (1,983,353)	$ (3,439,524)
Adjusted for:		
Depreciation	25,189	27,007
Share-based compensation	501,071	329,800
Gain on debt settlement	-	113,334
Fair value adjustment - long term investment	(18,303)	-
Northern Lights Organics milestone payment	-	26,341
Shares issued for service	-	442,381
Impairment - loan receivable	44,906	315,298
Impairment - equipment	85,011	581,123
Impairment - inventory and inventory deposits	115,999	89,129
Impairment - assets held for sale	-	144,127
Changes in non-cash working capital:		
Receivables	6,469	25,112
Prepaid expenses	(5,255)	34,440
Accounts payable and accrued liabilities	30,669	(284,856)
Inventory and inventory deposits	(62,767)	(21,144)
Cash flows from discontinued operations	-	(1,708)
Cash flows from operating activities	(1,260,364)	(1,619,140)
Investing activities		
Property and equipment	70,803	(250,715)
Disposition of available for sale assets	-	282,766
Loans receivable - repaid	80,000	862,580
Loans receivable	-	(130,129)
Cash flows from investing activities	150,803	764,502
Financing activities		
Common shares issued for cash	1,188,455	831,661
Share issue costs	(40,217)	(60,887)
Common shares issued upon exercise of options and warrants	70,136	17,030
Lease repayments	(24,265)	(19,840)
Cash flows from financing activities	1,194,109	767,964
Effect of exchange rate changes on cash	(6,729)	(97,289)
Decrease in cash	77,819	(183,963)
Cash, beginning of year	638,982	822,945
Cash, end of year	$ 716,801	$ 638,982

Supplemental cash flow information		
Promissory note received for asset sale (Note 6)	$ -	$ 100,000
Desposit for land paid in prior year	$ -	$ 226,530
Fair value of finders' warrants	$ 13,862	$ 52,913

No cash was paid for interest or income taxes for the periods presented.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Potent Ventures Inc. (the "Company", Formerly Weekend Unlimited Industries Inc.) was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on September 21, 2017. The Company's registered and records office address is 1066 West Hastings Street, Vancouver BC V6E 3X1.

The Company is a provider of branded packaging in the regulated cannabis industry. The Company's focus is on building and facilitating the growth of a diversified portfolio of branded consumer products.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company's ability to continue as a going concern.

On April 28, 2021 the Company completed a roll forward of its common shares ("share consolidation") on the basis of four post-roll forward common share for every one pre-roll forward common shares held (1-to-4). All references contained in these consolidated financial statements to issued and outstanding common shares, warrants, per share amounts, and exercise prices, have been retroactively restated to reflect the effect of the share roll forward.

The Company is subject to regulation under the federal and provincial laws of Canada and certain civic and state laws in the United States of America. Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("THC"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the "CSA") in the United States and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Presentation and functional currency

The consolidated financial statements of the Company are presented in United States dollars. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's wholly owned subsidiaries is detailed below.

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, which are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The list below sets out the principal subsidiaries of the Company. These subsidiaries engage in intercompany transactions, all of which are eliminated upon the preparation of these consolidated financial statements:

Name of subsidiary	Abbreviation	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
Weekend Unlimited Holdings Inc.	Weekend Holdings	USA	100%	CAD	Holding Company
Weekend Unlimited Washington, LLC	Weekend Washington	USA	100%	CAD	Branding services
Wknd Shop, LLC (Formerly S&K Industries LLC)	Wknd Shop	USA	100%	CAD	Hemp products
Elevation Growers Ltd. (Formerly Cannabis Brands Inc.)	EG	CAN	100%	CAD	Holding Company
Northern Lights Organics Inc.	NLO	CAN	70%	CAD	Hemp Cultivation

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously 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. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Impairment of long-lived assets

Long-lived assets, including property and equipment, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (CGU). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Share-based payments

The Company utilizes the Black-Scholes option pricing model ("Black-Scholes") to estimate the fair value of warrants and stock options granted to directors, officers, employees, consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the Share-based compensation calculation value, however the most significant estimate is the volatility. The Company estimated volatility based on historic share prices of companies operating in the regulated cannabis industry. Historical volatility is not necessarily indicative of future volatility. The expected life of stock options or warrants is determined based on the estimate that they would be exercised evenly over their term. There was no recent history of stock option exercises available to consider in the estimate of expected life at the time of grant.

4. SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, *"The Effects of Changes in Foreign Exchange Rates"* ("IAS 21"). The functional currency of the Company and its subsidiaries is included within Note 2.

Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

Translation of the functional currency into the presentation currency

The results of operations which have a different presentation currency than the Company are translated to US dollars at appropriate average rates of exchange during the period. The assets and liabilities of these operations are translated to US dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of these operations to US dollars at period end are recognized in accumulated other comprehensive income as a translation adjustment.

Share-based payments

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI, are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities is classified on the statement of financial position at amortized cost.

Inventory

Inventories of finished goods and packing materials are valued initially at cost and subsequently at the lower of cost and net realizable value. Inventory consists of infused products, accessories, and product packaging. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written-down to net realizable value. During the period the Company expensed $44,466 of inventory to cost of goods sold (September 30, 2020 - $89,644) and impaired $16,011 of obsolete inventory.

4. SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and other-non-current assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value are excluded from impairment analysis.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit 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. Fair value less costs of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs of disposal is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the following methods and rates:

Category	Method	Rate
Building	Declining balance	5%
Equipment	Declining balance	20%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the profit or loss in the period the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively, if appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from the direct sale of branded products and branded packaging for a fixed price is recognized when the Company transfers control of the good to the customer upon delivery.

Share capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and other equity instruments are recognized as a deduction from shareholders' equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiaries is classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

To identify a lease, the Company (1) considers whether an explicit or implicit asset is specified in the contract and (2) determines whether the Company obtains substantially all the economic benefits from the use of the underlying asset by assessing numerous factors, including but not limited to substitution rights and the right to determine how and for what purpose the asset is used.

When assessing the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option. This judgment is based on factors such as contract rates compared to market rates, economic reasons, significance of leasehold improvements, termination and relocation costs, installation of specialized assets, residual value guarantees, and any sublease term.

The Company has elected not to recognize right-of-use assets and lease liabilities for low-value assets or short-term leases with a term of 12 months or less. These lease payments are recognized in operating expenses over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid. The Company elected to not separate non-lease components from lease components and to account for the non-lease and lease components as a single lease component. Lease payments generally include fixed payments less any lease incentives receivable. The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of new assessments of contractual options and residual value guarantees.

The right-of-use asset is recognized at the present value of the liability at the commencement date of the lease less any incentives received from the lessor. Added to the right-of-use asset are initial direct costs, payments made before the commencement date, and estimated restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Upon adoption of IFRS 16 the Company recorded a right of use asset of $81,531 and a lease liability of a corresponding amount. The right of use asset was measured at the present value of the remaining lease payments, discounted using the Company's weighted average incremental borrowing rate of 15%.

5. RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting policies

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date on or later than October 1, 2021. Many of these updates are not currently relevant to the Company and are therefore not discussed herein.

(Expressed in United States Dollars unless otherwise noted)

6. LOANS RECEIVABLE

A summary of the Company's loans receivable is as follows:

	Love Hemp Group Plc	Orchard Bloom LLC	Ruby Mae's LLC	MDFD Holdings LLC	Northern Lights Supply Inc.	Total
Balance, September 30, 2019	-	500,000	-	-	490,815	990,815
Loans granted	105,129	-	25,000	100,000	-	230,129
Loans repaid	-	(278,565)	-	-	(384,015)	(662,580)
Impairment	-	(221,435)	-	-	(93,863)	(315,298)
Foreign exchange variance	-	-	-	-	(12,937)	(12,937)
Balance, September 30, 2020	$ 105,129	$ -	$ 25,000	$ 100,000	$ -	$ 230,129
Impairment	-	-	-	(44,906)	-	(44,906)
Loans repaid	-	-	(25,000)	(55,000)	-	(80,000)
Loan settled for shares	(116,347)	-	-	-	-	(116,347)
Foreign exchange variance	11,218	-	-	(94)	-	11,124
Balance, September 30, 2021	$ -		$ -	$ -	$ -	$ -

Love Hemp Group Plc

In February 2020, the Company advanced Love Hemp Group Plc ("LHG") an unsecured demand loan of $116,347 (CAD $140,000) bearing interest of 5%. The loan matured November 1, 2020. LHG was considered a related party due to common directors of each Company. On November 1, 2020 the Company amended the maturity date to May 1, 2021. During the year ended September 30, 2021 the Company settled the loan balance in exchange for 3,000,000 Ordinary shares of LHG. LHG is no longer considered a related party as both Charlie Lamb and Robert Payment have now resigned from LHG.

Orchard Bloom LLC

During the year ended September 30, 2018 the Company advanced funds totaling $500,000 to a Washington State Cannabis Cultivator and Processor, an unrelated third party. The advanced funds are unsecured, accrue interest at 5% and have a maturity date of October 2023. In October 2018 the Company formalized the advance by entering a promissory note for a principal sum of up to $600,000.

The principal balance shall accrue interest at an annual rate of 5% per year. The note is to be repaid in the form of sixty equal monthly payments commencing from the date funds are released from escrow. In the event of late payment, the borrower shall have 30 days to cure any late payment after which time interest of 15% per annum will accrue until such late payments are cured and all accrued interest has been paid. The Company received an immediate payment of $278,565 upon entering a settlement agreement with the lender and impaired the remaining loan balance of $221,435.

Ruby Mae's LLC

During the year ended September 30, 2019, the Company received a non-interest bearing secured note in the amount of $25,000 from Ruby Mae's LLC. The maturity date of the note was February 28, 2020. The maturity date was extended to March 30, 2021. During the year ended September 30, 2021 the balance owing was recovered in full.

(Expressed in United States Dollars unless otherwise noted)

6. LOANS RECEIVABLE (Continued)

MDFD Holdings LLC

In relation to the sale of equipment and inventory at the Company's former facility in Wenatchee Washington the Company received a promissory note of $100,000. Under the note monthly payments to the Company are to commence January 3, 2021 of $6,666 per month until the balance is repaid. The note bears interest of 5%. During the year ended September 30, 2021 the Company accepted $55,000 as final payment of the outstanding balance.

Northern Lights Supply Inc.

In November 2018, the Company entered into a secured 6% loan facility for up to CAD $1,200,000, of which the Company has initially advanced CAD $500,000. The borrower is an Alberta based cannabis retailer. During the year ended September 30, 2019 the Company advanced an additional CAD $250,000.

During the period ended December 31, 2019 the Company entered an amending agreement with Northern Lights Supply Inc. for early repayment of its loan, whereby the parties agreed to reduce the loan balance to CAD $650,000, following interest payments received of $33,750, and amended the repayment terms as follows:

- a payment of CAD $ 275,000 upon execution of the amending agreement
- 6 semi-annual payments of CAD $50,000 over three years
- One final payment of CAD $75,000
- Elimination of the conversion option

The Company recognized an impairment charge of $75,510 in relation to the reduced loan balance as at September 30, 2019.

During the year ended September 30, 2020 the Company agreed to accept a final CAD $200,000 immediately as full settlement of the outstanding balance. Accordingly, the Company recorded an impairment of $93,863.

7. INVESTMENTS

A continuity of the Company's investments is as follows:

	Love Hemp Group Plc.
Balance, September 30, 2020	$ -
Shares received for debt settlement (Note 6)	116,347
Unrealized fair value gain	18,303
Foreign exchange	(6,434)
Balance, September 30, 2021	$ 128,216

During the year ended September 30, 2021 the Company entered a debt settlement agreement to settle an outstanding loan totaling $116,347 in exchange for 3,000,000 Ordinary Shares of Love Hemp Group Plc.

(Expressed in United States Dollars unless otherwise noted)

8. PROPERTY AND EQUIPMENT

	Land	Equipment	Total
Cost			
Balance September 30, 2019	$ -	$ 212,638	$ 212,638
Additions	456,439	20,806	477,245
Transfer to assets held for sale	-	(183,928)	(183,928)
Impairment	(309,573)	(48,191)	(357,764)
Foreign exchange	1,200	(1,325)	(125)
Balance September 30, 2020	$ 148,066	$ -	$ 148,066
Transfer to assets held for sale	(148,066)	-	(148,066)
Balance, September 30, 2021	$ -	$ -	$ -
Accumulated depreciation			
Balance September 30, 2019	$ -	$ 45,234	$ 45,234
Additions	-	3,339	3,339
Transfer to assets held for sale	-	(38,917)	(38,917)
Foreign exchange	-	(9,656)	(9,656)
Balance September 30, 2020	$ -	$ -	$ -
Balance, September 30 , 2021	$ -	$ -	$ -
Net book value			
September 30, 2020	$ 148,066	$ -	$ 148,066
September 30, 2021	$ -	$ -	$ -

Land transferred to assets held for sale was impaired by $85,011 (Note 10).

(Expressed in United States Dollars unless otherwise noted)

8. PROPERTY AND EQUIPMENT (Continued)

A continuity of the right of use asset and lease liability is as follows:

Right of use asset recognized on adoption of IFRS 16	$	81,531
Depreciation of right of use asset		(23,668)
Balance - September 30, 2020	$	57,863
Depreciation of right of use asset		(25,189)
Balance - September 30, 2021	$	32,674

Lease liability recognized on adoption of IFRS 16	$	81,531
Lease payments		(29,911)
Interest		10,071
Balance - September 30, 2020	$	61,691
Lease payments		(31,833)
Interest		7,568
Balance - September 30, 2021	$	37,426

Current portion	$	11,516
Long term		25,910
Total	$	37,426

The Company recorded interest expense of $7,568 in relation to the lease liability during the year. The lease expires in February 2023. The monthly rent expense is $3,351. The effective date of the lease was February 1, 2018.

9. ACQUISITION OF NORTHERN LIGHTS ORGANICS INC.

During the year ended September 30, 2018, the Company signed an agreement to purchase all of the shares of Northern Lights Organics Ltd. ("NLO") and was granted an option to acquire an organic farm in northern BC. As consideration for the shares of NLO the Company agreed to:

- Fund an ACMPR application;
- Upon closing, pay CAD $25,000 in cash and issue 20,000 common shares of the Company. The shares were issued during the period ended December 31, 2018 and had a fair value of $144,951;
- Upon receipt of a license to cultivate and sell hemp and/or cannabis, issue common shares with a value equal to CAD $1,000,000;
- Upon harvest of the first outdoor hemp and/or cannabis crop, pay CAD $25,000 in cash; and
- Upon completion of an expansion facility of at least 100,000 square feet, issue common shares with a value equal to CAD $500,000.

If exercised, the option price to acquire the agricultural property was as follows:

- CAD $1,150,000 if exercised during the period ending February 2019
- CAD $1,250,000 if exercised during the period ending February 2020
- CAD $1,350,000 if exercised during the period ending February 2021

During the year ended September 30, 2018 the Company notified NLO that it would not pursue the purchase option in its current form.

During the year ended September 30, 2019 the Company entered a new share purchase agreement with NLO which replaced and superseded any prior agreements between the parties. The terms of the new share purchase agreement are as follows:

- Divested 30% of the equity ownership to one of the original vendors
- Advanced CAD $150,000 to NLO on closing of the modified share purchase agreement to be used towards development of the project
- Agreed to fund an additional CAD $150,000 in July 2019 upon achievement of certain milestones
- Agreed to fund an additional CAD $340,000 in February 2020 upon achievement of certain milestones
- Issue 40,000 common shares upon the achievement of certain milestones
- Issue CAD $1,000,000 in common shares upon the achievement of certain milestones
- Agreed to purchase a 50% interest in the organic farm for CAD $600,000 (Paid).

As at September 30, 2019 $226,530 had been paid with the remaining amount paid during the year ended September 30, 2020 and recorded as land (Note 8). As at September 30, 2020 the Company determined that it was appropriate to impair the value of the land to the assessed value of $148,066 as this was the most probable recoverable amount given the decline in prices of hemp biomass.

During the year ended September 30, 2020 the Company issued 20,000 common shares with a fair value of $26,341 in relation to the transaction to acquire a 70% interest in Northern Lights Organics Ltd.

(Expressed in United States Dollars unless otherwise noted)

10. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The following table summarizes the results from discontinued operations for the year ended September 30, 2020:

	Wknd Shop LLC	Northern Lights	Total
Revenue	$ 241,862	$ -	$ 241,862
Cost of good sold	(227,218)	-	(227,218)
Gross margin	14,644	-	14,644
Expenses			
General and administrative	339,691	44,421	384,112
Impariment - equipment	-	144,127	144,127
Consulting	114,420	-	114,420
Other items	25,829	15,573	41,402
Loss from discontinued operations	$ (465,296)	$ (204,121)	$ (669,417)

During the year ended September 30, 2020, the Company classified Wknd Shop LLC and NLO as discontinued operations as management determined these business lines would no longer be pursued.

During the year ended September 30, 2021, the Company reached an agreement to sell its land in Northern British Columbia for $70,803 (CAD $90,000). In relation to the sale, the Company recorded an impairment of $85,011 on the book value of the land.

11. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares with no par value and unlimited preferred shares with no par value. As of September 30, 2021, there were 81,566,088 common shares outstanding (September 30, 2020 – 45,039,684).

Escrow Shares

The Company has shares subject to trading restrictions and escrow which are released in tranches through 2021. As at September 30, 2021, a total of 230,592 common shares were subject to these escrow restrictions.

Issued and Outstanding – Common Shares Fiscal 2021:

On February 22, 2021, the Company closed a non-brokered private placement of 35,272,004 units at a price of CAD $0.0425 per unit, raising gross proceeds of $1,188,455 (CAD $1,499,060). Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share for CAD $0.0575 for a period of 2 years from the issue date.

In connection with the closing of the private placement, the Company paid finder's fees of $40,217 in cash and issued 1,193,600 finder's warrants. The finder's warrants hold the same terms of the warrants issued as part of the Units. The grant date fair value of the broker warrants was $13,862, using the Black-Scholes option Pricing Model with the following assumptions: expected life – 2 years, expected volatility – 80%, dividend yield - $0, and risk-free rate – 0.23%.

11. SHARE CAPITAL AND RESERVES (Continued)

Issued and Outstanding – Common Shares Fiscal 2020:

During the year ended September 30, 2020 the Company issued common shares as follows:

a) Issued 80,000 common shares upon the achievement of certain milestones under the Northern Lights Organics share purchase agreement with a fair value of $26,341.

b) Issued 36,000 common share upon the exercise of warrants at a price of CAD $0.625 each for proceeds of $17,030 (CAD - $22,500).

c) Cancelled 1,339,448 common shares in relation to the return of shares from certain vendors. In relation to the cancellation, the Company recorded a charge to deficit of $1,287,113.

d) The Company completed a non-brokered private placement of $831,661 (CAD $1,108,001) by the issuance of 7,091,200 units at CAD $0.1562. Each unit consists of one common share and one common share purchase warrant entitling the holder to subscribe for one additional share at a price of CAD $0.2125 for a period of 2 years, subject to the Company's right to accelerate the expiry date upon 30 days' notice if its shares trade at CAD $0.4375 or more for a period of 10 days. In connection with the issuance of the units the Company issued 517,400 broker warrants on the same terms as the unit offering and incurred cash finder's fees of $60,887. The Company recorded share issue costs of $52,913 with respect to the broker warrants granted as finders' fees. The fair value of these broker warrants was CAD $0.1125 per warrant and was estimated using the Black-Scholes option pricing model.

e) Issued 317,004 common shares to settle outstanding debts with a fair value of $37,263. In relation to the issuance, the Company recorded a gain on settlement of debt of $113,334.

f) Issued 2,950,516 common shares for services with a fair value of $335,041.

g) Issued 260,000 common shares for services with a fair value of $24,917.

h) Issued 980,000 common shares to members of management for services with a fair value of $82,423.

i) Cancelled 620,008 common shares in relation to the return of shares from certain vendors of R&D Pharma Corp. In relation to the cancellation, the Company recorded a charge to deficit of $604,433

(Expressed in United States Dollars unless otherwise noted)

11. SHARE CAPITAL AND RESERVES (Continued)

Warrants

A summary of warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price ($CAD)
Balance at September 30, 2019	16,599,456	2.1125
Granted	9,472,504	1.0325
Expired	(3,563,872)	1.5350
Exercised	(36,000)	0.6250
Balance at September 30, 2020	22,472,088	1.7500
Granted	36,465,604	0.0575
Expired	(14,863,488)	1.5236
Exercised	(254,400)	0.0575
Balance at September 30, 2021	43,819,804	0.0844

The following table summarizes warrants outstanding as of September 30, 2021:

Expiry date	Number of Warrants	Weighted Average Exercise Price ($CAD)	Weighted Average Remaining Years
February 11, 2022	7,090,128	$0.2125	0.37
March 10, 2022	518,472	$0.2125	0.44
February 22, 2023	36,211,204	$0.0575	1.40
	43,819,804		1.22

During the year ended September 30, 2021, the Company recorded share issue costs of $13,862 (2020 - $52,913) with respect to 1,193,600 broker warrants granted as finders' fees. The weighted average fair value of these broker warrants was CAD $0.06 per warrant and was estimated using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair value are as follows:

	September 30, 2021	September 30, 2020
Risk-free interest rate	0.23%	1.50%
Expected life	2	2
Annualized volatility	80%	80%
Dividend rate	0%	0%
Weighted average fair value per warrant ($CAD)	$0.06	$0.02

(Expressed in United States Dollars unless otherwise noted)

11. SHARE CAPITAL AND RESERVES (Continued)

Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The aggregate number of stock options granted shall not exceed 10% of the issued and outstanding common shares of the Company at the time of shareholder approval of the plan, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of stock options granted under the plan shall not be lower than the exercise price permitted by the CSE, and all stock options granted under the plan will have a maximum term of seven years.

A summary of stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price ($CAD)
Balance at September 30, 2019	2,138,000	1.7875
Cancelled	(2,138,000)	1.7875
Granted	3,944,000	0.1563
Balance at September 30, 2020	3,944,000	0.1563
Cancelled	(2,152,000)	0.1563
Exercised	(1,000,000)	0.0713
Granted	15,400,000	0.0642
Balance at September 30, 2021	16,192,000	0.0740

The following table summarizes stock options outstanding and exercisable as of September 30, 2021:

Expiry date	Number of Options	Number of Exercisable Options	Weighted Average Exercise Price ($CAD)	Weighted Average Remaining Years
March 25, 2025	1,792,000	1,792,000	$0.1563	3.48
March 9, 2026	4,800,000	4,800,000	$0.0713	4.44
June 29, 2026	9,600,000	9,600,000	$0.0600	4.75
	16,192,000	16,192,000		

Share-based compensation expense recognized during the period of $501,071 (2020 - $329,800) related to options granted and vested during the period. The Option Pricing Model used the following weighted average assumptions:

	September 30, 2021	September 30, 2020
Risk-free interest rate	0.50%	1.50%
Expected life of options	5	4.25
Expected forfeitures	0%	10%
Annualized volatility	80%	80%
Dividend rate	0%	0%
Weighted average fair value per option ($CAD)	$0.04	$0.02

Expected annualized volatility was determined using the historic volatility of established comparable publicly traded cannabis companies.

(Expressed in United States Dollars unless otherwise noted)

11. SHARE CAPITAL AND RESERVES (Continued)

The following is a summary of the changes in reserves:

Reserves

	Stock options	Exchangable preferred shares	Warrants	Total
Balance, September 30, 2019	$ 1,703,371	$ 572,795	$ 4,820,341	$ 7,096,507
Finders' warrants	-	-	52,913	52,913
Transfer	-	(572,795)	572,795	-
Share-based payments	329,800	-	-	329,800
Balance, September 30, 2020	$ 2,033,171	$ -	$ 5,446,049	$ 7,479,220
Finders' warrants	-	-	13,862	13,862
Exercise of stock options	(36,811)	-	-	(36,811)
Share-based payments	501,071	-	-	501,071
Balance, September 30, 2021	$ 2,497,431	$ -	$ 5,459,911	$ 7,957,342

12. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the years ended September 30, 2021, and 2020 the Company entered the following key management transactions:

Key Management Remuneration:	**September 30, 2021**	**September 30, 2020**
Charlie Lamb - CEO, Director	$ 162,891	84,782
Robert Payment - CFO, Director	132,108	42,391
Brian Keane - Director	45,000	30,000
Michael Young - Former Director	26,900	5,000
Chris Backus - Former CEO, Director	-	184,346
Michael Hopkinson - Former CFO	-	2,975
David Parchomchuk - Former Director	-	18,593
Kevin Ernst - Former Director	-	7,500
Total	$ 366,899	$ 375,587

Share-based compensation of $134,653 (2020 - $87,994) was related to directors, officers, and a former officer.

12. RELATED PARTY TRANSACTIONS (Continued)

Other related party transactions include:

- The Company recorded an impairment of inventory deposits in the amount of $99,988 which was related to inventory which was indirectly acquired from a Company with a Common Director and officer, Brian Keane.
- Included in accounts payable is $10,000 owing to Robert Payment for consulting fees.
- In February 2020, the Company advanced Love Hemp Group Plc ("LHG") an unsecured demand loan of $116,347 (CAD $140,000) bearing interest of 5%. LHG was considered a related party due to a common director of each Company (Note 6).

13. FINANCIAL INSTRUMENTS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021 the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

13. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at September 30, 2021, the Company had cash, investments, and, accounts payable and accrued liabilities, denominated in Canadian dollars ("CAD"). A 10% fluctuation in the foreign exchange rate between the USD and Canadian dollar would have a $67,000 impact on profit or loss for the year. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

14. CAPITAL MANAGEMENT

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. As discussed in Note 1, the Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, and securing additional financing. Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the years presented. The Company is not subject to externally imposed capital requirement.

15. GENERAL AND ADMINISTRATIVE EXPENSE

For the year ended:

General and administrative	September 30, 2021	September 30, 2020
Advertising, marketing, and brand development	$ 3,736	$ 274,903
Investor relations	60,021	80,511
Office expenses and general administration	147,167	178,976
Management fees	366,898	375,587
Consulting	468,895	259,705
Travel and entertainment	6,300	42,759
Total	$ 1,053,017	$ 1,212,441

(Expressed in United States Dollars unless otherwise noted)

16. SEGMENTED INFORMATION

The Company operates in two segments, referred to as Business to Business ("B2B") and its administrative costs center, ("Corporate"). B2B is focused on the provision of services to cultivators, and processors in Washington State and Oklahoma. The corporate head office is located in Canada. Segmented info as at and for the year ended September 30, 2021 is as follows:

	B2B (USA)	Corporate (Canada)	Total
Revenue	$ 47,297		$ 47,297
Cost of goods sold	44,466	-	44,466
Gross margin	2,831	-	2,831
Expenses			
General and administrative	$ 175,717	$ 877,300	$ 1,053,017
Share based payments	-	501,071	501,071
Professional fees	21,674	151,354	173,028
Depreciation	25,189	-	25,189
Total expenses	222,580	1,529,725	1,752,305
Net Loss before other items	$ (219,749)	$ (1,529,725)	$ (1,749,474)
Property and equipment	$ -	$ -	$ -
Total assets	$ 23,167	$ 865,207	$ 888,374
Total liabilities	$ 1,084	$ 66,053	$ 67,137

Segmented info as at and for the year ended September 30, 2020 is as follows:

	B2B (USA)	Corporate (Canada)	Total
Revenue	$ 133,379		$ 133,379
Cost of goods sold	89,644	-	89,644
Gross margin	43,735	-	43,735
Expenses			
General and administrative	$ 355,465	$ 856,976	$ 1,212,441
Professional fees	78,908	265,573	344,481
Share-based compensation	-	329,800	329,800
Northern Lights Organics milestone payment	-	26,341	26,341
Depreciation	3,339	23,668	27,007
Total expenses	437,712	1,502,358	1,940,070
Net Loss before other items	$ (393,977)	$ (1,502,358)	$ (1,896,335)
Property and equipment	$ -	$ 148,066	$ 148,066
Total assets	$ 591,775	$ 548,394	$ 1,140,169
Total liabilities	$ 4,202	$ 63,499	$ 67,701

(Expressed in United States Dollars unless otherwise noted)

17. INCOME TAX

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

		September 30 2021		September 30 2020
Loss before tax from continuing operations	$	1,983,354	$	(2,770,107)
Loss before tax from discontinued operations		-		(669,417)
Loss for the year before income tax		1,983,354		(3,439,524)
Expected income tax (recovery)	$	(536,000)	$	(929,000)
Change in statutory, foreign tax, foreign exchange rates and other		(192,000)		308,000
Permanent Difference		289,000		2,067,000
Share issue cost		(15,000)		(16,000)
Impact of sale of subsidiary, R&D Pharma Corp.		-		(3,136,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses		(205,000)		2,346,000
Change in unrecognized deductible temporary differences		659,000		(640,000)
Total income tax expense (recovery)	$	-	$	-

The significant components of the Company's deferred tax assets and liabilities that have not been included in the consolidated statement of financial position are as follows:

		September 30 2021		September 30 2020
Deferred Tax Assets (liabilities)				
Property and equipment / ROU Asset and Liability	$	1,000	$	1,000
Share issue costs		246,000		344,000
Allowable capital losses		2,090,000		2,010,000
Non-capital losses available for future period		3,516,000		2,837,000
		5,853,000		5,192,000
Unrecognized deferred tax assets		(5,853,000)		(5,192,000)
Net deferred tax assets	$	-	$	-

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:

		September 30 2021	Expiry Date Range		September 30 2020	Expiry Date Range
Temporary Differences						
Property and equipment / ROU Asset and Liability	$	5,000	Indefinite	$	4,000	Indefinite
Share issue costs		910,000	2041 to 2044		1,276,000	2040 to 2043
Allowable capital losses		8,049,000	2024 to Indefinite		7,750,000	2024 to Indefinite
Non-capital losses available for future period		13,618,000	2038 to Indefinite		10,685,000	2036 to Indefinite
Canada		11,842,000	2038 to 2041		9,883,000	2036 to 2039
USA		1,775,000	Indefinite		802,000	Indefinite

18. SUBSEQUENT EVENTS

Subsequent to September 30, 2021, the Company completed the following transactions:

- October 13, 2021, the company has completed a first closing of a non-brokered private placement of up to $2,000,000 (the "Offering"). The Company accepted subscriptions for 15,430,000 units at a price of CDN $0.04 per Unit, raising gross proceeds of CDN$617,200. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share for CDN$0.05 for a period of 2 years from the issue date. All of the securities issuable in connection with the offering will be subject to a hold period expiring four months and one day after date of issuance

- December 22, 2021, the Company announced that the Company will change its name to “The Gummy Project”, with a new stock symbol “GUMY”. The Company expects the name change and ticker change to become effective upon the Canadian Securities Exchange (“CSE”) approving the “listing statement” and the “change of business” being approved by shareholders (such date hereinafter referred to as the “Effective Date”). The Company will continue to trade under the CSE stock symbol “POT” until the Effective Date.

- December 22, 2021, The Company issued 428,571 common shares of the Company to two separate consultants, for an aggregate total of 857,142 common shares, pursuant to each of their existing contracts with the Company.

WEEKEND UNLIMITED INDUSTRIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2020

(Expressed in United States Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Weekend Unlimited Industries Inc.

Opinion

We have audited the accompanying consolidated financial statements of Weekend Unlimited Industries Inc. (the "Company"), which comprise the consolidated balance sheets as at September 30, 2020 and 2019, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 Company in accordance with the 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates the Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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 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.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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. We 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 Company'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 Company'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 Company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We 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.

The engagement partner on the audit resulting in this independent auditor's report is Dylan Connelly.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

January 28, 2021

WEEKEND UNLIMITED INDUSTRIES INC.
CONSOLIDATED BALANCE SHEETS
(Expressed in United States Dollars)

AS AT	*Note*	**September 30, 2020**	**September 30, 2019**
ASSETS			
Current			
Cash		$ 638,982	$ 822,945
Inventory	*4*	53,232	119,119
Receivables		6,469	31,971
Loans receivable	*6*	230,129	483,163
Prepaid expenses and deposits		5,428	39,868
Assets held for disposition	*13*	-	425,781
		934,240	1,922,847
Non-Current			
Loans receivable - non-current	*6*	-	707,652
Property and equipment	*7*	148,066	167,404
Right of use asset	*7*	57,863	-
Deposit for land purchase	*12*	-	226,530
Assets held for disposition - non-current	*13*	-	190,000
Total assets		$ 1,140,169	$ 3,214,433
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities		$ 6,010	$ 306,957
Lease liability	*7*	18,982	-
		24,992	306,957
Non-Current			
Lease liability	*7*	42,709	-
Total Liabilities		67,701	306,957
Equity			
Share capital	*14*	44,072,332	44,723,002
Reserves	*14*	7,278,107	6,914,467
Deficit		(50,172,722)	(48,681,062)
Total equity attributable to shareholders of the Company		1,177,717	2,956,407
Non-controlling interest		(105,249)	(48,931)
Total equity		1,072,468	2,907,476
Total liabilities and equity		$ 1,140,169	$ 3,214,433

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors and authorized for issuance on January 28, 2021:

"Signed"
Charlie Lamb, Director

"Signed"
Brian Keane, Director

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

WEEKEND UNLIMITED INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in United States Dollars)

	Note	September 30 2020	September 30 2019
Revenue		$ 133,379	$ 7,144
Cost of goods sold		89,644	3,543
Gross margin		43,735	3,601
Expenses			
General and administrative	*18*	1,212,441	5,068,455
Professional fees		344,481	556,723
Share-based compensation	*14*	329,800	1,168,841
Northern Lights Organics milestone payment	*12*	26,341	144,951
Depreciation	*7*	27,007	116,033
Foreign exchange		-	1,325
Total expenses		1,940,070	7,056,328
Loss before other items		(1,896,335)	(7,052,727)
Impairment - loan receivable	*6*	(315,298)	(825,510)
Impairment - property and equipment		(581,125)	(367,507)
Impairment - Intangible assets	*8,9,10*	-	(22,477,295)
Listing expense	*11*	-	(12,420,976)
Gain on settlement of debt	*14*	113,334	-
Impairment - inventory		(89,129)	-
Interest and other		(1,554)	81,318
Loss from continuing operations		(2,770,107)	(43,062,697)
Net loss from discontinued operations	*13*	(669,417)	(1,040,127)
Net loss for the year		$ (3,439,524)	$ (44,102,824)
Other comprehensive loss			
Translation adjustment		(19,073)	(82,677)
Comprehensive loss for the year		$ (3,458,597)	$ (44,185,501)
Comprehensive loss attributable to:			
Net loss - shareholders of the Company		(3,383,206)	(44,053,893)
Net loss - non-controlling interest		(56,318)	(48,931)
Translation adjustment		(19,073)	(82,677)
		$ (3,458,597)	$ (44,185,501)
Loss per share			
Basic and diluted - continuing operations		$ (0.31)	$ (6.10)
Basic and diluted - discontinued operations		$ (0.08)	$ (0.15)
Total		$ (0.39)	$ (6.25)
Weighted average number of common shares			
Basic and diluted		8,846,840	7,054,777

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

WEEKEND UNLIMITED INDUSTRIES INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in United States Dollars)

	Number of common shares	Share Capital	Reserves	Translation adjustment reserve	Non-controlling interest	Deficit	Total equity
Balance, September 30, 2018	2,878,990	$ 13,681,654	$ 704,952	$ (99,363)	$ (12,067)	$ (6,738,301)	$ 7,536,875
Common shares and warrants issued to Open Source for RTO	1,121,192	8,628,696	4,488,809	-	-	-	13,117,505
Common shares issued for cash	1,368,282	5,738,604	-	-	-	-	5,738,604
Common shares issued upon exercise of warrants	714,485	2,261,688	(10,500)	-	-	-	2,251,188
Acquisition of S&K Industries, LLC	283,156	1,800,000	-	-	-	-	1,800,000
Acquisition of Verve Beverage Company	1,200,000	6,268,657	-	-	-	-	6,268,657
Acquisition of R&D Pharma	1,600,000	8,762,640	-	-	-	-	8,762,640
Exchangeable preferred shares for acquisition of R&D Pharma	-	-	572,795	-	-	-	572,795
Shares issued under NLO agreement	20,000	144,951	-	-	-	-	144,951
Shares issued for compensation	15,000	108,713	-	-	-	-	108,713
Shares issued for services	40,000	171,810	-	-	-	-	171,810
Cancellation of shares - JB Stone Inc. disposition	(100,000)	(531,580)	-	-	12,067	531,580	12,067
Cancellation of shares - Verve Beverage Company disposition	(320,000)	(1,579,552)	-	-	-	1,579,552	-
Share issuance costs - cash	-	(561,669)	-	-	-	-	(561,669)
Finders' warrants	-	(171,610)	171,610	-	-	-	-
Share-based compensation	-	-	1,168,841	-	-	-	1,168,841
Translation adjustment	-	-	-	(82,677)	-	-	(82,677)
Net loss for the year	-	-	-	-	(48,931)	(44,053,893)	(44,102,824)
Balance, September 30, 2019	8,821,105	$ 44,723,002	$ 7,096,507	$ (182,040)	$ (48,931)	$ (48,681,062)	$ 2,907,476
Common shares issued for cash	1,772,800	$ 831,661	-	-	-	-	831,661
Common shares issued for settlement of debt	79,251	37,263	-	-	-	-	37,263
Common shares issued for services	1,047,629	442,381	-	-	-	-	442,381
Common shares issued upon exercise of warrants	9,000	17,030	-	-	-	-	17,030
Shares issued under NLO agreement	20,000	26,341	-	-	-	-	26,341
Cancellation of shares - R&D Pharma Corp.	(155,002)	(604,433)	-	-	-	604,433	-
Cancellation of common shares issued for service	(334,862)	(1,287,113)	-	-	-	1,287,113	-
Share issuance costs - cash	-	(60,887)	-	-	-	-	(60,887)
Finders' warrants	-	(52,913)	52,913	-	-	-	-
Share-based compensation	-	-	329,800	-	-	-	329,800
Translation adjustment	-	-	-	(19,073)	-	-	(19,073)
Net loss for the year	-	-	-	-	(56,318)	(3,383,206)	(3,439,524)
Balance, September 30, 2020	11,259,921	$ 44,072,332	$ 7,479,220	$ (201,113)	$ (105,249)	$ (50,172,722)	$ 1,072,468

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

WEEKEND UNLIMITED INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States Dollars)

		September 30 2020		September 30 2019
Operating activities				
Net loss for the year	$	(3,439,524)	$	(44,102,824)
Adjusted for:				
Depreciation		27,007		153,037
Share-based compensation		329,800		1,168,841
Gain on debt settlement		113,334		-
Northern Lights Organics milestone payment		26,341		144,951
Shares issued for services		442,381		280,523
Impairment - loans receivable		315,298		825,510
Impairment - equipment		581,123		367,507
Impairment - inventory		89,129		-
Impairment - intangible assets		-		22,477,295
Gain on disposition of JB Stone Inc.		-		70,324
Impairment of assets held for sale		144,127		-
Listing expense		-		12,420,976
Changes in non-cash working capital:				
Receivables		25,112		(13,127)
Prepaid expenses		34,440		52,222
Accounts payable and accrued liabilities		(284,856)		164,292
Inventory		(21,144)		(119,119)
Cash flows from discontinued operations		(1,708)		(56,443)
Cash flows from operating activities		(1,619,140)		(6,166,035)
Investing activities				
Acquisition of S&K Industries, LLC, net		-		(1,050,000)
Acquisition of Verve Beverage Co., net		-		91,224
Acquisition of R&D Pharma Corp.		-		(1,285,379)
Transaction costs		-		(262,423)
Proceeds from Open Source Health Inc.		-		143,564
Property and equipment		(250,715)		(296,788)
Disposition of available for sale assets		282,766		-
Deposit for land purchase		-		(229,230)
Loans receivable - repaid		862,580		250,000
Loans receivable		(130,129)		(1,515,200)
Cash flows from investing activities		764,502		(4,154,232)
Financing activities				
Common shares issued for cash		831,661		5,738,604
Common shares issued upon exercise of warrants and options		17,030		2,251,188
Share issuance costs		(60,887)		(561,669)
Lease repayments		(19,840)		-
Cash flows from financing activities		767,964		7,428,123
Effect of exchange rate changes on cash		(97,289)		(81,514)
Decrease in cash		(183,963)		(2,973,658)
Cash, beginning of year		822,945		3,796,603
Cash, end of year	$	638,982	$	822,945

No cash was paid for interest or income taxes for the periods presented.
Supplemental cash flow disclosure (Note 20).

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Weekend Unlimited Industries Inc. (the "Company", Formerly Weekend Unlimited Inc.) was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on September 21, 2017. In October 2018 the Company completed a transaction with Open Source Health Inc. ("Open Source" or "OSH") whereby OSH acquired all of the issued and outstanding shares of the Company on a one-for-one basis. The Company is considered to have acquired OSH for accounting purposes with the agreement being accounted for as a reverse takeover ("RTO") of OSH by Weekend Unlimited Industries Inc. shareholders (Note 11). The combined entity continued into Alberta and continued operating under the name Weekend Unlimited Inc. On January 20, 2020 the Company continued into British Columbia and changed its name from Weekend Unlimited Inc. to Weekend Unlimited Industries Inc. The Company's registered and records office address is 1066 West Hastings Street, Vancouver BC V6E 3X1.

The Company is a provider of branded packaging in the regulated cannabis industry. The Company's focus is on building and facilitating the growth of a diversified portfolio of branded consumer products.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company's ability to continue as a going concern.

On January 21, 2020 the Company completed a consolidation of its common shares ("share consolidation") on the basis of one post-consolidation common share for every ten pre-consolidation common shares held (10-to-1). On September 30, 2020 the Company completed a consolidation of its common shares ("share consolidation") on the basis of one post-consolidation common share for every ten pre-consolidation common shares held (5-to-1). All references contained in these consolidated financial statements to issued and outstanding common shares, warrants, per share amounts, and exercise prices, have been retroactively restated to reflect the effect of the share consolidations.

The Company is subject to regulation under the federal and provincial laws of Canada and certain civic and state laws in the United States of America. Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("THC"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the "CSA") in the United States and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Presentation and functional currency

The consolidated financial statements of the Company are presented in United States dollars. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's wholly owned subsidiaries is detailed below.

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, which are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The list below sets out the principal subsidiaries of the Company. These subsidiaries engage in intercompany transactions, all of which are eliminated upon the preparation of these consolidated financial statements:

Name of subsidiary	Abbreviation	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
Weekend Unlimited Holdings Inc.	Weekend Holdings	USA	100%	CAD	Holding Company
Weekend Unlimited Washington, LLC	Weekend Washington	USA	100%	CAD	Branding services
Wknd Shop, LLC (Formerly S&K Industries LLC)	Wknd Shop	USA	100%	CAD	Hemp products
Elevation Growers Ltd. (Formerly Cannabis Brands Inc.)	EG	CAN	100%	CAD	Holding Company
Northern Lights Organics Inc.	NLO	CAN	70%	CAD	Hemp Cultivation

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously 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. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Impairment of long-lived assets

Long-lived assets, including property and equipment, and intangible assets, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (CGU). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Business combinations

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Management determines whether assets acquired and liabilities assumed constitute a business. In examining processes and potential outputs, management considers the ability of the acquired and existing processes to adequately be capable of producing the potential outputs; where the processes are insufficient and/or incomplete to produce potential outputs, the Company considers the acquisition to be an asset acquisition.

