



New Leaf Ventures, Inc.

**Unaudited Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)**

For the Three and Nine-Month Periods Ended September 30, 2022 and 2021

New Leaf Ventures, Inc.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Notes	September 30, 2022	December 31, 2021
ASSETS			
Current Assets			
Cash		\$ 2,465	\$ 58,805
Receivables		24,433	42,572
Due from related party	8, 9	2,876,226	1,888,672
Prepaid balances		1,707	8,209
Share subscription receivable		-	73,198
Current portion of lease receivables	9	237,089	286,336
Assets classified as held for sale	6	322,567	-
Total Current Assets		\$ 3,464,487	\$ 2,357,792
Non-Current Assets			
Property and equipment	5, 6	\$ 449,794	\$ 871,013
Lease receivable	9	1,843,461	2,700,108
Other assets	6	27,768	25,683
Total Non-Current Assets		\$ 2,321,023	\$ 3,596,804
TOTAL ASSETS		\$ 5,785,510	\$ 5,954,596
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	7	\$ 1,314,413	\$ 738,656
Bank indebtedness		13,937	-
Due to related parties	8(iii)	103,931	11,122
Current portion of lease obligations	9	247,076	298,425
Notes payable to related parties	8(i)	-	864,465
Security deposit	8	16,448	15,214
Total Current Liabilities		\$ 1,695,805	\$ 1,927,882
Non-Current Liabilities			
Lease obligation	9	1,848,362	2,719,898
Total Non-Current Liabilities		\$ 1,848,362	\$ 2,719,898
TOTAL LIABILITIES		\$ 3,544,167	\$ 4,647,780
SHAREHOLDERS' EQUITY			
Share capital	10	\$ 12,460,924	\$ 12,170,886
Share-based payments reserve	11	549,812	534,444
Warrant reserve	10	239,470	239,470
Foreign currency translation		297,970	131,761
Deficit		(11,306,833)	(11,769,745)
TOTAL SHAREHOLDERS' EQUITY		\$ 2,241,343	\$ 1,306,816
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 5,785,510	\$ 5,954,596

Nature of operations and continuance of operations (note 1)
 Related party transactions (note 8)
 Subsequent events (note 15)

Approved on behalf of the Board by:

/s/ Robert Colwell
 Director

/s/ Chris Cooper
 Director

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

New Leaf Ventures, Inc.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited - Expressed in Canadian Dollars)

	Notes	Three-month periods ended September 30,		Nine-month periods ended September 30,	
		2022	2021	2022	2021
Revenue		\$ 489,493	\$ 621,131	\$ 1,743,192	\$ 1,850,673
Expenses					
Communication		\$ 2,244	\$ 40,070	\$ 8,861	\$ 88,617
Consulting	8	42,107	45,975	114,841	134,452
Depreciation & Amortization	5	36,881	55,701	142,227	139,596
Director fees		13,500	6,000	33,000	18,000
Marketing		-	746,448	-	2,607,552
General office & administration		114,436	46,914	276,159	150,932
Utilities and property tax		32,826	87,979	128,234	283,631
Professional fees		40,600	62,078	123,534	282,703
Regulatory and filing fees		3,955	20,144	33,627	43,851
Share-based payment		14,225	160,108	43,952	499,557
Wages and salaries		214,055	473,201	753,062	1,341,307
		\$ (514,829)	\$ (1,744,618)	\$ (1,657,497)	\$ (5,590,198)
Other Income / (Expenses)					
Interest income	8(i), 9	\$ 106,087	\$ 105,043	\$ 326,011	\$ 268,687
Accretion expense		(2,488)	(36,310)	(34,566)	(130,696)
Foreign exchange gain / (loss)		-	(133,897)	-	(92,207)
Gain / (Loss) on remeasurement of derivative	4, 10	-	299,313	-	10,222
Reversal of share-based payments	11	-	-	28,584	-
Gain on lease termination	9	-	-	9,393	-
Gain on settlement of accounts payable	10	99,692	-	99,692	-
Impairment of property and equipment	6	-	-	(16,116)	-
Other income		23,314	67,323	146,821	467,829
Interest expense	8	(47,971)	(72,812)	(182,602)	(221,292)
Net Income / (Loss) for the Period		\$ 153,298	\$ (894,827)	\$ 462,912	\$ (3,436,982)
Other Comprehensive Loss					
Items that may be subsequently reclassified to profit and loss					
Foreign currency translation adjustment		\$ 134,772	\$ 23,161	\$ 166,209	\$ 16,414
Total Comprehensive Income / (Loss) for the Period		\$ 288,070	\$ (871,666)	\$ 629,121	\$ (3,420,568)
Basic income / (loss) per common share	14	\$ 0.02	\$ (0.08)	\$ 0.05	\$ (0.36)
Diluted income / (loss) per common share	14	\$ 0.02	\$ (0.08)	\$ 0.05	\$ (0.36)