The Company measures all the 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 the equity in the acquiree's identifiable net assets. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of (a) the consideration transferred to obtain control, the amount of any non-controlling interest in the acquiree over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS (Continued)

Determination of asset fair values and allocation of purchase consideration

Significant asset acquisitions and business combinations require judgements and estimates to be made at the date of acquisition in relation to determining the relative fair value of property and equipment, as well as the allocation of the purchase consideration over the fair value of the assets. The information necessary to measure the fair values as at the acquisition date of assets acquired requires management to make certain judgements and estimates about future events, including but not limited to future production potential, and future market prices of products, and the ability to effectively distribute products. In certain circumstances, such as the valuation of property and equipment, intangible assets and goodwill acquired, the Company may rely on independent third-party valuators. Provisional purchase price allocations are subject to review by management upon integration of the acquired businesses and will be adjusted as necessary were circumstances indicate it is appropriate to do so.

Share-based payments

The Company utilizes the Black-Scholes option pricing model (“Black-Scholes”) to estimate the fair value of warrants and stock options granted to directors, officers, employees, consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the Share-based compensation calculation value, however the most significant estimate is the volatility. The Company estimated volatility based on historic share prices of companies operating in the regulated cannabis industry. Historical volatility is not necessarily indicative of future volatility. The expected life of stock options or warrants is determined based on the estimate that they would be exercised evenly over their term. There was no recent history of stock option exercises available to consider in the estimate of expected life at the time of grant.

4. SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, *“The Effects of Changes in Foreign Exchange Rates”* (“IAS 21”). The functional currency of the Company and its subsidiaries is included within Note 2.

Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Translation of the functional currency into the presentation currency

The results of operations which have a different presentation currency than the Company are translated to US dollars at appropriate average rates of exchange during the period. The assets and liabilities of these operations are translated to US dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of these operations to US dollars at period end are recognized in accumulated other comprehensive income as a translation adjustment.

Share-based payments

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI, are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities is classified on the statement of financial position at amortized cost.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventories of finished goods and packing materials are valued initially at cost and subsequently at the lower of cost and net realizable value. Inventory consists of infused products, accessories, and product packaging. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written-down to net realizable value. During the year the Company expensed $89,644 of inventory to cost of goods sold (2019 - $3,543).

Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and other-non-current assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value are excluded from impairment analysis.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit 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. Fair value less costs of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs of disposal is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the following methods and rates:

Category	Method	Rate
Building	Declining balance	5%
Equipment	Declining balance	20%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the profit or loss in the period the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively, if appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from the direct sale of infused and branded products and branded packaging for a fixed price is recognized when the Company transfers control of the good to the customer upon delivery.

Share capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and other equity instruments are recognized as a deduction from shareholders' equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Exchangeable preferred shares issued in connection with the R&D acquisition (Note 10) have been accounted for as share purchase warrants.

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiaries is classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Other intangible assets, comprising licenses, trademarks, technology, and product formulations that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over the estimated useful lives and is recognized in profit or loss. Goodwill is not amortized. The amortization of product formulations begins when the Company starts to generate revenue from the asset.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Leases

To identify a lease, the Company (1) considers whether an explicit or implicit asset is specified in the contract and (2) determines whether the Company obtains substantially all the economic benefits from the use of the underlying asset by assessing numerous factors, including but not limited to substitution rights and the right to determine how and for what purpose the asset is used.

When assessing the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option. This judgment is based on factors such as contract rates compared to market rates, economic reasons, significance of leasehold improvements, termination and relocation costs, installation of specialized assets, residual value guarantees, and any sublease term.

The Company has elected not to recognize right-of-use assets and lease liabilities for low-value assets or short-term leases with a term of 12 months or less. These lease payments are recognized in operating expenses over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid. The Company elected to not separate non-lease components from lease components and to account for the non-lease and lease components as a single lease component. Lease payments generally include fixed payments less any lease incentives receivable. The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of new assessments of contractual options and residual value guarantees.

The right-of-use asset is recognized at the present value of the liability at the commencement date of the lease less any incentives received from the lessor. Added to the right-of-use asset are initial direct costs, payments made before the commencement date, and estimated restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Upon adoption of IFRS 16 the Company recorded a right of use asset of $81,531 and a lease liability of a corresponding amount. The right of use asset was measured at the present value of the remaining lease payments, discounted using the Company's weighted average incremental borrowing rate of 15%.

5. RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting policies

Effective October 1, 2019, the Company adopted the following accounting standards:

a) Leases ("IFRS 16")

Leases ("IFRS 16") was issued by the IASB and will replace *Leases* ("IAS 17"). IFRS 16 requires most leases to be reported on a company's balance sheet as assets and liabilities. See Note 4 for the impact of IFRS 16 on initial adoption.

b) Uncertainty over Income Tax Treatments ("IFRIC 23")

Uncertainty over Income Tax Treatments ("IFRIC 23") was issued by IASB on June 7, 2017 to clarify the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. IFRIC 23 is effective January 1, 2019.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in United States Dollars)

6. LOANS RECEIVABLE

A summary of the Company's loans receivable is as follows:

	Washington State Cultivator	Ruby Mae's LLC	World High Life Plc	MDFD Holdings LLC	Real estate entity	S&K Industries, LLC	R&D Pharma Corp.	Verve Beverage Company	High Desert Group	Oklahoma	Northern Lights Supply Inc.	Total
Balance, September 30, 2018	500,000	-	-	-	250,000	750,000	1,158,750	750,000	-	-	-	3,408,750
Loans granted	-	-	-	-	-	-	1,285,379	-	750,000	200,000	549,750	2,785,129
Loans repaid	-	-	-	-	(250,000)	-	-	-	-	-	-	(250,000)
Transaction closed	-	-	-	-	-	(750,000)	(2,415,171)	(750,000)	-	-	-	(3,915,171)
Impairment	-	-	-	-	-	-	-	-	(750,000)	-	(75,510)	(825,510)
Foreign exchange variance	-	-	-	-	-	-	(28,958)	-	-	-	16,575	(12,383)
Balance, September 30, 2019	$ 500,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 200,000	$ 490,815	$ 1,190,815
Loans granted	-	25,000	105,129	100,000	-	-	-	-	-	-	-	230,129
Loans repaid	(278,565)	-	-	-	-	-	-	-	-	(200,000)	(384,015)	(862,580)
Impairment	(221,435)	-	-	-	-	-	-	-	-	-	(93,863)	(315,298)
Foreign exchange variance	-	-	-	-	-	-	-	-	-	-	(12,937)	(12,937)
Balance, September 30, 2020	$ -	$ 25,000	$ 105,129	$ 100,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 230,129
2020:												
Current	-	25,000	105,129	100,000	-	-	-	-	-	-	-	230,129
Non-current	-	-	-		-	-	-	-	-	-	-	-
Total	$ -	$ 25,000	$ 105,129	$ 100,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 230,129
2019:												
Current	-	-	-	-	-	-	-	-	-	200,000	283,163	483,163
Non-current	500,000	-	-		-	-	-	-	-	-	207,652	707,652
Total	$ 500,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 200,000	$ 490,815	$ 1,190,815

Washington State Cultivator

During the year ended September 30, 2018 the Company advanced funds totaling $500,000 to a Washington State Cannabis Cultivator and Processor, an unrelated third party. The advanced funds are unsecured, accrue interest at 5% and have a maturity date of October 2023. In October 2018 the Company formalized the advance by entering a promissory note for a principal sum of up to $600,000.

The principal balance shall accrue interest at an annual rate of 5% per year. The note is to be repaid in the form of sixty equal monthly payments commencing from the date funds are released from escrow. In the event of late payment, the borrower shall have 30 days to cure any late payment after which time interest of 15% per annum will accrue until such late payments are cured and all accrued interest has been paid. The Company received an immediate payment of $278,565 upon entering a settlement agreement with the lender and impaired the remaining loan balance of $221,435.

Ruby Mae's LLC

During the year ended September 30, 2019, the Company received a non-interest bearing secured note in the amount of $25,000 from Ruby Mae's LLC. The maturity date of the note was February 28,2020. The maturity date was extended to March 30, 2021.

World High Life Plc

In February 2020, the Company advanced World High Life Plc ("WHL") an unsecured demand loan of $105,129 (CAD $140,000) bearing interest of 5%. The loan matured November 1, 2020. WHL is considered a related party due to a common CFO and directors of each Company. On November 1, 2020 the Company amended the maturity date to May 1, 2021.

6. LOANS RECEIVABLE (Continued)

MDFD Holdings LLC

In relation to the sale of equipment and inventory at the Company's former facility in Wenatchee Washington the Company received a promissory note of $100,000 (Note 13). Under the note monthly payments to the Company are to commence January 3, 2021 of $6,666 per month until the balance is repaid. The note bears interest of 5%.

S&K Industries, LLC

In October 2018, the Company received a 5% senior secured convertible promissory note from S&K Industries, LLC. ("S&K") of $750,000. Interest is payable quarterly in cash beginning on January 1, 2019 and the note matures on September 20, 2019. The note was secured by all the assets of S&K. During the year ended September 30, 2019 the Company acquired a 100% interest in S&K (Note 8). The loan was allocated to the consideration towards the purchase of S&K.

R&D Pharma Corp.

In accordance with a binding letter agreement entered in July 2018 between the Company and R&D Pharma Corp. ("R&D") the Company advanced $2,415,171 under an unsecured non-interest bearing loan. During the year ended September 30, 2019 the Company acquired 100% of R&D (Note 10). The loan was allocated to the consideration towards the purchase of R&D.

Verve Beverage Company

In September 2018, the Company received a 10% senior secured promissory note from Verve Beverage Company. ("VBC") of $750,000. Interest is payable quarterly in cash beginning on January 1, 2019 and matures on February 1, 2019. The note is secured by all the assets of VBC. During the year ended September 30, 2019 the Company acquired 100% of Verve Beverage Company (Note 9).

High Desert Group Inc.

In December 2018, the Company received a secured promissory note from High Desert Group Inc. ("HDG") of $750,000 pursuant to the terms of the acquisition of S&K Industries LLC. HDG had a common officer and director with the Company at the time of the transaction. Interest of 6% will be charged for the duration of the note. The note matures on December 13, 2019 and is secured by all the assets of HDG. During the year ended September 30, 2019 circumstances arose suggesting the promissory note was impaired. Attempts by the Company to negotiate a settlement agreement were unsuccessful. As such the Company recorded an impairment charge of $750,000 during the year ended September 30, 2019.

Oklahoma

In February 2019, the Company received non-interest bearing senior secured promissory note from PPK Investment Group, LLC ("PPK") of $200,000. The note is secured by all the assets of PPK. The note matured September 30, 2019. During the year ended September 30, 2020 the amount was collected in full.

6. LOANS RECEIVABLE (Continued)

Northern Lights Supply Inc.

In November 2018, the Company entered into a secured 6% loan facility for up to CAD $1,200,000, of which the Company has initially advanced CAD $500,000. The borrower is an Alberta based cannabis retailer.. During the year ended September 30, 2019 the Company advanced an additional CAD $250,000.

During the period ended December 31, 2019 the Company entered an amending agreement with Northern Lights Supply Inc. for early repayment of its loan, whereby the parties agreed to reduce the loan balance to CAD $650,000, following interest payments received of $33,750, and amended the repayment terms as follows:

- a payment of CAD $ 275,000 upon execution of the amending agreement
- 6 semi-annual payments of CAD $50,000 over three years
- One final payment of CAD $75,000
- Elimination of the conversion option

The Company recognized an impairment charge of $75,510 in relation to the reduced loan balance as at September 30, 2019.

During the year ended September 30, 2020 the Company agreed to accept a final CAD $200,000 immediately as full settlement of the outstanding balance. Accordingly, the Company recorded an impairment of $93,863.

(Expressed in United States Dollars)

7. PROPERTY AND EQUIPMENT

	Land	Building	Equipment	Total
Cost				
Balance September 30, 2018	$ 256,892	$ 243,108	$ 556,437	$ 1,056,437
Additions	-	139,736	157,052	296,788
Impairment	-	-	(500,000)	(500,000)
Transfer to assets held for sale	(256,892)	(382,844)	-	(639,736)
Foreign exchange	-	-	(851)	(851)
Balance September 30, 2019	$ -	$ -	$ 212,638	$ 212,638
Additions	456,439	-	20,806	477,245
Transfer to assets held for sale	-	-	(183,928)	(183,928)
Impairment	(309,573)	-	(48,191)	(357,764)
Foreign exchange	1,200	-	(1,325)	(125)
Balance, September 30, 2020	$ 148,066	$ -	$ -	$ 148,066
Accumulated depreciation				
Balance September 30, 2018	$ -	$ 5,064	$ 43,372	$ 48,436
Additions	-	18,889	134,148	153,037
Impairment	-	-	(132,493)	(132,493)
Transfer to assets held for sale	-	(23,955)	-	(23,955)
Foreign exchange	-	2	207	209
Balance September 30, 2019	$ -	$ -	$ 45,234	$ 45,234
Additions	-	-	3,339	3,339
Transfer to assets held for sale	-	-	(38,917)	(38,917)
Impairment	-	-	(9,656)	(9,656)
Balance, September 30, 2020	$ -	$ -	$ -	$ -
Net book value				
September 30, 2019	$ -	$ -	$ 167,404	$ 167,404
September 30, 2020	$ 148,066	$ -	$ -	$ 148,066

The Company recorded an additional impairment expense of $234,005 in relation to amounts transfer to held for sale in the prior year. Equipment transferred to assets held for sale was impaired by $144,127 (Note 13).

A continuity of the right of use asset and lease liability is as follows:

Right of use asset recognized on adoption of IFRS 16	$ 81,531
Depreciation of right of use asset	(23,668)
Balance - September 30, 2020	$ 57,863
Lease liability recognized on adoption of IFRS 16	$ 81,531
Lease payments	(29,911)
Interest	10,071
Balance - September 30, 2020	$ 61,691
Current portion	$ 18,982
Long term	42,709
Total	$ 61,691

The Company recorded interest expense of $10,071 in relation to the lease liability during the year. The lease expires in February 2023.

(Expressed in United States Dollars)

8. ACQUISITION OF S&K INDUSTRIES, LLC.

During the year ended September 30, 2019 the Company acquired a 100% interest in S&K for $1,800,000 in cash (including $750,000 loan advanced by the Company previously – Note 6), and the issuance of 283,156 common shares with a fair value of $1,800,000. The acquisition aligned with the Company's strategy to build a diversified offering of branded consumer products in the cannabis industry.

The Company has concluded that the transaction did not qualify as a business combination under IFRS 3, "Business Combinations", as significant processes were not acquired. The acquisition was therefore accounted for as an asset acquisition. The purchase consideration has been allocated based on the Company's assessment of the fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date. The purchase price allocation is as follows:

Consideration	
Cash	$ 1,800,000
283,156 common shares	1,800,000
Transaction costs - cash	76,071
	3,676,071
Net assets of S&K Industries LLC	
Intangible assets	$ 3,676,071

During the year ended September 30, 2019 the Company recognized an impairment of the full purchase price in relation to the acquisition of S&K as the intangible assets were not expected to be recoverable from their use in operations.

9. ACQUISITION OF VERVE BEVERAGE COMPANY

In January 2019 the Company acquired a 100% interest in Verve Beverage Company. ("VBC") in exchange for 1,200,000 common shares of the Company with a fair value of $6,268,657. The acquisition aligned with the Company's strategy to build a diversified offering of branded consumer products in the cannabis industry.

The Company has concluded that the transaction did not qualify as a business combination under IFRS 3, "Business Combinations", as significant processes were not acquired. The acquisition was therefore accounted for as an asset acquisition. The purchase consideration has been allocated based on the Company's assessment of the fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date. The purchase price allocation is as follows:

Consideration	
1,200,000 common shares	$ 6,268,657
Cash advanced prior to close of acquisition	750,000
Transaction costs - cash	33,889
	7,052,546
Net assets of Verve Beverage Company	
Cash	91,224
Others assets	18,844
Intangible assets	6,942,478
Total	$ 7,052,546

Subsequent to the close of the acquisition the Company entered an agreement to divest its 100% interest in Verve Beverage Company in exchange for the return of 1,600,000 common shares from one of the original vendors of Verve Beverage Company. During the year ended September 30, 2019 the Company recorded an impairment expense of $7,052,546.

(Expressed in United States Dollars)

10. ACQUISITION OF R&D PHARMA CORP.

In February 2019 the Company acquired a 100% interest in R&D Pharma Corp. ("R&D") in exchange for 1,600,000 common shares and 25,000,000 non-voting preferred shares of R&D which are redeemable for 0.02 warrants of the Company for no further consideration and are exercisable at a price of CAD $17.50 for a period of two years. The total fair value of the consideration was $9,335,435 and $2,415,171 in cash advanced by the Company (Note 6). The preferred shares provide the holders no other ownership or voting rights of R&D or the Company. The value of the preferred shares was determined using the Black-Scholes valuation model with the following assumptions: expected life 2 years, volatility 75%, discount rate 2%, dividend yield 0%. The acquisition aligned with the Company's strategy to build a diversified offering of branded consumer products in the cannabis industry.

The Company has concluded that the transaction did not qualify as a business combination under IFRS 3, "Business Combinations", as significant processes were not acquired. The acquisition was therefore accounted for as an asset acquisition. The purchase consideration has been allocated based on the Company's assessment of the fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date. The purchase price allocation is as follows:

The Company recorded an impairment expense of $11,858,746 in relation to the acquisition of R&D during the year ended September 30, 2019.

Consideration		
1,600,000 common shares at a fair value of CAD $7.25 per share:	$	8,762,640
25,000,000 preferred shares of R&D at a fair value of CAD $0.03 per share:		572,795
Cash advanced prior to close of acquisition		2,415,171
Transaction costs - cash		108,140
		11,858,746
Net assets of R&D Pharma Corp.		
Intangible assets		11,858,746
Total	$	11,858,746

During the year ended September 30, 2020 the Company issued 465,976 warrants upon the conversion of the remaining non-voting preferred shares of R&D Pharma Corp.

(Expressed in United States Dollars)

11. REVERSE TAKEOVER TRANSACTION

Effective October 2018 the Company completed a transaction with Open Source Health Inc. ("OSH") whereby OSH acquired all of the issued and outstanding shares of the Company on a one-for-one basis. The Company is considered to have acquired OSH for accounting purposes with the agreement being accounted for as a reverse takeover of OSH by Weekend Unlimited Inc. shareholders. The combined entity continued operating under the name Weekend Unlimited Inc.

The legal acquisition of Weekend by OSH is considered a reverse asset acquisition as OSH does not meet the definition of a business as its main attribute was its public listing. For accounting purposes, the consideration to acquire 100% of the outstanding shares of OSH by the Company was 1,121,192 common shares. Additional consideration related to 956,910 OSH warrants with a strike price of CAD $5. The value of the warrants was determined using the Black-Scholes valuation model with the following assumptions: expected life 2 years, volatility 72%, discount rate 2%, dividend yield 0%.

The following are the fair values of the OSH assets acquired and liabilities assumed by the Company and consideration paid to OSH:

Consideration	
1,121,192 common shares at a fair value of CAD $10 per share:	$ 8,628,696
956,910 warrants at a fair value of CAD $6 per share:	4,488,809
Transaction costs - cash	44,323
	13,161,828
Net assets of Open Source Health Inc.	
Cash	143,564
Other receivable - due from Weekend Unlimited Inc.	622,113
Accounts payable	(24,825)
Total	740,852
Listing expense	$ 12,420,976

12. ACQUISITION OF NORTHERN LIGHTS ORGANICS INC.

During the year ended September 30, 2018, the Company signed an agreement to purchase all of the shares of Northern Lights Organics Ltd. ("NLO") and was granted an option to acquire an organic farm in northern BC. As consideration for the shares of NLO the Company agreed to:

- Fund an ACMPR application;
- Upon closing, pay CAD $25,000 in cash and issue 20,000 common shares of the Company. The shares were issued during the period ended December 31, 2018 and had a fair value of $144,951 (Note 17);
- Upon receipt of a license to cultivate and sell hemp and/or cannabis, issue common shares with a value equal to CAD $1,000,000;
- Upon harvest of the first outdoor hemp and/or cannabis crop, pay CAD $25,000 in cash; and
- Upon completion of an expansion facility of at least 100,000 square feet, issue common shares with a value equal to CAD $500,000.

12. ACQUISITION OF NORTHERN LIGHTS ORGANICS INC. (Continued)

If exercised, the option price to acquire the agricultural property was as follows:

- CAD $1,150,000 if exercised during the period ending February 2019
- CAD $1,250,000 if exercised during the period ending February 2020
- CAD $1,350,000 if exercised during the period ending February 2021

During the year ended September 30, 2018 end the Company notified NLO that it would not pursue the purchase option in its current form.

During the year ended September 30, 2019 the Company entered a new the share purchase agreement with NLO which replaced and superseded any prior agreements between the parties. The terms of the new share purchase agreement are as follows:

- Divested 30% of the equity ownership to one of the original vendors
- Advanced CAD $150,000 to NLO on closing of the modified share purchase agreement to be used towards development of the project
- Agreed to fund an additional CAD $150,000 in July 2019 upon achievement of certain milestones
- Agreed to fund an additional CAD $340,000 in February 2020 upon achievement of certain milestones
- Issue 40,000 common shares upon the achievement of certain milestones
- Issue CAD $1,000,000 in common shares upon the achievement of certain milestones
- Agreed to purchase a 50% interest in the organic farm for CAD $600,000 (Paid).

As at September 30, 2019 $226,530 had been paid with the remaining amount paid during the year ended September 30, 2020 and recorded as land (Note 7). As at September 30, 2020 the Company determined that it was appropriate to impair the value of the land to the assessed value of $148,066 as this was the most probable recoverable amount given the decline in prices of hemp biomass.

During the year ended September 30, 2020 the Company issued 20,000 common shares with a fair value of $26,341 in relation to the above milestones.

(Expressed in United States Dollars)

13. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The following table summarizes the results from discontinued operations for the year ended September 30, 2020:

	Wknd Shop LLC	Northern Lights	Total
Revenue	$ 241,862	$ -	$ 241,862
Cost of good sold	(227,218)	-	(227,218)
Gross margin	14,644	-	14,644
Expenses			
General and administrative	339,691	44,421	384,112
Impariment - equipment	-	144,127	144,127
Consulting	114,420	-	114,420
Other items	25,829	15,573	41,402
Loss from discontinued operations	$ (465,296)	$ (204,121)	$ (669,417)

The following table summarizes the results from discontinued operations for the year ended September 30, 2019:

	JB Stone Inc.	R&D Pharma Corp	Verve Beverage Company	Wknd Shop LLC	Northern Lights	Total
Expenses						
General and administrative	$ 40,361	$ 45,397	$ 107,950	$ 16,762	$ 46,936	$ 257,406
Professional fees	-	-	-	12,500	1,870	14,370
Consulting	-	-	146,025	90,000	191,004	427,029
Depreciation	-	-	-	-	37,004	37,004
Loss on disposition	70,324	-	106,093	-	-	176,417
Interest and other	-	-	-	127,901	-	127,901
Loss from discontinued operations	$ (110,685)	$ (45,397)	$ (360,068)	$ (247,163)	$ (276,814)	$ (1,040,127)

During the year ended September 30, 2019 the Company entered a License Agreement with JB Stone Inc. in exchange for the cancellation of 500,000 shares of the Company and the return of the Company's 51% interest in JB Stone Inc. In relation to the disposition the Company recognized a loss from discontinued operations of $110,685.

Subsequent to September 30, 2019 the Company entered a purchase agreement to dispose of the facility in Wenatchee Washington and recorded the recoverable amount of $615,781 as assets held for sale, $190,000 of which was expected to be collected beyond the following twelve months which was therefore recorded as long term. During the year ended September 30, 2020 the Company entered an amended agreement whereby the facility was sold for $300,000. After transaction costs of $17,234 net proceeds to the Company were $282,766. The Company also entered a promissory note for the sale of certain equipment at the facility for $100,000 (Note 6, 7).

During the year ended September 30, 2020 the Company classified Wknd Shop LLC and NLO as discontinued operations as management determined these business lines would no longer be pursued. Accordingly, $247,163 and $276,814 of related losses during the year ended September 30, 2019 have been reclassified to losses from discontinued operations.

14. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares with no par value and unlimited preferred shares with no par value. As of September 30, 2020, there were 11,259,921 common shares outstanding (September 30, 2019 – 8,821,105).

Escrow Shares

The Company has shares subject to trading restrictions and escrow which are released in tranches through 2021. As at September 30, 2020, a total of 177,503 common shares were subject to these escrow restrictions.

Issued and Outstanding – Common Shares Fiscal 2020:

During the year ended September 30, 2020 the Company issued common shares as follows:

a) Issued 20,000 common shares upon the achievement of certain milestones under the Northern Lights Organics share purchase agreement with a fair value of $26,341.

b) Issued 9,000 common share upon the exercise of warrants at a price of CAD $2.50 each for proceeds of $17,030 (CAD - $22,500).

c) The Company completed a non-brokered private placement of $831,661 (CAD $1,108,001) by the issuance of 1,772,800 units at CAD $0.625. Each unit consists of one common share and one common share purchase warrant entitling the holder to subscribe for one additional share at a price of CAD $0.85 for a period of 2 years, subject to the Company's right to accelerate the expiry date upon 30 days' notice if its shares trade at CAD $1.75 or more for a period of 10 days. In connection with the issuance of the units the Company issued 129,350 broker warrants on the same terms as the unit offering and incurred cash finder's fees of $60,887. The Company recorded share issue costs of $52,913 with respect to the broker warrants granted as finders' fees. The fair value of these broker warrants was CAD $0.45 per warrant and was estimated using the Black-Scholes option pricing model.

d) Issued 79,251 common shares to settle outstanding debts with a fair value of $37,263. In relation to the issuance the Company recorded a gain on settlement of debt of $113,334.

e) Issued 737,629 common shares for services with a fair value of $335,041.

f) Issued 65,000 common shares for services with a fair value of $24,917.

g) Issued 245,000 common shares to members of management for services with a fair value of $82,423.

h) Cancelled 155,002 common shares in relation to the return of shares from certain vendors of R&D Pharma Corp. In relation to the cancellation the Company recorded a charge to deficit of $604,433

i) Cancelled 334,862 common shares in relation to the return of shares from certain vendors. In relation to the cancellation the Company recorded a charge to deficit of $1,287,113.

14. SHARE CAPITAL AND RESERVES (Continued)

Issued and Outstanding – Common Shares Fiscal 2019:

During the year ended September 30, 2019 the Company issued common shares as follows:

a) The Company completed a non-brokered private placement of $4,162,885 (CAD $5,409,154) by the issuance of 540,915 units at CAD $10. Each unit consists of one common share and one common share purchase warrant entitling the holder to subscribe for one additional share at a price of CAD $12.5 for a period of 2 years, subject to the Company's right to accelerate the expiry date upon 30 days' notice if its shares trade at CAD $25 or more for a period of 10 days. In connection with the issuance of the units the Company issued 39,708 broker warrants on the same terms as the unit offering and incurred cash finder's fees and share issue costs of $455,076. The Company recorded share issue costs of $107,010 with respect to the broker warrants granted as finders' fees. The fair value of these broker warrants was CAD $3.50 per warrant and was estimated using the Black-Scholes option pricing model.

b) The Company issued 1,012,119 common shares in relation to the amalgamation with Open Source (Note 12).

c) The Company issued 283,156 common shares to acquire a 100% interest in S&K Industries, LLC with a fair value of $1,800,000 (Note 9).

d) The Company issued 1,200,000 common shares to acquire a 100% interest in Verve Beverage Company with a fair value of $6,268,657 (Note 10).

e) The Company issued 1,600,000 common shares to acquire a 100% interest in R&D Pharma Corp. with a fair value of $8,762,640 (Note 11).

f) The Company issued 65,000 common shares for services with a fair value of CAD $34,125.

g) The Company issued 20,000 common shares to NLO with a fair value of $144,951 which has been recorded as an expense.

h) The Company issued 15,000 common shares for compensation with a fair value of $108,713.

i) Issued 40,000 common shares for services with a fair value of $171,810.

j) A total of 710,984 warrants and 3,500 stock options were exercised at prices between CAD $2.50 – CAD $10 for gross proceeds of $2,261,688. In relation to the exercise of stock options $10,500 was reallocated from reserves to share capital.

k) Cancelled 100,000 common shares in relation to the disposition of JB Stone Inc. with a book value of $531,580 which was recorded to deficit.

14. SHARE CAPITAL AND RESERVES (Continued)

<u>Issued and Outstanding – Common Shares Fiscal 2019 (Continued):</u>

l) The Company completed a non-brokered private placement of $1,575,719 (CAD $2,068,415) by the issuance of 827,366 units at CAD $2.50. Each unit consists of one common share and one common share purchase warrant entitling the holder to subscribe for one additional share at a price of CAD $5.00 for a period of 2 years, subject to the Company's right to accelerate the expiry date upon 30 days' notice if its shares trade at CAD $12.50 or more for a period of 10 days. In connection with the issuance of the units the Company issued 54,029 broker warrants on the same terms as the unit offering and incurred cash finder's fees and share issue costs of $106,593. The Company recorded share issue costs of $64,600 with respect to the broker warrants granted as finders' fees. The fair value of these broker warrants was CAD $1.50 per warrant and was estimated using the Black-Scholes option pricing model.

m) The Company entered an agreement to divest its 100% interest in Verve Beverage Company in exchange for the return of 320,000 common shares of the Company from one of the original vendors. In relation to the cancellation the Company recorded $1,579,552 to deficit.

(Expressed in United States Dollars)

14. SHARE CAPITAL AND RESERVES (Continued)

Warrants

A summary of warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price ($CAD)
Balance at September 30, 2018	2,354,898	$ 9.00
Granted	2,584,968	9.00
Expired	(79,016)	64.15
Exercised	(710,985)	4.25
Balance at September 30, 2019	4,149,865	$ 8.45
Granted	2,368,126	4.13
Expired	(890,968)	6.14
Exercised	(9,000)	2.50
Balance at September 30, 2020	5,618,023	$ 7.00

The following table summarizes warrants outstanding at September 30, 2020:

Expiry date	Number of Warrants	Weighted Average Exercise Price ($CAD)	Weighted Average Remaining Years
February 19, 2021	465,976	$17.50	0.39
March 21, 2021	31,250	$2.50	0.47
March 29, 2021	897,298	$1.25	0.49
April 5, 2021	689,156	$1.25	0.51
April 16, 2021	136,151	$1.25	0.54
October 15, 2020	580,623	$12.50	0.04
February 19, 2021	34,024	$17.50	0.39
July 9, 2021	881,395	$5.00	0.77
February 11, 2022	1,772,532	$0.85	1.37
March 10, 2022	129,618	$0.85	1.44
	5,618,023		0.78

During the year ended September 30, 2020, the Company recorded share issue costs of $52,913 (2019 - $171,610) with respect to 129,350 broker warrants granted as finders' fees. The weighted average fair value of these broker warrants was CAD $0.54 per warrant and was estimated using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair value are as follows:

	September 30, 2020	September 30 2019
Risk-free interest rate	1.50%	2.25%
Expected life of options	4.25	4.25
Expected forfeitures	10%	10%
Annualized volatility	80%	75%
Dividend rate	0%	0%
Weighted average fair value per option ($CAD)	$0.07	$0.70

(Expressed in United States Dollars)

14. SHARE CAPITAL AND RESERVES (Continued)

Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The aggregate number of stock options granted shall not exceed 10% of the issued and outstanding common shares of the Company at the time of shareholder approval of the plan, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of stock options granted under the plan shall not be lower than the exercise price permitted by the CSE, and all stock options granted under the plan will have a maximum term of seven years.

A summary of stock option activity is as follows:

	Number of Options		Weighted Average Exercise Price ($CAD)
Balance at September 30, 2018	320,000	$	7.50
Granted	447,000		7.10
Exercised	(3,500)		7.50
Forfeited	(229,000)		7.50
Balance at September 30, 2019	534,500	$	7.15
Cancelled	(534,500)		7.15
Granted	986,000		0.625
Balance at September 30, 2020	986,000	$	0.625

The following table summarizes stock options outstanding and exercisable as at September 30, 2020:

Expiry date	Number of Options	Number of Exercisable Options	Weighted Average Exercise Price ($CAD)	Weighted Average Remaining Years
March 25, 2025	986,000	986,000	$0.625	4.48

Share-based compensation expense recognized during the year of $329,800 (2019 - $1,168,841) related to options granted and vested during the year. The Option Pricing Model used the following weighted average assumptions:

	September 30, 2020	September 30 2019
Risk-free interest rate	1.50%	2.25%
Expected life of options	4.25	4.25
Expected forfeitures	10%	10%
Annualized volatility	80%	75%
Dividend rate	0%	0%
Weighted average fair value per option ($CAD)	$0.07	$0.70

Expected annualized volatility was determined using the historic volatility of established comparable publicly traded cannabis companies.

(Expressed in United States Dollars)

14. SHARE CAPITAL AND RESERVES (Continued)

R&D Pharma Corp. exchangeable preferred shares

A summary of non-voting exchangeable preferred share activity is as follows:

	Number of Preferred shares
Balance at September 30, 2018	-
Granted	25,000,000
Exchanged for warrants of the Company	(1,701,190)
Balance at September 30, 2019	23,298,810
Exchanged for warrants of the Company	(23,298,810)
Balance at September 30, 2020	-

Reserves

The following is a summary of the changes in reserves:

	Stock options	Exchangable preferred shares	Warrants	Total
Balance, September 30, 2018	$ 545,030	$ -	$ 159,922	$ 704,952
Share-based payments	1,168,841	-	-	1,168,841
OSH warrants	-	-	4,488,809	4,488,809
R&D exchangable preferred shares	-	572,795	-	572,795
Finders' warrants	-	-	171,610	171,610
Reclassified on exercise of stock options and warrants	(10,500)	-	-	(10,500)
Balance, September 30, 2019	$ 1,703,371	$ 572,795	$ 4,820,341	$ 7,096,507
Finders' warrants	-	-	52,913	52,913
Transfer	-	(572,795)	572,795	-
Share-based payments	329,800	-	-	329,800
Balance, September 30, 2020	$ 2,033,171	$ -	$ 5,446,049	$ 7,479,220

(Expressed in United States Dollars)

15. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the period ended September 30, 2020 the Company entered into the following key management transactions:

Key Management Remuneration:		September 30, 2020		September 30 2019
Charlie Lamb - CEO, Director	$	84,782		-
Robert Payment - CFO		42,391		-
Chris Backus - Former CEO, Director		184,346		50,000
Michael Hopkinson - Former CFO		2,975		20,000
Brian Keane - Director		30,000		60,000
Michael Young - Director		5,000		-
Paul Chu - Former CEO, Director		-		103,965
Cody Corrubia - Former CEO, Director		-		170,000
David Parchomchuk - Former Director		18,593		-
Kevin Ernst - Former Director		7,500		50,000
Total	$	375,587	$	453,965

Share-based compensation of $87,994 (2019 - $327,035) was related to directors, officers, and former directors and officers.

Other related party transactions include:

- In December 2018 the Company received a secured promissory note from High Desert Group Inc. ("HDG") of $750,000. At the date of the issuance of the HDG loan, the Company's then CEO (now former CEO), Paul Chu, was a common director and officer of HDG and the Company. The note matured on December 13, 2019 and is secured by all the assets of HDG. The loan proceeds were deemed uncollectible and accordingly the Company wrote the loan down to $Nil as of September 30, 2019.

- In February 2020, the Company advanced World High Life Plc ("WHL") an unsecured demand loan of $105,129 (CAD $140,000) bearing interest of 5%. WHL is considered a related party due to a common CFO & director of each Company (Note 6).

16. FINANCIAL INSTRUMENTS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of receivables, loans receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and loans receivables. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. Receivables consists of amounts due from the Government of Canada in which management believes the credit risk to be minimal. The Company does not have significant credit risk with respect to customers. The Company's remaining loans are considered to have a low risk of default. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2020 the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at September 30, 2020, the Company had cash, loans receivable, accounts payable and accrued liabilities, denominated in Canadian dollars ("CAD"). A 10% fluctuation in the foreign exchange rate between the USD and Canadian dollar would have a $30,000 impact on profit or loss for the year. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

(Expressed in United States Dollars)

17. CAPITAL MANAGEMENT

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. As discussed in Note 1, the Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, the lack of adverse political developments in the United States with respect to cannabis legislation and securing additional financing. Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the years presented. The Company is not subject to externally imposed capital requirement.

18. GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative	**September 30, 2020**	**September 30 2019**
Advertising, marketing, and brand development	$ 274,903	$ 2,868,627
Investor relations	80,511	160,675
Office expenses and general administration	178,976	387,578
Management fees	375,587	453,965
Consulting	259,705	1,061,552
Travel and entertainment	42,759	136,058
Total	$ 1,212,441	$ 5,068,455

(Expressed in United States Dollars)

19. SEGMENTED INFORMATION

The Company operates in two segments, referred to as Business to Business ("B2B") and its administrative costs center, ("Corporate"). B2B is focused on the provision of services to cultivators, and processors in Washington State and Oklahoma. The corporate head office is located in Canada. Segmented info as at and for the year ended September 30, 2020 is as follows:

	B2B (USA)	Corporate (Canada)	Total
Revenue	$ 133,379		$ 133,379
Cost of goods sold	89,644	-	89,644
Gross margin	43,735	-	43,735
Expenses			
General and administrative	$ 355,465	$ 856,976	$ 1,212,441
Professional fees	78,908	265,573	344,481
Share-based compensation	-	329,800	329,800
Northern Lights Organics milestone payment	-	26,341	26,341
Depreciation	3,339	23,668	27,007
Total expenses	437,712	1,502,358	1,940,070
Net Loss before other items	$ (393,977)	$ (1,502,358)	$ (1,896,335)
Property and equipment	$ -	$ 148,066	$ 148,066
Total assets	$ 591,775	$ 548,394	$ 1,140,169
Total liabilities	$ 4,202	$ 63,499	$ 67,701

(Expressed in United States Dollars)

19. SEGMENTED INFORMATION

In the prior year the Company operated in four segments, referred to as Business to Business ("B2B"), Hemp Products, Hemp Cultivation, as well as its administrative costs center, ("Corporate"). B2B is focused on the provision of services to cultivators, and processors in Washington State, Hemp products is focused on the manufacture and distribution of hemp infused products, Hemp Cultivation is focused on developing agricultural opportunities in the Hemp industry. The corporate head office is located in Canada. Hemp Cultivation operations are located in Canada while the operations of B2B and Hemp Products are located in the United States. During the year ended September 30, 2020 Hemp Products and Hemp Cultivation were classified as discontinued operations (Note 13). Segmented info as at and for the year ended September 30, 2019 is as follows:

	B2B (USA)	Corporate (Canada)	Total
Revenue	$ 7,144	$ -	$ 7,144
Cost of goods sold	3,543	-	3,543
Gross margin	3,601	-	3,601
Expenses			
General and administrative	$ 291,541	$ 4,776,914	$ 5,068,455
Professional fees	87,783	468,940	556,723
Share-based compensation	-	1,168,841	1,168,841
Northern Lights Organics milestone payment	-	144,951	144,951
Depreciation	116,033	-	116,033
Foreign exchange	-	1,325	1,325
Total expenses	495,357	6,560,971	7,056,328
Net Loss before other items	$ (498,958)	$ (6,560,971)	$ (7,052,727)

	Hemp Products (USA)	Hemp Cultivation (Canada)	B2B (USA)	Corporate (Canada)	Total
Property and equipment	$ -	$ 146,336	$ 21,068	$ -	$ 167,404
Total assets	$ 15,290	$ 176,320	$ 1,172,593	$ 1,850,230	$ 3,214,433
Total liabilities	$ -	$ -	$ 33,128	$ 273,829	$ 306,957

20. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information	September 30 2020	September 30 2019
Shares issued to acquire S&K Industries, LLC. (Note 9)	$ -	$ 1,800,000
Shares issued to acquire Verve Beverage Co. (Note 10)	$ -	$ 6,268,657
Shares issued to acquire R&D Pharma Corp. (Note 11)	$ -	$ 8,762,640
Fair value of exchangeable preferred shares (Note 17)	$ -	$ 572,795
Promissory note received for asset sale (Note 6)	$ 100,000	$ -
Deposit for land paid in prior year (Note 12)	$ 226,530	$ -
Fair value of finders' warrants	$ 52,913	$ 171,610

(Expressed in United States Dollars)

21. INCOME TAXES

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

	September 30 2020	September 30 2019
Loss before tax from continuing operations	$ (2,770,107)	$ (43,062,697)
Loss before tax from discontinued operations	(669,417)	(1,040,127)
Loss for the year before income tax	(3,439,524)	(44,102,824)
Expected income tax (recovery)	$ (929,000)	$ (11,908,000)
Change in statutory, foreign tax, foreign exchange rates and other	57,000	(1,067,000)
Permanent Difference	2,192,000	8,353,000
Share issue cost	(16,000)	(149,000)
Impact of sale of subsidiary, R&D Pharma Corp.	(3,136,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	2,472,000	(149,000)
Change in unrecognized deductible temporary differences	(640,000)	4,920,000
Total income tax expense (recovery)	$ -	$ -

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada/British Columbia. The US federal income tax expense is due to the fact that Canadian and US losses are not able to be consolidated for tax disclosure & reporting purposes.

The significant components of the Company's deferred tax assets and liabilities that have not been included in the consolidated statement of financial position are as follows:

	September 30 2020	September 30 2019
Deferred Tax Assets (liabilities)		
Property and equipment / ROU Asset and Liability	$ 1,000	$ 67,000
Share issue costs	344,000	258,000
Allowable capital losses	2,010,000	3,183,000
Non-capital losses available for future period	2,837,000	2,324,000
	5,192,000	5,832,000
Unrecognized deferred tax assets	(5,192,000)	(5,832,000)
Net deferred tax assets	$ -	$ -

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:

	September 30 2020	Expiry Date Range	September 30 2019	Expiry Date Range
Temporary Differences				
Property and equipment / ROU Asset and Liability	$ 4,000	Indefinite	$ 311,000	Indefinite
Share issue costs	1,276,000	2040 to 2043	955,000	2040 to 2043
Allowable capital losses	7,750,000	2024 to Indefinite	13,359,000	2024 to Indefinite
Non-capital losses available for future period	10,685,000	2036 to Indefinite	47,548,000	2036 to Indefinite
Canada	9,883,000	2036 to 2040	42,382,617	2036 to 2039
USA	802,000	Indefinite	5,165,551	Indefinite

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

WEEKEND UNLIMITED INDUSTRIES INC.
(formerly Weekend Unlimited Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019

(Expressed in United States Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Weekend Unlimited Industries Inc. (formerly Weekend Unlimited Inc.)

Opinion

We have audited the accompanying consolidated financial statements of Weekend Unlimited Industries Inc. (formerly Weekend Unlimited Inc.) (the "Company"), which comprise the consolidated balance sheets as at September 30, 2019 and 2018, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 Company in accordance with the 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements. As stated in Note 1, the Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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 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.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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. We 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 Company'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 Company'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 Company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We 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.

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

January 28, 2020

WEEKEND UNLIMITED INDUSTRIES INC.
(Formerly Weekend Unlimited Inc.)
CONSOLIDATED BALANCE SHEET
(Expressed in United States Dollars)

AS AT	*Note*	September 30, 2019	September 30, 2018
ASSETS			
Current			
Cash		$ 822,945	$ 3,796,603
Inventory	*4*	119,119	-
Receivables		31,971	-
Loans receivable	*6*	483,163	3,408,750
Prepaid expenses and deposits		39,868	92,090
Assets held for disposition	*16*	425,781	469,164
		1,922,847	7,766,607
Non-Current			
Property and equipment	*7*	167,404	1,008,001
Loans receivable - non-current	*6*	707,652	-
Deposit for land purchase	*14*	226,530	-
Assets held for disposition - non-current	*16*	190,000	-
Total assets		$ 3,214,433	$ 8,774,608
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities		$ 306,957	$ 112,605
Due to related party	*12, 18*	-	672,750
Current liabilities held for disposition	*16*	-	452,378
Total liabilities		306,957	1,237,733
Equity			
Share capital	*17*	44,723,002	13,681,654
Reserves	*17*	6,914,467	605,589
Deficit		(48,681,062)	(6,738,301)
Total equity attributable to shareholders of the Company		2,956,407	7,548,942
Non-controlling interest		(48,931)	(12,067)
Total equity		2,907,476	7,536,875
Total liabilities and equity		$ 3,214,433	$ 8,774,608

Nature and continuance of operations (Note 1)
Acquisitions (Notes 9,10,11)
Subsequent events (Note 26)

Approved on behalf of the Board of Directors and authorized for issuance on January 27, 2020:

"Signed"	"Signed"
Chris Backus, Director	Charles Lamb, Director

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

WEEKEND UNLIMITED INDUSTRIES INC.
(Formerly Weekend Unlimited Inc.)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in United States Dollars)

	Note	September 30, 2019	September 30, 2018
Revenue		$ 7,144	$ -
Cost of goods sold		3,543	-
Gross margin		3,601	-
Expenses			
General and administrative	*21*	5,413,157	2,056,791
Professional fees		571,093	537,190
Share-based compensation	*17*	1,168,841	545,030
Fair value loss - acquisition of JB Stone Inc.		-	76,053
Northern Lights Organics milestone payment	*14*	144,951	-
Depreciation	*7*	153,037	48,612
Foreign exchange		1,325	11,182
Total expenses		7,452,404	3,274,858
Loss before other items		(7,448,803)	(3,274,858)
Impairment - Loan receivable	*6*	(825,510)	-
Impairment - property and equipment	*7*	(367,507)	-
Impairment - Intangible assets	*8*	(22,477,295)	-
Listing expense	*12*	(12,420,976)	-
Interest and other		(46,583)	-
Loss from continuing operations		(43,586,674)	(3,274,858)
Net loss from discontinued operations	*16*	(516,150)	(3,577,811)
Net loss for the year		$ (44,102,824)	$ (6,852,669)
Other comprehensive loss			
Translation adjustment		$ (82,677)	(99,363)
Comprehensive loss for the year		$ (44,185,501)	$ (6,952,032)
Comprehensive loss attributable to:			
Net loss - shareholders of the Company		(44,053,893)	(6,735,301)
Net loss - non-controlling interest		(48,931)	(117,368)
Translation adjustment		(82,677)	(88,518)
Translation adjustment - discontinued operations		-	(10,845)
		$ (44,185,501)	$ (6,952,032)
Loss per share			
Basic and diluted - continuing operations		$ (1.24)	$ (0.24)
Basic and diluted - discontinued operations		$ (0.01)	$ (0.26)
Total		$ (1.25)	$ (0.50)
Weighted average number of common shares			
Basic and diluted		35,273,887	13,673,871

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

WEEKEND UNLIMITED INDUSTRIES INC.
(Formerly Weekend Unlimited Inc.)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in United States Dollars)

	Number of common shares	Share Capital	Reserves	Translation adjustment reserve	Non-controlling interest	Deficit	Total equity (deficiency)
Balance, September 30, 2017	5	$ 1	$ -	$ -	$ -	$ (3,000)	$ (2,999)
Common shares issued for cash	11,834,944	11,663,489	-	-	-	-	11,663,489
Acquisition of Cannabis Brands Inc.	1,800,000	2,096,280	-	-	-	-	2,096,280
Acquisition of JB Stone Inc.	500,000	568,182	-	-	-	-	568,182
Share issuance costs - cash	-	(781,644)	-	-	-	-	(781,644)
Finders' warrants	-	(159,922)	159,922	-	-	-	-
Shares issued for services	260,000	295,268	-	-	-	-	295,268
Share-based compensation	-	-	545,030	-	-	-	545,030
Translation adjustment	-	-	-	(99,363)	-	-	(99,363)
Non-controlling interest	-	-	-	-	105,301	-	105,301
Net loss for the year	-	-	-	-	(117,368)	(6,735,301)	(6,852,669)
Balance, September 30, 2018	14,394,949	$ 13,681,654	$ 704,952	$ (99,363)	$ (12,067)	$ (6,738,301)	$ 7,536,875
Common shares and warrants issued to Open Source for RTO	5,605,961	8,628,696	4,488,809	-	-	-	13,117,505
Common shares issued for cash	6,841,409	5,738,604	-	-	-	-	5,738,604
Common shares issued upon exercise of warrants and options	3,572,424	2,261,688	(10,500)	-	-	-	2,251,188
Acquisition of S&K Industries, LLC	1,415,781	1,800,000	-	-	-	-	1,800,000
Acquisition of Verve Beverage Company	6,000,000	6,268,657	-	-	-	-	6,268,657
Acquisition of R&D Pharma	8,000,000	8,762,640	-	-	-	-	8,762,640
Exchangeable preferred shares for acquisition of R&D Pharma	-	-	572,795	-	-	-	572,795
Shares issued under NLO agreement	100,000	144,951	-	-	-	-	144,951
Shares issued for compensation	75,000	108,713	-	-	-	-	108,713
Shares issued for services	200,000	171,810	-	-	-	-	171,810
Cancellation of shares - JB Stone Inc. disposition	(500,000)	(531,580)	-	-	12,067	531,580	12,067
Cancellation of shares - Verve Beverage Company disposition	(1,600,000)	(1,579,552)	-	-	-	1,579,552	-
Share issuance costs - cash	-	(561,669)	-	-	-	-	(561,669)
Finders' warrants	-	(171,610)	171,610	-	-	-	-
Share-based compensation - options	-	-	1,168,841	-	-	-	1,168,841
Translation adjustment	-	-	-	(82,677)	-	-	(82,677)
Net loss for the year	-	-	-	-	(48,931)	(44,053,893)	(44,102,824)
Balance, September 30, 2019	44,105,524	$ 44,723,002	$ 7,096,507	$ (182,040)	$ (48,931)	$ (48,681,062)	$ 2,907,476

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

WEEKEND UNLIMITED INDUSTRIES INC.
(Formerly Weekend Unlimited Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States Dollars)

	September 30, 2019	September 30, 2018
Operating activities		
Net loss for the year	$ (44,102,824)	$ (6,852,669)
Adjusted for:		
Depreciation	153,037	48,612
Share-based compensation	1,168,841	545,030
Northern Lights Organics milestone payment	144,951	-
Shares issued for services	280,523	295,268
Fair value loss on acquisition of JB Stone Inc.	-	76,053
Gain on disposition of JB Stone Inc.	70,324	-
Impairment - loans receivable	825,510	-
Impairment - equipment	367,507	
Impairment - intangible assets	22,477,295	3,577,811
Listing expense	12,420,976	-
Changes in non-cash working capital:		
Receivables	(13,127)	-
Prepaid expenses	52,222	(92,090)
Accounts payable and accrued liabilities	164,292	109,341
Inventory	(119,119)	-
Cash flows from discontinued operations	(56,443)	(289,255)
Cash flows from operating activities	(6,166,035)	(2,581,899)
Investing activities		
Acquisition of S&K Industries, LLC, net	(1,050,000)	-
Acquisition of VBC Brands Inc., net	91,224	-
Acquisition of R&D Pharma Corp.	(1,285,379)	-
Acquisition of JB Stone Inc., net	-	(569,736)
Acquisition of Cannabis Brands Inc., net	-	90
Transaction costs	(262,423)	-
Proceeds from / due to Open Source Health Inc.	143,564	672,750
Property and equipment	(296,788)	(1,056,437)
Deposit for land purchase	(229,230)	-
Purchase option - Northern Lights Organics	-	(41,986)
Loans receivable - repaid	250,000	-
Loans receivable	(1,515,200)	(3,405,000)
Cash flows from investing activities	(4,154,232)	(4,400,319)
Financing activities		
Common shares issued for cash	5,738,604	11,663,489
Common shares issued upon exercise of warrants and options	2,251,188	-
Share issuance costs	(561,669)	(781,644)
Cash flows from financing activities	7,428,123	10,881,845
Effect of exchange rate changes on cash	(81,514)	(103,025)
Increase (decrease) in cash	(2,973,658)	3,796,602
Cash, beginning of year	3,796,603	1
Cash, end of year	$ 822,945	$ 3,796,603

No cash was paid for interest or income taxes for the years presented.
Supplemental cash flow disclosure (Note 25).

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Weekend Unlimited Industries Inc. (the "Company", Formerly Weekend Unlimited Inc.) was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on September 21, 2017. In October 2018 the Company completed a transaction with Open Source Health Inc. ("Open Source" or "OSH") whereby OSH acquired all of the issued and outstanding shares of the Company on a one-for-one basis. The Company is considered to have acquired OSH for accounting purposes with the agreement being accounted for as a reverse takeover ("RTO") of OSH by Weekend Unlimited Industries Inc. shareholders (Note 12). The combined entity continued into Alberta and continued operating under the name Weekend Unlimited Inc. On January 20, 2020 the Company continued into British Columbia and changed its name from Weekend Unlimited Inc. to Weekend Unlimited Industries Inc. The Company's registered and records office address is 1500 - 850 2nd Street SW, Calgary Alberta, Canada, T2P 0R8.

The Company is a diversified operator in the regulated cannabis industry. The Company's focus is on building and facilitating the growth of a diversified portfolio of assets and branded hemp and cannabis related consumer products.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company's ability to continue as a going concern. The Company has incurred losses since its inception and has an accumulated deficit of $48,681,062 as at September 30, 2019.

On January 21, 2020 the Company completed a consolidation of its common shares ("share consolidation") on the basis of one post-consolidation common share for every ten pre-consolidation common shares held (10-to-1). All references contained in these consolidate financial statements to issued and outstanding common shares, warrants, per share amounts, and exercise prices, have been retroactively restated to reflect the effect of the share consolidation.

The Company is subject to regulation under the federal and provincial laws of Canada and certain civic and state laws in the United States of America. Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("THC"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the "CSA") in the United States and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These consolidated financial statements were authorized for issuance by the Board of Directors on January 27, 2020.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Presentation and functional currency

The consolidated financial statements of the Company are presented in United States dollars. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's wholly owned subsidiaries is detailed below.

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, which are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The list below sets out the principal subsidiaries of the Company. These subsidiaries engage in intercompany transactions, all of which are eliminated upon the preparation of these consolidated financial statements:

Name of subsidiary	Abbreviation	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
Weekend Unlimited Holdings Inc.	Weekend Holdings	USA	100%	USD	Holding Company
Weekend Unlimited Washington, LLC	Weekend Washington	USA	100%	USD	Branding services
S&K Industries LLC	S&K	USA	100%	USD	Hemp products
Cannabis Brands Inc.	CBI	CAN	100%	CAD	Holding Company
Northern Lights Organics Inc.	NLO	CAN	70%	CAD	Hemp Cultivation
R&D Pharma Corp.	RDP	CAN	100%	CAD	Inactive
Access Payment Limited	APL	JAMAICA	49%	JMD	Inactive

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously 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. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS (Continued)

Impairment of long-lived assets

Long-lived assets, including property and equipment, and intangible assets, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (CGU). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Business combinations

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Management determines whether assets acquired and liabilities assumed constitute a business. In examining processes and potential outputs, management considers the ability of the acquired and existing processes to adequately be capable of producing the potential outputs; where the processes are insufficient and/or incomplete to produce potential outputs, the Company considers the acquisition to be an asset acquisition.

The Company measures all the 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 the equity in the acquiree's identifiable net assets. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of (a) the consideration transferred to obtain control, the amount of any non-controlling interest in the acquiree over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Determination of asset fair values and allocation of purchase consideration

Significant asset acquisitions and business combinations require judgements and estimates to be made at the date of acquisition in relation to determining the relative fair value of property and equipment, as well as the allocation of the purchase consideration over the fair value of the assets. The information necessary to measure the fair values as at the acquisition date of assets acquired requires management to make certain judgements and estimates about future events, including but not limited to future production potential, and future market prices of products, and the ability to effectively distribute products. In certain circumstances, such as the valuation of property and equipment, intangible assets and goodwill acquired, the Company may rely on independent third-party valuators. Provisional purchase price allocations are subject to review by management upon integration of the acquired businesses and will be adjusted as necessary were circumstances indicate it is appropriate to do so.

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS (Continued)

Share-based payments

The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of warrants and stock options granted to directors, officers, employees, consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the Share-based compensation calculation value, however the most significant estimate is the volatility. The Company estimated volatility based on historic share prices of companies operating in the regulated cannabis industry. Historical volatility is not necessarily indicative of future volatility. The expected life of stock options or warrants is determined based on the estimate that they would be exercised evenly over their term. There was no recent history of stock option exercises available to consider in the estimate of expected life at the time of grant.

4. SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, *"The Effects of Changes in Foreign Exchange Rates"* ("IAS 21"). The functional currency of the Company and its subsidiaries is included within Note 2.

Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

Translation of the functional currency into the presentation currency

The results of operations which have a different presentation currency than the Company are translated to US dollars at appropriate average rates of exchange during the period. The assets and liabilities of these operations are translated to US dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of these operations to US dollars at period end are recognized in accumulated other comprehensive income as a translation adjustment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI, are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities is classified on the statement of financial position at amortized cost.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventories of finished goods and packing materials are valued initially at cost and subsequently at the lower of cost and net realizable value. Inventory consists of infused products, accessories, and product packaging. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written-down to net realizable value.

Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and other-non-current assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value are excluded from impairment analysis.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit 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. Fair value less costs of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs of disposal is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the following methods and rates:

Category	Method	Rate
Building	Declining balance	5%
Equipment	Declining balance	20%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the profit or loss in the period the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively, if appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from the direct sale of infused products for a fixed price is recognized when the Company transfers control of the good to the customer upon delivery.

Share capital

Common shares are classified as shareholders' equity (deficiency). Incremental costs directly attributable to the issue of common shares and other equity instruments are recognized as a deduction from shareholders' equity (deficiency). Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Exchangeable preferred shares issued in connection with the R&D acquisition (Note 11) have been accounted for as share purchase warrants.

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiaries is classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

(Expressed in United States Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Other intangible assets, comprising licenses, trademarks, technology, and product formulations that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over the estimated useful lives and is recognized in profit or loss. Goodwill is not amortized. The amortization of product formulations begins when the Company starts to generate revenue from the asset.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

5. NEW ACCOUNTING PRONOUNCEMENTS

New accounting policies

Effective October 1, 2018, the Company adopted the following accounting standards:

IFRS 9, *Financial Instruments* ("IFRS 9")

IFRS 9 is required for annual periods beginning on or after January 1, 2018, with retrospective application. The Company applied IFRS 9 on October 1, 2018, and in accordance with the transition requirements, comparative periods have not been restated. The adoption of IFRS 9 did not have a significant impact on the carrying amounts of financial instruments as at October 1, 2018.

IFRS 9 replaces the classification and measurement models in IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"), with a single model under which financial assets are classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). This classification is based on the business model in which a financial asset is managed, as well as its contractual cash flow characteristics, and eliminates the IAS 39 categories of held-to-maturity, loans and receivables, and available for-sale. All other financial assets and financial liabilities will continue to be measured on the same basis as is currently adopted under IAS 39.

The Company assessed the classification and measurement of financial instruments under IFRS 9, with reference to the former classification under IAS 39, as follows:

Financial Assets	IFRS 9	IAS 39
Cash	FVTPL	FVTPL
Receivables	FVTPL	FVTPL
Loans receivable	FVTPL	FVTPL

Financial Liabilities	IFRS 9	IAS 39
Accounts payable and accrued liabilities	Amortized cost	Other financial liabilities
Due to related party	Amortized cost	Other financial liabilities

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, did not have an impact on the carrying amounts of financial assets.

5. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15")

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. The Company has applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of the adoption of this standard.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

a) Leases ("IFRS 16")

   Leases ("IFRS 16") was issued by the IASB and will replace *Leases* ("IAS 17"). IFRS 16 requires most leases to be reported on a company's balance sheet as assets and liabilities. IFRS 16 is effective 1 January 2019. Early application is permitted for companies that also apply IFRS 15 *Revenue from Contracts with Customers*. The Company does not expect any impact upon the of adoption of IFRS 16.

b) Uncertainty over Income Tax Treatments ("IFRIC 23")

   Uncertainty over Income Tax Treatments ("IFRIC 23") was issued by IASB on June 7, 2017 to clarify the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. IFRIC 23 is effective January 1, 2019. The Company does not expect any impact upon the of adoption of IFRS 16.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in United States Dollars)

6. LOANS RECEIVABLE

A summary of the Company's loans receivable is as follows:

	Washington State Cultivator	Real estate entity	S&K Industries, LLC	R&D Pharma Corp.	Verve Beverage Company	High Desert Group	Oklahoma	Northern Lights Supply Inc.	Total
Balance, September 30, 2017	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans granted	500,000	250,000	750,000	1,158,750	750,000	-	-	-	3,408,750
Balance, September 30, 2018	500,000	250,000	750,000	1,158,750	750,000	-	-	-	3,408,750
Loans granted	-	-	-	1,285,379	-	750,000	200,000	549,750	2,785,129
Loans repaid	-	(250,000)	-	-	-	-	-	-	(250,000)
Transaction closed	-	-	(750,000)	(2,415,171)	(750,000)	-	-	-	(3,915,171)
Impairment	-	-	-	-	-	(750,000)	-	(75,510)	(825,510)
Foreign exchange variance	-	-	-	(28,958)	-	-	-	16,575	(12,383)
Balance, September 30, 2019	$ 500,000	$ -	$ -	$ -	$ -	$ -	$ 200,000	$ 490,815	$ 1,190,815
Current	-	-	-	-	-	-	200,000	283,163	483,163
Non-current	500,000	-	-	-	-	-	-	207,652	707,652
Total	$ 500,000	$ -	$ -	$ -	$ -	$ -	$ 200,000	$ 490,815	$ 1,190,815

Washington State Cultivator

During the year ended September 30, 2018 the Company advanced funds totaling $500,000 to a Washington State Cannabis Cultivator and Processor, an unrelated third party. The advanced funds are unsecured, accrue interest at 5% and have a maturity date of October 2023. In October 2018 the Company formalized the advance by entering a promissory note for a principal sum of up to $600,000.

The principal balance shall accrue interest at an annual rate of 5% per year. The note is to be repaid in the form of sixty equal monthly payments commencing from the date funds are released from escrow. In the event of late payment, the borrower shall have 30 days to cure any late payment after which time interest of 15% per annum will accrue until such late payments are cured and all accrued interest has been paid. The Company has agreed to waive interest payments and is in negotiations with the lender to receive early repayment.

Real Estate Entity

In September 2018, the Company received a non-interest bearing senior secured note in the amount of $250,000. The maturity date of the note was September 21, 2018. During the year ended September 30, 2019 the note was repaid in full.

S&K Industries, LLC

In October 2018, the Company received a 5% senior secured convertible promissory note from S&K Industries, LLC. ("S&K") of $750,000. Interest is payable quarterly in cash beginning on January 1, 2019 and the note matures on September 20, 2019. The note was secured by all the assets of S&K. During the year ended September 30, 2019 the Company acquired a 100% interest in S&K (Note 9). The loan was allocated to the consideration towards the purchase of S&K.

R&D Pharma Corp.

In accordance with a binding letter agreement entered in July 2018 between the Company and R&D Pharma Corp. ("R&D") the Company advanced $2,415,171 under an unsecured non-interest bearing loan. During the year ended September 30, 2019 the Company acquired 100% of R&D (Note 11). The loan was allocated to the consideration towards the purchase of R&D.

6. LOANS RECEIVABLE (Continued)

Verve Beverage Company

In September 2018, the Company received a 10% senior secured promissory note from Verve Beverage Company. ("VBC") of $750,000. Interest is payable quarterly in cash beginning on January 1, 2019 and matures on February 1, 2019. The note is secured by all the assets of VBC. During the year ended September 30, 2019 the Company acquired 100% of VBC Brands Inc. (Note 10).

High Desert Group Inc.

In December 2018, the Company received a secured promissory note from High Desert Group Inc. ("HDG") of $750,000 pursuant to the terms of the acquisition of S&K Industries LLC. HDG had a common officer and director with the Company at the time of the transaction. Interest of 6% will be charged for the duration of the note. The note matures on December 13, 2019 and is secured by all the assets of HDG. During the year ended September 30, 2019 circumstances arose suggesting the promissory note was impaired. Attempts by the Company to negotiate a settlement agreement were unsuccessful. As such the Company recorded an impairment charge of $750,000.

Oklahoma

In February 2019, the Company received non-interest bearing senior secured promissory note from PPK Investment Group, LLC ("PPK") of $200,000. The note is secured by all the assets of PPK. The note matures September 30, 2019. Subsequent to September 30, 2019 the company collected the full balance receivable (Note 26).

Northern Lights Supply Inc.

In November 2018, the Company entered into a secured 6% loan facility for up to CAD $1,200,000, of which the Company has initially advanced CAD $500,000. The borrower is an Alberta based cannabis retailer. Should the full amount of the loan facility be advanced at any time during the term ending December 31, 2023, the Company has the option to convert the full amount of its CAD $1,200,000 loan facility into 49% equity of the borrower which may only be exercised once the Company has received approval from the Alberta Gaming and Liquor Commission. During the period year September 30, 2019 the Company advanced an additional CAD $250,000.

Subsequent to September 30, 2019 the Company entered an amending agreement with Northern Lights Supply Inc. for early repayment of its loan, whereby the parties agreed to reduce the loan balance to CAD $650,000, following interest payments received of $33,750, and amended the repayment terms as follows:

- a payment of CAD $ 275,000 upon execution of the amending agreement
- 6 semi-annual payments of CAD $50,000 over three years
- One final payment of CAD $75,000
- Elimination of the conversion option

The Company recognized an impairment charge of $75,510 in relation to the reduced loan balance as at September 30, 2019.

(Expressed in United States Dollars)

7. PROPERTY AND EQUIPMENT

Certain equipment located in Washington was determined to be impaired based on management's assessment of the net realizable values.

	Land	Building	Equipment	Total
Cost				
Balance September 30, 2017	$ -	$ -	$ -	$ -
Additions	256,892	243,108	556,437	1,056,437
Foreign exchange	-	-	-	-
Balance September 30, 2018	$ 256,892	$ 243,108	$ 556,437	$ 1,056,437
Additions	-	139,736	157,052	296,788
Impairment	-	-	(500,000)	(500,000)
Transfer to assets held for sale	(256,892)	(382,844)	-	(639,736)
Foreign exchange	-	-	(851)	(851)
Balance, September 30, 2019	$ -	$ -	$ 212,638	$ 212,638
Accumulated depreciation				
Balance September 30, 2017	$ -	$ -	$ -	$ -
Additions	-	5,064	43,548	48,612
Foreign exchange	-	-	(176)	(176)
Balance September 30, 2018	$ -	$ 5,064	$ 43,372	$ 48,436
Additions	-	18,889	134,148	153,037
Impairment	-	-	(132,493)	(132,493)
Transfer to assets held for sale	-	(23,955)	-	(23,955)
Foreign exchange	-	2	207	209
Balance, September 30, 2019	$ -	$ -	$ 45,234	$ 45,234
Net book value				
September 30, 2018	$ 256,892	$ 238,044	$ 513,065	$ 1,008,001
September 30, 2019	$ -	$ -	$ 167,404	$ 167,404

8. INTANGIBLE ASSETS

Intangible assets acquired	**September 30, 2019**
Acquisition of S&K Industries, LLC (Note 9)	$ 3,676,071
Acquisition of Verve Beverage Company (Note 10)	6,942,478
Acquisition of R&D Pharma Inc. (Note 11)	11,858,746
Total	22,477,295
Impairment - S&K Industries, LLC	3,676,071
Impairment - Verve Beverage Company	6,942,478
Impairment - R&D Pharma Inc.	11,858,746
Total	22,477,295
Balance - September 30, 2019	$ -

(Expressed in United States Dollars)

9. ACQUISITION OF S&K INDUSTRIES, LLC.

During the year ended September 30, 2019 the Company acquired a 100% interest in S&K for $1,800,000 in cash (including $750,000 loan advanced by the Company previously – Note 6), and the issuance of 1,415,781 common shares with a fair value of $1,800,000. The acquisition aligned with the Company's strategy to build a diversified offering of branded consumer products in the cannabis industry.

The Company has concluded that the transaction did not qualify as a business combination under IFRS 3, "Business Combinations", as significant processes were not acquired. The acquisition was therefore accounted for as an asset acquisition. The purchase consideration has been allocated based on the Company's assessment of the fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date. The purchase price allocation is as follows:

Consideration		
Cash	$	1,800,000
1,415,781 common shares		1,800,000
Transaction costs - cash		76,071
		3,676,071
Net assets of S&K Industries LLC		
Intangible assets	$	3,676,071

As of the date of these consolidated financial statements the Company recognized an impairment of the full purchase price in relation to the acquisition of S&K as the intangible assets were not expected to be recoverable from their use in operations.

10. ACQUISITION OF VERVE BEVERAGE COMPANY

In January 2019 the Company acquired a 100% interest in Verve Beverage Company. ("VBC") in exchange for 6,000,000 common shares of the Company with a fair value of $6,268,657. The acquisition aligned with the Company's strategy to build a diversified offering of branded consumer products in the cannabis industry.

The Company has concluded that the transaction did not qualify as a business combination under IFRS 3, "Business Combinations", as significant processes were not acquired. The acquisition was therefore accounted for as an asset acquisition. The purchase consideration has been allocated based on the Company's assessment of the fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date. The purchase price allocation is as follows:

Consideration		
6,000,000 common shares at a fair value of CAD $1.40 per share:	$	6,268,657
Cash advanced prior to close of acquisition		750,000
Transaction costs - cash		33,889
		7,052,546
Net assets of Verve Beverage Company		
Cash		91,224
Others assets		18,844
Intangible assets		6,942,478
Total	$	7,052,546

Subsequent to the close of the acquisition the Company entered an agreement to divest its 100% interest in Verve Beverage Company in exchange for the return of 1,600,000 common shares from one of the original vendors of Verve Beverage Company. In relation to the disposition the Company recorded an impairment expense of $7,052,546.

(Expressed in United States Dollars)

11. ACQUISITION OF R&D PHARMA CORP.

In February 2019 the Company acquired a 100% interest in R&D Pharma Corp. ("R&D") in exchange for 8,000,000 common shares and 25,000,000 non-voting preferred shares of R&D which are redeemable for 0.10 warrants of the Company for no further consideration and are exercisable at a price of CAD $3.50 for a period of two years. The total fair value of the consideration was $9,335,435 and $2,415,171 in cash advanced by the Company (Note 6). The preferred shares provide the holders no other ownership or voting rights of R&D or the Company. The value of the preferred shares was determined using the Black-Scholes valuation model with the following assumptions: expected life 2 years, volatility 75%, discount rate 2%, dividend yield 0%. The acquisition aligned with the Company's strategy to build a diversified offering of branded consumer products in the cannabis industry.

The Company has concluded that the transaction did not qualify as a business combination under IFRS 3, "Business Combinations", as significant processes were not acquired. The acquisition was therefore accounted for as an asset acquisition. The purchase consideration has been allocated based on the Company's assessment of the fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date. The purchase price allocation is as follows:

Consideration	
8,000,000 common shares at a fair value of CAD $1.45 per share:	$ 8,762,640
25,000,000 preferred shares of R&D at a fair value of CAD $0.03 per share:	572,795
Cash advanced prior to close of acquisition	2,415,171
Transaction costs - cash	108,140
	11,858,746
Net assets of R&D Pharma Corp.	
Intangible assets	11,858,746
Total	$ 11,858,746

During the year ended September 30, 2019 the Company determined that its investment in R&D Pharma Corp. was not one that fit its risk profile or corporate image. Accordingly, the Company ceased any further development funding to this asset. The Company recorded an impairment expense of $11,858,746 in relation to the acquisition of R&D.

(Expressed in United States Dollars)

12. REVERSE TAKEOVER TRANSACTION

Effective October 2018 the Company completed a transaction with Open Source Health Inc. ("OSH") whereby OSH acquired all of the issued and outstanding shares of the Company on a one-for-one basis. The Company is considered to have acquired OSH for accounting purposes with the agreement being accounted for as a reverse takeover of OSH by Weekend Unlimited Inc. shareholders. The combined entity continued operating under the name Weekend Unlimited Inc.

The legal acquisition of Weekend by OSH is considered a reverse asset acquisition as OSH does not meet the definition of a business as its main attribute was its public listing. For accounting purposes, the consideration to acquire 100% of the outstanding shares of OSH by the Company was 5,605,961 common shares. Additional consideration related to 4,784,550 OSH warrants with a strike price of CAD $1.00. The value of the warrants was determined using the Black-Scholes valuation model with the following assumptions: expected life 2 years, volatility 72%, discount rate 2%, dividend yield 0%.

The following are the fair values of the OSH assets acquired and liabilities assumed by the Company and consideration paid to OSH:

Consideration		
5,605,961 common shares at a fair value of CAD $2.00 per share:	$	8,628,696
4,784,550 warrants at a fair value of CAD $1.20 per share:		4,488,809
Transaction costs - cash		44,323
		13,161,828
Net assets of Open Source Health Inc.		
Cash		143,564
Other receivable - due from Weekend Unlimited Inc.		622,113
Accounts payable		(24,825)
Total		740,852
Listing expense	$	12,420,976

13. ACQUISITION OF CANNABIS BRANDS INC.

During the year ended September 30, 2018 the Company acquired all of the issued and outstanding shares of Cannabis Brands Inc. ("CBI") in exchange for 1,800,000 common shares with a value of $2,096,280. CBI had an agreement to Purchase Northern Lights Organics Ltd. ("NLO") (Note 14). The acquisition has been accounted for as an acquisition of assets as CBI did not have significant processes in place as of the date of acquisition and had not yet commenced active operations. The purchase consideration has been allocated based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

Consideration		
1,800,000 common shares at a value of CAD $1.50 per share:	$	2,096,280
Net assets of Cannabis Brands Inc.		
Cash		90
Receivables		13,946
Purchase option - agricultural property		2,148,509
Accounts payable		(66,265)
Total	$	2,096,280

During the year ended September 30, 2019 the Company notified NLO that it did not intend to pursue the purchase option. As a result the Company recorded the operations of NLO as a discontinued operation and wrote-down the value of the purchase option to $Nil for the fiscal reporting period September 30, 2018.

14. ACQUISITION OF NORTHERN LIGHTS ORGANICS INC.

During the year ended September 30, 2018, the Company, through CBI (Note 13), signed an agreement to purchase, from the same vendors of CBI (Note 13), all of the shares of Northern Lights Organics Ltd. ("NLO") and was granted an option to acquire an organic farm in northern BC. As consideration for the shares of NLO the Company agreed to:

- Fund an ACMPR application;
- Upon closing, pay CAD $25,000 in cash and issue 100,000 common shares of the Company. The shares were issued during the period ended December 31, 2018 and had a fair value of $144,951 (Note 17);
- Upon receipt of a license to cultivate and sell hemp and/or cannabis, issue common shares with a value equal to CAD $1,000,000;
- Upon harvest of the first outdoor hemp and/or cannabis crop, pay CAD $25,000 in cash; and
- Upon completion of an expansion facility of at least 100,000 square feet, issue common shares with a value equal to CAD $500,000.

If exercised, the option price to acquire the agricultural property was as follows:

- CAD $1,150,000 if exercised during the period ending February 2019
- CAD $1,250,000 if exercised during the period ending February 2020
- CAD $1,350,000 if exercised during the period ending February 2021

During the year ended September 30, 2018 end the Company notified NLO that it would not pursue the purchase option in its current form.

During the year ended September 30, 2019 the Company entered a new the share purchase agreement with NLO which replaced and superseded any prior agreements between the parties. The terms of the new share purchase agreement are as follows:

- Divested 30% of the equity ownership to one of the original vendors
- Advanced CAD $150,000 to NLO on closing of the modified share purchase agreement to be used towards development of the project
- Agreed to fund an additional CAD $150,000 in July 2019 upon achievement of certain milestones
- Agreed to fund an additional CAD $340,000 in February 2020 upon achievement of certain milestones
- Issue 200,000 common shares upon the achievement of certain milestones
- Issue CAD $1,000,000 in common shares upon the achievement of certain milestones
- Agreed to purchase a 50% interest in the organic farm for CAD $600,000 to be fully paid by October 2019. As of September 30, 2019 $226,530 (CAD $300,000) had been paid. The remaining CAD $300,000 was paid subsequent to September 30, 2019.

(Expressed in United States Dollars)

15. ACQUISITION OF JB STONE INC.

On February 16, 2018 the Company acquired a 10% interest in JB Stone, Inc. ("JB Stone") for $ 300,000. The Company was also granted the option to purchase up to 51% of JB Stone. On June 18, 2018 the Company acquired an additional 41% of JB Stone in exchange for 500,000 common shares of the Company with a value $568,182, cash of $350,000 bringing the total interest to 51%. JB Stone is principally focused on the manufacturing and sale of cannabis glassware and other branded items. The acquisition aligns with the Company's strategy to build a diversified offering of branded consumer products in the cannabis industry.

The acquisition has been accounted for as a business combination achieved in stages, using the acquisition method. The purchase consideration has been allocated based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date of June 18, 2018. Upon acquisition of the additional 41% interest in JB Stone the Company recognized a fair value loss of $76,053 in relation to the initial 10% interest.

The purchase price allocation was as follows:

Consideration		
500,000 common shares at a value of CAD $1.50 per share:	$	568,182
Cash - initial 10% interest		300,000
Fair value adjustment - initial 10% interest		(76,053)
Cash - additional 41% interest		350,000
		1,142,129
Net assets of JB Stone Inc.		
Cash		80,264
Receivables		22,421
Inventory		366,773
Intangible asset - brand and trademark		1,032,531
Accounts payable		(254,559)
		1,247,430
Non-controlling interest		(105,301)
Total	$	1,142,129

During the year ended September 30, 2018 the Company was unable to option reliable financial records from JB Stone and commenced negotiations to restructure the business relationship. Accordingly the Company wrote down the intangible assets and reported the results of JB Stone Inc. as a discontinued operation.

During the year ended September 30, 2019 the Company entered a License Agreement with JB Stone Inc. in exchange for the cancellation of 500,000 shares of the Company and the return of the Company's 51% interest in JB Stone Inc. In relation to the disposition the Company recognized a loss from discontinued operations of $110,685.

(Expressed in United States Dollars)

16. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The following table summarizes the results from discontinued operations for the year ended September 30, 2019:

	JB Stone Inc.	R&D Pharma Corp	Verve Beverage Company	Total
Expenses				
General and administrative	$ 40,361	$ 45,397	$ 107,950	$ 193,708
Consulting	-	-	146,025	146,025
Loss on disposition	70,324	-	106,093	176,417
Loss from discontinued operations	$ (110,685)	$ (45,397)	$ (360,068)	$ (516,150)

The following table summarizes the results from discontinued operations for the year ended September 30, 2018:

	JB Stone Inc.	CBI / NLO	Total
Revenue	$ 145,348	$ -	$ 145,348
Cost of good sold	(131,883)	-	(131,883)
Gross margin	13,465	-	13,465
Expenses			
General and administrative	234,156	95,222	329,378
Professional fees	18,836	-	18,836
Write-down - Intangible asset - JB Stone	1,032,531	-	1,032,531
Write-down - NLO purchase option	-	2,210,531	2,210,531
Loss from discontinued operations	$ (1,272,058)	$ (2,305,753)	$ (3,577,811)

A summary of the assets and liabilities held for disposition as at September 30, 2018 is as follows:

	JB Stone Inc.	CBI / NLO	Total
Current Assets			
Receivables	$ 44,450	$ 12,700	$ 57,150
Inventory	412,014	-	412,014
	$ 456,464	$ 12,700	$ 469,164
Current Liabilities			
Accounts payable	$ 398,207	$ 54,171	$ 452,378
	398,207	54,171	452,378

Subsequent to September 30, 2019 the Company entered a purchase agreement to dispose of the facility in Wenatchee Washington and recorded the recoverable amount of $615,781 as assets held for sale, $190,000 of which is expected to be collected beyond the following twelve months.

17. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares with no par value and unlimited preferred shares with no par value. As of September 30, 2019, there were 44,105,524 common shares outstanding (September 30, 2018 – 14,394,949).

Escrow Shares

The Company has shares subject to trading restrictions and escrow which are released in tranches through 2021. As at September 30, 2019, a total of 6,581,858 common shares were subject to these escrow restrictions.

Issued and Outstanding – Common Shares Fiscal 2019:

During the year ended September 30, 2019 the Company issued common shares as follows:

a) The Company completed a non-brokered private placement of $4,162,885 (CAD $5,409,154) by the issuance of 2,704,577 units at CAD $2.00. Each unit consists of one common share and one common share purchase warrant entitling the holder to subscribe for one additional share at a price of CAD $2.50 for a period of 2 years, subject to the Company's right to accelerate the expiry date upon 30 days' notice if its shares trade at CAD $5.00 or more for a period of 10 days. In connection with the issuance of the units the Company issued 198,540 broker warrants on the same terms as the unit offering and incurred cash finder's fees and share issue costs of $455,076. The Company recorded share issue costs of $107,010 with respect to the broker warrants granted as finders' fees. The fair value of these broker warrants was CAD $0.70 per warrant and was estimated using the Black-Scholes option pricing model.

b) The Company issued 5,605,961 common shares in relation to the amalgamation with Open Source (Note 12).

c) The Company issued 1,415,781 common shares to acquire a 100% interest in S&K Industries, LLC with a fair value of $1,800,000 (Note 9).

d) The Company issued 6,000,000 common shares to acquire a 100% interest in Verve Beverage Company with a fair value of $6,268,657 (Note 10).

e) The Company issued 8,000,000 common shares to acquire a 100% interest in R&D Pharma Corp. with a fair value of $8,762,640 (Note 11).

f) The Company issued 100,000 common shares to NLO (Note 14) with a fair value of $144,951 which has been recorded as an expense.

g) The Company issued 75,000 common shares for compensation with a fair value of $108,713.

h) Issued 200,000 common shares for services with a fair value of $171,810.

i) A total of 3,554,924 warrants and 17,500 stock options were exercised at prices between CAD $0.50 – CAD $2.00 for gross proceeds of $2,261,688. In relation to the exercise of stock options $10,500 was reallocated from reserves to share capital.

j) Cancelled 500,000 common shares in relation to the disposition of JB Stone Inc. with a book value of $531,580 which was recorded to deficit.

17. SHARE CAPITAL AND RESERVES (Continued)

Issued and Outstanding – Common Shares Fiscal 2019 (Continued):

k) The Company completed a non-brokered private placement of $1,575,719 (CAD $2,068,415) by the issuance of 4,136,832 units at CAD $0.50. Each unit consists of one common share and one common share purchase warrant entitling the holder to subscribe for one additional share at a price of CAD $1.00 for a period of 2 years, subject to the Company's right to accelerate the expiry date upon 30 days' notice if its shares trade at CAD $2.50 or more for a period of 10 days. In connection with the issuance of the units the Company issued 270,146 broker warrants on the same terms as the unit offering and incurred cash finder's fees and share issue costs of $106,593. The Company recorded share issue costs of $64,600 with respect to the broker warrants granted as finders' fees. The fair value of these broker warrants was CAD $0.30 per warrant and was estimated using the Black-Scholes option pricing model.

l) The Company entered an agreement to divest its 100% interest in Verve Beverage Company in exchange for the return of 1,600,000 common shares of the Company from one of the original vendors. In relation to the cancellation the Company recorded $1,579,552 to deficit.

Issued and Outstanding – Common Shares Fiscal 2018:

During the year ended September 30, 2018, the Company issued common shares as follows:

a) On March 21, 2018 the Company issued 550,000 common shares at a price of CAD $0.40 per share for gross proceeds of $169,774 and 1,487,500 units at a price of CAD $0.40 per unit for gross proceeds of $459,162, with each unit consisting of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of CAD $0.50 per common share for a period of 3 years from the date of issuance.

b) On March 23, 2018 the Company issued 1,089,990 units at a price of CAD $1.00 per unit for gross proceeds of $847,794, with each unit consisting of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of CAD $1.00 per common share for a period of 2 years from the date of issuance.

c) On March 29, 2018, April 5, 2018, and April 18, 2018 the Company issued 8,707,454 units at a price of CAD $1.50 per unit for gross proceeds of $10,186,759, with each unit consisting of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of CAD $2.00 per common share for a period of 2 years from the date of issuance. In connection with the issuance of the units the Company issued 489,543 broker warrants on the same terms as the unit offering and incurred cash finder's fees and share issue costs of $781,644.

d) The Company issued 1,800,000 common shares with a value of $2,096,280 to acquire all of the shares of CBI. (Note 13).

e) The Company issued 500,000 common shares with a value of $568,182 to acquire an additional 41% interest in JB Stone Inc.

f) The Company issued 260,000 common shares for services with a value of $295,268.