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

New Leaf Ventures, Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Unaudited - Expressed in Canadian Dollars)

	Number of shares	Share capital	Stock options reserve	Warrants reserve	Accumulated other comprehensive income	Accumulated deficit	Total shareholder's equity
Balance – January 1, 2021	7,819,433	\$ 7,087,003	\$ 138,339	\$ 38,075	\$ 104,739	\$ (7,807,458)	\$ (439,302)
Shares issued upon exercise of warrants	2,381,483	3,841,974	-	(21,295)	-	-	3,820,679
Shares issued upon exercise of options	125,000	293,455	(129,706)	-	-	-	163,749
Share-based payments	-	-	499,557	-	-	-	499,557
Loss for the period	-	-	-	-	16,414	(3,436,982)	(3,420,568)
Balance - September 30, 2021	10,325,916	\$ 11,222,432	\$ 508,190	\$ 16,780	\$ 121,153	\$ (11,244,440)	\$ 624,115
Balance – January 1, 2022	11,617,513	\$ 12,170,886	\$ 534,444	\$ 239,470	\$ 131,761	\$ (11,769,745)	\$ 1,306,816
Shares issued on at-the-market offering	365,000	149,590	-	-	-	-	149,590
Share issue costs	-	(2,429)	-	-	-	-	(2,429)
Share-based payments	-	-	43,952	-	-	-	43,952
Reversal of shared-based payments from forfeited stock options	-	-	(28,584)	-	-	-	(28,584)
Shares for debt settlement	571,506	142,877	-	-	-	-	142,877
Income for the period	-	-	-	-	166,209	462,912	629,121
Balance – September 30, 2022	12,554,019	\$ 12,460,924	\$ 549,812	\$ 239,470	\$ 297,970	\$ (11,306,833)	\$ 2,241,343

The accompanying notes are an integral part of the condensed consolidated Interim Financial Statements.

New Leaf Ventures, Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Nine-month periods ended September 30,	
Notes	2022	2021
OPERATING ACTIVITIES		
Net loss for the year	\$ 462,912	\$ (3,436,982)
Non-cash items:		
Interest income	\$ (326,011)	\$ (268,687)
Interest expense	181,868	221,276
Accretion expense	34,566	130,696
Depreciation of equipment	142,227	139,596
Share-based payments	43,952	499,557
Gain on reversal of share-based payments	(28,584)	-
Gain on settlement of accounts payable	99,692	-
Gain / (loss) on re-measurement of derivative	-	(10,222)
Foreign exchange	-	80,519
Impairment of property and equipment	6 16,116	-
Gain on lease termination	9 (9,393)	-
Changes in non-cash working capital items:		
Receivables	\$ 18,139	\$ 47,507
Prepays	6,502	16,070
Accounts payable and accrued liabilities	311,579	192,767
Due from related party	(1,213,296)	538,563
Due to related party	92,969	(140,701)
Share subscription receivable	73,198	-
Other assets	-	666
Interest paid	-	(221,276)
Bank indebtedness	13,937	-
Net cash used by operating activities	\$ (79,627)	\$ (2,210,651)
INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ -	\$ (205,655)
Payment of lease obligations	(92,444)	(191,221)
Net cash used by investing activities	\$ (92,444)	\$ (396,876)
FINANCING ACTIVITIES		
Proceeds from share issuance	\$ 147,161	\$ -
Proceeds from exercise of warrants	-	3,820,679
Proceeds from exercise of options	-	163,749
Repayment of note payable	-	(1,231,941)
Net cash provided by financing activities	\$ 147,161	\$ 2,752,487
Effect of foreign exchange rate fluctuation	(31,430)	(92,207)
Increase in cash in the year	(56,340)	52,753
Cash – beginning of the period	\$ 58,805	\$ 136,553
Cash – end of the period	\$ 2,465	\$ 189,306

Supplemental cash flow information (Note 13)

The accompanying notes are an integral part of the condensed consolidated Interim Financial Statements.