(Expressed in United States Dollars)

17. SHARE CAPITAL AND RESERVES (Continued)

Warrants

A summary of warrant activity is as follows:

	Number of Warrants		Weighted Average Exercise Price ($CAD)
Balance at September 30, 2017	-	$	-
Granted	11,774,488		1.80
Balance at September 30, 2018	11,774,488	$	1.80
Granted	12,924,839		1.77
Expired	(395,079)		12.83
Exercised	(3,554,924)		0.85
Balance at September 30, 2019	20,749,324	$	1.69

The following table summarizes warrants outstanding at September 30, 2019:

Expiry date	Number of Warrants	Weighted Average Exercise Price ($CAD)	Weighted Average Remaining Years
December 22, 2019	3,430,975	$1.00	0.23
March 21, 2021	201,250	$0.50	1.47
March 23, 2020	269,320	$1.00	0.48
March 29, 2020	4,852,960	$2.00	0.50
April 5, 2020	3,445,779	$2.00	0.52
April 12, 2020	265,000	$2.00	0.53
April 16, 2020	803,826	$2.00	0.55
October 15, 2020	2,903,117	$2.50	1.04
February 19, 2021	170,119	$3.50	1.39
July 9, 2021	4,406,978	$1.00	1.78
	20,749,324		0.82

During the year ended September 30, 2019, the Company recorded share issue costs of $171,610 with respect to 468,686 broker warrants granted as finders' fees. The weighted average fair value of these broker warrants was CAD $0.50 per warrant and was estimated using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair value are as follows:

	September 30, 2019	September 30, 2018
Risk-free interest rate	2.00%	1.25%
Expected life	2	2
Annualized volatility	75%	65%
Dividend rate	0%	0%
Weighted average fair value per warrant ($CAD)	$0.50	$0.40

(Expressed in United States Dollars)

17. SHARE CAPITAL AND RESERVES (Continued)

Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The aggregate number of stock options granted shall not exceed 10% of the issued and outstanding common shares of the Company at the time of shareholder approval of the plan, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of stock options granted under the plan shall not be lower than the exercise price permitted by the CSE, and all stock options granted under the plan will have a maximum term of seven years.

A summary of stock option activity is as follows:

	Number of Options		Weighted Average Exercise Price ($CAD)
Balance at September 30, 2017	-	$	-
Granted	1,600,000		1.50
Balance at September 30, 2018	1,600,000	$	1.50
Granted	2,235,000		1.42
Exercised	(17,500)		1.50
Forfeited	(1,145,000)		1.50
Balance at September 30, 2019	2,672,500	$	1.50

The following table summarizes stock options outstanding and exercisable as at September 30, 2019:

Expiry date	Number of Options	Number of Exercisable Options	Weighted Average Exercise Price ($CAD)	Weighted Average Remaining Years
August 15, 2025	1,407,500	1,055,625	$1.50	5.88
February 22, 2024	900,000	300,000	$1.50	4.40
July 2, 2024	190,000	63,333	$1.00	4.76
August 21, 2024	100,000	33,333	$1.00	4.90
September 6, 2024	75,000	416,667	$1.00	4.94
	2,672,500	1,868,958	$1.43	5.22

Share-based compensation expense recognized during the year of $1,168,841 (2018 - $545,030) related to options granted and vested during the year. The Option Pricing Model used the following weighted average assumptions:

	September 30, 2019	September 30, 2018
Risk-free interest rate	2.25%	2.00%
Expected life of options	4.25	4.25
Expected forfeitures	10%	10%
Annualized volatility	75%	75%
Dividend rate	0%	0%
Weighted average fair value per option ($CAD)	$0.70	$0.87

Expected annualized volatility was determined using the historic volatility of established comparable publicly traded cannabis companies.

(Expressed in United States Dollars)

17. SHARE CAPITAL AND RESERVES (Continued)

R&D Pharma Corp. exchangeable preferred shares

A summary of non-voting exchangeable preferred share activity is as follows:

	Number of Preferred shares
Balance at September 30, 2017	-
Granted	-
Balance at September 30, 2018	-
Granted	25,000,000
Exchanged for warrants of the Company	(1,701,190)
Balance at September 30, 2019	23,298,810

The following table summarizes stock options outstanding and exercisable as at September 30, 2019:

Expiry date	Number of Pref shares	Conversion ratio to Warrants	Average Remaining years	Exercise Price ($CAD)
February 19, 2021	23,298,810	0.10	1.89	$3.50

Reserves

The following is a summary of the changes in reserves:

	Stock options	Exchangable preferred shares	Warrants	Total
Balance, September 30, 2017	$ -	$ -	$ -	$ -
Share-based payments	545,030	-		545,030
Finders' warrants	-	-	159,922	159,922
Balance, September 30, 2018	$ 545,030	$ -	$ 159,922	$ 704,952
Share-based payments	1,168,841		-	1,168,841
OSH warrants	-	-	4,488,809	4,488,809
R&D exchangable preferred shares	-	572,795	-	572,795
Finders' warrants	-	-	171,610	171,610
Reclassified on exercise of stock options and warrants	(10,500)	-	-	(10,500)
Balance, September 30, 2019	$ 1,703,371	$ 572,795	$ 4,820,341	$ 7,096,507

18. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the year ended September 30, 2019 the Company entered into the following key management transactions:

- Consulting fees of $445,246 (2018 – $512,138) were paid to directors, officers, former directors, and former officers.
- Shares issued for services of $Nil (2018 - $171,270) to a former director.
- Share-based compensation of $327,035 (2018 - $Nil) was related to directors, officers, and a former officer.

Other related party transactions include:

- In December 2018 the Company received a secured promissory note from High Desert Group Inc. ("HDG") of $750,000. At the date of the issuance of the HDG loan, the Company's then CEO (now former CEO), Paul Chu, was a common director and officer of HDG and the Company. The note matured on December 13, 2019 and is secured by all the assets of HDG. The loan proceeds were deemed uncollectible and accordingly the Company wrote the loan down to $Nil as of September 30, 2019.
- As at September 30, 2018 Open Source Health Inc., a company with common directors and officers, advanced the Company $672,750. During the year ended September 30, 2019 the Company completed an amalgamation with Open Source Health Inc. (Note 12).

19. FINANCIAL INSTRUMENTS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of receivables, loans receivable, due to related parties, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

19. FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and loans receivables. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. Receivables consists of amounts due from the Government of Canada in which management believes the credit risk to be minimal. The Company does not have significant credit risk with respect to customers. The Company's remaining loans are considered to have a low risk of default. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019 the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at September 30, 2019, the Company had cash, loans receivable, accounts payable and accrued liabilities, denominated in Canadian dollars ("CAD"). A 10% fluctuation in the foreign exchange rate between the USD and Canadian dollar would have a $98,000 impact on profit or loss for the year. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

20. CAPITAL MANAGEMENT

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. As discussed in Note 1, the Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, the lack of adverse political developments in the United States with respect to cannabis legislation and securing additional financing. Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the years presented. The Company is not subject to externally imposed capital requirement.

(Expressed in United States Dollars)

21. GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative	September 30, 2019	September 30, 2018
Advertising, marketing, and brand development	$ 2,868,627	$ 518,023
Investor relations	160,675	-
Office expenses and general administration	451,276	102,839
Management fees	453,965	338,889
Consulting	1,342,556	701,924
Travel and entertainment	136,058	395,116
Total	$ 5,413,157	$ 2,056,791

22. SEGMENTED INFORMATION

The Company operates in four segments, referred to as Business to Business ("B2B"), Hemp Products, Hemp Cultivation, as well as its administrative costs center, ("Corporate"). B2B is focused on the provision of services to cultivators, and processors in Washington State, Hemp products is focused on the manufacture and distribution of hemp infused products, Hemp Cultivation is focused on developing agricultural opportunities in the Hemp industry. The corporate head office is located in Canada. Hemp Cultivation operations are located in Canada while the operations of B2B and Hemp Products are located in the United States. Segmented info as at and for the year ended September 30, 2019 is as follows:

	B2B (USA)	Hemp Products (USA)	Hemp Cultivation (Canada)	Corporate (Canada)	Total
Revenue	$ 7,144		$ -	$ -	$ 7,144
Cost of goods sold	3,543		-	-	3,543
Gross margin	3,601	-	-	-	3,601
Expenses					
General and administrative	$ 291,541	$ 106,762	$ 237,940	$ 4,776,914	$ 5,413,157
Professional fees	87,783	12,500	1,870	468,940	571,093
Share-based compensation	-	-	-	1,168,841	1,168,841
Northern Lights Organics milestone payment	-	-	-	144,951	144,951
Depreciation	116,033	-	37,004	-	153,037
Foreign exchange	-	-	-	1,325	1,325
Total expenses	495,357	119,262	276,814	6,560,971	7,452,404
Net Loss before other items	$ (491,756)	$ (119,262)	$ (276,814)	$ (6,560,971)	$ (7,448,803)
Property and equipment	$ 21,068	$ -	$ 146,336	$ -	$ 167,404
Total assets	$ 1,172,593	$ 15,290	$ 176,320	$ 1,850,230	$ 3,214,433
Total liabilities	$ 33,128	$ -	$ -	$ 273,829	$ 306,957

(Expressed in United States Dollars)

24. INCOME TAX

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

	September 30, 2019	September 30, 2018
Loss for the year	$ (44,102,824)	$ (6,852,669)
Expected income tax recovery	$ (11,908,000)	$ (1,782,000)
Change in statutory, foreign tax, foreign exchange rates and other	(1,067,000)	18,000
Permanent Difference	8,353,000	847,000
Share issue cost	(149,000)	-
Adjustment to prior years provision vs.tax returns and expiry of non-capital losses	(149,000)	-
Change in unrecognized deductible temporary differences	4,920,000	917,000
Total income tax expense (recovery)	$ -	$ -

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada/British Columbia. The US federal income tax expense is due to the fact that Canadian and US losses are not able to be consolidated for tax disclosure & reporting purposes

The significant components of the Company's deferred tax assets and liabilities that have not been included in the consolidated statement of financial position are as follows:

	September 30, 2019	September 30, 2018
Deferred tax assets		
Property and equipment	$ 67,000	$ -
Share issue costs	258,000	-
Allowable capital losses	3,183,000	-
Non-capital losses	2,324,000	900,000
Unrecognized deferred tax assets	(5,832,000)	(900,000)
Net deferred tax assets	$ -	$ -

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:

	September 30, 2019	Expiry Date Range	September 30, 2018	Expiry Date Range
Temporary Differences				
Property and equipment	$ 311,000	Indefinite	$ -	Indefinite
Share issue costs	955,000	2040 to 2043	-	NA
Allowable capital losses	13,359,000	2024 to ∞	-	NA
Non-capital losses available for future period	47,548,000	2036 to ∞	3,547,000	2018 to 2037
Canada	42,382,617	2036 to 2039	3,032,000	2036 to 2038
USA	5,165,551	Indefinite	514,697	2020 to 2033

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

(Expressed in United States Dollars)

25. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information		September 30, 2019		September 30, 2018
Shares issued to acquire S&K Industries, LLC. (Note 9)	$	1,800,000	$	-
Shares issued to acquire Verve Beverage Company. (Note 10)	$	6,268,657	$	-
Shares issued to acquire R&D Pharma Corp. (Note 11)	$	8,762,640	$	-
Shares issued to acquire Cannabis Brands Inc.	$	-	$	2,096,280
Shares issued to acquire JB Stone Inc.	$	-	$	568,182
Fair value of finders' warrants (Note 17)	$	171,610	$	159,922
Fair value of exchangeable preferred shares (Note 17)	$	572,795	$	-

26. SUBSEQUENT EVENTS

Subsequent to September 30, 2019, the Company completed the following transactions:

a) The non-interest bearing senior secured promissory note from PPK Investment Group, LLC of $200,000 was collected in full.

b) The Company entered into an amending agreement with Northern Lights Supply Inc. for early repayment of its loan, whereby the parties agreed to reduce the loan balance to CAD $650,000, following interest payments received of $33,750, and amended the repayment terms as follows:

- a payment of CAD $ 275,000 upon execution of the amending agreement
- 6 semi-annual payments of CAD $50,000 over three years
- One final payment of CAD $75,000
- The Company recognized an impairment charge of CAD $75,510 in relation to the reduced loan balance as at September 30, 2019.

c) Entered into a purchase and sale agreement for the Company's Wenatchee Washington Facility with the following terms:

- Purchase price of $600,000
- Payment of $350,000 upon closing
- $250,000 to be paid back interest free over 50 months at a rate of $5,000 per month.
- Elimination of the conversion option

Closing is subject to due diligence by the purchaser.

d) Issued 100,000 common shares upon the achievement of certain milestones under the Northern Lights Organics share purchase agreement.

e) Issued 45,000 common share upon the exercise of warrants at a price of CAD $0.50 each for proceeds of CAD $22,500.

Schedule "B"

POTENT VENTURES INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2021

This management's discussion and analysis ("MD&A") discusses the activities and financial position of Potent Ventures Inc. (the "Company") for the three months ended December 31, 2021. The following information should be read in conjunction with the consolidated financial statements of the Company for the three months ended December 31, 2021 and the three months ended December 31, 2020 and the related notes contained therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in United States Dollars unless otherwise stated. For more information regarding the foregoing and the other risk factors applicable in respect of an investment in the Company, please see "Risk Factors". Additional information can be accessed through the SEDAR website at www.sedar.com. The Company trades on the CSE under the symbol POT. This report is dated – March 7, 2022.

FORWARD LOOKING STATEMENTS

This MD&A may contain forward- looking statements that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, use of proceeds, corporate vision, proposed acquisitions, partnerships, joint-ventures and strategic alliances and cooperation's, budgets, cost and plans and objectives of or involving the Company. Such forward- looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company including, but not limited to, the impact of general economic conditions, industry conditions and dependence upon regulatory approvals. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by securities laws.

DESCRIPTION OF BUSINESS

Potent Ventures Inc.'s formula is to identify and aggregate great brands that are undervalued, deliver capital and expertise, grow and expand with a focus on building ubiquitous lifestyle brands.

Potent Ventures exists to serve people's desires for wellness and happiness by harnessing the properties of plant based products to develop quality products and create experiences that enhance our customers' lifestyles.

KEY DEVELOPMENTS DURING THE PERIOD

Closing of Private Placement

October 13, 2021, the Company completed its first closing of a non-brokered private placement for 15,430,000 units at a price of CDN $0.04 per Unit, raising gross proceeds of CDN$617,200. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share for CDN$0.05 for a period of 2 years from the issue date. All of the securities issuable in connection with the offering will be subject to a hold period expiring four months and one day after date of issuance.

In connection with the closing of the private placement, the Company paid finder's fees of CAD $30,416 in cash and issued 760,400 finder's warrants.

Change Scope of Business

December 16, 2021, the Company has placed an initial purchase order with a Canadian based gummy manufacturer for the production of innovative better-for-you gummy products (the "Purchase Order").

Within the multi-billion dollar gummy industry, the Company has identified a compelling, and early stage opportunity, focusing on low sugar plant-based "better-for-you" gummy products. The gummy and jelly industry is valued at over $20 billion (CAD)[1] with significant upside and with the right branded products and our new manufacturing partner, we believe that we can enter and penetrate this market opportunity

Our initial line of products will be made with the highest quality, most sustainable plant-based ingredients in the world. Current consumer trends show that the world is adapting, and people are looking for sustainable and healthy alternatives to high sugar candy without sacrificing taste. The Company's long-term vision will be to develop and commercialize new products as new product categories emerge in the gummy and health and wellness industry.

Change of Business Name and Stock Symbol

December 22, 2021, the Company announced that the Company will change its name to "The Gummy Project", with a new stock symbol "GUMY".

The Company expects the name change and ticker change to become effective upon the Canadian Securities Exchange ("CSE") approving the "listing statement" and the "change of business" being approved by shareholders (such date hereinafter referred to as the "Effective Date").

"The name and ticker change are necessary as part of the overall proposed rebranding process and to accurately reflect what we expect our primary business strategy to be moving forward and our portfolio of products.

The Company will continue to trade under the CSE stock symbol "POT" until the Effective Date

[1] https://www.grandviewresearch.com/industry-analysis/gummy-market-report

KEY DEVELOPMENTS SUBSEQUENT TO THE PERIOD END

Appointment of Corporate Director

On January 31, 2022, the Company appointed a finance and business leader, Mr. Michael Hopkinson as a Corporate Director. Michael is a US licensed CPA in the state of New Hampshire. Michael has over 25 years of US tax and public company experience. Having spent over 11 years working primarily for the accounting industry's Big 4, his experience has been extensive in the cannabis, mining, pharmaceutical and real estate business sectors. Having served as CFO or director of numerous public companies he has comprehensive experience in US-Canada Cross-Border tax and repatriation planning, Financial Statement Reporting -Quarterly & Annual and Capital Financing Activities. Mr. Hopkinson was previously CFO of 1933 Industries Inc. which was a licensed cannabis products company with operations located in Las Vegas, Nevada.

Appointment of Chief Marketing Officer

On February 17, 2022, the Company appointed Mr. Anthony Gindin to the role of Chief Marketing Officer as the Company prepares to enter the low sugar gummy sector. Mr. Gindin was a co-founder at Vejii, a leading vegan ecommerce platform with operations in the US, Canada and UK. Mr. Gindin brings 20 years' experience as brand developer and marketing strategist. Has led strategic planning with executive leadership groups of multi-billion dollar corporations in the US, South America, Europe, Asia, Middle East and Australia. A published author and Founder/CEO at Futurecraft Consulting with extensive experience in the agri-food sector. His knowledge in the plant based sector, from market research to product sourcing, brand positioning, digital presence, sales and marketing through to market launch, provides the Company with the expertise to expedite entry into the low-sugar gummy sector.

Appointment of Advisor

On February 23, 2022 the Company announced the appointment of Mr. Bruce Gillies, former Pepsi Executive, to its Advisory Board as it prepares to launch The Gummy Project and its purpose-driven Keystone Species product marketing strategy for its initial gummy product line.

Partnership with the Bee Conservancy

On February 24, 2022 the Company announced that it has established a partnership with "The Bee Conservancy," forming the foundation for its purpose-driven endangered Keystone Species product marketing strategy for The Gummy Project's initial gummy product line, featuring Bees and Sharks.

The Bee Conservancy / Gummy Project Partnership Highlights

- Gummy Project's purpose-driven mandate aligns strongly with The Bee Conservancy's mission to "protect bees and the environments that sustain them to ensure ecological health and security for all"
- The purpose of this partnership is to "protect bees, safeguard the environment, and secure food justice through community-based education, research, habitat creation and advocacy," through the engagement of consumers with The Gummy Project's innovative Keystone Species strategy
- The Honeybee Conservancy was founded in 2009 by Guillermo Fernandez in direct response to a tremendous decline in bee populations globally
- The Bee Conservancy's initiatives, such as their flagship program Sponsor-a-Hive, have served hundreds of thousands of people across the United States, and protected an estimated 10 million bees to date
- The Gummy Project will donate 8% of the net proceeds the sale of its Bee shaped gummy products from 1 March 2022 to 28 February 2023

(Expressed in United States Dollars unless otherwise stated)

SELECTED QUARTERLY FINANCIAL INFORMATION AND RESULTS OF OPERATIONS

The following table sets out selected financial information with respect to the Company's financial statements for the three month period ended December 31, 2021, and the three month period ended December 31, 2020. The following should be read in conjunction with the 2021 and 2020 quarterly Financial Statements.

	Three months ended	
	December 31	December 31
Summary of Operations	**2021**	**2020**
Revenue	$ -	$ 28,206
Cost of goods sold	-	20,744
Gross margin	-	7,462
Gross margin %		26%
Total expenses	$ 304,106	$ 231,227
Net loss for the period	(373,911)	(353,420)
Basic and diluted loss per share - continuing operations	(0.01)	(0.03)

Balance Sheet Summary	**December 31 2021**	**September 30, 2021**
Current assets	$ 877,797	$ 727,484
Total assets	964,969	888,374
Current liabilities	70,445	41,227
Non-current liabilities	1,848	25,910
Total liabilities	72,293	67,137
Working capital	807,352	686,257

Revenue for the three-month period ended December 31, 2021 was $NIL (2020 - $28,206). The revenues for 2020 were primarily generated in Oklahoma from the sale of Wknd! and Orchard Heights branded products. Sales in Oklahoman of the Wknd! and Orchard Heights brands have now ceased as the Company awaits CSE approval to launch its new brand, The Gummy Project.

During the three-month period ended December 31, 2021 total expenses were $304,106 compared to $231,227 in the prior year. General and administrative expenses were $266,595 compared to $166,855, a increase of $99,740; Share-based compensation of $NIL (2020 - $NIL).

Working capital increased primarily due to share subscriptions of 15,430,000 units at a price of CDN $0.04 per Unit with gross proceeds of CDN$617,200. No dividends were declared or paid during the prior three years.

Summary of significant Balance Sheet items

The primary factors affecting the changes to the balance sheet items were as follows:

- Cash used for inventory and inventory deposit of $86,376.

- Cash used in operations was $390,768 compared to $161,650 in the comparative period of 2020.

- Cash proceeds of $617,200 from issuance of common shares.

Discussion of first quarter results – three-month period ended December 31, 2021:

During the three-month period ended December 31, 2021, the Company incurred a net loss from continuing operations of $373,911 or $0.01 per share (2020 - $353,420, $0.03 per share). The primary factors affecting the magnitude and variations of the Company's financial performance were as follows:

- Revenue for the period was $NIL compared to $28,206 for the comparative period of the prior year. In the prior year revenues were primarily generated in Oklahoma from the sale of Wknd! and Orchard Heights branded products.

- Cost of goods sold were $NIL (2020 - $20,744).

- General and administration expenses increased to 266,595 from $166,855. The increase was attributed to increased corporate activity in relation to the proposed change of business to the low sugar plant based gummy sector which included work to identify and evaluate product manufactures, brand development and business development.

- Advertising, marketing, and brand development costs increased to $12,226 from $906 in the comparative period. The Company began to work on various branding and advertising activities in relation to the new corporate image and product line, the Gummy Project..

- Management fees of $76,246 (three months ended December 31, 2019 -$81,263) related to management and director fees. The decrease of $5,017 was due to changes in amounts paid to directors and officers.

- Consulting fees of $125,124 (three months ended December 31, 2019 – $28,933) were related to operations and business development. The decrease of $96,191 related primarily to increased consultants during the period concurrent with the Corporate rebranding and work toward the new product launch under the Gummy Project branding..

- Professional fees of $31,197 (2020 – $58,265) were related to audit, tax, and legal and regulatory related charge.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly consolidated financial information for each of the last eight quarters with the figures for each quarter in United States Dollars:

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Revenue	$ -	$ -	$ 2,256	$ 16,698
Net loss	(373,911)	(272,948)	(581,572)	(775,413)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(0.01)
Weighted average shares outstanding	94,908,930	81,566,088	81,566,088	52,210,366

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Revenue	$ 28,206	$ 38,871	$ 68,197	$ 20,604
Net loss	(353,420)	(876,111)	(894,061)	(1,162,573)
Basic and diluted loss per share	0.01	(0.02)	(0.02)	(0.03)
Weighted average shares outstanding	43,039,684	46,895,424	43,516,708	43,894,768

*The above has not been adjusted for discontinued operations.

Quarter ended December 31, 2021: The Company reported revenue of $Nil as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of $373,911 was primarily attributed to general and administrative expense of $266,595, and professional fees of $31,197.

Quarter ended September 30, 2021: The Company reported revenue of $Nil as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of $272,948 was primarily attributed to general and administrative expense of $154,934, professional fees of $21,048, impairment of inventory of $16,011, and impairment of inventory deposit of $99,988.

Quarter ended June 30, 2021: The Company reported revenue of $2,256 primarily related to sales of Orchard Heights products in Oklahoma. Net loss of $581,572 was attributed to general and administrative expense of $230,524, professional fees of $29,723, and share-based compensation of $294,667.

Quarter ended March 31, 2021: The Company reported revenue of $16,698 primarily related to sales of Orchard Heights products in Oklahoma. Net loss of $775,413 was attributed to general and administrative expense of $500,704, professional fees of $62,640, and share-based compensation of $206,404.

Quarter ended December 31, 2020: The Company reported revenue of $28,354 primarily related to sales of Orchard Heights products in Oklahoma. Net loss of $353,420 was attributed to general and administrative expense of $166,855, professional fees of $58,265, impairment of loan receivable of $45,000, and impairment of assets held for sale of $85,011.

Quarter ended September 30, 2020: The Company reported revenue of $38,871 primarily related to sales of Orchard Heights products in Oklahoma. Net loss of $876,111 was attributed to general and administrative expense of $373,139, professional fees of $32,140, impairment of property and equipment of $309,573, and impairment of inventory of $89,129.

Quarter ended June 30, 2020: The Company reported revenue of $68,197 primarily related to sales of Orchard Heights products in Oklahoma. Net loss of $894,061 was attributed to general and administrative expense of $699,670, professional fees of $64,973, and impairment of loan receivable of $200,000.

(Expressed in United States Dollars unless otherwise stated)

Quarter ended March 31, 2020: The Company reported revenue of $20,604 primarily related to sales of Orchard Heights products in Oklahoma and Washington. Net loss of $1,162,573 was attributed to general and administrative expense of $362,033, professional fees of $158,594, share based compensation of $326,285, impairment of loan receivable of $93,863, and impairment of property and equipment of $332,856.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective in managing its liquidity and capital structure are to generate sufficient cash to fund the Company's operating, acquisition, organic growth and contractual obligations. The Company monitors its liquidity primarily by focusing on working capital.

As at December 31, 2021, the Company had working capital of $807,352 (December 31, 2020 – $721,639). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021 the Company had sufficient cash to settle current liabilities.

The table below highlights the Company's cash flows during the three-month period ended:

Net cash provided by (used in)		December 31 2021		December 31 2020
Operating activities	$	(390,768)	$	(161,650)
Investing activities		-		-
Financing activities		419,169		(5,580)
Effect of exchange rate on cash		(7,558)		(5,820)
Cash, beginning		716,801		638,982
Cash, end		737,644		465,932

As at December 31, 2021 the Company's total liabilities were $72,293 (December 31, 2020 - $98,003).

The Company has no cash flow from operations and may require additional capital to expand its operations to achieve profitable scale of operations. The Company has minimal financial obligations at this time and expects its liquidity to be sufficient for the following year.

There are no sources of financing arranged but not yet used by the Company. There are no commitments for capital expenditures.

OUTSTANDING SHARE DATA

Details of the Company's capitalization are as follows:

	December 31, 2021	Date of MD&A
Common shares	97,853,230	112,253,230
Warrants	60,010,204	52,920,076
Stock options	16,192,000	16,192,000

The Company has an unlimited number of common shares authorized for issuance.

USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

(Expressed in United States Dollars unless otherwise stated)

See Note 3 to the year end December 31, 2021 consolidated financial statements.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the three-month period ended December 31, 2021, the Company entered the following key management transactions:

Key Management Remuneration:		**December 31, 2021**		**December 31, 2020**
Charlie Lamb - CEO, Director	$	38,748		37,478
Robert Payment - CFO, Director		29,998		28,785
Brian Keane - Director		7,500		7,500
Michael Young - Former Director		-		7,500
Total	$	76,246	$	81,263

Share-based compensation of $NIL (2020 - $NIL) was related to directors, officers, and a former officer.

Other related party transactions include:

- The Company recorded an impairment of inventory deposits in the amount of $99,988 which was related to inventory which was indirectly acquired from a Company with a Common Director and officer, Brian Keane.

- As at December 31, 2021, included in accounts payable is $10,000 (December 31, 2020 - $10,000 owing to Robert Payment for consulting fees.

- In February 2020, the Company advanced Love Hemp Group Plc ("LHG") an unsecured demand loan of $116,347 (CAD $140,000) bearing interest of 5%. LHG was considered a related party due to a common director of each Company .

PROPOSED TRANSACTIONS

None.

NEW ACCOUNTING PRONOUNCEMENTS

New accounting policies

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements

SUBSEQUENT EVENTS

Subsequent to December 31, 2021 the Company completed the following transactions:

- February 18, 2022, the Company issued 1,400,000 common shares of the Company to a consultant pursuant to an existing contract with the Company.

- In February 2022 the Company received subscriptions receivable of $48,498.

- In March 2022 closed a non-brokered private placement of 13,000,000 units at a price of CAD$0.025 per unit for total gross proceeds of CAD$325,000. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase an additional Common Share for CAD$0.05 for a period of two years. In connection with the private placement the Company paid finder's fees of CAD$11,800 in cash and issued 472,000 finder's warrants, on the same terms as the warrants issued under the placement.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash and investments are carried at fair value using a level 1 fair value measurement. The recorded values of receivables, loans receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and loans receivables. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. Receivables consists of amounts due from the Government of Canada in which management believes the credit risk to be minimal. The Company does not have significant credit risk with respect to customers. The Company's remaining loans are considered to have a low risk of default. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. The Company regards liquidity risk to be low as it has sufficient working capital to for at least the next year.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is exposed to price risk with respect to its investments. A 10% change in the share prices would affect their fair values and net loss by approximately $6,000.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at December 31, 2021, the Company had cash, receivables, accounts payable and accrued liabilities, denominated in Canadian Dollars. A 10% fluctuation in the foreign exchange rate between the USD and Canadian Dollar would have a $74,000 impact on profit or loss for the year. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

RISK FACTORS

Readers should carefully consider the following risk factors in addition to the other information contained in this Management's Discussion and Analysis. The risks and uncertainties below are not the only ones related to the Company. There are additional risks and uncertainties that the Company does not presently know of or that the Company currently considers immaterial which may also impair the Company's business operations. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly.

The Company is a development stage company with little operating history and the Company cannot assure profitability in regards to the Change of Business

The Company's lack of operating history makes it difficult for investors to evaluate the Company's prospects for success. Prospective investors should consider the risks and difficulties the Company might encounter, since there is no assurance that it will be successful. Any likelihood of success must be considered in light of the Company's early stage of operations. It is extremely difficult to make accurate predictions and forecasts of the Company's finances. This is compounded by the fact that the Company intends to operate in the food industry, which is highly competitive. There is no guarantee that the Company's products will be attractive to potential consumers. There can be no assurance that the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the operations and further development of its business.

Going concern risk

The Company's ability to continue as a going concern is dependent upon its ability to grow its revenue and achieve profitable operations while also obtaining the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or at all. The risks referred to herein indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's future operations may be dependent upon the identification and successful completion of equity or debt or other financing and the achievement of profitable operations. There can be no assurances that the Company will be successful in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Negative operating cash flow

The Company has negative operating cash flow. The failure of the Company to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial conditions and results of operations. To the extent that the Company has a negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow. The Company expects to continue to sustain operating losses in the future until it generates revenue from its products. There is no guarantee that the Company will ever be profitable.

Limited or no operating history in the food sector

The Company has limited cash reserves, a limited operating history in its new post-Change of Business industry, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. Operations are not yet sufficiently established such that the Company can mitigate the risks associated with planned activities.

With specific respect to the Company's limited history of operations in the food industry, the Company is subject to many of the risks common to entering a new area of operation, including under-capitalization, limitations with respect to personnel, financial, and other resources, lack of revenues, and uncertainty with respect to its ability to attract and retain paying customers. There is no assurance that the Company will be successful in operating its business, generate revenue, successfully implement its plans or achieve a return on its investment and the likelihood of success must be considered in light of the Company's lack of experience in the food industry and the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business.

The payment and amount of any future dividends will depend on, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

Uncertainty of Revenue Growth

There can be no assurance that the Company can generate revenue growth, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company may achieve may not be indicative of future operating results. In addition, the Company may increase further its operating expenses in order to fund higher levels of research and development, increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

There are factors which may prevent the Company from the realization of growth targets

The Company's growth strategy contemplates marketing its initial portfolio of products, with the potential to develop additional products. There is a risk that the initial portfolio of products and any additional products will not be developed on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- non-performance by third party contractors;
- increases in materials or labour costs;
- falling below expected levels of output or efficiency;
- inability to engage with food professionals;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers; and
- disruptions in the supply of energy and utilities.

The Company's actual financial position and results of operations may differ materially from the expectations of the Board

The Company's actual financial position and results of operations may differ materially from the Board's expectations. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

Competition

The Company's ability to compete successfully in the gummy market, and the food market more generally, is expected to depend upon many factors both within and beyond its control, including:

- the size and composition of the Company's customer base;
- the number of suppliers and products that the Company has;
- the quality and responsiveness of customer service;
- the Company's selling and marketing efforts;
- the quality, price and reliability of the products that the Company offers;
- the convenience of the shopping experience that the Company provides;
- the Company's ability to distribute its products and manage its operations; and
- the Company's reputation and brand strength.

The food and snacking industry is highly competitive. The Company may not be able to compete successfully in this highly competitive market. Numerous brands and products compete for limited retailer shelf space, foodservice and food customers and consumers. In the Company's target market, competition is based on, among other things, product quality and taste, brand recognition and loyalty, product variety, interesting or unique product names, product packaging and package design, shelf space, reputation, price, advertising, promotion and nutritional claims.

The Company competes with conventional confectionary companies, who may have substantially greater financial and other resources than the Company and whose confectionary products are well-accepted in the marketplace today. Established confectionary companies may also have lower operational costs, and as a result may be able to offer confectionary products to customers at lower costs. This could cause the Company to lower its prices, resulting in lower profitability or, in the alternative, cause it to lose market share if it fails to lower prices.

The Company would also have to compete with other food brands that develop and sell low-sugar gummy products, and with companies which may be more innovative, have more resources and be able to bring new products to market faster and to more quickly exploit and serve niche markets. This would also include competition for retailer shelf space and consumers.

Generally, the food industry is dominated by multinational corporations with substantially greater resources and operations than the Company. The Company cannot be certain that it will successfully compete with larger competitors that have greater financial, sales and technical resources. Conventional food companies may acquire the Company's competitors or launch their own gummy products, and they may be able to use their resources and scale to respond to competitive pressures and changes in consumer preferences by introducing new products, reducing prices or increasing promotional activities, among other things. Retailers could change the merchandising of the Company's products and it may be unable to retain the placement of its products in retailers to effectively compete with other confectionary products. Competitive pressures or other factors could cause the Company to lose market share, which may require it to lower prices, increase marketing and advertising expenditures, or increase the use of discounting or promotional campaigns, each of which would adversely affect margins and could result in a decrease in operating results and profitability.

To remain competitive, the Company will require a continued high level of investment in research and development, marketing and sales. The Company may not have sufficient resources to maintain research and development, marketing, and sales efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

The Dietary Supplement Industry is an Intensely Competitive Market

The Company cannot assure potential investors that consumers will continue to embrace using dietary supplement products derived from alternative sweetener ingredients. Many factors must be considered when investing in this industry due to regulations set by agencies that regulate the industry. The Company expects to face significant competition from others in this industry. The industry is highly fragmented with smaller companies offering products, to large multi-national corporations with integrated manufacturing operations, all of which may affect the Company's entry into the market. Many companies may have greater financial resources than the Company and to the extent the Company competes directly with any given company possessing greater financial resources, it may be at a disadvantage.

Dependency on customers

The Company's success will depend on its ability to acquire and retain customers and to do so in a cost-effective manner. The Company must acquire customers to increase net sales, improve margins, and achieve profitability. The Company will make significant investments related to customer acquisition. The Company cannot assure you that the net sales from the customers it acquires will ultimately exceed the cost of acquiring those customers. If the Company fails to deliver quality products, or if consumers do not perceive the products it offers to be of high value and quality, the Company may be unable to acquire or retain customers. If the Company is unable to acquire or retain customers who purchase products in volumes sufficient to grow its business, the Company may be unable to generate the scale necessary to achieve operational efficiency and drive beneficial network effects with its suppliers. Consequently, the Company's prices may increase, or may not decrease to levels sufficient to generate customer interest, the Company's net sales may decrease, and its margins and profitability may decline or not improve. As a result, the Company's business, financial condition, and results of operations may be materially and adversely affected.

Global pandemic

As a result of the global outbreak of COVID-19 and its declaration by the World Health Organization to be a pandemic, certain actions are being taken by governments and businesses around the world to control the outbreak, including restrictions on public activities, travel and commercial operations. As such, the Company's ability to produce and supply products and its sales revenue, results of operations, cashflow and liquidity has been and may continue to be adversely impacted.

The COVID-19 pandemic, the measures attempting to contain and mitigate the effects of the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, shutdowns and restrictions on trade, and the resulting changes in customer and consumer behaviors have disrupted and will continue to disrupt the Company's normal operations and impact employees, suppliers, partners, and customers and their buyers.

The degree to which COVID-19 will affect the Company's results and operations will depend on future developments that are highly uncertain and cannot currently be predicted, including, but not limited to, the duration, extent and severity of the COVID-19 pandemic, actions taken to contain the COVID-19 pandemic, the impact of the COVID-19 pandemic and related restrictions on economic activity and domestic and international trade, and the extent of the impact of these and other factors on the Company's employees, partners, suppliers, customers and their buyers. The COVID-19 pandemic and related restrictions could limit customers' ability to continue to operate, lead to disruption in the Company's supply chain, disrupt or delay the ability of employees to work because they become sick or are required to care for those who become sick, cause delays or disruptions in services provided by key suppliers and vendors, increase vulnerability of the Company and its partners and service providers to security breaches, denial of service attacks or other hacking or phishing attacks, or cause other unpredictable events.

COVID-19 has also caused heightened uncertainty in the global economy. If economic growth slows further or if a recession develops or continues to develop, consumers may not have the financial means to make purchases from customers, or potential customers, of the Company and may delay or reduce discretionary purchases, negatively impacting customers and the Company's operations. As well, the Company may find it harder or impossible to find further financing opportunities due to the uncertainty in the global economy Since the impact of COVID-19 is ongoing, the effect of the COVID-19 pandemic and the related impact on the global economy may not be fully reflected in the Company's results of operations until future periods. To the extent that COVID-19 causes disruption to the global economy, and in turn financial markets, the Company may be prevented from obtaining additional debt or equity financing on reasonable terms, or at all.

Litigation

The Company may become subject to various legal proceedings and claims that arise from time to time in the ordinary course of the Company's business. Such litigation may arise as a consequence of contractual or other disputes or as a consequence of the Company's listing and reporting issuer status and could adversely affect its business and operations. Litigation or legal proceedings could expose the Company to significant liabilities and have a negative impact on the Company's reputation or business. Should any litigation in which the Company becomes involved be determined against it such a decision could adversely affect its ability to continue operating and the market price for the Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources. Litigation may also create a negative perception of the Company's brand.

The Company evaluates these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, the Company may establish reserves, as appropriate. These assessments and estimates are based on the information available to the Board at the time and involve a significant amount of judgment. Actual outcomes or losses may differ materially from the Company's assessments and estimates.

As the Company will be relying on the Manufacturing Partner to create the products, the Company may be subject to litigation associated with the actions of the Manufacturing Partner. Litigation affecting the Manufacturing Partner could expose the Company to significant liabilities or indemnity costs and could affect the reputation or business of the Company. The Supply Agreement shall govern the relationship between the Manufacturing Partner and the Company.

Legal claims, government investigations and regulatory enforcement

The Company expects to operate in a highly regulated environment with constantly evolving legal and regulatory frameworks. Consequently, the Company will be subject to heightened risk of legal claims, government investigations or other regulatory enforcement actions. The Company's operations will be subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of food products, health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects business, financial condition and results of operations of the Company. Although the Company will have implemented policies and procedures designed to ensure compliance with existing laws and regulations, there can be no assurance that its employees, temporary workers, contractors or agents will not violate its policies and procedures. Moreover, a failure to maintain effective control processes could lead to violations, unintentional or otherwise, of laws and regulations.

Legal claims, government investigations or regulatory enforcement actions arising out of the Company's failure or alleged failure to comply with applicable laws and regulations could subject it to civil and criminal penalties that could materially and adversely affect the Company's product sales, reputation, financial condition and operating results. In addition, the costs and other effects of defending potential and pending litigation and administrative actions against the Company may be difficult to determine and could adversely affect the Company's financial condition and operating results.

Regulatory risks

The Company seeks to comply with applicable regulations through a combination of employing internal experience and expert personnel to ensure quality-assurance compliance (i.e., assuring that the Company's products are not adulterated or misbranded) and ensuring compliance with nutrition labeling requirements. Failure by the Company or its co-manufacturers to comply with applicable laws and regulations or maintain permits, licenses or registrations relating to the Company's or its co-manufacturers' operations could subject the Company to civil remedies or penalties, including fines, injunctions, recalls or seizures, warning letters, restrictions on the marketing or manufacturing of products, or refusals to permit the import or export of products, as well as potential criminal sanctions, which could result in increased operating costs resulting in a material effect on the Company's operating results and business.

Changes in existing laws or regulations, or the adoption of new laws or regulations may increase the Company's costs and otherwise adversely affect the Company's business, results of operations and financial condition.

The manufacture and marketing of food products is highly regulated. The Company and its suppliers and co-manufacturers will be subject to a variety of laws and regulations. These laws and regulations apply to many aspects of the Company's business, including the manufacture, packaging, labeling, distribution, advertising, sale, quality and safety of its products, as well as the health and safety of its employees and the protection of the environment.

The regulatory environment in which the Company expects to operate could change significantly and adversely in the future. Any change in manufacturing, labeling or packaging requirements for the Company's products may lead to an increase in costs or interruptions in production, either of which could adversely affect its operations and financial condition. New or revised government laws and regulations could result in additional compliance costs and, in the event of non-compliance, civil remedies, including fines, injunctions, withdrawals, recalls or seizures and confiscations, as well as potential criminal sanctions, any of which may adversely affect the Company's business, results of operations and financial condition.

Requirement for Licenses Which Have Not Been Obtained and Licensing Risks

The Company's ability to sell products as NHPs in Canada will be dependent on the Company receiving its required licenses under the *Natural and Non-Prescription Health Products Directorate*, including the NPNs. None of the Company's planned products have received the required NPNs and there is a risk that its products may never obtain NPNs or that the Company will not obtain the NPNs on the timeline anticipated by the Company. The timing and success of an applicant under the *Natural and Non-Prescription Health Products Directorate* at the various steps in the authorization process is beyond the Company's control and is in the sole discretion of Health Canada. If the

Company is able to obtain the NPNs, failure to comply with the requirements of any of the NPNs could have a material adverse impact on the business, financial condition and operating results of the Company. If the Company is unable to obtain the NPNs, it could have a material adverse impact on the business, financial condition and operating ability of the Company in Canada.

Government Regulation

The processing, manufacturing, packaging, labeling, advertising, and distribution of the Company's planned products is subject to regulation by one or more governmental authorities, and various agencies of the federal, provincial, state and localities in which the Company's products are sold. These government authorities will regulate any of the Company's products that fall within their jurisdiction. Such governmental authorities may determine that a particular product or product ingredient presents an unacceptable health risk and may determine that a particular statement of nutritional support that the Company wants to use is an unacceptable claim. Such a determination would prevent the Company from marketing particular products or using certain statements of nutritional support on its products. The Company also may be unable to disseminate third-party literature that supports its products if the third-party literature fails to satisfy certain requirements.

In addition, government authorities could require the Company to remove a particular product from the market. Any recall or removal would result in additional costs to the Company, including lost revenues from any products that the Company is required to remove from the market, any of which could be material. Any such product recalls or removals could lead to liability, substantial costs and reduced growth prospects, all of which could be material.