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

New Leaf Ventures Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on June 4, 2018. On September 13, 2019, the Company entered into the Share Purchase Agreement (“Acquisition Transaction”) to purchase New Leaf USA Inc. (“New Leaf USA”) and its subsidiaries (collectively the “New Leaf USA Entities”). As a result of the completion of the Acquisition Transaction on April 30, 2020, the New Leaf USA Entities are now the core business of the Company, and through which the Company will provide consulting services, real property, intellectual property and equipment for lease and enhanced ancillary services to New Leaf Enterprises, Inc., a Washington-based Tier 3 Producer/Processor focused on industrial-scale agronomy, processing, packaging, marketing and distributing cannabis and cannabis related products (the “License Holder”). The License Holder is considered a related party; refer to Note 4 for details on the Acquisition Transaction and Note 8 for details on the related party nature and transactions with the License Holder during the three and nine-month periods ended September 30, 2022.

The Company’s head office, principal address and registered address and records office is 1910 - 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3, Canada. The Company is listed on the Canadian Securities Exchange (the “CSE”) under the ticker symbol “NLV.CN” and on the OTC PINK, part of the OTC Markets Group, under the ticker symbol “NLVVF”.

Going Concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company’s continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash generated from revenues and through further equity financings. These items may cast significant doubt on the Company’s ability to continue as a going concern. The consolidated 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.

As at September 30, 2022 the Company had a working capital of \$1,768,682 and an accumulated deficit of \$11,306,833.

2. SIGNIFICANT ACCOUNTING POLICIES, BASIS OF PRESENTATION, STATEMENT OF COMPLIANCE

Basis of presentation and statement of compliance

The unaudited condensed consolidated interim financial statements (“interim financial statements”) of the Company as at and for the three and nine-month periods ended September 30, 2022, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements as set out in International Accounting Standard 34 Interim Financial Reporting (“IAS 34”).

The Company has consistently applied the same accounting policies throughout all periods presented. These interim financial statements do not include all the disclosures required for a complete set of IFRS financial

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statements. Accordingly, they should be read in conjunction with the last audited consolidated annual financial statements and notes thereto for the year ended December 31, 2021 (“annual financial statements”), which are available on SEDAR at www.sedar.com. Selected explanatory notes are included in the interim financial statements to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

These interim financial statements were authorized for issue by the Audit Committee, on behalf of the Board of Directors, on November 29, 2022.

Share consolidation

On September 12, 2022, the Company completed a 5-to-1 consolidation of the Company’s issued and outstanding common shares which took effect at market opening on September 12, 2022. This share consolidation was approved by the Company’s Board of Directors. The Company’s issued and outstanding stock options and share purchase warrants were also subject to this share consolidation. The par value of the common shares was not adjusted as a result of the share consolidation. Accordingly, all share and per share amounts for the periods presented in these interim financial statements and notes thereto have been adjusted retrospectively to reflect this share consolidation.

Basis of consolidation

The interim financial statements comprise the financial statements of the Company and its subsidiaries as at September 30, 2022. A subsidiary is an entity controlled by the Company. Specifically, the Company controls an investee if, and only if, the Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary. All intercompany balances and transactions are eliminated in full upon consolidation. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent company and to the non-controlling interests.

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The entities contained in the interim financial statements are as follows:

Entity Name	Principal activity	Place of business and operations	Functional currency	Equity percentage
New Leaf Ventures, Inc. (the "Company")	Parent company	Canada	CAD \$	n/a
New Leaf USA, Inc. ("New Leaf USA")	Holding company for US Entities	United States	USD \$	100%
New Leaf Real Estate, LLC ("RealEstateCo")	Real property leasing	United States	USD \$	100%
New Leaf Equipment, LLC ("EquipmentCo")	Equipment leasing	United States	USD \$	100%
New Leaf IP, LLC ("IPCo")	Intellectual property licensing	United States	USD \$	100%
New Leaf Services LLC ("ServicesCo")	Management services	United States	USD \$	100%
New Leaf Hemp Company LLC ("HempCo")	Inactive	United States	USD \$	100%

All the entities detailed above are collectively referred to as the "New Leaf Group".

Use of Judgements, Estimates and Assumptions

The preparation of these Interim Financial Statements in accordance with IAS 34 requires management to use judgement and make estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities at the date of the Interim Financial Statements, and the reported amounts of revenue and expenses during the reporting periods. The judgements, estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant and are subject to uncertainty. Judgements, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results could differ from these estimates due to changes in interest rates, foreign exchange rates, inflation, and economic conditions. The areas of significant judgement and estimation were identified in the Company's Annual Financial Statements for the year ended December 31, 2021.