Regulations and oversight by Health Canada, the FDA, or other governmental authorities may adversely affect the Company's business

Other risks within industry are related to laws and regulations enforced by governmental authorities, such as Health Canada, the FDA, the FTC, the U.S. Department of Agriculture ("**USDA**"), Consumer Product Safety Commission ("**CPSC**"), the Environmental Protection Agency ("**EPA**") and various other federal, state and local authorities that regulate the Company's operations. No assurances can be made that any ruling from a governmental authority, court or other entity will not ban the use of any product or ingredient, or the Company's participation in the market.

Regulations and oversight by Health Canada and the FDA or other governmental authorities may adversely affect the Company's business. The Company will be subject to regulations and oversight implemented by Health Canada and the FDA and other governmental authorities which may materially affect the Company's ability to conduct business, including, but not limited to, limiting the number or types of ingredients and products the Company is able to produce. Further, the oversight from the FDA or other governmental authorities may increase the costs associated with the Company's products, operations, and business, which would adversely affect the Company's shareholders.

Compliance with Regulations in Canada and the United States

The processing, formulation, safety, manufacturing, packaging, labeling, advertising and distribution of the Company's products and the business activities of the Company will be subject to both Canadian and U.S. federal laws and regulations by one or more agencies. The Company will also be regulated by various U.S. state and Canadian provincial laws and regulations as well as and local laws and regulations for each jurisdiction, as well as agencies of the state, provincial and local units of government in which the Company's products are sold. These laws and regulations may prevent or delay the introduction, or require the reformulation or recall, of the Company's products, which could result in lost revenues and increased costs to the Company. For instance, the FDA and Health Canada regulate, among other things, the composition, safety, manufacture, labeling and marketing of dietary ingredients and dietary supplements (including vitamins, minerals, herbs, and other dietary ingredients for human use) in the U.S. and Canada respectively. Dietary supplements and dietary ingredients that do not comply with FDA or Health

Canada laws and regulations, can be deemed adulterated or misbranded. Manufacturers and distributors of dietary supplements and dietary ingredients are prohibited from marketing products that are adulterated or misbranded, and the FDA, Health Canada or other governmental entities may take enforcement action against any adulterated or misbranded dietary supplement on the market. If the Company violates applicable regulatory requirements, the Company may face enforcement actions by the U.S or Canada regulatory bodies, which could have a material adverse effect on the Company's business, prospects, financial condition, and results of operations.

The FDA or Heath Canada may determine that a particular dietary supplement or ingredient presents an unacceptable health risk based on the required submission of serious adverse events or other information, or may determine that a particular claim or statement of nutritional value that the Company proposes to use to support the marketing of a dietary supplement is an impermissible drug claim, is not substantiated, or is an unauthorized version of a health claim which the Company is not allowed to make. Any of these actions could prevent the Company from marketing particular dietary supplement products or making certain claims or statements with respect to its products. The FDA or Health Canada could also require the Company to recall, withdraw or remove a particular product from the market. Any recall, withdrawal or removal would result in additional costs to the Company, including lost revenues from any products that the Company is required to remove from the market, any of which could be material. Any product recalls, withdrawals or removals could also lead to an increased risk of litigation and liability, substantial costs, and reduced growth prospects.

Various regulatory bodies in Canada and the U.S. exercise jurisdiction over the advertising of dietary supplements and can institute numerous enforcement actions against dietary supplement companies for failure to have adequate substantiation for claims made in advertising or for the use of false or misleading advertising claims. Failure by the Company to comply with applicable regulations could result in substantial monetary penalties and could have a material adverse effect on the Company's financial condition or results of operations.

All NHPs are required to have an eight-digit natural product number ("**NPN**") which is a license issued by Health Canada that must appear on each product's label before they can be sold in Canada. The Company's initial two product formulations do not include vitamins, adaptogens or other nutraceutical ingredients therefore will not require NPNs. Authorizations for additional product launches will be required if the Company is to make specific health claims and there is no guarantee that the Company will obtain these authorizations. The Company's products cannot be sold in Canada without an NPN.

All Canadian manufacturers, packagers, labellers, and importers of natural health products must follow Good Manufacturing Practices to obtain site licenses. Sites must ensure adheance to Good Manufacturing Practices and maintain proper distribution records, have proper procedures for product recalls and for the handling, storage and delivery of their products, and demonstrate that they meet good manufacturing practice requirements as outlined by Health Canada.

Good Manufacturing Practices ensure proper standards and practices for the testing, manufacture, storage, handling and distribution of natural health products are met. Good Manufacturing Practices for NHPs cover: product specifications, premises, equipment, personnel, sanitation program, operations, quality assurance, stability, records, sterile products, lot or batch samples, and recall reporting.

Future Regulations in Canada and the United States

From time to time, Canadian or U.S. federal, state, provincial or local legislative and governmental authorities may impose additional or more stringent laws or regulations that could apply to the Company, business and products, repeal laws or regulations that the Company considers favorable to it or impose more stringent interpretations of current laws or regulations. The Company is not able to predict the nature of such future laws, regulations, repeals or interpretations or to predict the effect that additional governmental regulation, when and if it occurs, would have on the Company's future business. Those developments could prohibit the sale and marketing of ingredients and products or require reformulation of products to meet new standards, recalls or discontinuance of products (including products that the Company expects to sell). Further, the Company may be subject to requirements for reformulation, labeling, additional record-keeping requirements, increased documentation of the properties of certain products, additional or different labeling, additional scientific substantiation, quality control requirements, adverse event reporting or other requirements. Any developments of this nature could increase the Company's costs significantly and could have a material adverse effect on its business, financial condition and results of operations.

Unfavorable publicity or consumer perception of the Company's products could have a material adverse effect on its reputation, which could result in decreased sales and significant fluctuations in its business, financial condition and results of operations

The Company may depend significantly on consumer perception regarding the safety and quality of its products. Consumer perception of products can be significantly influenced by adverse publicity in the form of published scientific research, media attention, social media, or other publicity, accurate or not, that associates consumption of the Company's products or any other similar products with illness or other adverse effects, questions the benefits of the Company's or similar products, or claims that any such products are ineffective. A new product may initially be received favorably, resulting in high sales of that product, but that sales level may not be sustainable as consumer preferences change. Future scientific research or publicity could be unfavorable to the Company's industry or any of its products and may not be consistent with earlier favorable research or publicity. Unfavorable research or publicity could have a material adverse effect on the Company's ability to generate sales. Should the Company engage in the sale of dietary supplement products, the products will not be drug products and will not be able to be used to diagnose, treat, cure or prevent any disease, and the Company may be subject to legal and regulatory actions if its products are classified as drug or food products with respect to the marketing and sale of such products.

Product recalls, withdrawals or seizures, which could materially and adversely affect the Company's business, financial condition and results of operations

The Company may be subject to product recalls, withdrawals or seizures if any of the products it expects to sell are believed to cause injury or illness or if the Company is alleged to have violated governmental regulations in the manufacturing, labeling, promotion, sale or distribution of those products. A significant recall, withdrawal or seizure of any of the products the Company manufactures or sells may require significant Board attention, would likely result in substantial and unexpected costs and may materially and adversely affect the Company's business, financial condition or results of operations. Furthermore, a recall, withdrawal or seizure of any of the Company's products may adversely affect consumer confidence in its brands and thus decrease consumer demand for its products. As is common in the dietary supplement industry, the Company expects to rely on contract manufacturers and suppliers to ensure that the products they manufacture and sell to the Company comply with all applicable regulatory and legislative requirements. In general, the Company will seek representations and warranties, indemnification and/or insurance from contract manufacturers and suppliers. However, even with adequate insurance and indemnification, any claims of non-compliance could significantly damage the Company's reputation and consumer confidence in its products. In addition, the failure of those products to comply with applicable regulatory and legislative requirements could prevent the Company from marketing the products or require it to recall or remove such products from the market, which in certain cases could materially and adversely affect the Company's business, financial condition and results of operations.

Third Party Suppliers

The Company does not currently have the infrastructure or capability internally to process and manufacture its low sugar plant-based gummy products. The Company relies on third-parties to process and manufacture all products. The Company currently relies on the the Manufacturing Partner to obtain all the products required for the

Company's products. Any replacement of the Manufacturing Partner could require significant effort, as the Company may not be able to secure supplies from other manufacturers on a timely basis or on reasonable commercial terms. The Manufacturing Partner may be subject to damage or interruption from, among other things, fire, natural or man-made disaster, disease outbreaks or public health pandemics, power loss, telecommunications or internet failure, unauthorized entry, computer viruses, denial-of service attacks, acts of terrorism, human error, vandalism or sabotage, financial insolvency, bankruptcy and similar events. The extent to which COVID-19 may affect the Company's ability to obtain raw ingredients is uncertain and cannot be predicted.

Success of Products is Dependent on Public Taste

The ability of the Company to earn revenues will be substantially dependent on the success of its products, which depends upon, among other matters, pronounced and rapidly changing public tastes, factors which are difficult to predict and over which the Company has little, if any, control. A significant shift in consumer demand away from the Company's products or its failure to expand its current market position will harm its business. Consumer trends change based on several possible factors, including nutritional values, a change in consumer preferences or general economic conditions. Additionally, there is a growing movement among some consumers to buy local food products in an attempt to reduce the carbon footprint associated with transporting food products from longer distances, and this could result in a decrease in the demand for food products and ingredients that the Company may import from abroad. These changes could lead to, among other things, reduced demand and price decreases, which could have a material adverse effect on the Company's business.

Limited Number of Products

The Company's business is focused on the production and distribution of two low sugar plant-based gummy products. If such products do not achieve sufficient market acceptance, it will be difficult for the Company to achieve profitability. The Company's revenues are expected to derive almost exclusively from sales of these two low sugar plant-based gummy products, and the Company expects that its two low sugar plant-based gummy products will account for substantially all of its revenue for the foreseeable future.

Development of New Products

The Company's success is expected to depend, in part, on its ability to develop, introduce and market new and innovative products. If there is a shift in consumer demand, the Company must meet such demand through new and innovative products or else its business will fail. The Company's ability to develop, market and produce new products is subject to it having substantial capital. There is no assurance that the Company will be able to develop new and innovative products or have the capital necessary to develop such products.

Supply and demand risk

If the Company fails to effectively launch or develop its products and maintain and adequate supply of products supplied by the Manufacturing Partner to meet the demand for those products, its business and operating results and its brand reputation could be harmed. If the Company does not have sufficient supply to meet customers' demands and to satisfy increased demand, it will need to expand operations, supply and the capacity of its Manufacturing Partner, or establish agreements with new manufacturers. There is a risk in the Company's manufactures will not have the ability to effectively scale production processes and effectively manage supply chain requirements. The Company must accurately forecast demand for products in order to ensure it has adequate available manufacturing capacity. The Company's forecasts are based on multiple assumptions which may cause estimates to be inaccurate and affect its ability to obtain adequate manufacturing capacity in order to meet the demand for products, which could prevent it from meeting increased customer demand and harm the Company's brand and its business and in some cases may result in fines the Company must pay customers or distributors if it is unable to fulfill orders placed by them in a timely manner or at all.

However, if the Company overestimates its demand and over contracts capacity, it may have significantly underutilized assets and may experience reduced margins. If the Company does not accurately align manufacturing capacity with demand, if it experience disruptions or delays in its supply chain, or if its manufactures cannot obtain raw materials of sufficient quantity and quality at reasonable prices and in a timely manner, the Company's business, financial condition and results of operations may be materially adversely affected.

Reliance on third-party suppliers

Because the Company currently relies on one of third-party supplier, the Manufacturing Partner for production, it may not be able to obtain finished products in sufficient quantities to meet the demand for said products due to the Manufacturing Partner being unable to obtain materials on a timely basis. The Company's financial performance depends in large part on its ability of its Manufacturing Partner to arrange for the purchase of materials in sufficient quantities at competitive prices. The Company is not assured of third-party suppliers' ability obtain a continuous supply of, or acceptable pricing for materials. The Manufacturing Partner could discontinue or seek to alter its relationship with the Company.

Should the Company engage a third-party warehouse and logistics provider the Company will not be considered financially dependent on this supplier as there are numerous providers which could be easily substituted. There may however be instances where upon transition to a new third-party warehouse and logistics provider that additional costs are incurred, and sales are delayed until the transition is complete. In these instances, the Company will seek to maintain parallel operations at two warehouses until the transition is complete so as to prevent any delays to shipments.

Events that adversely affect the Manufacturing Partner's access to materials could impair the Company's ability to obtain products in the quantities that it desires. Such events could include problems with the Manufacturing Partner's businesses, finances, labor relations, ability to import materials, costs, production, insurance and reputation, as well as natural disasters, fires or other catastrophic occurrences.

If the Company needs to replace the Manufacturing Partner, there can be no assurance that supplies of materials will be available when required on acceptable terms, or at all, or that a new supplier would allocate sufficient capacity to the Company to meet its requirements, fill its orders in a timely manner or meet its strict quality standards. If the Company is unable to manage its product supply chain effectively and ensure that its products are available to meet consumer demand, its operating costs could increase, and its profit margins could decrease. This could also have a significant impact on the Company's capacity to complete certain of its future product and development projects and, accordingly, would negatively affect its projected commercial and financial growth. Any significant increase in the price of materials that cannot be passed on to the customers could have a material adverse effect on the Company's results of operations or financial condition.

Supplier compliance with food safety regulations

Failure by the Manufacturing Partner to comply with food safety, environmental or other laws and regulations, or with the specifications and requirements of its products, may disrupt its supply of products and adversely affect its business.

If the Manufacturing Partner fails to comply with food safety, environmental or other laws and regulations, or face allegations of non-compliance, the Company's operations may be disrupted. In the event of actual or alleged non-compliance, the Company might be forced to find an alternative supplier or partner and it may be subject to lawsuits related to such non-compliance. As a result, the Company's supply of finished inventory could be disrupted or its costs could increase, which would adversely affect its business, results of operations and financial condition. Additionally, actions the Company may take to mitigate the impact of any disruption or potential disruption in its supply of finished inventory, including increasing inventory in anticipation of a potential supply or production interruption, may adversely affect its business, results of operations and financial condition.

In accordance with the Supply agreement, the Company has been granted the right to periodically access the Manufacturing Partner's facility to review operations and ensure adherence to food safety, environmental, and other laws and regulations. The Company's internal management will periodically conduct site visits accompanied by third party accredited food safety consultants.

Food safety and food-borne illness incidents or advertising or product mislabeling may materially adversely affect the Company's business by exposing it to lawsuits, product recalls or regulatory enforcement actions, increasing its operating costs and reducing demand for its product offerings.

Selling food for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety. Unexpected side effects, illness, injury or death related to allergens, food-borne illnesses or other food safety incidents caused by products the Company expects to sell, or involving its suppliers, could result in the discontinuance of sales of these products or relationships with such suppliers, or otherwise result in increased operating costs, regulatory enforcement actions or harm to the Company's reputation. Shipment of adulterated or misbranded products, even if inadvertent, can result in criminal or civil liability. Such incidents could also expose the Company to product liability, negligence or other lawsuits, including consumer class action lawsuits. Any claims brought against the Company may exceed or be outside the scope of its existing or future insurance policy coverage or limits. The Company has applied for general liability insurance coverage in Canada and does not foresee any impediments to obtaining coverage on reasonable terms. The Company will not commence the sale of product until satisfactory insurance coverage is put in place. In accordance with the Supply Agreement the Manufacturing Partner is required to have commercial general liability insurance coverage of a minimum $1,000,000 per occurrence with and excess liability (umbrella) policy with a minimum limit of $10,000,000. Any judgment against the Company that is more than its policy limits or not covered by its policies or not subject to insurance would have to be paid from cash reserves, which would reduce the Company's capital resources.

Logistics providers

Failure by the Company's proposed third-party logistics provider(s) to deliver products on time, or at all, could result in lost sales. The Company expects to rely upon third-party logistics providers for a significant portion of product shipments. Utilization of delivery services for shipments is subject to risks, including increases in fuel prices, which would increase its shipping costs, and employee strikes and inclement weather, which may impact the ability of providers to provide delivery services that adequately meet shipping needs. The Company expects to periodically change shipping companies and could face logistical difficulties that could adversely affect deliveries. In addition, the Company could incur costs and expend resources in connection with such change. Moreover, the Company may not be able to obtain terms as favorable as those it receives from the third-party transportation providers that it previously used, which in turn would increase costs and thereby adversely affect operating results.

The Company will depend on fast and efficient third-party logistics services to distribute its products. Any prolonged disruption of third-party logistics services could have a material adverse effect on the Company's business, financial condition and results of operations. Rising costs associated with third party transportation services used by the Company to ship products may also adversely impact the Company's business, financial condition and results of operations.

Damage to the Company's reputation

The Company's brand and reputation may be diminished due to real or perceived quality or health issues with its products, which could have an adverse effect on the business, reputation, operating results and financial condition.

Real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving the Company (such as incidents involving competitors), could cause negative publicity and reduced confidence in the Company, brand or products, which could in turn harm the Company's reputation and sales, and could materially adversely affect its business, financial condition and operating results. Although the Company believes that it will have developed a rigorous quality control process, there can be no assurance that the Company's products will always comply with the standards set by the Company. For example, although the Company strives to keep its products free of pathogenic organisms, they may not be easily detected, and cross-contamination can occur. There is no assurance that health risks will always be pre-empted by the Company's quality control processes.

In accordance with the Supply agreement, the Company has been granted the right to periodically access the Manufacturing Partner's facility to review operations and ensure adherence to food safety, environmental, and other laws, and regulations. The Company's internal management will periodically conduct site visits accompanied by third party accredited food safety consultants.

The Company will have no control over its products once purchased by consumers. Accordingly, consumers may store products for long periods of time, which may adversely affect the quality and safety of the Company's products. If consumers do not perceive the Company's products to be safe or of high quality, then the value of the Company's brand would be diminished, and its business, results of operations and financial condition would be adversely affected.

Any loss of confidence on the part of consumers in the ingredients used in the Company's products or in the safety and quality of its products would be difficult and costly to overcome. Any such adverse effect could be exacerbated by the Company's expected position in the market as a purveyor of high-quality confectionary products and may significantly reduce its brand value. Issues regarding the safety of any of the Company's products, regardless of the cause, may have a substantial and adverse effect on its brand, reputation and operating results.

The growing use of social and digital media by the Company, its consumers and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about the Company, its brands or its products on social or digital media could seriously damage those brands and reputation. If the Company does not maintain the favorable perception of its brands, sales and profits could be negatively impacted.

Maintaining the brand

If the Company fails to develop and maintain its brand, business could suffer. Maintaining, promoting and positioning the Company's brand and reputation will depend on, among other factors, the success of its plant- based and low-sugar product offerings, food safety, quality assurance, marketing and merchandising efforts and its ability to provide a consistent, high-quality customer experience, which the Company may not do successfully. The Company may introduce new products or services that customers do not like, which may negatively affect its brand and reputation. Any negative publicity, regardless of its accuracy, could materially adversely affect the business. Brand value is based on perceptions of subjective qualities, and any incident that erodes the loyalty of customers, suppliers or co-manufacturers, including adverse publicity or a governmental investigation or litigation, could significantly reduce the value of the Company's brand and significantly damage its business.

Food safety and illness incidents [can this be combined with quality RF above?]

Food safety and food-borne illness incidents or advertising or product mislabeling may materially adversely affect the Company's business by exposing it to lawsuits, product recalls or regulatory enforcement actions, increasing its operating costs and reducing demand for its product offerings.

Selling food for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety. Unexpected side effects, illness, injury or death related to allergens, food-borne illnesses or other food safety incidents caused by products the Company expects to sell, or involving its suppliers, could result in the discontinuance of sales of these products or relationships with such suppliers, or otherwise result in increased operating costs, regulatory enforcement actions or harm to the Company's reputation. Shipment of adulterated or misbranded products, even if inadvertent, can result in criminal or civil liability. Such incidents could also expose the Company to product liability, negligence, or other lawsuits, including consumer class action lawsuits. Any claims brought against the Company may exceed or be outside the scope of its existing or future insurance policy coverage or limits. The Company has applied for general liability insurance coverage in Canada and does not foresee any impediments to obtaining coverage on reasonable terms. The Company will not commence the sale of product until satisfactory insurance coverage is put in place. In accordance with the Supply Agreement the Manufacturing Partner is required to have commercial general liability insurance coverage of a minimum $1,000,000 per occurrence with and excess liability (umbrella) policy with a minimum limit of $10,000,000. Any judgment against the Company that is more than its policy limits or not covered by its policies or not subject to insurance would have to be paid from cash reserves, which would reduce the Company's capital resources.

The occurrence of food-borne illnesses or other food safety incidents could also adversely affect the price and availability of affected ingredients, resulting in higher costs, disruptions in supply and a reduction in sales. Furthermore, any instances of food contamination or regulatory noncompliance, whether caused by the Company's actions, could compel it, suppliers, distributors, or customers, depending on the circumstances, to conduct a recall. Food recalls could result in significant losses due to their costs, the destruction of product inventory, lost sales due to the unavailability of the product for a period and potential loss of existing distributors or customers and a potential negative impact on the Company's ability to attract new customers due to negative consumer experiences or because of an adverse impact on its brand and reputation. The costs of a recall could exceed or be outside the scope of its existing or future insurance policy coverage or limits.

Company Gummies

Sales of the Company gummies are expected to contribute a significant portion of the Company's revenue. A reduction in sales of the Company gummies would have an adverse effect on the Company's financial condition.

The Company expects its gummy products to account for 90% of its gross revenue with the remaining 10% of revenue to be derived from the sale of branded apparel. Branded Gummies are the Company's flagship products and are the focal point of development and marketing efforts (See "Marketing" Section for further details on the current and future marketing activities), and its sales will constitute a significant portion of the Company's revenues, income and cash flow for the foreseeable future. The Company cannot be certain that the Manufacturing Partner will have sufficient manufacturing capacity to meet the Company's future demand requirements should the Company's products be widely adopted by customers. To the extent that the Manufacturing Partner is unable to meet the scale of manufacturing required to meet the Company's needs, the Company will seek to locate other Manufacturing Partners with available manufacturing capacity. The Company will maintain regular communication with the Manufacturing Partner to ensure satisfactory manufacturing capacity is available to meet the Company's internal demand forecasts for a period of 12 months.

Supply disruptions that may occur due to inaccurate demand planning by the Company or capacity constraints imposed by the Manufacturing Partner may adversely affect sales of the Company's products and could have a material adverse effect on business, financial condition and results of operations.

Product innovation and development

Failure to introduce new products or successfully improve existing products may adversely affect the Company's ability to continue to grow. The success of the Company's innovation and product development efforts is affected by its ability to anticipate changes in customer and consumer preferences, the technical capability of innovation staff in developing and testing products, including complying with applicable governmental regulations, and the success of the Board and the sales and marketing teams in introducing and marketing new products and services. Failure to develop and market new products and services that appeal to customers and consumers may lead to a decrease in growth, sales and profitability. Additionally, the development and introduction of new products requires substantial research, development and marketing expenditures, which the Company may be unable to recoup if the new products do not gain widespread market acceptance. If the Company is unsuccessful in meeting its objectives with respect to new or improved products, business could be harmed. The Company will seek to engage external food science consultants to enable the execution of the Company's product innovation and development activities.

Changing consumer preferences

Consumer preferences for food and snacking products change continually. The Company's success will depend on its ability to predict, identify and interpret the tastes, dietary habits, packaging, sales channel and other preferences of consumers and to offer products that appeal to these preferences in the places and ways consumers want to shop. There may be further shifts in the relative size of shopping channels in addition to the increasing role of e-commerce for consumers. The Company's success will rely upon managing this complexity to promote and bring its products to consumers effectively. Moreover, weak economic conditions, recession, equity market volatility or other factors, such as severe or unusual weather events, can affect consumer preferences and demand. Failure to offer products that appeal to consumers or to correctly judge consumer demand for the Company's products will impact the Company's ability to meet its growth targets and sales.

The Company must distinguish between short-term fads and trends and long-term changes in consumer preferences. If the Company does not accurately predict which shifts in consumer preferences or category trends will be long-term or fail to introduce new and improved products to satisfy changing preferences, the Company's sales could be adversely affected. Failure to expand the Company's gummy product offerings successfully across product categories, rapidly develop products in faster growing and more profitable categories or reach consumers in efficient and effective ways leveraging data and analytics could cause demand for the Company's products to decrease. The Company's initial product launch included low sugar, vegan gummies which are high in fiber. Should consumer preferences change or a more popular substitute good be invented, the shift in consumer sentiment may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's business is focused on the development, manufacture, marketing and distribution of a line of low-sugar gummy bears made from plant-based and natural ingredients. Consumer demand could change based on a number of possible factors, including dietary habits and nutritional values, concerns regarding the health effects of ingredients and shifts in preference for various product attributes. If consumer demand for products decreased, the Company's business and financial condition would suffer. In addition, sales of low-sugar, plant-based and natural-ingredient products are subject to evolving consumer preferences that the Company may not be able to accurately predict or respond to. Consumer trends that the Company believes flavour sales of its products could change based on a number of possible factors, including economic factors and social trends. A significant shift in consumer demand away from the Company's products could reduce its sales or market share and the prestige of its brand, which would harm the business and financial condition.

Ingredient risk

The Company's profitability will be dependent on, among other things, its ability to anticipate and react to raw material and food costs which may be passed on to the Company by the Manufacturing Partner. Currently, the main ingredient in the Company's products is Non-GMO Soluble Corn Fiber, Stevia Leaf Extract, Pectin, Natural Fruit Flavour, Malic Acid, Citric Acid, Fruit and Vegetable Juice, Modified Potato Starch, Chicory Root Fiber, which it sources from soluble corn/tapioca fiber - SMI, stevia - Wisdom, natural flavors - Gold Coast/Flavorchem/Phoenix Aromas, modified potato starch - Solnul, pectin - Cargill, coconut oil - Bioriginal, carnauba wax - Jedwards International, citric/malic acid - Batory, beet juice powder - PowderPure. The prices of Non-GMO Soluble Corn Fiber, Stevia Leaf Extract, Pectin, Natural Fruit Flavour, Malic Acid, Citric Acid, Fruit and Vegetable Juice, Modified Potato Starch, Chicory Root Fiber and the other ingredients the Company uses are subject to many factors beyond its control, such as the number and size of suppliers for Non-GMO Soluble Corn Fiber, Stevia Leaf Extract, Pectin, Natural Fruit Flavour, Malic Acid, Citric Acid, Fruit and Vegetable Juice, Modified Potato Starch, Chicory Root Fiber, the vagaries of these supplier businesses, including changes in national and world economic conditions. In addition, the Manufacturing Partner may purchase some ingredients and other materials outside Canada, and the price and availability of such ingredients and materials may be affected by political events or other conditions in these countries or tariffs or trade wars.

Ingredient and packaging costs

Ingredient and packaging costs are volatile and may rise significantly, which may negatively impact the profitability of the business. The Company expects to purchase large quantities of raw materials, including ingredients derived from Non-GMO Soluble Corn Fiber, Stevia Leaf Extract, Pectin, Natural Fruit Flavour, Malic Acid, Citric Acid, Fruit and Vegetable Juice, Modified Potato Starch, Chicory Root Fiber. In addition, the Company expects to purchase and use significant quantities of packaging materials for its products. Costs of ingredients and packaging are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand and changes in governmental trade and agricultural programs. Volatility in the prices of raw materials and other supplies the Company purchases could increase its cost of sales and reduce its profitability. Moreover, the Company may not be able to implement price increases for its products to cover any increased costs, and any price increases it does implement may result in lower sales volumes. If the Company is not successful in managing its ingredient and packaging costs, if it is unable to increase its prices to cover increased costs or if such price increases reduce sales volumes, then such increases in costs will adversely affect its business, results of operations and financial condition.

Health concerns

The Company could be adversely affected if consumers lose confidence in the safety and quality of its supplied food products. All the Company's manufacturing partners are required to comply with applicable product safety laws and the Company is dependent upon them to ensure such compliance. Adverse publicity about these types of concerns, whether valid or not, may discourage consumers from buying the products the Company offers, or cause production and delivery disruptions. The real or perceived sale of bad food products by the Company could result in product liability claims against the Company's manufacturing partners or the Company, expose the Company or its manufacturing partners to governmental enforcement action or private litigation, or lead to costly recalls and a loss of consumer confidence, any of which could have an adverse effect on the Company's business, financial condition, and results of operations.

In accordance with the Supply agreement, the Company has been granted the right to periodically access the Manufacturing Partner's facility to review operations and ensure adherence to food safety, environmental, and other laws and regulations. The Company's internal management will periodically conduct site visits accompanied by third party accredited food safety consultants.

Product returns or refunds

The Company expects to offer refunds or allows its customers to return products or offer refunds, subject to the Company return and refunds policy. If product returns or refunds are significant or higher than anticipated and forecasted, the Company's business, financial condition, and results of operations could be adversely affected. Further, if the Company modifies its policies relating to returns or refunds from time to time, which is may do so in the future, which may result in customer dissatisfaction and harm to the Company's reputation or brand, or an increase in the number of product returns or the amount of refunds the Company makes. The Company will adopt policies which follow industry best practices and make them available on the Company's consumer facing website, www.shopgummies.com.

The Company may enter into agreements with its trade partners that provide a right to return unsold products. Due to the limited shelf life, the Company may need to destroy the products because they cannot be sold anymore. This right will reduce the income due to the Company for the destroyed products, which will have a negative impact on its earnings.

Product approvals

The Company may require advance approval of its products from federal, provincial, state and/or local authorities. While the Company intends to follow the guidelines and regulations of each applicable federal, provincial, state and/or local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any federal, provincial, state and/or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. If any of the Company's products are not approved or any existing approvals are rescinded, there is the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Product liability

As a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of food products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of food products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

Because the Company's products are not irradiated or chemically treated, they are perishable and contain certain naturally occurring microorganisms. The Company may receive complaints from consumers regarding ill effects allegedly caused by the Company's products.

Product liability claims or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's results of operations and financial condition of the Company.

Claims related to product assertions

The Company's products are sold as healthy, low-sugar products containing substantial amounts of various natural ingredients. The Company will make various other assertions about its products, such as plant-based, made with natural ingredients, no artificial colours, no artificial sweeteners and no sugar alcohols. Consumers and other consumer groups often challenge these types of claims. The law in the area of what is natural and other aspects of marketing the Company's products is not settled and, in most cases, not statutory. Therefore, the Company may be subject to various claims about its advertising and its products from time to time, which may cause the Company to pay monetary damages, change the Company's advertising or change the Company's products. Any of these actions may result in adverse consequences to the Company's operations, its product placement and results of operations.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may also lose a significant sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant Board attention. Although the Company will have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency, or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action, or lawsuits. Additionally, if one of the products were subject to recall, the image of that product and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products and could have a material adverse effect on the results of operations and financial condition of the Company.

In accordance with the Supply Agreement the Manufacturing Partner is responsible for conducting lab testing on each production run and will issue to the Company, a Certificate of Analysis documenting conformance with the applicable Specifications for each production run of the Company's product.

Staffing and management

Failure to attract and retain Board and key personnel may adversely affect the Company's operations. Its success is substantially dependent on the continued service of certain senior management. These executives have been primarily responsible for determining the strategic direction of the business and for executing the growth strategy and will be integral to the brand, culture and the reputation the Company enjoys with prospective suppliers, distributors, customers and consumers. The loss of the services of any of these executives could have a material adverse effect on the business and prospects, as the Company may not be able to find suitable individuals to replace them on a timely basis, if at all. In addition, any such departure could be viewed in a negative light by investors and analysts, which may cause the price of the Company's common stock to decline.

If the Company is unable to attract, train and retain employees, including key personnel, it may not be able to grow or successfully operate its business. The Company's success will depend in part upon its ability to attract, train and retain a sufficient number of employees who understand and appreciate its culture and can represent its brand effectively and establish credibility with its business partners and consumers. If the Company is unable to hire and retain employees capable of meeting its business needs and expectations, its business and brand image may be impaired. Any failure to meet the Company's staffing needs or any material increase in turnover rates of employees may adversely affect the business, results of operations and financial condition.

Conflicts of interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its directors and executive officers are engaged in a range of business activities. In addition, the Company's directors and executive officers may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company and subject to any contractual restrictions restricting such activities. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with business interests that interfere with their ability to devote time to the Company's business and affairs, which could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

The Company's directors and officers serve as directors or officers of other company's and may have significant shareholdings in other company's and, to the extent that such other companies may participate in a venture in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. See "Directors and Officers - Conflicts of Interest" for a full discussion of potential conflicts of interests and the remedies offered to deal with such conflicts of interest.

Information technology

The Company will rely on information technology systems and any inadequacy, failure, interruption or security breaches of those systems may harm its ability to effectively operate the business. The Company is dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of the business. A failure of the Company's information technology systems to perform as it anticipates could disrupt the business and result in transaction errors, processing inefficiencies and loss of sales, causing the business to suffer. In addition, the Company's information technology systems may be vulnerable to damage or interruption from circumstances beyond its control, including fire, natural disasters, systems failures, viruses and security breaches. Any such damage or interruption could have a material adverse effect on the business.

Cybersecurity incidents and technological disruptions

A cybersecurity incident or other technology disruptions could negatively impact the business and relationships with customers. The Company uses computers in substantially all aspects of business operations. It also uses mobile devices, social networking, cloud services and other online activities to connect with employees, suppliers, partners, distributors, customers and consumers. Such uses give rise to cybersecurity risks, including security breaches, espionage, system disruption, theft and inadvertent release of information.

Personal information

The Company will store personal information, debit card information, credit card information, banking information, financial information and other confidential information of its partners, customers and consumers with whom the Company has a direct relationship. The unauthorized release, unauthorized access or compromise of this information could have a material adverse effect on the Company's business, financial condition and results of operations. Even if such a data breach did not arise out of the Company's actions or inactions, or if it were to affect one or more of the Company's competitors or customers' competitors, rather than the Company itself, the Company's business, financial condition, and results of operations may be materially and adversely affected.

The Company is also subject to federal, provincial, state and foreign laws regarding cybersecurity and the protection of data. The Company's failure to comply with legal or contractual requirements around the security of personal information could lead to significant fines and penalties imposed by regulators, as well as claims by the Company's customers, their buyers, or other relevant stakeholders. These proceedings or violations could force the Company to spend money in defense or settlement of these proceedings, result in the imposition of monetary liability or injunctive relief, divert the Board's time and attention, increase the Company's costs of doing business, and materially and adversely affect the Company's reputation and the demand for its solutions.

In addition, various federal, provincial and state legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, consumer protection, and advertising. Each of these privacy, security, and data protection laws and regulations, and any other such changes or new laws or regulations, could impose significant limitations, require changes to the Company's business, or restrict the Company's use or storage of personal information, which may increase the Company's compliance expenses and make the Company's business more costly or less efficient to conduct. In addition, any such changes could compromise the Company's ability to develop an adequate marketing strategy and pursue the Company's growth strategy effectively, which, in turn, could adversely affect the Company's business, financial condition, and results of operations.

Intellectual property protection

The Company may not be able to protect its intellectual property adequately, which may harm the value of its brand. The Company believes that its intellectual property has substantial value and will contribute significantly to the success of the business. The Company believes its trademarks are valuable assets that will reinforce its brand and consumers' favorable perception of its products. The Company may rely on unpatented proprietary expertise, recipes and formulations and other trade secrets and copyright protection to develop and maintain its competitive position. The Company's success may depend to a significant degree, upon its ability to protect and preserve any intellectual property, as applicable, including its trademarks, trade secrets and copyrights. The Company may rely on confidentiality agreements and trademark, trade secret and copyright law to protect its intellectual property rights.

The Company may enter into confidentiality agreements with future employees and consultants, contract employees, suppliers and independent contractors who will use its formulations to manufacture its products and generally require that all information made known to them be kept strictly confidential. Nevertheless, trade secrets are difficult to protect. Although the Company may attempt to protect its trade secrets, its confidentiality agreements may not effectively prevent disclosure of proprietary information and may not provide an adequate remedy in the event of unauthorized disclosure of such information.

The Company cannot ensure that any steps taken to protect any intellectual property rights will be adequate, that any intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. In addition, the Company's trademark rights, and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect trademark rights could prevent the Company in the future from challenging third parties who use names and logos similar to its trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of the brand and products. In addition, if the Company does not keep any trade secrets confidential, others may produce products with the Company's recipes or formulations. Moreover, if they arise, intellectual property disputes and proceedings and infringement claims may result in a significant distraction for the Board and significant expense, which may not be recoverable regardless of whether it is successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject the Company to liabilities, force it to cease use of certain trademarks or other intellectual property or force it to enter into licenses with others. Any one of these occurrences may have a material adverse effect on the business, results of operations and financial condition.

Expansion efforts may not be successful

There is no guarantee that the Company's intentions to grow its business will be successful. Any such activities may require, among other things, various regulatory approvals, licenses and permits and there is no guarantee that all required approvals, licenses and permits will be obtained in a timely fashion or at all.

In addition to being subject to general business and regulatory risks, any business that produces, distributes and/or sells a food product will need to build brand awareness in the industry and market through significant investments in strategy, distribution channels, quality assurance and regulatory compliance. These activities may not promote the Company's brands as effectively as intended, or at all.

There is also no guarantee that the Company will be able to complete any of the foregoing activities as anticipated or at all. The failure of the Company to successful execute any expansion strategy (including receiving required regulatory approvals and permits) could adversely affect the Company's business, financial condition and results of operations.

Liability for activity of contractors and consultants

The Company could be liable for fraudulent or illegal activity by any of its contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Company. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Company. Consequently, the Company will be subject certain risks, including that contractors and consultants may inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Company.

Inability to accurately forecast net sales and expenses

Net sales and results of operations will be difficult to forecast because they will generally depend on the volume, timing and type of orders the Company receives, all of which are will be uncertain. The Company will base its expense levels and investment plans on its estimates of net sales and gross margins. The Company cannot be sure these estimated growth rates, trends, and other key performance metrics will be meaningful predictors of future growth. If the Company's assumptions prove to be wrong, the Company may spend more than it anticipates acquiring and retaining customers or may generate lower net sales per active customer than anticipated, either of which could have a negative impact on the Company's business, financial condition, and results of operations.

Future acquisitions or dispositions

Material acquisitions, dispositions and other strategic transactions, involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of the Board; (iii) the Company may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Company's operations; and (vi) loss or reduction of control over certain of the Company's assets.

The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Company. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

Estimates of the addressable market

While the Company's market size estimate was made in good faith and is based on assumptions and estimates that the Company believes to be reasonable, this estimate may not be accurate. If the Company's estimates of the size of its addressable market are not accurate, the Company's potential for future growth may be less than the Company currently anticipates, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

Risks related to being a public Company

If the Company fails to maintain proper and effective internal controls, its ability to produce accurate financial statements on a timely basis could be impaired, investors may lose confidence in its financial reporting and the trading price of its common stock may decline.

Ensuring that the Company has adequate internal financial and accounting controls and procedures in place to produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. Any failure to maintain internal control over financial reporting could severely inhibit the Company's ability to accurately report the financial condition, results of operations or cash flows. If it is unable to conclude that the Company's internal control over financial reporting is effective, or if its independent accounting firm determines that it has a material weakness or significant deficiency in its internal control over financial reporting investors may lose confidence in the accuracy and completeness of the Company's financial reports, the market price of its common stock could decline, and it could be subject to sanctions or investigations regulatory authorities.

Costs of being a public Company

The requirements of being a public company require the Company to incur costs and may strain its resources, divert the Board's attention and affect its ability to attract and retain qualified board members.

As a public company, the Company has incurred and will continue to incur significant legal, accounting and other expenses. The Company is subject to the reporting requirements which require, among other things, that it file annual, quarterly and current reports with respect to its business and financial condition. The Company expects the rules and regulations applicable to public companies to continue to increase its legal and financial compliance costs and to make some activities more time-consuming and costly. If these requirements divert the attention of the Board and personnel from other business concerns, they could have a material adverse effect on the business, financial condition and results of operations.

Increases in share price volatility in capital markets

Volatility in the capital markets has been heightened during recent months and such volatility may continue, which may cause declines in the price of the Shares. This may have the effect of lowering confidence in the market viability of the Company which could lead to the Company being unable to find further financing if necessary.

Evaluation of disclosure controls and procedures

The Company's senior management has evaluated the effectiveness of its disclosure controls and procedures. Based on that evaluation, senior management concluded that its disclosure controls and procedures were effective to provide reasonable assurance that information it is required to disclose in reports that are filed or submitted pursuant to securities legislation is recorded, processed, summarized, and reported within the time periods specified and that such information is accumulated and communicated to senior management, as appropriate, to allow timely decisions regarding required disclosure.

Limitations on effectiveness of controls and procedures

The Board does not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Future financing

Following completion of the Change of Business, the Company may require additional financing to achieve its goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, may force it to delay, limit, reduce or terminate its product and service development, and other operations.

The Company may, from time to time, report a working capital deficit. To maintain its activities, the Company may need to seek additional funds through public or private equity or debt financings or other sources, such as strategic collaborations. Such financing may result in dilution to shareholders, imposition of debt covenants and repayment obligations, or other restrictions that may adversely affect the Company's business. In addition, the Company may seek additional capital due to favorable market conditions or strategic considerations even if it believes it has sufficient funds for its current or future operating plans.

There can be no assurance that financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company achieves positive cash flow. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. Failure to obtain additional financing could also result in delay or indefinite postponement of further research and product development.

Risks related to ownership of Company Shares

The Company Share price has been, and the Company Shares may continue to be, highly volatile, and you could lose all or part of your investment.

The market price of the Company Shares is likely to be highly volatile and could be subject to wide fluctuations in response to many factors discussed in this "*Risk Factors*" section, including:

- Actual or anticipated fluctuations in financial condition and operating results, including fluctuations in quarterly and annual results;
- Announcements of innovations by the Company or competitors;
- Overall conditions in the industry and the markets in which the Company operates;
- Market conditions or trends in the food industry, snacking industry, confectionary industry, gummy bear industry, retail industry, or in the economy as a whole;
- Addition or loss of significant customers or other developments with respect to significant customers;
- Adverse developments concerning manufacturers or suppliers;
- Changes in laws or regulations applicable to the Company's products;
- Ability to effectively manage growth;
- Ability to effectively research, develop and launch products;
- Actual or anticipated changes in growth rate relative to competitors;
- Announcements by the Company or competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- Additions or departures of key personnel;
- Competition from existing products or new products that may emerge;
- Issuance of new or updated research or reports about the Company or the industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;

- News reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry;
- Failure to meet the estimates and projections of the investment community or that the Company may otherwise provide to the public;
- Fluctuations in the valuation of companies perceived by investors to be comparable to the Company;
- Disputes or other developments related to proprietary rights, including patents, and the Company's ability to obtain intellectual property protection for its products;
- Litigation or regulatory matters;
- Announcement or expectation of additional financing efforts;
- Cash position;
- Sales of Company shares by the Company or its shareholders;
- Share price and volume fluctuations attributable to inconsistent trading volume levels of the Company shares;
- Changes in accounting practices;
- Ineffectiveness of internal controls;
- General economic, market and political conditions; and
- Other events or factors, many of which are beyond the Company's control.

Furthermore, financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies, including those fluctuations a result of the COVID-19 pandemic. Accordingly, the market price of the Company Shares may decline even if the Company's or, following the completion of the Change of Business, the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and trading volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the Company Shares may be materially adversely affected.

Active trading market

An active trading market may not be sustained. You may not be able to sell your Company Shares quickly or at a recently reported market price if trading in the Company Shares does not remain active. The lack of an active market may also reduce the fair market value the Company Shares and the liquidity of a shareholder's investment may be limited. An inactive market may also impair the Company's ability to raise capital to continue to fund operations by selling Company Shares.

Public market sales

Future sales of the Company Shares in the public market could cause the Company Share price to fall. Sales of a substantial number of Company Shares in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of Company Shares intend to sell Company Shares, could reduce the market price of the Company Shares.

Price volatility of publicly traded securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Company Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company Shares will be affected by such volatility.

POTENT VENTURES INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

This management's discussion and analysis ("MD&A") discusses the activities and financial position of Potent Ventures Inc. (the "Company") for the year ended September 30, 2021. The following information should be read in conjunction with the consolidated financial statements of the Company for the year ended September 30, 2021 and the year ended September 30, 2020 and the related notes contained therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in United States Dollars unless otherwise stated. For more information regarding the foregoing and the other risk factors applicable in respect of an investment in the Company, please see "Risk Factors". Additional information can be accessed through the SEDAR website at www.sedar.com. The Company trades on the CSE under the symbol POT. This report is dated – January 28, 2022.

FORWARD LOOKING STATEMENTS

This MD&A may contain forward- looking statements that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, use of proceeds, corporate vision, proposed acquisitions, partnerships, joint-ventures and strategic alliances and cooperation's, budgets, cost and plans and objectives of or involving the Company. Such forward- looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company including, but not limited to, the impact of general economic conditions, industry conditions and dependence upon regulatory approvals. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by securities laws.

DESCRIPTION OF BUSINESS

Potent Ventures Inc.'s formula is to identify and aggregate great brands that are undervalued, deliver capital and expertise, grow and expand with a focus on building ubiquitous lifestyle brands.

Potent Ventures exists to serve people's desires for wellness and happiness by harnessing the properties of plant based products to develop quality products and create experiences that enhance our customers' lifestyles.

KEY DEVELOPMENTS DURING THE YEAR

On February 22, 2021, the Company closed a non-brokered private placement of 35,272,004 units at a price of CAD $0.0425 per unit, raising gross proceeds of $1,188,455 (CAD $1,499,060). Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share for CAD $0.0575 for a period of 2 years from the issue date.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. As of January 27, 2022, the extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated.

KEY DEVELOPMENTS SUBSEQUENT TO YEAR END

Closing of Private Placement

October 13, 2021, the Company has completed its first closing of a non-brokered private placement of up to $2,000,000 (the "Offering"). The Company accepted subscriptions for 15,430,000 units at a price of CDN $0.04 per Unit, raising gross proceeds of CDN$617,200. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share for CDN$0.05 for a period of 2 years from the issue date. All of the securities issuable in connection with the offering will be subject to a hold period expiring four months and one day after date of issuance.

Insiders participation in the offering was for an aggregate amount of CDN $27,000 comprising 675,000 Units representing 4% of the offering. Such participation is considered a related party transaction within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The related party transaction is exempt from minority approval and valuation requirements pursuant to the exemptions contained in Sections 5.5(a) and 5.7(1)(a) of MI 61-101, as neither the fair market value of the securities to be issued under the Offering nor the consideration to be paid by the insiders exceeds 25% of the Company's market capitalization.

In connection with the closing of the private placement, the Company paid finder's fees of $30,416 in cash and issued 860,400 finder's warrants. The finder's warrants hold the same terms of the warrants issued as part of the Units. The proceeds will be used for general working capital and potential acquisitions.

Change Scope of Business

December 16, 2021, the Company has placed an initial purchase order with a Canadian based gummy manufacturer for the production of innovative better-for-you gummy products (the "Purchase Order").

"Within the multi-billion dollar gummy industry, we have identified a compelling, and early stage opportunity, focusing on plant-based better-for-you gummy products. The gummy and jelly industry is valued at over $20 billion (CAD) with significant upside and with the right branded products and our new manufacturing partner, we believe that we can enter and penetrate that market in a matter of months," said Potent President, CEO and Director, Mr. Charlie Lamb.

"Our initial line of products will be made with the highest quality, most sustainable plant-based ingredients in the world. Current consumer trends show that the world is adapting, and people are looking for sustainable and healthy alternatives to high sugar candy without sacrificing taste. The Company's long-term vision will be to develop and commercialize new products as new product categories emerge in the gummy and health and wellness industry," added Mr. Lamb.

(Expressed in United States Dollars unless otherwise stated)

Change of Business Name and Stock Symbol

December 22, 2021, the Company announced that the Company will change its name to "The Gummy Project", with a new stock symbol "GUMY".

The Company expects the name change and ticker change to become effective upon the Canadian Securities Exchange ("CSE") approving the "listing statement" and the "change of business" being approved by shareholders (such date hereinafter referred to as the "Effective Date").

"The name and ticker change are necessary as part of the overall proposed rebranding process and to accurately reflect what we expect our primary business strategy to be moving forward and our portfolio of products", said Charlie Lamb, President and CEO of the Company.

The Company will continue to trade under the CSE stock symbol "POT" until the Effective Date

SELECTED ANNUAL FINANCIAL INFORMATION AND RESULTS OF OPERATIONS

The following table sets out selected financial information with respect to the Company's audited financial statements for the year ended September 30, 2020, and the year ended September 30, 2021. The following should be read in conjunction with the 2021 and 2020 Annual Financial Statements.

Summary of Operations	September 30 2021	September 30 2020	September 30 2019
Revenue	$ 47,297	$ 133,379	$ 7,144
Cost of goods sold	44,466	89,644	3,543
Gross margin	2,831	43,735	3,601
Gross margin %	6%	33%	50%
Total expenses	$ 1,752,305	$ 1,940,070	$ 7,056,328
Net loss for the year	(1,983,353)	(3,439,524)	(44,102,824)
Basic and diluted loss per share - continuing operations	(0.03)	(0.08)	(6.10)
Basic and diluted loss per share - discontinued operations	-	(0.02)	(0.15)

Balance Sheet Summary	September 30 2021	September 30 2020	September 30 2019
Current assets	$ 727,484	$ 934,240	$ 1,922,847
Total assets	888,374	1,140,169	3,214,433
Current liabilities	41,227	24,992	306,957
Non-current liabilities	25,910	42,709	-
Total liabilities	67,137	67,701	306,957
Working capital	686,257	909,248	1,615,890

Revenue for the year ended September 30, 2021 was $47,297 (2020 - $133,379). The revenues were primarily generated in Oklahoma from the sale of Wknd! and Orchard Heights branded products. Margins on branded products were 6% compared to 33% in the prior year. Revenue in the comparative period was earned in the Washington market upon the Company's initial launch and thus had a different margin profile.

During the year ended September 30, 2021 total expenses were $1,752,305 compared to $1,940,070 in the prior year. General and administrative expenses were $1,053,017 compared to $1,212,441, a decrease of 13%. Share-based compensation of $501,071 compared to $329,800, it was related to stock options granted during the period to retain consultants.

Working capital decreased primarily due to cash used in operating activities. No dividends were declared or paid during the prior three years.

Summary of significant Balance Sheet items

The primary factors affecting the changes to the balance sheet items were as follows:

- The Land in Northern BC was written down to the expected net realizable value of $70,803.
- Recorded an impairment charge of $44,906 in relation to the loan issued to a MDFD Holdings LLC upon a final settlement payment of $55,000.
- Cash used in operations was $1,260,364 compared to $1,619,140 in the comparative period of 2020.
- Cash proceeds of $1,188,455 from issuance of common shares.

Discussion of annual results – year ended September 30, 2021:

During the year ended September 30, 2021, the Company incurred a net loss from continuing operations of $1,983,354 or $0.03 per share (2020 - $2,770,107, $0.10 per share). The primary factors affecting the magnitude and variations of the Company's financial performance were as follows:

- Revenue for the period was $47,297 compared to $133,379 for the comparative period of the prior year. In the prior year revenues were primarily attributable to the Washington market. Oklahoma sales commenced in December 2019 and represented the majority of the sales for the prior period. The Company has now ceased operations in Washington therefore all sales were generated in Oklahoma.
- Cost of goods sold were $44,466 (2020 - $89,644) which yielded gross margin of $2,831 (2020 - $43,735) or 6% of revenue (2020 – 33%).
- Advertising, marketing, and brand development costs decreased to $3,736 from $274,903 in the comparative period. The Company carried out minimal brand development and advertising during the period.
- Professional fees of $173,028 (2020 – $344,481) were related to audit, tax, and legal and regulatory related charges related to the share split and annual general meeting.
- Share-based compensation of $501,071 (2020 – $329,800) include options granted for directors, officers, and consultants.

  Consulting fees of $468,895 (2020 - $259,705) related primarily to internal contractors and business development
- Management fees of $366,898 (2020 – $375,587) related to management and director fees.
- Travel and entertainment was $6,300 (2020 – $42,759). During the current year management reduced travel and entertainment expenses and was unable to travel extensively due to COVID-19.

- The Company recorded an impairment on loan receivable of $44,906 in relation to the early settlement of a loan with MDFD Holdings LLC. In the prior year the Company recorded impairment of loans receivable of $315,298.

- The Company recognized an impairment expense of $85,011 in relation to the sale of land which comprised the Company's Norther Lights Organics Hemp project. The Northern Lights Organics Hemp project was halted during the year ended September 30, 2020.

- The Company recorded impairment of inventory of $16,011 (2020 - $89,129) in relation to the remaining Weekend and Orchards Heights inventory held in Oklahoma. Subsequent to the year ended September 30, 2021 the Company announced plans to change business strategy to non-THC products therefore the inventory was rendered obsolete. The prior year impairment related to inventory specifically labeled for Washington State of which was no longer expected to be sold in fiscal 2021.

- The Company recorded an impairment of inventory deposits in the amount of $99,988 which was related to inventory which was indirectly acquired from a Company with a Common Director and officer, Brian Keane.

<u>Discussion of fourth quarter results – three month period ended September 30, 2021:</u>

During the three month period ended September 30, 2021, the Company incurred a net loss from continuing operations of $272,949 or $0.01 per share (three months ended September 30, 2020 - $876,111, $0.02 per share). The primary factors affecting the magnitude and variations of the Company's financial performance were as follows:

- Revenue for the period was $Nil compared to $38,871 for the comparative period of the prior year. In the prior year revenues were primarily attributable to the Washington market. Oklahoma sales commenced in December 2019 and represented the majority of the sales for the prior period. The Company has now ceased operations in Washington therefore all sales were generated in Oklahoma.

- Cost of goods sold were $Nil (three months ended September 30, 2020 - $26,704) which yielded negative gross margin of $Nil (three months ended September 30, 2020 - $12,167) or -Nil% of revenue (three months ended September 30, 2020 – 31%).

- Advertising, marketing, and brand development costs decreased to $934 from $120,547 in the comparative period. The Company carried out minimal brand development and advertising during the period.

- Professional fees of $21,048 (three months ended September 30, 2020 – $55,758) were related to audit, tax, and legal and regulatory related charges related to the share split and annual general meeting.

- Share-based compensation of $NIL (three months ended September 30, 2020 – $31,951) include options granted for directors, officers, and consultants.

- Management fees of $76,064 (three months ended September 30, 2020 – $180,959) related to management and director fees. The increase of $30,072 was due to changes in amounts paid to directors and officers as a result of numerous management changes as compared to the prior year.

- Travel and entertainment was -$Nil (three months ended September 30, 2020 – $3,009). During the current year management reduced travel and entertainment expenses and was unable to travel extensively due to COVID-19.

- The Company recorded impairment of inventory of $16,011 (2020 - $89,129) in relation to the remaining Weekend and Orchards Heights inventory held in Oklahoma. Subsequent to the year ended September 30, 2021 the Company announced plans to change business strategy to non-THC products therefore the inventory was rendered obsolete. The prior year impairment related to inventory specifically labeled for Washington State of which was no longer expected to be sold in fiscal 2021.

- The Company recorded an impairment of inventory deposits in the amount of $99,988 which was related to inventory which was indirectly acquired from a Company with a Common Director and officer, Brian Keane.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly consolidated financial information for each of the last eight quarters with the figures for each quarter in United States Dollars:

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Revenue	$ -	$ 2,256	$ 16,698	$ 28,354
Net loss	(272,948)	(581,572)	(775,413)	(353,420)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.01)
Weighted average shares outstanding	81,566,088	81,566,088	52,210,366	45,039,684

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Revenue	$ 38,871	$ 68,197	$ 20,604	$ 5,707
Net loss	(876,111)	(894,061)	(1,162,573)	(506,779)
Basic and diluted loss per share	(0.02)	(0.02)	(0.03)	(0.01)
Weighted average shares outstanding	46,895,424	43,516,708	43,894,768	35,348,460

*The above has not been adjusted for discontinued operations.

Quarter ended September 30, 2021: The Company reported revenue of $Nil as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of $272,948 was primarily attributed to general and administrative expense of $154,934, professional fees of $21,048, impairment of inventory of $16,011, and impairment of inventory deposit of $99,988.

Quarter ended June 30, 2021: The Company reported revenue of $2,256 primarily related to sales of Orchard Heights products in Oklahoma. Net loss of $581,572 was attributed to general and administrative expense of $230,524, professional fees of $29,723, and share-based compensation of $294,667.

Quarter ended March 31, 2021: The Company reported revenue of $16,698 primarily related to sales of Orchard Heights products in Oklahoma. Net loss of $775,413 was attributed to general and administrative expense of $500,704, professional fees of $62,640, and share-based compensation of $206,404.

Quarter ended December 31, 2020: The Company reported revenue of $28,354 primarily related to sales of Orchard Heights products in Oklahoma. Net loss of $353,420 was attributed to general and administrative expense of $166,855, professional fees of $58,265, impairment of loan receivable of $45,000, and impairment of assets held for sale of $85,011.

Quarter ended September 30, 2020: The Company reported revenue of $38,871 primarily related to sales of Orchard Heights products in Oklahoma. Net loss of $876,111 was attributed to general and administrative expense of $373,139, professional fees of $32,140, impairment of property and equipment of $309,573, and impairment of inventory of $89,129.

Quarter ended June 30, 2020: The Company reported revenue of $68,197 primarily related to sales of Orchard Heights products in Oklahoma.. Net loss of $894,061 was attributed to general and administrative expense of $699,670, professional fees of $64,973, and impairment of loan receivable of $200,000

Quarter ended March 31, 2020: The Company reported revenue of $20,604 primarily related to sales of Orchard Heights products in Oklahoma and Washington. Net loss of $1,162,573 was attributed to general and administrative expense of $362,033, professional fees of $158,594, share based compensation of $326,285, impairment of loan receivable of $93,863, and impairment of property and equipment of $332,856.

(Expressed in United States Dollars unless otherwise stated)

Quarter ended December 31, 2019: The Company reported revenue of $5,707 primarily related to sales of Orchard Heights products in Oklahoma and Washington. Net loss of $506,779 was attributed to general and administrative expense of $344,007, professional fees of $94,252, and share based compensation of $35,466.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective in managing its liquidity and capital structure are to generate sufficient cash to fund the Company's operating, acquisition, organic growth and contractual obligations. The Company monitors its liquidity primarily by focusing on working capital.

As at September 30, 2021, the Company had working capital of $686,257 (September 30, 2020 – $909,248). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021 the Company had sufficient cash to settle current liabilities.

The table below highlights the Company's cash flows during the year ended:

Net cash provided by (used in)	September 30 2021	September 30 2020
Operating activities	$ (1,260,364)	$ (1,619,140)
Investing activities	150,803	764,502
Financing activities	1,194,109	767,964
Effect of exchange rate on cash	(6,729)	(97,289)
Cash, beginning	638,982	822,945
Cash, end	716,801	638,982

As at September 30, 2021 the Company's total liabilities were $67,137 (September 30, 2020 - $67,701).

The Company has limited cash flow from operations and may require additional capital to expand its operations to achieve profitable scale of operations. The Company has minimal financial obligations at this time and expects its liquidity to be sufficient for the following year.

There are no sources of financing arranged but not yet used by the Company. There are no commitments for capital expenditures.

OUTSTANDING SHARE DATA

Details of the Company's capitalization are as follows:

	September 30, 2021	Date of MD&A
Common shares	81,566,088	97,853,230
Warrants	43,819,804	59,249,804
Stock options	16,192,000	16,192,000

The Company has an unlimited number of common shares authorized for issuance.

(Expressed in United States Dollars unless otherwise stated)

USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

See Note 3 to the year end September 30, 2021 consolidated financial statements.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the year ended September 30, 2021, the Company entered the following key management transactions:

Key Management Remuneration:	**September 30, 2021**	**September 30, 2020**
Charlie Lamb - CEO, Director	$ 162,891	84,782
Robert Payment - CFO, Director	132,108	42,391
Brian Keane - Director	45,000	30,000
Michael Young - Former Director	26,900	5,000
Chris Backus - Former CEO, Director	-	184,346
Michael Hopkinson - Former CFO	-	2,975
David Parchomchuk - Former Director	-	18,593
Kevin Ernst - Former Director	-	7,500
Total	$ 366,899	$ 375,587

- Share-based compensation of $134,653 (2020 - $87,994) was related to directors, officers, and a former officer.

Other related party transactions include:

- The Company recorded an impairment of inventory deposits in the amount of $99,988 which was related to inventory which was indirectly acquired from a Company with a Common Director and officer, Brian Keane.
- Included in accounts payable is $10,000 owing to Robert Payment for consulting fees.
- In February 2020, the Company advanced Love Hemp Group Plc ("LHG") an unsecured demand loan of $116,347 (CAD $140,000) bearing interest of 5%. LHG was considered a related party due to a common director of each Company (Note 6).

PROPOSED TRANSACTIONS

None.

NEW ACCOUNTING PRONOUNCEMENTS

New accounting policies

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements

SUBSEQUENT EVENTS

Subsequent to September 30, 2021 the Company completed the following transactions:

- October 13, 2021, the company has completed a first closing of a non-brokered private placement of up to $2,000,000 (the "Offering"). The Company accepted subscriptions for 15,430,000 units at a price of CDN $0.04 per Unit, raising gross proceeds of CDN$617,200. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share for CDN$0.05 for a period of 2 years from the issue date. All of the securities issuable in connection with the offering will be subject to a hold period expiring four months and one day after date of issuance

- December 22, 2021, the Company announced that the Company will change its name to "The Gummy Project", with a new stock symbol "GUMY". The Company expects the name change and ticker change to become effective upon the Canadian Securities Exchange ("CSE") approving the "listing statement" and the "change of business" being approved by shareholders (such date hereinafter referred to as the "Effective Date"). The Company will continue to trade under the CSE stock symbol "POT" until the Effective Date..

- December 22, 2021, The Company issued 428,571 common shares of the Company to two separate consultants, for an aggregate total of 857,142 common shares, pursuant to each of their existing contracts with the Company. The common shares are being issued at a deemed value $0.035 per common share.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of receivables, loans receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and loans receivables. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. Receivables consists of amounts due from the Government of Canada in which management believes the credit risk to be minimal. The Company does not have significant credit risk with respect to customers. The Company's remaining loans are considered to have a low risk of default. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. The Company regards liquidity risk to be low as it has sufficient working capital to for at least the next year.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at September 30, 2021, the Company had cash, receivables, accounts payable and accrued liabilities, denominated in Canadian Dollars. A 10% fluctuation in the foreign exchange rate between the USD and Canadian Dollar would have a $90,000 impact on profit or loss for the year. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

RISK FACTORS

Readers should carefully consider the following risk factors in addition to the other information contained in this Management's Discussion and Analysis. The risks and uncertainties below are not the only ones related to the Company. There are additional risks and uncertainties that the Company does not presently know of or that the Company currently considers immaterial which may also impair the Company's business operations. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly.

The Company is subject to significant regulatory risks with respect to its operations in the United States. See "Risk Factors Related to the United States Regulatory System."

GENERAL RISK FACTORS OF THE COMPANY'S OPERATIONS

The Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability.

The Company has a very limited history of operations, is comprised of several newly acquired subsidiaries, and is in the early stage of development and must be considered a start up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the Company's early stage of operations.

Shareholders should consider and evaluate the Company's operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that the Company may not have sufficient capital to achieve its growth strategy;
- risks that the Company may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that they Company's growth strategy may not be successful;
- risks that fluctuations in the Company's operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

The Company's future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

There is no assurance that the Company will generate a profit or generate revenues.

There is no assurance as to whether the Company will be profitable, generate revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business.

Uncertainty about the Company's ability to continue as a going concern.

The Company is in the development stage and is currently seeking additional capital, mergers, acquisitions, joint ventures, partnerships and other business arrangements to expand its product offerings in the adult use and medical cannabis industry and grow its revenue. The Company's ability to continue as a going concern is dependent upon its ability in the future to grow its revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. It is expected that external financing, predominantly by the issuance of equity and debt, will be required to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or at all. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Limited Operating History.

The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

The Company has a history of losses, may incur significant losses in the future and may not achieve or maintain profitability.

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

The Company had negative cash flows since inception

To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company may experience changes in its operating plans and certain delays in the timing of its plans. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in business infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company's efforts to grow its business may be costlier than expected, and the Company may not be able to increase its revenue enough to offset its higher operating expenses. The Company may incur significant losses in the future for a number of reasons and unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease.

Under applicable Canadian and U.S. regulations, there are restrictions on the type and form of marketing that can be undertaken with respect to cannabis products, which could materially impact sales performance.

The development of the Company's future business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada, and U.S. regulatory authorities. The regulatory environment in Canada limits the Company's ability to compete for market share in a manner similar to other industries. The regulatory environments in which the Company operates may in the future also further restrict the type and form of marketing which could limit the Company's ability to compete for market share. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

The legal adult use and medical cannabis industry are relatively new in Canada and the U.S., and this industry may not continue to exist or grow as anticipated.

The Company will be operating its business in the relatively new cannabis industry. In addition to being subject to general business risks, the Company's business involves an agricultural product and a regulated consumer product and therefore the Company will need to build brand awareness in this industry through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations. These activities may not promote the Company's brand and products as effectively as intended, or at all. Competitive conditions, consumer preferences, patient requirements and spending patterns in this new industry are relatively unknown and may have unique circumstances that differ from existing industries.

Accordingly, there are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the cannabis industry and market could have a material adverse effect on the Company's business, financial condition and results of operations.

Changes in Laws, Regulations, and Guidelines

The *Cannabis Act* came into force on October 17, 2018 and was subsequently amended on October 17, 2019. However, uncertainty remains with respect to the implementation of the *Cannabis Act* and federal regulations thereunder, as well as the various provincial and territorial regimes governing the distribution and sale of cannabis for adult-use purposes. The implementation of the legislative framework pertaining to the Canadian cannabis market remains everchanging and uncertain. The impact of new laws, regulations, and guidelines on the business of the Company, including increased costs of compliance and other potential risks, cannot be predicted, and accordingly, the Company may experience adverse effects.

There is no assurance that the Company will obtain and retain any relevant licenses.

State licenses in the U.S. are subject to ongoing compliance and reporting requirements. Failure by the Company to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of the Company. Should any state in which the Company considers a license important not grant, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses, the business, financial condition and results of the operation of the Company could be materially adversely affected.

Further, the Company's ability to grow, store and sell cannabis in Canada is dependent on the ability of the Company to obtain a license to do so from Health Canada. The Company does not currently hold a license from Health Canada and there can be no assurance that the Company will receive such a license in a timely manner, or at all. The licenses, once issued, are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements would have a material adverse impact on the business, financial condition and operating results of the Company.

The Company may be unable to attract or retain key personnel with sufficient experience in the cannabis industry and may prove unable to attract, develop, and retain additional employees required for the Company's development and future success.

The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the Company's management structure may be strained as the Company pursues growth opportunities in the future. The loss of the services of a key management personnel or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. The Company does not currently maintain key-person insurance on the lives of any of its members of management.

Risks relating to Reliance on Management.

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While formal agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Conflicts of interest may arise between the Company and its directors and officers as a result of other business activities undertaken by such individuals.

The Company may be subject to various potential conflicts of interest because of the fact that some of its directors and executive officers may be engaged in a range of business activities. In addition, the Company's directors and executive officers may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company and subject to any contractual restrictions restricting such activities. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with business interests that interfere with their ability to devote time to the Company's business and affairs, which could adversely affect Company operations. These business interests could require significant time and attention of the Company's executive officers and directors.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and policies of the Company. For example, a director who has a material interest in a matter before the Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it and absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. In accordance with applicable laws, the directors of the Company are required to act honestly and in good faith with a view to the best interests of the Company.

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The cultivation of cannabis involves a reliance on third party transportation which could result in supply delays, unreliability of delivery and other related risks.

In order for customers of the Company to receive their product, the Company will rely on third party transportation services. This can cause logistical problems with and delays in patients obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's financial performance.

Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials and prospects. Any such breach could impact the Company's future ability to continue operating under its licenses or the prospect of renewing its licenses.

The Company may compete for market share with other companies, which may have longer operating histories and more financial resources, manufacturing and marketing experience than the Company.

The Company does and expects to continue to face intense competition from other companies operating in the same industry, some of which can be expected to have longer operating histories and more financial resources, manufacturing and marketing experience than the Company. In addition, there is potential that the Medical Cannabis and Recreational Cannabis industry will undergo consolidation, creating larger companies with financial resources, manufacturing and marketing capabilities, and product offerings that are greater than those of the Company. As a result of this competition, the Company may be unable to maintain its operations or develop them as currently proposed on terms it considers acceptable or at all. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect the Company's business, financial condition and results of operations.

As well, the legal landscape for medical and recreational cannabis is changing internationally. More countries have passed laws that allow for the production and distribution of cannabis for medical purposes in some form or another. Increased international competition and/or limitations placed on the Company by Canadian regulators may lower the demand for the Company's products on a global scale.

The Company may seek to expand its business and operations into jurisdictions outside of Canada and the U.S. and there are risks associated with doing so.

The Company may in the future expand its operations and business into jurisdictions outside of Canada and the U.S. There can be no assurance that any market for the Company's products will develop in any such foreign jurisdiction. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations and the effects of competition. These factors may limit the Company's capability to successfully expand its operations and may have a material adverse effect on the Company's business, financial condition and results of operations.

Unfavourable publicity or consumer perception.

The legal cannabis industry in the United States, Canada, and internationally is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Public opinion and support for medical and recreational cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and recreational cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, Medical Cannabis as opposed to legalization in general).

The Company believes its business will be highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of cannabis products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for cannabis products, and the business, results of operations, financial condition and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or the Company's products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

The Company's ability to gain and increase market acceptance of its proposed cannabis business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on the Company.

The Company may not be able to accurately predict its future capital needs and it may not be able to secure additional financing.

The Company may need to raise significant additional funds in order to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms, or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. Holders of Common Shares will have no pre-emptive rights in connection with such further issues of equity securities and the Board will have the discretion to determine if an issuance of equity securities is warranted, the price at which such issuance is effected and the other terms of issue.

If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

Ability to Access Private and Public Capital.

The Company has historically relied entirely on access to both public and private capital in order to support its continuing operations, and the Company expects to continue to rely almost exclusively on the capital markets to finance its business in the U.S. legal cannabis industry. Although such business carries a higher degree of risk, and despite the legal standing of cannabis businesses pursuant to U.S. federal laws, Canadian based issuers involved in the U.S. legal cannabis industry have been successful in raising substantial amounts of private and public financing. However, there is no assurance the Company will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate U.S. federal laws.

Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's business would be materially and adversely affected. U.S. federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Company. The Company's involvement in the medical and recreational cannabis industry may be illegal under the applicable federal laws of the United States and may be illegal under other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company's business and could result in the forfeiture or seizure of all or substantially all of the assets of the Company.

The Company may be subject to litigation in the ordinary course of its business.

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources of the Company, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.

Risks related to volatility in Currency exchange rates.

Exchange rate fluctuations may adversely affect the Company's financial position and results. It is anticipated that a significant portion of the Company's business revenue could be earned in U.S. dollars but that a substantial portion of its operating expenses incurred in Canadian dollars. The depreciation of the Canadian Dollar against the U.S. Dollar could increase the actual capital and operating costs of the Company's U.S. operations and materially adversely affect the results presented in the Company's financial statements. Fluctuations in the exchange rate between the U.S. dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on the Company's business, financial condition and operating results.

The Company intends to continue to expand operations globally so it may be subject to additional gains and losses against additional currencies. The Company does not currently have a foreign exchange hedging program in place. However, in the future, it may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Anti-Money Laundering Laws and Regulations.

The Company is subject to a variety of laws and regulations in Canada and the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the U.S. *Currency and Foreign Transactions Reporting Act* of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* of 2001 (USA PATRIOT Act), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

The Company's activities, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Product Liability.

The Company will face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. The Company may be subject to various product liability claims, including, among others, that its products caused injury or illness, include inadequate instructions for use or include inadequate warnings. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's results of operations and financial condition. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's products.

Product Recalls.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company intends to have detailed procedures in place for testing finished products, there can be no assurance that any problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's products were subject to recall, the image of the brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

The Company may not be able to develop its products, which could prevent it from ever becoming profitable.

If the Company cannot successfully develop, manufacture and distribute its products, or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Company's ability to effectively enter the market. A failure by the Company to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.

Environmental and Employee Health and Safety Regulations.

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Operating Risk and Insurance Coverage.

The Company carries insurance to protect its assets, operations and employees. While the Company believes insurance coverage can adequately address all material risks to which it may be exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Uninsurable Risks.

The medical and adult use cannabis business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Management of Growth.

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability to deal with this growth may have a material adverse effect on its business, financial condition, results of operations and prospects.

Enforcement of Legal Rights.

In the event of a dispute arising from the Company's U.S. operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, to the extent that the Company's assets are located outside of Canada, investors may have difficulty collecting from the Company any judgments obtained in the Canadian courts and predicated on the civil liability provisions of securities provisions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

Success of Quality Control Systems.

The quality and safety of the Company's products are critical to the success of its business and operations. As such, it is imperative that the Company's (and its service provider's) quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Company strives to ensure that all of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the Company's business and operating results.

Inability to Obtain or Renew Material Leases.

The Company may be unable to obtain, renew or maintain its leases (commercial or real property) on commercially acceptable terms or at all. An inability to renew its leases, or a renewal of its leases with a rental rate higher than the prevailing rate under the applicable lease prior to expiration, may have an adverse impact on the Company's operations, including disruption of its operations or an increase in its cost of operations. In addition, in the event of non-renewal of any of the Company's leases, the Company may be unable to locate suitable replacement properties for its facilities or it may experience delays in relocation that could lead to a disruption in its operations. Any disruption in the Company's operations could have an adverse effect on its financial condition and results of operations.

Inability to Protect Intellectual Property.

The Company's success is heavily dependent upon its intangible property and technology. The Company relies upon unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that is considered important to the development of the business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Company to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Company's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Company's. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Company's ability to successfully implement its business plan depends in part on its ability to maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Company's names and logos. If the Company's efforts to protect its intellectual property are inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Company's business and might prevent its brands from achieving or maintaining market acceptance.

The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Company to incur significant penalties and costs.

Risks Concerning Banking.

The U.S. federal prohibitions on the sale of cannabis may result in the Company and its partners being restricted from accessing the U.S. banking system and they may be unable to deposit funds in federally insured and licensed banking institutions. Banking restrictions could be imposed due to the Company's banking institutions not accepting payments and deposits. The Company is at risk that any bank accounts it has could be closed at any time. Such risks increase costs to the Company. Additionally, similar risks are associated with potentially large amounts of cash at its business locations. These locations require heavy security with respect to holding and transport of cash.

The guidance provided in the FinCEN Memo may change depending on the position of the U.S. government administration at any given time and is subject to revision or retraction in the future, which may restrict the Company's access to banking services. The Company's inability to manage such risks may adversely affect the Company's operations and financial performance.

The Company is reliant on third-party suppliers, manufacturers and contractors.

The Company intends to maintain a full supply chain for the provision of products and services to the adult use and medical cannabis industry. Due to the uncertain regulatory landscape for regulating cannabis in Canada and the United States, the Company's third party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the Company's operations. Loss of these suppliers, manufacturers and contractors may have a material adverse effect on the Company's business and operational results.

International operations will result in increased operational, regulatory and other risks.

The Company may in the future expand into other geographic areas, which could increase operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. We may not be able to successfully identify suitable acquisition and expansion opportunities or integrate such operations successfully with our existing operations.

RISKS RELATED TO THE COMPANY'S SECURITIES

Limited Market for Securities.

There can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

The market price of the Common Shares may be subject to wide price fluctuations.

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in operating results, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares.

It is not anticipated that any dividends will be paid to holders of Common Shares for the foreseeable future.

The Company will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including earnings, operating results, financial condition, current and anticipated cash needs, and restrictions in financing agreements.

RISK FACTORS RELATED TO THE UNITED STATES REGULATORY SYSTEM

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – *Issuers with U.S. Marijuana-Related Activities* ("CSA Notice 51-352"), below is a discussion of the current federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly involved. In accordance with CSA Notice 51-352, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation.

United States federal overview.

In the U.S., 33 states and Washington D.C. have legalized Medical Cannabis, while 10 states and Washington D.C. have also legalized adult-use Recreational Cannabis. At the federal level, however, cannabis currently remains a

Schedule I controlled substance under the CSA. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the U.S., and a lack of accepted safety for the use of the drug under medical supervision. As such, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance which is still illegal at the federal level.

While technically illegal, the U.S. federal government's approach to enforcement of such laws has trended toward non-enforcement. The Company expects President Biden's administration to view cannabis in a more favourable manner; however, no immediate changes to federal law or policy are expected.

Some of the Company's planned business activities, while believed to be compliant with applicable U.S. state and local laws, are illegal under U.S. federal law.

Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the CSA. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

Since the possession and use of cannabis and any related drug paraphernalia is illegal under U.S. federal law, the Company may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide. The Company intends to manufacture, distribute and sell adult use and/or medical cannabis. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited, a claim regarding the Company's possession, use and sale of cannabis, and aiding and abetting another's criminal activities. The Federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Company may be forced to cease operations and its investors could lose their entire investment. Such an action would have a material negative effect on the Company's business and operations. The enforcement of relevant U.S. federal laws is a significant risk.

The Company is operating at a regulatory frontier. The cannabis industry is a new industry that may not succeed.

Should the federal government in the U.S. begin prosecuting those dealing in medical or other cannabis under applicable law, there may not be any market for the Company's products and services in the U.S.

Cannabis is a new industry subject to extensive regulation, and there can be no assurance that it will grow, flourish or continue to the extent necessary to permit the Company to succeed. The Company is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its proposed products and will adjust its future operations, product mix and market strategy as the industry develops and matures.

The Company may incur significant tax liabilities if the IRS continues to determine that certain expenses of cannabis businesses are not permitted tax deductions under section 280E of the Tax Code.

Section 280E of the Tax Code prohibits businesses from deducting certain expenses associated with trafficking controlled substances (including cannabis) which are prohibited by federal law. The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are authorized under state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from under payment of taxes due to the lack of deductibility of otherwise ordinary business expenses, the deduction of which is prohibited by Section 280E. Although the IRS issued a clarification allowing the deduction of certain expenses that can be categorized as cost of goods sold, the scope of such items is interpreted very narrowly and include the cost of seeds, plants and labor related to cultivation, while the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses. The Company's current financial plans include federal tax payable on gross profit rather than is typical in other jurisdictions on earnings before tax.

There is uncertainty surrounding the new U.S. Presidential Administration and its influence and policies in respect of the cannabis industry as a whole.

There is no certainty as to how the DOJ, Federal Bureau of Investigation and other government agencies will handle cannabis matters in the future. There can be no assurances that the Biden administration will change the current enforcement policy in respect of federal laws, notwithstanding indications of support. The Company intends to actively monitor the new Biden administration for developments with respect to federal law and policy.

State and local laws and regulations may heavily regulate brands and forms of cannabis products and there is no guarantee that the Company's proposed products and brands will be approved for sale and distribution in any state.

States generally only allow the manufacture, sale and distribution of cannabis products that are grown in that state and may require advance approval of such products. Certain states and local jurisdictions have promulgated certain requirements for approved cannabis products based on the form of the product and the concentration of the various cannabinoids in the product. While the Company intends to follow the guidelines and regulations of each applicable state and local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any state or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. In the event the Company expands into other U.S. jurisdictions, it plans to undertake no cross-border commerce related to THC products between states until the federal regulatory environment permits such commerce to occur.

Banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes.

Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the *U.S. Bank Secrecy Act*. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA.

U.S. federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

The Company's business operations may come under additional scrutiny by governmental and non-governmental agencies.

The cannabis industry may come under scrutiny or further scrutiny by the United States Food and Drug Administration (the "**FDA**"), the U.S. Securities and Exchange Commission, the United States Department of Justice, the Financial Industry Regulatory Advisory or other federal, the State of California or other applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Company.

The property of the Company may be seized and the operations of the Company shut down.

The U.S. federal government, through both the DEA and IRS, has the right to actively investigate, audit and shut-down marijuana growing facilities, processors and retailers. The U.S. federal government may also attempt to seize the Company's property. Any action taken by the DEA and/or the IRS to interfere with, seize, or shut down the Company's operations will have a material adverse effect on the Company's business, operating results and financial condition.

Regulatory Risks.

The U.S. cannabis industry is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may impact on actual results.

Participants in the U.S. cannabis industry will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The U.S. cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future growth uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of the Company and which cannot be reliably predicted.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's business would be materially and adversely affected. U.S. federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis related legislation could adversely affect the Company.

WEEKEND UNLIMITED INDUSTRIES INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

This management's discussion and analysis ("MD&A") discusses the activities and financial position of Weekend Unlimited Industries Inc. (the "Company") for the year ended September 30, 2020. The following information should be read in conjunction with the consolidated financial statements of the Company for the years ended September 30, 2020 and September 30, 2019 and the related notes contained therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in United States Dollars unless otherwise stated. For more information regarding the foregoing and the other risk factors applicable in respect of an investment in the Company, please see "Risk Factors". Additional information can be accessed through the Company's website at www.weekendunlimited.com or through the SEDAR website at www.sedar.com. The Company trades on the CSE under the symbol POT. This report is dated – January 28, 2020.

FORWARD LOOKING STATEMENTS

This MD&A may contain forward- looking statements that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, use of proceeds, corporate vision, proposed acquisitions, partnerships, joint-ventures and strategic alliances and cooperation's, budgets, cost and plans and objectives of or involving the Company. Such forward- looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company including, but not limited to, the impact of general economic conditions, industry conditions and dependence upon regulatory approvals. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by securities laws.

DESCRIPTION OF BUSINESS

Weekend Unlimited Industries Inc.'s formula is to identify and aggregate great brands within the regulated cannabis industry that are undervalued, deliver capital and expertise, grow and expand with a focus on building ubiquitous lifestyle brands.

Weekend Unlimited exists to serve people's desires for wellness and happiness by harnessing the properties of the cannabis plant to develop quality products and create experiences that enhance our customers' lifestyles.

BUSINESS OVERVIEW

The Company operates in one reportable segment being the sale of branded cannabis packaging. The cannabis industry in the US is currently seeing state by state regulatory improvements that the Company is investigating for potential strategic partnerships with licenced cultivation and distribution operations.

KEY DEVELOPMENTS DURING THE YEAR

The Company completed a non-brokered private placement of $831,661 (CAD $1,108,001) by the issuance of 8,864,000 units at CAD $0.125. Each unit consists of one common share and one common share purchase warrant entitling the holder to subscribe for one additional share at a price of CAD $0.17 for a period of 2 years, subject to the Company's right to accelerate the expiry date upon 30 days' notice if its shares trade at CAD $0.35 or more for a period of 10 days. In connection with the issuance of the units the Company issued 646,752 broker warrants on the same terms as the unit offering and incurred cash finder's fees of $60,887.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. As of January 28, 2021, the extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated.

Subsequent to September 30, 2020 the Company's board reached a consensus to discontinue its Wknd! Wellness line of wellness products which included hand sanitizer. In relation to the discontinuation the Company recognized a loss of $465,296. The Company also determined to discontinue its hemp operation in Norther BC and recognized a loss of $80,381.

(Expressed in United States Dollars)

SELECTED ANNUAL INFORMATION

Summary of Operations		September 30 2020		September 30 2019		September 30 2018
Revenue	$	133,379	$	7,144	$	-
Cost of goods sold		89,644		3,543		-
Gross margin		43,735		3,601		
Gross margin %		33%		50%		NA
Total expenses	$	1,940,070	$	7,056,328	$	3,274,858
Net loss from discontinued operations		(669,417)		(1,040,127)		(3,577,811)
Net loss for the year		(3,439,524)		(44,102,824)		(6,852,669)
Basic and diluted loss per share - continuing operations		(0.31)		(6.10)		(2.45)
Basic and diluted loss per share - discontinued operations		(0.08)		(0.15)		(1.30)

Balance Sheet Summary		September 30 2020		September 30 2019		September 30 2018
Current assets	$	934,240	$	1,922,847	$	7,766,607
Total assets		1,140,169		3,214,433		8,774,608
Current liabilities		24,992		306,957		1,237,733
Non-current liabilities		42,709		-		-
Total liabilities		67,701		306,957		1,237,733
Working capital		909,248		1,615,890		6,528,874

Revenue for the year ended September 30, 2020 was $133,379 (2019 - $7,144). The revenues were primarily generated in Oklahoma from the sale of Wknd! and Orchard Heights branded products. Margins on branded products were 33% compared to 50% in the prior year.

During the year ended September 30, 2020 total expenses decreased to $1,940,070 from $7,056,727, a decrease of 73%. The decrease related to overall reduction in spending, particularly consulting and advertising, marketing and brand development. Advertising, marketing, and brand development decreased to $274,903 from $2,868,627 in 2019, a decrease of 90%. Consulting decreased to $259,705 from $1,061,552 in the comparable period of 2019, a decrease of 76%.

Working capital decreased primarily due to cash used in operations. The Company raised gross proceeds of $831,661 from the issuance of common shares during the year. No dividends were declared or paid during the prior three years.

<u>Discussion of annual results – Year ended September 30, 2020:</u>

During the year ended September 30, 2020, the Company incurred a net loss of $3,439,524 or $0.39 per share (2019 - $44,102,824, $6.25 per share). The primary factors affecting the magnitude and variations of the Company's financial performance were as follows:

- Revenue for the year was $133,379 compared to $7,144 for the comparative year. The Company experienced delays in Washington regarding licencing with a new cultivation partner resulting in delay of sales. The Company has now ceased operations in Washington. Oklahoma sales commenced in December 2019 and represented the majority of the sales for the year.

- Cost of goods sold were $89,644 (2019 $3,543) which yielded gross margin of $43,735 (2019 - $3,601) or 33% of revenue (2019 – 50%).

- Advertising, marketing, and brand development costs decreased to $274,903 from $2,868,627 in the comparative year. The majority of the costs related to Wknd! and Orchard Heights branded products.

- Consulting fees of $259,705 (2019 – $1,061,552) were related to operations and business development. The decrease of $801,847 related primarily to decreased consultants during the year. In the prior year the Company incurred significant development costs towards the launch of its brands Wknd!, Orchard Heights, and Northern Lights Organics.

- Professional fees of $344,481 (2019 – $556,723) include audit, tax, legal and regulatory related charges. The decrease of $212,242 related to acquisitions and divestures completed during the prior year. Additionally professional fees in the prior year were incurred in relation to legal and accounting required to prepare for the Company's RTO with Open Source Health which occurred in October 2018 therefore the 2019 reduction is in line with management expectations.

- Management fees of $375,587 (2019 -$453,965) related to management and director fees. The decrease of $78,378 was due a net reduction fees paid to directors and officers as a result of numerous management changes.

- Travel and entertainment was $42,759 (2019 – $136,058). The prior year expense related primarily to travel required to investigate potential acquisitions and to review the operations of the Company's various investments. During the current year management reduced travel and entertainment expenses and was unable to travel extensively due to COVID-19.

- 2019 Listing expense of $12,420,976 related to the Company's listing on the CSE which completed in October 2018.

- 2019 Impairment of $22,477,295 related to an impairment charge incurred due to the Company's decision not to proceed with R&D Pharma Corp, Verve Beverage Company ("**Verve**"), and S&K Industries LLC ("**S&K**").

  See "*DISCUSSION OF OPERATIONS - ADDITIONAL INFORMATION REGARDING SIGNIFICANT TRANSACTIONS DURING FISCAL 2019*" below.

Summary of significant Balance Sheet items

The primary factors affecting the changes to the balance sheet items were as follows:

- Net loans of $862,580 were repaid to the Company.

- Purchased land with a total purchase price of $265,731 representing 50% ownership of the 600 acre Northern Lights Organics Farm land. The Land was subsequently written down to the expected net realizable value of $148,066.

- Issued loans of $25,000 in relation to the manufacturing agreement with Ruby Mae's LLC. Issued a loan of $105,129 to World High Life Plc. Received a promissory note of $100,000 in relation to the disposition of certain assets in Wenatchee Washington.

- Reduced accounts payable to $6,010 from $306,957 as at September 30, 2019

- Completed a private placement issuing 8,864,000 common shares raising gross proceeds of $831,661.

- Recorded an impairment charge of $93,863 in relation to the loan issued to Northern Lights Supply which was amended during the period. The Company received an immediate repayment of CAD$200,000 and forgave CAD$125,000 ($93,863).

- Recorded an impairment charge of $221,435 in relation to the loan issued to a Washington State Cultivator upon a final settlement payment of $278,565.

- Recorded an impairment charge to assets held for sale (property and equipment) of $581,125. Of the total $309,573 related to the impairment of the Company's land position held in Norther BC which was impaired to the assessed value. $38,535 related to the impairment of certain assets located in Wenatchee Washington and a further $233,017 related to the divesture of the Company's facility in Wenatchee Washington which was previously classified as held for sale.

DISCUSSION OF OPERATIONS - ADDITIONAL INFORMATION REGARDING SIGNIFICANT TRANSACTIONS DURING FISCAL 2019

The below summary provides additional information regarding acquisitions completed during the year including management's assessment of the prospects of each business prior to completing the transactions as well as the factors that lead to new management's decision not to pursue these businesses.

<u>S&K Industries LLC – acquisition:</u>

- S&K was planned to gain access to a new licensed manufacturing facility in California which was expected to be operational in Q1 2019.
- The company planned to commence producing CBD hard candies and soft gummies, and THC products upon obtaining licencing to do so.
- Weekend Unlimited edible THC + CBD products were planned to be manufactured in the HDG facility.
- S&K planned to focus on channel build with a national distribution rollout for a CBD edibles line throughout the U.S.
- Same channel revenue forecast for 2019 by S&K management was approximately $2 million
- Legacy distribution in 380 retail stores Southern California of the brands Canna Candy's and Canna Medibles.

<u>S&K Industries LLC – impairment of purchase price:</u>

- S&K was not successful in obtaining an annual licence from the State of California to produce THC products.
- The licensed manufacturing facility in California which was expected to be operational in Q1 under the co-location agreement with High Desert Group ("**HDG**") was not successfully put into operation as HDG decided to utilize funds in an unrelated operation.
- S&K was unable to secure distribution agreements to rollout its CBD edibles line throughout the USA as planned
- Upon review by new management it became apparent that there would be difficulty distributing products under the brand Canna Candy's as it would likely be considered to appeal to children which is generally prohibited.

Verve Beverage Company – acquisition:

- Verve had existing positioning in the beverage market under a direct to consumer sales model with a proven product and a recognized brand.
- $100+ million spent developing the Verve brand by Vemma Nutrition.
- The Verve brand had reportedly sold $235+ million in historical direct to consumer sales which generated gross margins of approximately 50%.
- The Company intended to introduce the brand to traditional retail channels.
- Verve management intended to launch a CBD infused beverage in Q1 of 2019.
- Verve was working toward the introduction of a new beverage brand, Champ Energy and held an exclusive distribution licence for Champ Energy beverages.
- Champ Energy was the official energy drink of the National Hockey League's San Jose Sharks.
- Verve planned to launch additional CBD infused products beginning in January 2019.

Verve Beverage Company – disposition:

- Verve management struggled to establish sales channels in the markets which they intended to enter post closing of the acquisition by the Company.
- Verve management informed the Company's Management there was a supply issue with a key ingredient, Mangosteen, which was difficult to obtain.
- Due to the above manufacturing issue focused its efforts on distribution of Champ Energy, a new brand as well as Verve Hemp infused water. Both business lines were unable to achieve material sales from January 2019 to the disposition date.
- The San Jose Sharks sponsorship was not sufficiently leveraged to generate sales for Champ Energy by Verve management.
- Upon investigation by incoming CEO of the Company, Chris Backus, the assets and business acquired were determined to require significant additional investment and human capital which the Company would not be in a position to provide without raising significant additional capital.

R&D Pharma Corp. – acquisition:

- R&D Pharma, through its holdings in Access Payment Limited held one of a limited number of approved Tier-3 cultivation licenses in Jamaica.
- R&D Pharma intended to leverage medical tourism to attract customers to its outdoor cultivation operation and on-site cannabis consumption lounge as permitted by Jamaican licencing.
- Jamaica is well known as a prolific region for the growth of low cost premium outdoor cannabis.
- R&D Pharma intended to scale up the cultivation operation and was investigating the prospects of exporting cannabis oils internationally to medicinal markets.

R&D Pharma Corp. – discontinuation:

- The Company's 51% partner on the Jamaican licence, Yohan Chin was kidnapped, exposed as potentially being involved in criminal activity and as such the Company deemed the investment to be high risk and made the decision to cease any further development funding to the asset.

High Desert Group Inc. – loan issuance and impairment:

- The loan to HDG was made in relation to a co-location agreement between S&K and HDG whereby HDG intended to establish a licenced extraction facility in Adelanto, California.
- Under the agreement S&K and the Company would be granted the right to use the facility for

manufacturing of CBD and THC products.

- HDG was unable to obtain a permanent licence and the Company's management was informed HDG deployed the funds for use in another facility in Colorado.
- Attempts to negotiate a settlement with HDG were unsuccessful and the funds were deemed to be unrecoverable.
- The Company became aware that HDG had been evicted from the facility which indicated it would be difficult and costly to recover the loan security.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly consolidated financial information for each of the last eight quarters with the figures for each quarter in United States Dollars:

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Revenue	$ 38,871	$ 68,197	$ 20,604	$ 5,707
Net loss	(876,111)	(894,061)	(1,162,573)	(506,779)
Basic and diluted loss per share	(0.07)	(0.08)	(0.11)	(0.06)
Weighted average shares outstanding	11,723,856	10,879,177	10,973,692	8,837,115

	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Revenue	$ 7,144	$ -	$ -	$ -
Net loss	(1,825,798)	(11,878,142)	(15,396,991)	(15,001,893)
Basic and diluted loss per share	(0.04)	(0.03)	(0.05)	(0.07)
Weighted average shares outstanding	42,191,028	41,475,049	28,733,728	21,823,994

Discussion of quarterly results – Fourth Quarter ended September 30, 2020:

During the fourth quarter ended September 30, 2020 the Company incurred a net loss of $876,111 or $0.07 per share (2019 - $1,825,798, $0.04 per share). The primary factors affecting the magnitude and variations of the Company's financial performance were as follows:

- Revenue for the period was $38,871 compared to $7,144 for the comparative period. Sales during the period were exclusively derived from branded products sold in Oklahoma.
- Cost of goods sold were $26,705 which yielded gross margin of $12,166 or 31% of revenue.
- Advertising, marketing, and brand development costs decreased to $120,547 from $661,231 in the comparative period. The majority of the costs related to Wknd! and Orchard Heights branded products.
- Consulting fees of $66,674 (2019 – $401,071) were related to operations and business development. The decrease of $334,397 related to reduced activity overall in the current period.
- Management fees of $227,754 (2019 - $104,527) related to management and director fees. The increase of $123,227 primarily related to 245,000 common shares issued for compensation to the current CEO and the former CEO totalling $82,423.

(Expressed in United States Dollars)

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective in managing its liquidity and capital structure are to generate sufficient cash to fund the Company's operating, acquisition, organic growth and contractual obligations. The Company monitors its liquidity primarily by focusing on working capital.

As at September 30, 2020, the Company had working capital of $909,248 (2019 – $1,615,890). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2020 the Company had sufficient cash to settle current liabilities.

The table below highlights the Company's cash flows during the years ended:

Net cash provided by (used in)	September 30 2020	September 30 2019
Operating activities	$ (1,619,140)	$ (6,166,035)
Investing activities	764,502	(4,154,232)
Financing activities	767,964	7,428,123
Effect of exchange rate on cash	(97,289)	(81,514)
Cash, beginning	822,945	3,796,603
Cash, end	638,982	822,945

As at September 30, 2020 the Company's total liabilities were $67,701(2019 - $306,957).

The Company has limited cash flow from operations and may require additional capital to expand its operations to achieve profitable scale of operations. The Company has minimal financial obligations at this time and expects is liquidity to be sufficient for the following twelve months.

There are no sources of financing arranged but not yet used by the Company. There are no commitments for capital expenditures.

OUTSTANDING SHARE DATA

Details of the Company's capitalization are as follows:

	September 30, 2020	Date of MD&A
Common shares	11,259,921	11,259,921
Warrants	5,618,023	5,618,023
Stock options	986,000	986,000

USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

See Note 3 to the September 30, 2020 consolidated financial statements.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

(Expressed in United States Dollars)

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the year ended September 30, 2020 the Company entered the following key management transactions:

Key Management Remuneration:		September 30, 2020		September 30 2019
Charlie Lamb - CEO, Director	$	84,782		-
Robert Payment - CFO		42,391		-
Chris Backus - Former CEO, Director		184,346		50,000
Michael Hopkinson - Former CFO		2,975		20,000
Brian Keane - Director		30,000		60,000
Michael Young - Director		5,000		-
Paul Chu - Former CEO, Director		-		103,965
Cody Corrubia - Former CEO, Director		-		170,000
David Parchomchuk - Former Director		18,593		-
Kevin Ernst - Former Director		7,500		50,000
Total	$	375,587	$	453,965

- Share-based compensation of $87,994 (June 30, 2020- $340,034) was related to directors, officers, and a former officer.

Other related party transactions include:

- In December of 2018, the Company received a secured promissory note HDG of $750,000. At the date of the issuance of the HDG loan, the Company's then CEO (now former CEO), Paul Chu, was a common director and officer of HDG and the Company. The note matured on December 13, 2019 and is secured by all the assets of HDG. The loan proceeds were deemed uncollectible and accordingly the Company wrote the loan down to $Nil as of September 30, 2019.

- In February of 2020, the Company advanced World High Life Plc ("**WHL**") an unsecured demand loan of $105,129 (CAD $140,000) bearing interest of 5%.WHL is considered a related party due to a common CFO of each Company.

PROPOSED TRANSACTIONS

None.

NEW ACCOUNTING PRONOUNCEMENTS

New accounting policies

Effective October 1, 2019, the Company adopted the following accounting standards:

a) Leases ("**IFRS 16**")

IFRS 16 was issued by the IASB and will replace *Leases*. IFRS 16 requires most leases to be reported on a company's balance sheet as assets and liabilities. IFRS 16 is effective 1 January 2019. Early application is permitted for companies that also apply IFRS 15 *Revenue from Contracts with Customers*. Upon adoption of IFRS 16 the Company recorded a right of use asset of $81,531 and a lease liability of a corresponding amount.

b) *Uncertainty over Income Tax Treatments* ("IFRIC 23")

IFRIC 23 was issued by IASB on June 7, 2017 to clarify the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. IFRIC 23 is effective January 1, 2019.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements

SUBSEQUENT EVENTS

None.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of receivables, loans receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and loans receivables. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. Receivables consists of amounts due from the Government of Canada in which management believes the credit risk to be minimal. The Company does not have significant credit risk with respect to customers. The Company's remaining loans are considered to have a low risk of default. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2020, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. The Company regards liquidity risk to be low as it has sufficient working capital to for at least the next twelve months.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at September 30, 2020, the Company had cash, receivables, accounts payable and accrued liabilities, denominated in Canadian Dollars. A 10% fluctuation in the foreign exchange rate between the USD and Canadian Dollar would have a $30,000 impact on profit or loss for the year. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

RISK FACTORS

Readers should carefully consider the following risk factors in addition to the other information contained in this Management's Discussion and Analysis. The risks and uncertainties below are not the only ones related to the Company. There are additional risks and uncertainties that the Company does not presently know of or that the Company currently considers immaterial which may also impair the Company's business operations. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly.

The Company is subject to significant regulatory risks with respect to its operations in the United States. See "Risk Factors Related to the United States Regulatory System."

GENERAL RISK FACTORS OF THE COMPANY'S OPERATIONS

The Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability.

The Company has a very limited history of operations, is comprised of several newly acquired subsidiaries, and is in the early stage of development and must be considered a start up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the Company's early stage of operations.

Shareholders should consider and evaluate the Company's operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that the Company may not have sufficient capital to achieve its growth strategy;
- risks that the Company may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that they Company's growth strategy may not be successful;
- risks that fluctuations in the Company's operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

The Company's future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

There is no assurance that the Company will generate a profit or generate revenues.

There is no assurance as to whether the Company will be profitable, generate revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business.

Uncertainty about the Company's ability to continue as a going concern.

The Company is in the development stage and is currently seeking additional capital, mergers, acquisitions, joint ventures, partnerships and other business arrangements to expand its product offerings in the adult use and medical cannabis industry and grow its revenue. The Company's ability to continue as a going concern is dependent upon its ability in the future to grow its revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. It is expected that external financing, predominantly by the issuance of equity and debt, will be required to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or at all. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Limited Operating History.

The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

The Company has a history of losses, may incur significant losses in the future and may not achieve or maintain profitability.

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

The Company had negative cash flows since inception

To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company may experience changes in its operating plans and certain delays in the timing of its plans. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in business infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company's efforts to grow its business may be costlier than expected, and the Company may not be able to increase its revenue enough to offset its higher operating expenses. The Company may incur significant losses in the future for a number of reasons and unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease.

Under applicable Canadian and U.S. regulations, there are restrictions on the type and form of marketing that can be undertaken with respect to cannabis products, which could materially impact sales performance.

The development of the Company's future business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada, and U.S. regulatory authorities. The regulatory environment in Canada limits the Company's ability to compete for market share in a manner similar to other industries. The regulatory environments in which the Company operates may in the future also further restrict the type and form of marketing which could limit the Company's ability to compete for market share. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

The legal adult use and medical cannabis industry are relatively new in Canada and the U.S., and this industry may not continue to exist or grow as anticipated.

The Company will be operating its business in the relatively new cannabis industry. In addition to being subject to general business risks, the Company's business involves an agricultural product and a regulated consumer product and therefore the Company will need to build brand awareness in this industry through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations. These activities may not promote the Company's brand and products as effectively as intended, or at all. Competitive conditions, consumer preferences, patient requirements and spending patterns in this new industry are relatively unknown and may have unique circumstances that differ from existing industries.

Accordingly, there are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the cannabis industry and market could have a material adverse effect on the Company's business, financial condition and results of operations.

Changes in Laws, Regulations, and Guidelines

The *Cannabis Act* came into force on October 17, 2018 and was subsequently amended on October 17, 2019. However, uncertainty remains with respect to the implementation of the *Cannabis Act* and federal regulations thereunder, as well as the various provincial and territorial regimes governing the distribution and sale of cannabis for adult-use purposes. The implementation of the legislative framework pertaining to the Canadian cannabis market remains everchanging and uncertain. The impact of new laws, regulations, and guidelines on the business of the Company, including increased costs of compliance and other potential risks, cannot be predicted, and accordingly, the Company may experience adverse effects.

There is no assurance that the Company will obtain and retain any relevant licenses.

State licenses in the U.S. are subject to ongoing compliance and reporting requirements. Failure by the Company to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of the Company. Should any state in which the Company considers a license important not grant, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses, the business, financial condition and results of the operation of the Company could be materially adversely affected.

Further, the Company's ability to grow, store and sell cannabis in Canada is dependent on the ability of the Company to obtain a license to do so from Health Canada. The Company does not currently hold a license from Health Canada and there can be no assurance that the Company will receive such a license in a timely manner, or at all. The licenses, once issued, are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements would have a material adverse impact on the business, financial condition and operating results of the Company.

The Company may be unable to attract or retain key personnel with sufficient experience in the cannabis industry and may prove unable to attract, develop, and retain additional employees required for the Company's development and future success.

The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the Company's management structure may be strained as the Company pursues growth opportunities in the future. The loss of the services of a key management personnel or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. The Company does not currently maintain key-person insurance on the lives of any of its members of management.

Risks relating to Reliance on Management.

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While formal agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Conflicts of interest may arise between the Company and its directors and officers as a result of other business activities undertaken by such individuals.

The Company may be subject to various potential conflicts of interest because of the fact that some of its directors and executive officers may be engaged in a range of business activities. In addition, the Company's directors and executive officers may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company and subject to any contractual restrictions restricting such activities. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with business interests that interfere with their ability to devote time to the Company's business and affairs, which could adversely affect Company operations. These business interests could require significant time and attention of the Company's executive officers and directors.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and policies of the Company. For example, a director who has a material interest in a matter before the Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it and absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. In accordance with applicable laws, the directors of the Company are required to act honestly and in good faith with a view to the best interests of the Company.

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants

resulting in significant financial losses to claims against the Company.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The cultivation of cannabis involves a reliance on third party transportation which could result in supply delays, unreliability of delivery and other related risks.

In order for customers of the Company to receive their product, the Company will rely on third party transportation services. This can cause logistical problems with and delays in patients obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's financial performance.

Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials and prospects. Any such breach could impact the Company's future ability to continue operating under its licenses or the prospect of renewing its licenses.

The Company may compete for market share with other companies, which may have longer operating histories and more financial resources, manufacturing and marketing experience than the Company.

The Company does and expects to continue to face intense competition from other companies operating in the same industry, some of which can be expected to have longer operating histories and more financial resources, manufacturing and marketing experience than the Company. In addition, there is potential that the Medical Cannabis and Recreational Cannabis industry will undergo consolidation, creating larger companies with financial resources, manufacturing and marketing capabilities, and product offerings that are greater than those of the Company. As a result of this competition, the Company may be unable to maintain its operations or develop them as currently proposed on terms it considers acceptable or at all. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect the Company's business, financial condition and results of operations.

As well, the legal landscape for medical and recreational cannabis is changing internationally. More countries have passed laws that allow for the production and distribution of cannabis for medical purposes in some form or another. Increased international competition and/or limitations placed on the Company by Canadian regulators may lower the demand for the Company's products on a global scale.

The Company may seek to expand its business and operations into jurisdictions outside of Canada and the U.S. and there are risks associated with doing so.

The Company may in the future expand its operations and business into jurisdictions outside of Canada and the U.S. There can be no assurance that any market for the Company's products will develop in any such foreign jurisdiction. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations and the effects of competition. These factors may limit the Company's capability to successfully expand its operations and may have a material adverse effect on the Company's business, financial condition and results of operations.

Unfavourable publicity or consumer perception.

The legal cannabis industry in the United States, Canada, and internationally is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Public opinion and support for medical and recreational cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and recreational cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, Medical Cannabis as opposed to legalization in general).

The Company believes its business will be highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of cannabis products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for cannabis products, and the business, results of operations, financial condition and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or the Company's products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

The Company's ability to gain and increase market acceptance of its proposed cannabis business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on the Company.

The Company may not be able to accurately predict its future capital needs and it may not be able to secure additional financing.

The Company may need to raise significant additional funds in order to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms, or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. Holders of Common Shares will have no pre-emptive rights in connection with such further issues of equity securities and the Board will have the discretion to determine if an issuance of equity securities is warranted, the price at which such issuance is effected and the other terms of issue.

If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

Ability to Access Private and Public Capital.

The Company has historically relied entirely on access to both public and private capital in order to support its continuing operations, and the Company expects to continue to rely almost exclusively on the capital markets to finance its business in the U.S. legal cannabis industry. Although such business carries a higher degree of risk, and despite the legal standing of cannabis businesses pursuant to U.S. federal laws, Canadian based issuers involved in the U.S. legal cannabis industry have been successful in raising substantial amounts of private and public financing. However, there is no assurance the Company will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate U.S. federal laws.

Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's business would be materially and adversely affected. U.S. federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Company. The Company's involvement in the medical and recreational cannabis industry may be illegal under the applicable federal laws of the United States and may be illegal under other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company's business and could result in the forfeiture or seizure of all or substantially all of the assets of the Company.

The Company may be subject to litigation in the ordinary course of its business.

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources of the Company, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.

Risks related to volatility in Currency exchange rates.

Exchange rate fluctuations may adversely affect the Company's financial position and results. It is anticipated that a significant portion of the Company's business revenue could be earned in U.S. dollars but that a substantial portion of its operating expenses incurred in Canadian dollars. The depreciation of the Canadian Dollar against the U.S. Dollar could increase the actual capital and operating costs of the Company's U.S. operations and materially adversely affect the results presented in the Company's financial statements. Fluctuations in the exchange rate between the U.S. dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on the Company's business, financial condition and operating results.

The Company intends to continue to expand operations globally so it may be subject to additional gains and losses against additional currencies. The Company does not currently have a foreign exchange hedging program in place. However, in the future, it may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Anti-Money Laundering Laws and Regulations.

The Company is subject to a variety of laws and regulations in Canada and the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the U.S. *Currency and Foreign Transactions Reporting Act* of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* of 2001 (USA PATRIOT Act), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

The Company's activities, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Product Liability.

The Company will face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. The Company may be subject to various product liability claims, including, among others, that its products caused injury or illness, include inadequate instructions for use or include inadequate warnings. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's results of operations and financial condition. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's products.

Product Recalls.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company intends to have detailed procedures in place for testing finished products, there can be no assurance that any problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's products were subject to recall, the image of the brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

The Company may not be able to develop its products, which could prevent it from ever becoming profitable.

If the Company cannot successfully develop, manufacture and distribute its products, or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Company's ability to effectively enter the market. A failure by the Company to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.

Environmental and Employee Health and Safety Regulations.

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Operating Risk and Insurance Coverage.

The Company carries insurance to protect its assets, operations and employees. While the Company believes insurance coverage can adequately address all material risks to which it may be exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Uninsurable Risks.

The medical and adult use cannabis business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Management of Growth.

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability to deal with this growth may have a material adverse effect on its business, financial condition, results of operations and prospects.

Enforcement of Legal Rights.

In the event of a dispute arising from the Company's U.S. operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, to the extent that the Company's assets are located outside of Canada, investors may have difficulty collecting from the Company any judgments obtained in the Canadian courts and predicated on the civil liability provisions of securities provisions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

Success of Quality Control Systems.

The quality and safety of the Company's products are critical to the success of its business and operations. As such, it is imperative that the Company's (and its service provider's) quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Company strives to ensure that all of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the Company's business and operating results.

Inability to Obtain or Renew Material Leases.

The Company may be unable to obtain, renew or maintain its leases (commercial or real property) on commercially acceptable terms or at all. An inability to renew its leases, or a renewal of its leases with a rental rate higher than the prevailing rate under the applicable lease prior to expiration, may have an adverse impact on the Company's operations, including disruption of its operations or an increase in its cost of operations. In addition, in the event of non-renewal of any of the Company's leases, the Company may be unable to locate suitable replacement properties for its facilities or it may experience delays in relocation that could lead to a disruption in its operations. Any disruption in the Company's operations could have an adverse effect on its financial condition and results of operations.

Inability to Protect Intellectual Property.

The Company's success is heavily dependent upon its intangible property and technology. The Company relies upon unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that is considered important to the development of the business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Company to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Company's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Company's. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Company's ability to successfully implement its business plan depends in part on its ability to maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Company's names and logos. If the Company's efforts to protect its intellectual property are inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Company's business and might prevent its brands from achieving or maintaining market acceptance.

The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Company to incur significant penalties and costs.

Risks Concerning Banking.

The U.S. federal prohibitions on the sale of cannabis may result in the Company and its partners being restricted from accessing the U.S. banking system and they may be unable to deposit funds in federally insured and licensed banking institutions. Banking restrictions could be imposed due to the Company's banking institutions not accepting payments and deposits. The Company is at risk that any bank accounts it has could be closed at any time. Such risks increase costs to the Company. Additionally, similar risks are associated with potentially large amounts of cash at its business locations. These locations require heavy security with respect to holding and transport of cash.

The guidance provided in the FinCEN Memo may change depending on the position of the U.S. government administration at any given time and is subject to revision or retraction in the future, which may restrict the Company's access to banking services. The Company's inability to manage such risks may adversely affect the Company's operations and financial performance.

The Company is reliant on third-party suppliers, manufacturers and contractors.

The Company intends to maintain a full supply chain for the provision of products and services to the adult use and medical cannabis industry. Due to the uncertain regulatory landscape for regulating cannabis in Canada and the United States, the Company's third party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the Company's operations. Loss of these suppliers, manufacturers and contractors may have a material adverse effect on the Company's business and operational results.

International operations will result in increased operational, regulatory and other risks.

The Company may in the future expand into other geographic areas, which could increase operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. We may not be able to successfully identify suitable acquisition and expansion opportunities or integrate such operations successfully with our existing operations.

RISKS RELATED TO THE COMPANY'S SECURITIES

Limited Market for Securities.

There can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

The market price of the Common Shares may be subject to wide price fluctuations.

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in operating results, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares.

It is not anticipated that any dividends will be paid to holders of Common Shares for the foreseeable future.

The Company will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including earnings, operating results, financial condition, current and anticipated cash needs, and restrictions in financing agreements.

RISK FACTORS RELATED TO THE UNITED STATES REGULATORY SYSTEM

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – *Issuers with U.S. Marijuana-Related Activities* ("CSA Notice 51-352"), below is a discussion of the current federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly involved. In accordance with CSA Notice 51-352, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation.

United States federal overview.

In the U.S., 33 states and Washington D.C. have legalized Medical Cannabis, while 10 states and Washington D.C. have also legalized adult-use Recreational Cannabis. At the federal level, however, cannabis currently remains a Schedule I controlled substance under the CSA. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the U.S., and a lack of accepted safety for the use of the drug under medical supervision. As such, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance which is still illegal at the federal level.

While technically illegal, the U.S. federal government's approach to enforcement of such laws has trended toward non-enforcement. The Company expects President Biden's administration to view cannabis in a more favourable manner; however, no immediate changes to federal law or policy are expected.

Some of the Company's planned business activities, while believed to be compliant with applicable U.S. state and local laws, are illegal under U.S. federal law.

Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the CSA. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

Since the possession and use of cannabis and any related drug paraphernalia is illegal under U.S. federal law, the Company may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide. The Company intends to manufacture, distribute and sell adult use and/or medical cannabis. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited, a claim regarding the Company's possession, use and sale of cannabis, and aiding and abetting another's criminal activities. The Federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Company may be forced to cease operations and its investors could lose their entire investment. Such an action would have a material negative effect on the Company's business and operations. The enforcement of relevant U.S. federal laws is a significant risk.

The Company is operating at a regulatory frontier. The cannabis industry is a new industry that may not succeed.

Should the federal government in the U.S. begin prosecuting those dealing in medical or other cannabis under applicable law, there may not be any market for the Company's products and services in the U.S.

Cannabis is a new industry subject to extensive regulation, and there can be no assurance that it will grow, flourish or continue to the extent necessary to permit the Company to succeed. The Company is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its proposed products and will adjust its future operations, product mix and market strategy as the industry develops and matures.

The Company may incur significant tax liabilities if the IRS continues to determine that certain expenses of cannabis businesses are not permitted tax deductions under section 280E of the Tax Code.

Section 280E of the Tax Code prohibits businesses from deducting certain expenses associated with trafficking controlled substances (including cannabis) which are prohibited by federal law. The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are authorized under state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from under payment of taxes due to the lack of deductibility of otherwise ordinary business expenses, the deduction of which is prohibited by Section 280E. Although the IRS issued a clarification allowing the deduction of certain expenses that can be categorized as cost of goods sold, the scope of such items is interpreted very narrowly and include the cost of seeds, plants and labor related to cultivation, while the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses. The Company's current financial plans include federal tax payable on gross profit rather than is typical in other jurisdictions on earnings before tax.

There is uncertainty surrounding the new U.S. Presidential Administration and its influence and policies in respect of the cannabis industry as a whole.

There is no certainty as to how the DOJ, Federal Bureau of Investigation and other government agencies will handle cannabis matters in the future. There can be no assurances that the Biden administration will change the current enforcement policy in respect of federal laws, notwithstanding indications of support. The Company intends to actively monitor the new Biden administration for developments with respect to federal law and policy.

State and local laws and regulations may heavily regulate brands and forms of cannabis products and there is no guarantee that the Company's proposed products and brands will be approved for sale and distribution in any state.

States generally only allow the manufacture, sale and distribution of cannabis products that are grown in that state and may require advance approval of such products. Certain states and local jurisdictions have promulgated certain requirements for approved cannabis products based on the form of the product and the concentration of the various cannabinoids in the product. While the Company intends to follow the guidelines and regulations of each applicable state and local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any state or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. In the event the Company expands into other U.S. jurisdictions, it plans to undertake no cross-border commerce related to THC products between states until the federal regulatory environment permits such commerce to occur.

Banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes.

Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the *U.S. Bank Secrecy Act*. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA.

U.S. federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

The Company's business operations may come under additional scrutiny by governmental and non-governmental agencies.

The cannabis industry may come under scrutiny or further scrutiny by the United States Food and Drug Administration (the "**FDA**"), the U.S. Securities and Exchange Commission, the United States Department of Justice, the Financial Industry Regulatory Advisory or other federal, the State of California or other applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Company.

The property of the Company may be seized and the operations of the Company shut down.

The U.S. federal government, through both the DEA and IRS, has the right to actively investigate, audit and shut-down marijuana growing facilities, processors and retailers. The U.S. federal government may also attempt to seize the Company's property. Any action taken by the DEA and/or the IRS to interfere with, seize, or shut down the Company's operations will have a material adverse effect on the Company's business, operating results and financial condition.

Regulatory Risks.

The U.S. cannabis industry is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may impact on actual results.

Participants in the U.S. cannabis industry will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The U.S. cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future growth uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of the Company and which cannot be reliably predicted.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's business would be materially and adversely affected. U.S. federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis related legislation could adversely affect the Company.

Weekend Unlimited - MD&A - FINALWEEKEND UNLIMITED INDUSTRIES INC.
(Formerly Weekend Unlimited Inc.)
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

This management's discussion and analysis ("MD&A") discusses the activities and financial position of Weekend Unlimited Industries Inc. (the "Company") for the year ended September 30, 2019. The following information should be read in conjunction with the consolidated financial statements of the Company for the years ended September 30, 2019 and September 30, 2018 and the related notes contained therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in United States Dollars unless otherwise stated. For more information regarding the foregoing and the other risk factors applicable in respect of an investment in the Company, please see "Risk Factors". Additional information can be accessed through the Company's website at www.weekendunlimited.com or through the SEDAR website at www.sedar.com. The Company trades on the CSE under the symbol POT. This report is dated – January 27, 2020.

FORWARD LOOKING STATEMENTS

This MD&A may contain forward- looking statements that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, use of proceeds, corporate vision, proposed acquisitions, partnerships, joint-ventures and strategic alliances and cooperation's, budgets, cost and plans and objectives of or involving the Company. Such forward- looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company including, but not limited to, the impact of general economic conditions, industry conditions and dependence upon regulatory approvals. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by securities laws.

DESCRIPTION OF BUSINESS

Weekend Unlimited Industries Inc.'s formula is to identify and aggregate great brands within the regulated cannabis industry that are undervalued, deliver capital and expertise, grow and expand with a focus on building ubiquitous lifestyle brands.

Weekend Unlimited exists to serve people's desires for wellness and happiness by harnessing the properties of the cannabis plant to develop quality products and create experiences that enhance our customers' lifestyles.

BUSINESS OVERVIEW

The Company's current and anticipated business activities include:

Branded Products

- Provision of branding services and packaging to licenced Washington and Oklahoma State Cannabis Cultivators.
- Distribution of CBD tinctures, topicals, and gel caps.

Canadian Hemp Cultivation

- Northern Lights Organic's square-mile (618 acre) farm located near Fort St. James, British Columbia has been repurposed to produce and process organically grown CBD-focused hemp under its industrial hemp licence.
- The entire Northern Lights property is in the process of becoming certified organic by PACS, has no adjacent polluting industry, and is surrounded by Crown land and farms.
- Construction at the Northern Lights Organics Campus of 6,300 square feet of greenhouse space has been completed and is currently operating under a industrial hemp license.
- The farm's planned 10,000 ft2 hemp CBD extraction facility is slated for completion next year to allow onsite processing of the hemp biomass harvested on site. This extraction facility will be designed and built to satisfy certified organic regulations
- The greenhouses are being used for industrial hemp seed generation and will enhance early stage plant growth for research and cultivar development.

KEY DEVELOPMENTS DURING THE PERIOD

- Completed a transaction with Open Source Health Inc. ("OSH") whereby OSH acquired all of the issued and outstanding shares of the Company on a one-for-one basis. The Company is considered to have acquired OSH for accounting purposes with the agreement being accounted for as a reverse takeover of OSH by Weekend Unlimited Inc. shareholders. The combined entity continued operating under the name Weekend Unlimited Inc.

- In January 2019 completed the acquisition of a 100% interest in a S&K Industries, LLC upon the conversion of a $750,000 convertible note, payment of an additional $1,050,000 in cash, and the issuance of 1,415,781 common shares with a fair value of $1,800,000 for total consideration of $3,600,000. In June 2019 after an assessment of the operations and assets of S&K Industries , LLC it was determined that an impairment charge of $3,676,071 was appropriate.

- The Company completed a non-brokered private placement of $4,162,885 (CAD $5,409,154) by the issuance of 2,704,577 units at CAD $2.00. Each unit consists of one common share and one common share purchase warrant entitling the holder to subscribe for one additional share at a price of CAD $2.50 for a period of 2 years. In connection with the issuance of the units the Company issued 198,540 broker warrants on the same terms as the unit offering and incurred cash finder's fees and share issue costs of $454,960.

- Entered into a secured 6% loan facility for up to CAD $1,200,000, of which the Company has advanced CAD $750,000. At any time during the term ending December 31, 2022, the Company has the option to convert the full amount of its CAD $1,200,000 loan facility into 49% equity of the retail store. The option may only be exercised once the Company has received approval from the Alberta Gaming and Liquor Commission.

- Acquired a 100% interest in Verve Beverage Company. ("VBC") in exchange for 6,000,000 common shares of the Company with a fair value of $6,268,657. VBC holds the twenty year distribution rights to Verve Energy Drinks and Champ Athletic beverages and is entitled to a 49% interest of the net proceeds in the event either brand is sold. During the quarter ended June 30, 2019 the Company entered an agreement to divest its 100% interest in VBC in exchange for 1,600,000 common shares which resulted in an impairment charge of $7,052,546.

- In February 2019 the Company acquired a 100% interest in R&D Pharma Corp. ("R&D") for total consideration of $11,858,746. The Company determined that its investment in R&D Pharma Corp. was not one that either fits its risk profile or corporate image. Accordingly, the Company ceased any further development funding to this asset and is investigating alternative courses of action. The Company recorded an impairment expense of $11,858,746 in relation to the acquisition of R&D.

- Raised gross proceeds of $2,261,688 upon the exercise of 3,554,928 warrants and 17,500 stock options with exercise prices between CAD $0.05 and CAD $0.20.

- Revised the terms of the agreement to acquire the Northern Lights Organics hemp project in Northern BC. Under the terms of the new agreement the Company:

    - Divested 30% of the equity ownership to the original vendor
    - Advanced CAD $150,000 to NLO on closing of the modified share purchase agreement to be used towards development of the project
    - Agreed to fund an additional CAD $150,000 in July 2019 upon achievement of certain milestones
    - Agreed to fund an additional CAD $340,000 in February 2020 upon achievement of certain milestones
    - Issue 200,000 common shares upon the achievement of certain milestones
    - Issue $1,000,000 in common shares upon the achievement of certain milestones
    - Agreed to purchase a 50% interest in the organic farm for CAD $600,000 to be fully paid by October 2019. To date CAD $300,000 has been paid. The remaining CAD $300,000 was paid subsequent to September 30, 2019.

- Entered a licensing agreement with JB Stone Inc. in exchange for the Company's 51% interest in JB Stone Inc. and the return of 500,000 common shares of the company.

(Expressed in United States Dollars)

- The Company completed a non-brokered private placement of CAD $2,068,415 by the issuance of 4,136,831 units at CAD $0.50. Each unit consists of one common share and one common share purchase warrant entitling the holder to subscribe for one additional share at a price of CAD $1.00 for a period of 2 years, subject to the Company's right to accelerate the expiry date upon 30 days' notice if its shares trade at CAD $2.50 or more for a period of 10 days. In connection with the issuance of the units the Company issued 270,146 broker warrants on the same terms as the unit offering and incurred cash finder's fees and share issue costs of $135,073.

Key Developments Subsequent to period end:

Subsequent to September 30, 2019, the Company completed the following transactions:

- The non-interest bearing senior secured convertible promissory note from PPK Investment Group, LLC of $200,000 was collected in full.

- The Company entered an amending agreement with Northern Lights Supply Inc. for early repayment of its loan, whereby the parties agreed to reduce the loan balance to CAD $650,000, following interest payments received of $33,750, and amended the repayment terms as follows:

  - a payment of CAD $ 275,000 upon execution of the amending agreement
  - 6 semi-annual payments of CAD $50,000 over three years
  - One final payment of CAD $75,000
  - The Company recognized an impairment charge of $75,510 in relation to the reduced loan balance as at September 30, 2019.

SELECTED ANNUAL INFORMATION

Summary of Operations	September 30, 2019	September 30, 2018	September 30, 2017
Total expenses	$ 7,452,404	$ 3,274,858	$ (3,000)
Net gain (loss) from discontinued operations	(516,150)	(3,577,811)	-
Net loss for the year	(44,102,824)	(6,852,669)	(30,000)
Basic and diluted loss per share - continuing operations	(1.25)	(0.49)	(60.00)
Basic and diluted loss per share - discontinued operations	(0.01)	(0.26)	-

Balance Sheet Summary	September 30, 2019	September 30, 2018	September 30, 2017
Current assets	$ 1,922,847	$ 7,766,607	$ 1
Total assets	3,214,433	8,774,608	1
Total liabilities	306,957	1,237,733	3,000
Working capital	1,615,890	6,528,874	(2,999)

Working capital decreased primarily due to the funding of various acquisitions, divestures, and development of the Company's business lines. The Company successfully launched its flagship Wknd! brand and its Orchard Heights brand into Washington. The Company also developed a CBD wellness line of products, known as Wknd! Wellness and launched the products direct to consumer in Q4 2019. The Company also focused on advancing its Northern Lights Organics Hemp project in northern British Columbia and completed a successful research program which is expected to provide valuable information to plan a commercial industrial hemp operation in 2020.

Discussion of annual results – year ended September 30, 2019:

During the year ended September 30, 2019, the Company incurred a net loss of $44,102,824 or $1.24 per share. The primary factors affecting the magnitude and variations of the Company's financial performance were as follows:

- Listing expense of $12,420,976 was recorded in relation to the issuance of 5,605,961 common shares and 4,784,550 warrants upon the amalgamation with OSH. The common shares were recorded at a fair value of CAD $2.00, which was the fair value of shares issued in a financing concurrent with the Company's listing on the CSE. The warrants were valued using the Black-Sholes valuation model which yielded a fair value of approximately CAD $1.20 per warrant. The expense represents the value of the consideration over and above the net assets of OSH at the time of the amalgamation and is a non-cash expense.

- Recognized an impairment charge of $11,858,746 in relation to the decision to discontinue funding to R&D Pharma Corp.

- After an assessment of the operations and assets of S&K Industries, LLC it was determined that an impairment charge of $3,676,071 was appropriate.

- In relation to the disposition of Verve Beverage Company subsequent to June 30, 2019 the company recognized an impairment charge of $6,942,478.

- During the year the Company undertook significant brand development and brand awareness initiatives resulting in advertising and brand development costs of $2,868,627. These activities included product design and mock ups, creative design consulting, brand ambassador program development costs, website development, photography, various other marketing initiatives, and promotional events. This compares to $518,023 in the prior year, the increase of $2,350,604 primarily being attributable to advertising and promotional activities related to the various brands developed and acquired during the year.

- Consulting fees of $1,342,556 (2018 – 701,924) were related to operations and business development pertaining to completed acquisitions. The increase of $640,632 related primarily to increased head count during the year in connection with the development of the brands Wknd!, Orchard Heights, and Northern Lights Organics.

- Professional fees of $571,093 (2018 – 537,190) and increase of $33,903 related primarily to acquisitions and divestures completed during the period. Additionally professional fees were incurred in relation to legal and accounting required to prepare for the Company's RTO with Open Source Health which occurred in October 2018.

- Management fees of $453,965 (2018 -338,889) $related to management and director fees. The increase of $115,076 was due to additional fees payable and the first full year of operations.

- Travel and entertainment of $136,058 related primarily to travel required to investigate potential acquisitions and to review the operations of the Company's various investments.

- During the year circumstances arose suggesting the promissory note received from High Desert Group Inc. was impaired. As such the Company recorded an impairment charge of $750,000.

- Recorded an impairment charge of $367,507 in relation to certain equipment in Wenatchee Washington.

Summary of significant Balance Sheet items

The primary factors affecting the changes to the balance sheet items were as follows:

- Raised gross proceeds of $5,738,604 from the issuance of common stock.
- Raised gross proceeds of $2,251,129 upon the exercise of warrants and stock options.
- Issued loans of $2,785,129 in relation to strategic acquisitions. Received $250,000 in loan repayments and recognized an impairment of $750,000 in relation to the HDG loan.

ADDITIONAL INFORMAITON REGARDING SIGNIFICANT TRANSACTIONS

The below summary provides additional information regarding acquisitions completed during the year including management's assessment of the prospects of each business prior to completing the transactions as well as the factors that lead to new management's decision not to pursue these businesses.

S&K Industries LLC – acquisition:

- S&K industries was planned to gain access to a new licensed manufacturing facility in California which was expected to be operational in Q1 2019.
- The company planned to commence producing CBD hard candies and soft gummies, and THC products upon obtaining licencing to do so.
- Weekend Unlimited edible THC + CBD products were planned to be manufactured in the HDG facility.
- S&K planned to focus on channel build with a national distribution rollout for a CBD edibles line throughout the USA
- Same channel revenue forecast for 2019 by S&K management was approximately USD$ 2 million
- Legacy distribution in 380 retail stores Southern California of the brands Canna Candy's and Canna Medibles.

S&K Industries LLC – impairment of purchase price:

- S&K was not successful in obtaining an annual licence to produce THC products.
- The licensed manufacturing facility in California which was expected to be operational in Q1 under the co-location agreement with High Desert Group ('HDG") was not successfully put into operation as HDG decided to utilize funds in an unrelated operation.
- S&K was unable to secure distribution agreements to rollout its CBD edibles line throughout the USA as planned
- Upon review by new management it became apparent that there would be difficulty distributing products under the brand Canna Candy's as it would likely be considered to appeal to children which is generally prohibited.
- The CBD line of products was re-branded WKND Wellness and was successfully launched in fall 2019.

S&K continues to function as the CBD wing of the Company's US operations.

Verve Beverage Company – acquisition:

- Verve had existing positioning in the beverage market under a direct to consumer sales model with a proven product and a recognized brand.
- $100+ million spent developing the Verve brand by Vemma Nutrition
- The Verve brand had reportedly sold $235+ million in historical direct to consumer sales which generated gross margins of approximately 50%.
- The Company intended to introduce the brand to traditional retail channels
- Verve management intended to launch a CBD infused beverage in 1st quarter 2019
- VBC was working toward the introduction of a new beverage brand, Champ Energy and held an exclusive distribution licence for Champ Energy beverages
- Champ Energy was the official energy drink of the NHL's San Jose Sharks
- VBC planned to launch additional CBD infused products beginning in January 2019

Verve Beverage Company – disposition:

- Verve management struggled to establish sales channels in the markets which they intended to enter post closing of the acquisition by Weekend.
- VBC management informed Weekend Management there was a supply issue with a key ingredient, Mangosteen, which was difficult to obtain due to China trade issues.
- Due to the above manufacturing issue focused its efforts on distribution of Champ Energy, a new brand as well as Verve Hemp infused water. Both business lines were unable to achieve material sales from January 2019 to the disposition date.
- The San Jose Sharks sponsorship was not sufficiently leveraged to generate sales for Champ Energy by VBC management.
- Upon investigation by incoming CEO, Chris Backus, the assets and business acquired were determined to require significant additional investment and human capital which Weekend would not be in a position to provide without raising significant additional capital.

R&D Pharma Corp. – acquisition:

- R&D Pharma, through its holdings in Access Payment Limited held one of a limited number of approved Tier-3 cultivation licenses in Jamaica.
- R&D Pharma intended to leverage medical tourism to attract customers to its outdoor cultivation operation and on-site cannabis consumption lounge as permitted by Jamaican licencing.
- Jamaica is well known as a prolific region for the growth of low cost premium outdoor cannabis.
- R&D Pharma intended to scale up the cultivation operation and was investigating the prospects of exporting cannabis oils internationally to medicinal markets.

R&D Pharma Corp. – discontinuation:

- The Company's 51% partner on the Jamaican licence, Yohan Chin was kidnapped, exposed as potentially being involved in criminal activity and as such Weekend deemed the investment to be high risk and made the decision to cease any further development funding to the asset.

High Desert Group Inc. – loan issuance and impairment:

- The loan to High Desert Group Inc. ("HDG") was made in relation to a co-location agreement between S&K Industries and HDG whereby HDG intended to establish a licenced extraction facility in Adelanto, California.
- Under the agreement S&K and Weekend would be granted the right to use the facility for manufacturing of CBD and THC products.
- HDG was unable to obtain a permanent licence and Weekend management was informed HDG deployed the funds for use in another facility in Colorado.
- Attempts to negotiate a settlement with HDG were unsuccessful and the funds were deemed to be unrecoverable.
- The Company became aware that HDG had been evicted from the facility which indicated it would be difficult and costly to recover the loan security.

FOURTH QUARTER DISCUSSION

Discussion of fourth quarter results –September 30, 2019:

During the fourth quarter ended September 30, 2019, the Company recorded a loss from continuing operations of $1,825,798 (2018 –$1,424,305).

The primary factors affecting the magnitude and variations of the Company's financial performance during the quarter were as follows:

- General and administrative expense was $878,514 compared to $738,521 in the prior year or an increase of $139,993. The increase was related to a the accrual of a one time consulting fee of CAD $172,162 to be settled in shares at a later date. The most significant expenses continued to be advertising, and promotion as well as consulting related to ongoing business development and product launches.

- Share based payments were $137,129 (2018 – 545,030) as decrease of $407,901 as fewer options were granted during the fourth quarter.

- Recorded an impairment charge of $367,507 in relation to certain equipment in Wenatchee Washington.

PROPOSED TRANSACTIONS

None.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly consolidated financial information for each of the last eight quarters with the figures for each quarter in United States Dollars:

	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Revenue	$ 7,144	$ -	$ -	$ -
Net loss	(1,825,798)	(11,878,142)	(15,396,991)	(15,001,893)
Basic and diluted loss per share	-	(0.03)	(0.05)	(0.07)
Weighted average shares outstanding	42,191,028	41,475,049	28,733,728	21,823,994

	September 30, 2018	June 30, 2018	March 31, 2018	June 30, 2017
Revenue	$ -	$ -	$ -	NA
Net loss	(1,457,037)	(1,288,154)	(529,667)	NA
Basic and diluted loss per share	(0.10)	(0.09)	(0.04)	NA
Weighted average shares outstanding	14,394,949	13,673,871	11,834,949	NA

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective in managing its liquidity and capital structure are to generate sufficient cash to fund the Company's operating, acquisition, organic growth and contractual obligations. The Company monitors its liquidity primarily by focusing on working capital in evaluating its liquidity.

As at September 30, 2019, the Company had working capital of $1,615,890 (September 30, 2018 – $6,528,874). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019 the Company had sufficient cash to settle current liabilities.

The table below highlights the Company's cash flows during the years ended September 30, 2019 and 2018:

Net cash provided by (used in)	September 30, 2019	September 30, 2018
Operating activities	$ (6,166,035)	$ (2,581,899)
Investing activities	(4,154,232)	(4,400,319)
Financing activities	7,428,123	10,881,845
Effect of exchange rate on cash	(81,514)	(103,025)
Cash, beginning	3,796,603	1
Cash, end	822,945	3,796,603

(Expressed in United States Dollars)

OUTSTANDING SHARE DATA

Details of the Company's capitalization are as follows:

	September 30, 2019	Date of MD&A
Common shares	44,105,524	44,250,524
Warrants	20,749,324	20,704,324
R&D redeemable preferred shares (exchange ratio applied)	2,329,881	2,329,881
Stock options	2,672,500	2,672,500

USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

See Note 3 to the September 30, 2019 consolidated financial statements.

NEW ACCOUNTING PRONOUCEMENTS

New accounting policies

Effective October 1, 2018, the Company adopted the following accounting standards:

IFRS 9, *Financial Instruments* ("IFRS 9")

IFRS 9 is required for reporting periods beginning on or after January 1, 2018, with retrospective application. The Company applied IFRS 9 on October 1, 2018, and in accordance with the transition requirements, comparative periods have not been restated. The adoption of IFRS 9 did not have a significant impact on the carrying amounts of financial instruments as at October 1, 2018.

IFRS 9 replaces the classification and measurement models in IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"), with a single model under which financial assets are classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). This classification is based on the business model in which a financial asset is managed, as well as its contractual cash flow characteristics, and eliminates the IAS 39 categories of held-to-maturity, loans and receivables, and available for-sale. All other financial assets and financial liabilities will continue to be measured on the same basis as is currently adopted under IAS 39.

The Company assessed the classification and measurement of financial instruments under IFRS 9, with reference to the former classification under IAS 39, as follows:

Financial Assets	IFRS 9	IAS 39
Cash	FVTPL	FVTPL
Receivables	FVTPL	FVTPL
Loans receivable	FVTPL	FVTPL

Financial Liabilities	IFRS 9	IAS 39
Accounts payable and accrued liabilities	Amortized cost	Other financial liabilities
Due to related party	Amortized cost	Other financial liabilities

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, did not have an impact on the carrying amounts of financial assets.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15")

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. The Company has applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of the adoption of this standard.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

a) Leases ("IFRS 16")

   Leases ("IFRS 16") was issued by the IASB and will replace *Leases* ("IAS 17"). IFRS 16 requires most leases to be reported on a company's balance sheet as assets and liabilities. IFRS 16 is effective 1 January 2019. Early application is permitted for companies that also apply IFRS 15 *Revenue from Contracts with Customers*. The Company does not expect any impact upon the of adoption of IFRS 16.

b) Uncertainty over Income Tax Treatments ("IFRIC 23")

   Uncertainty over Income Tax Treatments ("IFRIC 23") was issued by IASB on June 7, 2017 to clarify the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. IFRIC 23 is effective January 1, 2019. The Company is currently assessing the impact of this new standard on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of receivables, loans receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and loans receivables. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. Receivables consists of amounts due from the Government of Canada in which management believes the credit risk to be minimal. The Company does not have significant credit risk with respect to customers. The Company's remaining loans are considered to have a low risk of default due to expected growth in their businesses. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30,2019, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity ies within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. The Company regards liquidity risk to be low as it has sufficient working capital to for at least the next twelve months.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at September 30, 2019, the Company had cash, receivables, accounts payable and accrued liabilities, denominated in Canadian Dollars ("CAD"). A 10% fluctuation in the foreign exchange rate between the USD and Canadian dollar would have a $98,000 impact on profit or loss for the period. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the year ended September 30, 2019 the Company entered the following key management transactions:

- Consulting fees of $445,246 (2018 – $512,138) were paid to directors and officers.
- Shares issued for services of $Nil (2018 - $171,270) to a former director.

- Share-based compensation of $327,035 (2018 - $Nil) was related to directors, officers, and a former officer.

Other related party transactions include:

- In December 2018 the Company received a secured promissory note from High Desert Group Inc. ("HDG") of $750,000. At the date of the issuance of the HDG loan, the Company's then CEO (now former CEO), Paul Chu, was a common director and officer of HDG and the Company. The note matured on December 13, 2019 and is secured by all the assets of HDG. The loan proceeds were deemed uncollectible and accordingly the Company wrote the loan down to $Nil as of September 30, 2019.
- As at September 30, 2018 Open Source Health Inc., a company with common directors and officers, advanced the Company $672,750. During the year ended the Company completed an amalgamation with Open Source Health Inc.

SUBSEQUENT EVENTS

Subsequent to September 30, 2019, the Company completed the following transactions:

- The non-interest bearing senior secured promissory note from PPK Investment Group, LLC of $200,000 was collected in full.

- The Company entered into an amending agreement with Northern Lights Supply Inc. for early repayment of its loan, whereby the parties agreed to reduce the loan balance to CAD $650,000, following interest payments received of $33,750, and amended the repayment terms as follows:

  - a payment of CAD $ 275,000 upon execution of the amending agreement
  - 6 semi-annual payments of CAD $50,000 over three years
  - One final payment of CAD $75,000
  - The Company recognized an impairment charge of $75,510 in relation to the reduced loan balance as at September 30, 2019.

- Entered into a purchase and sale agreement for the Company's Wenatchee Washington Facility with the following terms:
  - Purchase price of $600,000
  - Payment of $350,000 upon closing
  - $250,000 to be paid back interest free over 50 months at a rate of $5,000 per month.
  - Elimination of the conversion option

  Closing is subject to due diligence by the purchaser.

- Issued 100,000 common shares upon the achievement of certain milestones under the Northern Lights Organics share purchase agreement.

- Issued 45,000 common share upon the exercise of warrants at a price of CAD $0.50 each for proceeds of CAD $22,500.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

RISK FACTORS

An investor should carefully consider the following risk factors in addition to the other information contained in this Management's Discussion and Analysis. The risks and uncertainties below are not the only ones related to the Company. There are additional risks and uncertainties that the Company does not presently know of or that the Company currently considers immaterial which may also impair the Company's business operations. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly.

The Company is subject to significant regulatory risks with respect to its operations in the United States. See "Risk Factors Related to the United States Regulatory System."

GENERAL RISK FACTORS OF THE COMPANY'S OPERATIONS

The Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability.

The Company has a very limited history of operations, is comprised of several newly acquired subsidiaries, and is in the early stage of development and must be considered a start up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the Company's early stage of operations.

Shareholders should consider and evaluate the Company's operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that the Company may not have sufficient capital to achieve its growth strategy;
- risks that the Company may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that they Company's growth strategy may not be successful;
- risks that fluctuations in the Company's operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

The Company's future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

There is no assurance that the Company will generate a profit or generate revenues.

There is no assurance as to whether the Company will be profitable, generate revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business.

Uncertainty about the Company's ability to continue as a going concern.

The Company is in the development stage and is currently seeking additional capital, mergers, acquisitions, joint ventures, partnerships and other business arrangements to expand its product offerings in the adult use and medical cannabis industry and grow its revenue. The Company's ability to continue as a going concern is dependent upon its ability in the future to grow its revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or at all. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Limited Operating History.

The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

The Company has a history of losses, may incur significant losses in the future and may not achieve or maintain profitability.

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

The Company had negative cash flows since inception

To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company may experience changes in its operating plans and certain delays in the timing of its plans. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in business infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company's efforts to grow its business may be costlier than expected, and the Company may not be able to increase its revenue enough to offset its higher operating expenses. The Company may incur significant losses in the future for a number of reasons and unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease.

Under Canada, and U.S., regulations, there are restrictions on the type and form of marketing that can be undertaken with respect to cannabis products, which could materially impact sales performance.

The development of the Company's future business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada, U.S., and Jamaica regulatory authorities. The regulatory environment in Canada limits the Company's ability to compete for market share in a manner similar to other industries. The regulatory environments in which the Company operates may in the future also further restrict the type and form of marketing which could limit the Company's ability to compete for market share. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

The adult use and medical cannabis industry are relatively new in Canada, and the U.S., , and this industry may not continue to exist or grow as anticipated.

The Company will be operating its business in the relatively new cannabis industry. In addition to being subject to general business risks, the Company's business involves an agricultural product and a regulated consumer product and therefore the Company will need to build brand awareness in this industry through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations. These activities may not promote the Company's brand and products as effectively as intended, or at all. Competitive conditions, consumer preferences, patient requirements and spending patterns in this new industry are relatively unknown and may have unique circumstances that differ from existing industries.

Accordingly, there are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the cannabis industry and market could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may be unable to attract or retain key personnel with sufficient experience in the cannabis industry and may prove unable to attract, develop, and retain additional employees required for the Company's development and future success.

The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the Company's management structure may be strained as the Company pursues growth opportunities in the future. The loss of the services of a key management personnel or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. The Company does not currently maintain key-person insurance on the lives of any of its members of management.

Risks relating to Reliance on Management.

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While formal agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Risks relating to Medical Cannabis in Canada.

Cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but Canadian courts have required reasonable access to a legal course of cannabis when authorized by a healthcare practitioner.

The *Cannabis Act* (Canada) regulating adult use cannabis in Canada came into force on October 17, 2018. Regulatory changes by the federal, provincial governments in Canada are certain to occur, with unknown results to the business of the Corporation

There is no assurance that the Company will obtain and retain any relevant licenses.

State licenses in the U.S. are subject to ongoing compliance and reporting requirements. Failure by the Company to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of the Company. Should any state in which the Company considers a license important not grant, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses, the business, financial condition and results of the operation of the Company could be materially adversely affected.

Further, the Company's ability to grow, store and sell cannabis in Canada is dependent on the ability of the Company to obtain a license to do so from Health Canada. The Company does not currently hold a license from Health Canada and there can be no assurance that the Company will receive such a license in a timely manner, or at all. The licenses, once issued, are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements would have a material adverse impact on the business, financial condition and operating results of the Company.

The cultivation of cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others.

The Company's future business involves the growing of cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company expects that any such growing will be completed indoors under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

The cultivation of cannabis involves a reliance on third party transportation which could result in supply delays, unreliability of delivery and other related risks.

In order for customers of the Company to receive their product, the Company will rely on third party transportation services. This can cause logistical problems with and delays in patients obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's financial performance.

Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials and prospects. Any such breach could impact the Company's future ability to continue operating under its licenses or the prospect of renewing its licenses.

The Company may compete for market share with other companies, which may have longer operating histories and more financial resources, manufacturing and marketing experience than the Company.

The Company does and expects to continue to face intense competition from other companies operating in the same industry, some of which can be expected to have longer operating histories and more financial resources, manufacturing and marketing experience than the Company. In addition, there is potential that the Medical Cannabis and Recreational Cannabis industry will undergo consolidation, creating larger companies with financial resources, manufacturing and marketing capabilities, and product offerings that are greater than those of the Company. As a result of this competition, the Company may be unable to maintain its operations or develop them as currently proposed on terms it considers acceptable or at all. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect the Company's business, financial condition and results of operations.

As well, the legal landscape for medical and recreational cannabis is changing internationally. More countries have passed laws that allow for the production and distribution of cannabis for medical purposes in some form or another. Increased international competition and/or limitations placed on the Company by Canadian regulators may lower the demand for the Company's products on a global scale.

The Company may seek to expand its business and operations into jurisdictions outside of Canada and the U.S. and there are risks associated with doing so.

The Company may in the future expand its operations and business into jurisdictions outside of Canada and the U.S. There can be no assurance that any market for the Company's products will develop in any such foreign jurisdiction. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations and the effects of competition. These factors may limit the Company's capability to successfully expand its operations and may have a material adverse effect on the Company's business, financial condition and results of operations.

Unfavourable publicity or consumer perception.

The legal cannabis industry in the United States, Canada, and internationally is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Public opinion and support for medical and recreational cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and recreational cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, Medical Cannabis as opposed to legalization in general).

The Company believes its business will be highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of cannabis products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for cannabis products, and the business, results of operations, financial condition and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or the Company's products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

The Company's ability to gain and increase market acceptance of its proposed cannabis business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on the Company.

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may not be able to accurately predict its future capital needs and it may not be able to secure additional financing.

The Company may need to raise significant additional funds in order to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms, or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. Holders of Common Shares will have no pre-emptive rights in connection with such further issues of equity securities and the Board will have the discretion to determine if an issuance of equity securities is warranted, the price at which such issuance is effected and the other terms of issue.

If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

Ability to Access Private and Public Capital.

The Company has historically relied entirely on access to both public and private capital in order to support its continuing operations, and the Company expects to continue to rely almost exclusively on the capital markets to finance its business in the U.S. legal cannabis industry. Although such business carries a higher degree of risk, and despite the legal standing of cannabis businesses pursuant to U.S. federal laws, Canadian based issuers involved in the U.S. legal cannabis industry have been successful in raising substantial amounts of private and public financing. However, there is no assurance the Company will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate U.S. federal laws.

Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's business would be materially and adversely affected. U.S. federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Company. The Company's involvement in the medical and recreational cannabis industry may be illegal under the applicable federal laws of the United States and may be illegal under other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company's business and could result in the forfeiture or seizure of all or substantially all of the assets of the Company.

Conflicts of interest may arise between the Company and its directors and officers as a result of other business activities undertaken by such individuals.

The Company may be subject to various potential conflicts of interest because of the fact that some of its directors and executive officers may be engaged in a range of business activities. In addition, the Company's directors and executive officers may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company and subject to any contractual restrictions restricting such activities. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with business interests that interfere with their ability to devote time to the Company's business and affairs, which could adversely affect Company operations. These business interests could require significant time and attention of the Company's executive officers and directors.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and policies of the Company. For example, a director who has a material interest in a matter before the Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it and absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. In accordance with applicable laws, the directors of the Company are required to act honestly and in good faith with a view to the best interests of the Company.

The Company may be subject to litigation in the ordinary course of its business.

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources of the Company, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.

Risks related to volatility in Currency exchange rates.

Exchange rate fluctuations may adversely affect the Company's financial position and results. It is anticipated that a significant portion of the Company's business revenue could be earned in U.S. dollars but that a substantial portion of its operating expenses incurred in Canadian dollars. The depreciation of the Canadian Dollar against the U.S. Dollar could increase the actual capital and operating costs of the Company's U.S. operations and materially adversely affect the results presented in the Company's financial statements. Fluctuations in the exchange rate between the U.S. dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on the Company's business, financial condition and operating results.

The Company intends to continue to expand operations globally so it may be subject to additional gains and losses against additional currencies. The Company does not currently have a foreign exchange hedging program in place. However, in the future, it may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Anti-Money Laundering Laws and Regulations.

The Company is subject to a variety of laws and regulations in Canada and the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the U.S. *Currency and Foreign Transactions Reporting Act* of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* of 2001 (USA PATRIOT Act), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

The Company's activities, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Change in Laws, Regulations and Guidelines.

The Company's business operations are directly and indirectly be affected by a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis, but also including laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require participants to incur substantial costs associated with compliance or alter certain aspects of its business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plans and result in a material adverse effect on certain aspects of its operations.

Product Liability.

The Company will face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. The Company may be subject to various product liability claims, including, among others, that its products caused injury or illness, include inadequate instructions for use or include inadequate warnings. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's results of operations and financial condition. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's products.

Product Recalls.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company intends to have detailed procedures in place for testing finished products, there can be no assurance that any problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's products were subject to recall, the image of the brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

The Company may not be able to develop its products, which could prevent it from ever becoming profitable.

If the Company cannot successfully develop, manufacture and distribute its products, or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Company's ability to effectively enter the market. A failure by the Company to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.

Environmental and Employee Health and Safety Regulations.

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Operating Risk and Insurance Coverage.

The Company carries insurance to protect its assets, operations and employees. While the Company believes insurance coverage can adequately address all material risks to which it may be exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Uninsurable Risks.

The medical and adult use cannabis business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Management of Growth.

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability to deal with this growth may have a material adverse effect on its business, financial condition, results of operations and prospects.

Enforcement of Legal Rights.

In the event of a dispute arising from the Company's U.S. operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, to the extent that the Company's assets are located outside of Canada, investors may have difficulty collecting from the Company any judgments obtained in the Canadian courts and predicated on the civil liability provisions of securities provisions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

Success of Quality Control Systems.

The quality and safety of the Company's products are critical to the success of its business and operations. As such, it is imperative that the Company's (and its service provider's) quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Company strives to ensure that all of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the Company's business and operating results.

Inability to Obtain or Renew Material Leases.

The Company may be unable to obtain, renew or maintain its leases (commercial or real property) on commercially acceptable terms or at all. An inability to renew its leases, or a renewal of its leases with a rental rate higher than the prevailing rate under the applicable lease prior to expiration, may have an adverse impact on the Company's operations, including disruption of its operations or an increase in its cost of operations. In addition, in the event of non-renewal of any of the Company's leases, the Company may be unable to locate suitable replacement properties for its facilities or it may experience delays in relocation that could lead to a disruption in its operations. Any disruption in the Company's operations could have an adverse effect on its financial condition and results of operations.

Inability to Protect Intellectual Property.

The Company's success is heavily dependent upon its intangible property and technology. The Company relies upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that is considered important to the development of the business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Company to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Company's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Company's. Other companies may also be able to materially duplicate the Company's proprietary plant strains. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Company's ability to successfully implement its business plan depends in part on its ability to maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Company's names and logos. If the Company's efforts to protect its intellectual property are inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Company's business and might prevent its brands from achieving or maintaining market acceptance.

The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Company to incur significant penalties and costs.

Risks Concerning Banking.

The U.S. federal prohibitions on the sale of cannabis may result in the Company and its partners being restricted from accessing the U.S. banking system and they may be unable to deposit funds in federally insured and licensed banking institutions. Banking restrictions could be imposed due to the Company's banking institutions not accepting payments and deposits. The Company is at risk that any bank accounts it has could be closed at any time. Such risks increase costs to the Company. Additionally, similar risks are associated with potentially large amounts of cash at its business locations. These locations require heavy security with respect to holding and transport of cash.

The guidance provided in the FinCEN Memo may change depending on the position of the U.S. government administration at any given time and is subject to revision or retraction in the future, which may restrict the Company's access to banking services. The Company's inability to manage such risks may adversely affect the Company's operations and financial performance.

The Company is reliant on third-party suppliers, manufacturers and contractors.

The Company intends to maintain a full supply chain for the provision of products and services to the adult use and medical cannabis industry. Due to the uncertain regulatory landscape for regulating cannabis in Canada and the United States, the Company's third party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the Company's operations. Loss of these suppliers, manufacturers and contractors may have a material adverse effect on the Company's business and operational results.

International operations will result in increased operational, regulatory and other risks.

The Company may in the future expand into other geographic areas, which could increase operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. We may not be able to successfully identify suitable acquisition and expansion opportunities or integrate such operations successfully with our existing operations

RISKS RELATED TO THE COMPANY'S SECURITIES

Limited Market for Securities.

There can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

Canadian securities regulatory matters.

The Company's involvement in the U.S. cannabis industry may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It was reported in Canada that the Canadian Depository for Securities Limited was considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the U.S. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., despite media reports to the contrary, and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("MOU") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the U.S.

The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid until an alternative was implemented as investors would have no ability to effect a trade of such shares through the facilities of a stock exchange.

The market price of the Common Shares may be subject to wide price fluctuations.

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in operating results, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares.

It is not anticipated that any dividend will be paid to holders of Common Shares for the foreseeable future.

The Company will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including earnings, operating results, financial condition, current and anticipated cash needs, and restrictions in financing agreements.

RISK FACTORS RELATED TO THE UNITED STATES REGULATORY SYSTEM

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – *Issuers with U.S. Marijuana-Related Activities* ("CSA Notice 51-352"), below is a discussion of the current federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly involved. In accordance with CSA Notice 51-352, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation.

United States federal overview.

In the U.S., 33 states and Washington D.C. have legalized Medical Cannabis, while 10 states and Washington D.C. have also legalized adult-use Recreational Cannabis. At the federal level, however, cannabis currently remains a Schedule I controlled substance under the CSA. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the U.S., and a lack of accepted safety for the use of the drug under medical supervision. As such, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance which is still illegal at the federal level.

While technically illegal, the U.S. federal government's approach to enforcement of such laws has trended toward non-enforcement. On August 29, 2013, the U.S. Department of Justice ("DOJ") issued a memorandum known as the "Cole Memorandum" to all U.S. Attorneys' offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal cannabis laws against individuals and businesses that rigorously comply with state regulatory provisions in states with strictly-regulated medical or adult-use cannabis programs. The Cole Memorandum, while not legally binding, assisted in managing the tension between state and federal laws concerning state-regulated cannabis businesses.

However, on January 4, 2018 the Cole Memorandum was revoked by former Attorney General Jeff Sessions. While this did not create a change in federal law - as the Cole Memorandum was not itself law - the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated. Sessions also issued a one-page memorandum known as the "Sessions Memorandum." This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement guidance as set forth in the U.S. Attorney's Manual (the "USAM"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the former Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

While the Sessions Memorandum does emphasize that cannabis is a Schedule I controlled substance, and states the statutory view that it is a "dangerous drug and that marijuana activity is a serious crime," it does not otherwise guide U.S. Attorneys that the prosecution of cannabis-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute cannabis related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum's guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence.

The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a large-scale enforcement operation would more than likely create unwanted political backlash for the DOJ and the Trump administration. It is also possible that the rescission of the Cole Memorandum could motivate Congress to finally reconcile federal and state laws. Regardless, cannabis remains a Schedule I controlled substance at the federal level, and neither the Cole Memorandum nor its rescission has altered that fact. The federal government of the U.S. has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use cannabis, even if state law sanctioned such sale and disbursement. From a purely legal perspective, the criminal risk today remains identical to the risk on January 3, 2018. It remains unclear whether the risk of enforcement has been altered although on April 13, 2018, the President of the United States Donald Trump promised Colorado Senator Cory Gardner that he will support efforts to protect States that have legalized marijuana.

Further to the Cole Memo the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued a memorandum on February 14, 2014 (the "FinCEN Memorandum") outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. Under these guidelines, financial institutions must submit a suspicious activity report ("SAR") in connection with all cannabis related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis related SARs are divided into three categories – cannabis limited, cannabis priority, and cannabis terminated – based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively.

Former Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to be a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

Although the Cole Memorandum and 2014 Cole Memo have been rescinded, one legislative safeguard for the cannabis industry remains in place: Congress has used a rider provision in the FY 2015, 2016 and 2017 Consolidated Appropriations Acts (currently the " Rohrabacher-Blumenauer Amendment ") to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. Since October 1, 2017, the U.S. federal government has been temporarily appropriated under a series of continuing budget resolutions. On May 17, 2018 the U.S. House of Representatives Appropriations Committee approved the inclusion of the Rohrabacher-Blumenauer Amendment (previously, the Rohrabacher Farr Amendment), which adds a provision to prohibit the U.S. Department of Justice from using funding to prevent states from implementing medical marijuana laws through the end of fiscal year 2019, known as the "Joyce Amendment".

Despite the legal, regulatory, and political obstacles the cannabis industry currently faces, the industry has continued to grow. It was anticipated that the federal government would eventually repeal the federal prohibition on cannabis and thereby leave the States to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco.

Given current political trends, however, these developments are considered unlikely in the near-term. As an industry best practice, despite the recent rescission of the Cole Memorandum, the Company intends to abide by the following to ensure compliance with the guidance provided by the Cole Memorandum:

- ensure that its operations are compliant with all licensing requirements as established by the applicable State, county, municipality, town, township, borough, and other political/administrative divisions;

- ensure that its cannabis related activities adhere to the scope of the licensing obtained;
- implement policies and procedures to ensure that cannabis products are not distributed to minors;
- implement policies and procedures to ensure that revenue is not distributed to criminal enterprises, gangs or cartels;
- implement adequate inventory tracking system and necessary procedures to ensure that such compliance system is effective in tracking inventory and preventing diversion of hemp and/or cannabis or hemp and/or cannabis products into jurisdictions where such products are not permitted by applicable law;
- ensure that its business activity is not used as a cover or pretense for trafficking of other illegal drugs, is not engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes; and
- ensure that its business and products comply with applicable Cannabis Laws and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In addition, the Company may conduct background checks to ensure that its principals and management are of good character, have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or use of firearms in cultivation, manufacturing or distribution of cannabis. The Company will also conduct ongoing reviews of the activities of its businesses, the premises on which they operate and the policies and procedures that are related to possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession is permitted by regulation.

Until the U.S. federal government amends the CSA with respect to cannabis, there can be no assurance that it will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with State law. Such potential proceedings could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens; or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company.

On November 7, 2018 Jeff sessions resigned as Attorney General. Further the Democrats win of the House of Representatives in 2018 resulted in the removal of Pete Sessions as Head of the House Rules Committees. Pete Sessions in his role as Head of the House Rules Committee had previously blocked several cannabis reform measures from being voted upon.

Newly appointed attorney general, William Barr, confirmed in written responses to questions from US senators that he won't pursue enforcement of legal cannabis. "As discussed at my hearing, I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum,". Barr also clarified that he has "not closely considered or determined whether further administrative guidance would be appropriate." For the time being, it does not appear he will pursue active enforcement of the cannabis industry.

Washington State Regulatory Landscape.

Washington State has both medical and adult-use cannabis programs. Washington State passed a medical cannabis patient/caregiver law by popular vote in 1998 but was unable to regulate medical marijuana businesses that developed in the late 2000's. When the Washington Marijuana Legalization and Regulation Initiative 502 legalized marijuana for adults 21 years of age and older in 2012, it licensed adult-use cannabis businesses within the WSLCB and left the unregulated medical cannabis establishments in a precarious situation. Senate Bill 5052 was signed in 2015, which allows existing adult-use retail cannabis stores to apply for a "medical cannabis endorsement" and sell medical cannabis tax free to registered qualifying patients and their designated caregivers. To accommodate for patient demand and the elimination of unregulated medical cannabis storefronts, Washington State re-opened its application process for new adult-use cannabis retail stores. Priority is given to those who were operating or employed by cannabis collective before January 1, 2013 in compliance with all other state and local restrictions.

Unlike many other states, Washington State prohibits vertical integration between retailers and cultivators. There are four primary business types: producers that cultivate cannabis, processors that create infused products, retailers that sell cannabis to consumers, and testing labs that test cannabis for contaminants. Only producers and processors may be vertically integrated. Washington State is currently not accepting new applications for growers, producers or processors. Washington State does not allow for non-resident individuals or corporation to own directly or indirectly any cannabis licences.

Washington State has by far the most granted recreational cannabis production/processing licenses of any state which has legalized cannabis in any form, and was recently noted by BDS Analytics (a cannabis-specific multi-state analytics company) as having the lowest wholesale price per pound of cannabis of any state which currently has a state-legalized market for cannabis, at under $800 wholesale. This pricing compression may adversely affect the profitability and cash-flow generating abilities of Weekend Washington's tenants and has could lead to delayed payment of portions of rent or service charges.

California Regulatory Landscape.

In 1996, California was the first state to legalize medical cannabis through Proposition 215, the Compassionate Use Act of 1996 ("CUA"). This legalized the use, possession and cultivation of medical cannabis by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which cannabis provides relief.

In 2003, Senate Bill 420 was signed into law establishing an optional identification card system for medical marijuana patients. In September 2015, the California legislature passed three bills collectively known as the "Medical Cannabis Regulation and Safety Act" ("MCRSA"). The MCRSA established a licensing and regulatory framework for medical cannabis businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However, in November 2016, voters in California overwhelmingly passed Proposition 64, the "Adult Use of Marijuana Act" ("AUMA") creating an adult-use cannabis program for adult-use 21 years of age or older. AUMA had some conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which amalgamates MCRSA and AUMA to provide a set of regulations to govern medical and adult-use licensing regime for cannabis businesses in the State of California. The four agencies that regulate marijuana at the state level are the California Department of Consumer Affairs' Bureau of Cannabis Control ("BCC"), California Department of Food and Agriculture, California Department of Public Health, and California Department of Tax and Fee Administration.

To legally operate a medical or adult-use cannabis business in California, the operator must have both a local and state license. This requires license holders to operate in cities with cannabis licensing programs. Therefore, cities in California are allowed to determine the number of licenses they will issue to cannabis operators or can choose to outright ban marijuana. MAUCRSA went into effect on January 1, 2018.

There is no assurance of success or profitability under the new legal and regulatory structure in California.

There are no assurances that the Company will be granted any licenses in the State of California. The Company has not determined the extent to which the provisions of MAUCRSA will impact the Company, its business and its current and future operations. While California has legalized the sale of cannabis for medical use outside of cooperatives or collectives and the sale of cannabis for non-medical and for-profit business activities, the regulations relating to how cannabis businesses will be required to operate in the future in California are uncertain. Accordingly, there is no way to currently anticipate what the legal climate surrounding the Company's anticipated business plan will be at any point in the future and there is no assurance that the Company will operate profitably or generate revenues or profits that will permit the payment of dividends on or any increase in the value of the Common Shares.

California legislation may become onerous.

The process associated with acquiring a state license in California may become onerous and there are no assurances that the Company will be granted any state licenses at all. Previously, all applicants for a state license were required to show proof of compliance with local laws; however, pursuant to MAUCRSA, applicants may show prior compliance with local law prior to state licensure, but the burden has shifted to the city or county to alert the state within sixty (60) business days if such applicant is not in compliance with local laws. Although the Company believes it is currently, and will continue to be, in compliance with applicable state and local laws, there is no assurance that any city or county will not alert the state of any issues regarding the Company's compliance. Further, because there are different licenses for different types of commercial cannabis-related activities, even if the Company is granted one or more licenses, there are no assurances that it will be granted all the licenses it will need to implement the Company's business plan.

There are fees associated with acquiring, and renewing, licenses. However, the specific amount of such fees has yet to be determined and may vary based on several factors.

There are no assurances that, when the applicable time comes, the Company will have the capital necessary to acquire (or continue to renew) the licenses necessary to carry out its business plan. Given the necessity of such licenses, failure to possess the necessary licenses (regardless of the reason) would have a material impact on the financial condition of the Company.

Applicable legislation imposes state taxes on California's cannabis industry, and authorizes local jurisdictions to assess taxes and fees on such activities. There currently is no way to predict the tax regime that will apply when (and if) such legislation becomes effective.

MAUCRSA imposes an excise tax to be paid by the end-consumer and the dispensary; and a cultivation tax to be paid by cultivators on all harvested cannabis that enters the commercial market, in addition to any sales and use tax at the state and local level. The tax regime that is applicable to the Company's business, regardless of where the Company is in its development, will have a direct impact on its operations and profitability and, in extreme cases, may make pursuing the Company's expected business plan a futile endeavor. The Company is aware of and planning for the proposed tax structure imposed under MAUCRSA as part of its development plans in California.

Some of the Company's planned business activities, while believed to be compliant with applicable U.S. state and local laws, are illegal under U.S. federal law.

Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the CSA. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

Since the possession and use of cannabis and any related drug paraphernalia is illegal under U.S. federal law, the Company may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide. The Company intends to manufacture, distribute and sell adult use and/or medical cannabis. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited, a claim regarding the Company's possession, use and sale of cannabis, and aiding and abetting another's criminal activities. The Federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Company may be forced to cease operations and its investors could lose their entire investment. Such an action would have a material negative effect on the Company's business and operations. The enforcement of relevant U.S. federal laws is a significant risk.

The Company is operating at a regulatory frontier. The cannabis industry is a new industry that may not succeed.

Should the federal government in the U.S. begin prosecuting those dealing in medical or other cannabis under applicable law, there may not be any market for the Company's products and services in the U.S.

Cannabis is a new industry subject to extensive regulation, and there can be no assurance that it will grow, flourish or continue to the extent necessary to permit the Company to succeed. The Company is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its proposed products and will adjust its future operations, product mix and market strategy as the industry develops and matures.

The Company may incur significant tax liabilities if the IRS continues to determine that certain expenses of cannabis businesses are not permitted tax deductions under section 280E of the Tax Code.

Section 280E of the Tax Code prohibits businesses from deducting certain expenses associated with trafficking controlled substances (including cannabis) which are prohibited by federal law. The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are authorized under state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from under payment of taxes due to the lack of deductibility of otherwise ordinary business expenses, the deduction of which is prohibited by Section 280E. Although the IRS issued a clarification allowing the deduction of certain expenses that can be categorized as cost of goods sold, the scope of such items is interpreted very narrowly and include the cost of seeds, plants and labor related to cultivation, while the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses. The Company's current financial plans include federal tax payable on gross profit rather than is typical in other jurisdictions on earnings before tax.

There is uncertainty surrounding the current U.S. Presidential Administration and its influence and policies in opposition to the cannabis industry as a whole.

There is significant uncertainty surrounding the policies of President Donald Trump and the Trump Administration or the policies of any future Presidential Administration about recreational and medical cannabis.

On January 4, 2018, Former Attorney General Jeff Sessions and the DOJ issued the Sessions Memo. The effect of the Sessions Memo has been to rescind the guidance issued on August 29, 2013 relative to medical cannabis enforcement under the Cole Memo. The effect of the Cole Memo's rescission remains to be seen. On the same day of the Sessions Memo's release, numerous government officials, legislators and federal prosecutors in states with medical and recreational cannabis statutes announced their intention to continue the Cole-Memo-era status quo despite the DOJ's decision to rescind it. The impact that this lack of uniformity between state and federal authorities could have on individual state cannabis markets and the businesses that operate within them is unclear and the enforcement of relevant federal laws is a significant risk.

There is no certainty as to how the DOJ, Federal Bureau of Investigation and other government agencies will handle cannabis matters in the future. There can be no assurances that the Trump administration would not change the current enforcement policy and decide to strongly enforce the federal laws. The Company regularly monitors the activities of the current administration.

State and local laws and regulations may heavily regulate brands and forms of cannabis products and there is no guarantee that the Company's proposed products and brands will be approved for sale and distribution in any state.

States generally only allow the manufacture, sale and distribution of cannabis products that are grown in that state and may require advance approval of such products. Certain states and local jurisdictions have promulgated certain requirements for approved cannabis products based on the form of the product and the concentration of the various cannabinoids in the product. While the Company intends to follow the guidelines and regulations of each applicable state and local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any state or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. In the event the Company expands into other U.S. jurisdictions, it plans to undertake no cross-border commerce related to THC products between states until the federal regulatory environment permits such commerce to occur.

Banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes.

Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the *U.S. Bank Secrecy Act*. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA.

U.S. federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

The Company's business operations may come under additional scrutiny by governmental and non-governmental agencies.

The cannabis industry may come under scrutiny or further scrutiny by the U.S. Food and Drug Administration (the "FDA"), the U.S. Securities and Exchange Commission (the "Commission"), the DOJ, the Financial Industry Regulatory Advisory or other federal, the State of California or other applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Company.

The property of the Company may be seized and the operations of the Company shut down.

The U.S. federal government, through both the DEA and IRS, has the right to actively investigate, audit and shut-down marijuana growing facilities, processors and retailers. The U.S. federal government may also attempt to seize the Company's property. Any action taken by the DEA and/or the IRS to interfere with, seize, or shut down the Company's operations will have a material adverse effect on the Company's business, operating results and financial condition.

Regulatory Risks.

The U.S. cannabis industry is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may impact on actual results.

Participants in the U.S. cannabis industry will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The U.S. cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future growth uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of the Company and which cannot be reliably predicted.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's business would be materially and adversely affected. U.S. federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis related legislation could adversely affect the Company.

CERTIFICATE OF THE GUMMY PROJECT INC.

Pursuant to a resolution duly passed by its Board, The Gummy Project Inc. hereby applies for the listing of the above-mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to The Gummy Project Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

DATED at Vancouver, British Columbia this 26th day of May, 2022.

Charlie Lamb (signed)	*Robert Payment* (signed)
Charlie Lamb, Chief Executive Officer	Robert Payment Chief Financial Officer

And on behalf of the Board by

Brian Keane (signed)	*Michael Hopkinson* (signed)
Brian Keane Director	Michael Hopkinson Director

Charlie Lamb (signed) _______________
Charlie Lamb,
Promoter