Summary of significant accounting policies

Significant accounting policies applied to these interim financial statements are the same as those applied to the Company's audited consolidated financial statements for the year ended December 31, 2021 with the exception of:

Non-current assets held of sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. An impairment loss is recognized for any initial or subsequent write-down of the asset

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to fair value less costs to sell. Assets held for sale are not depreciated while they are classified as held for sale. Assets held for sale are presented separately from other assets in the balance sheet.

Future changes in accounting policies

The following standards are not yet effective for the three and nine-months period ended September 30, 2022, and have not been applied in the preparation of the interim financial statements:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. On July 15, 2020 the IASB issued an amendment to defer the effective date by one year. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period.

The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that:

- settlement of a liability includes transferring a company's own equity instruments to the counterparty, and
- when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognised as equity.

The adoption of this new standard is not expected to have any impact on the amounts recognized in the Company's consolidated financial statements.

3. SEGMENT REPORTING

The Company operates in one operating segment. For the purpose of segment reporting, the Company's Chief Executive Officer ("CEO") is the Chief Operating Decision Maker. The determination of the Company's operating segment is based on its organizational structure and how the information is reported to CEO on a regular basis. During the three and nine-month period ended September 30, 2022, all the revenues from the Company were generated through intellectual property licensing, equipment leasing, and provision of management services to a single customer, the License Holder, who is located in the United States.

The Company's non-current assets by country are as follows:

	September 30, 2022	December 31, 2021
United States	\$ 2,321,023	\$ 3,596,804
Total non-current assets	\$ 2,321,023	\$ 3,596,804

4. ACQUISITION OF NEW LEAF USA, INC.

On April 30, 2020, the Company completed their previously announced acquisition of New Leaf USA, Inc. and all of its wholly-owned subsidiaries. The acquisition was accounted for as a business combination and the purchase price on the acquisition was allocated to net assets acquired in accordance with IFRS 3. The acquisition provides the Company with immediate strategic access and footprint to the US cannabis market, specifically in the state of Washington. In consideration for the acquisition, the Company issued the following:

- Issued 1,800,000 shares; and
- Issued 800,000 performance warrants (“Performance Warrants”)

Each Performance Warrant entitles the holder to purchase one common share of the Company at the price of \$0.10 per common share for a period of three years, and will vest and become exercisable based on the following performance criteria as follows:

- i. 400,000 Performance Warrants will vest and become exercisable if the Company or New Leaf Enterprises, Inc. (the “License Holder”) achieves at least \$5,000,000 in annual gross revenue; and
- ii. 400,000 Performance Warrants will vest and become exercisable the Company or License Holder achieves at least \$7,500,000 in annual gross revenue.

The Performance Warrants were valued using the Black-Scholes Option Pricing model and adjusted for the probability that revenue targets would be met over the vesting period. The Performance Warrants were accounted for under IFRS 9 Financial Instruments as a derivative financial liability as the instrument had an option to convert the Performance Warrants into shares of the Company for no consideration and which would result in a variable number of the Company’s shares being issued on exercise.

As at September 30, 2022, the Performance Warrants were re-measured at fair-value of \$nil (December 31, 2021 - \$nil). Consequently, there was no gain or loss on re-measurement recognized in profit and loss for the three and nine-months period ended September 30, 2022 (three and nine-months period September 30, 2021 – gain of \$299,313 and \$10,222 respectively).

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5. PROPERTY AND EQUIPMENT

	Equipment		Leasehold Improvements		Total
Cost					
As at January 1, 2021	\$	942,353	\$	7,079	\$ 949,432
Additions		40,124		182,980	223,104
Currency translation adjustment		(3,539)		2,057	(1,482)
As at December 31, 2021	\$	978,938	\$	192,116	\$ 1,171,054
Assets classified as held-for-sale (note 6)		(445,346)		(4,298)	(449,644)
Currency translation adjustment		51,081		15,319	66,400
As at September 30, 2022	\$	584,673	\$	203,137	\$ 787,810
Accumulated Depreciation					
As at January 1, 2021	\$	105,657	\$	-	\$ 105,657
Additions		164,262		28,373	192,635
Currency translation adjustment		1,426		323	1,749
As at December 31, 2021	\$	271,345	\$	28,696	\$ 300,041
Additions		106,613		35,614	142,227
Impairment (note 6)		15,113		1,003	16,116
Assets classified as held-for-sale (note 6)		(143,910)		(2,488)	(146,398)
Currency translation adjustment		21,340		4,690	26,030
As at September 30, 2022	\$	270,501	\$	67,515	\$ 338,016
Carrying Amount					
As at December 31, 2021	\$	707,593	\$	163,420	\$ 871,013
As at September 30, 2022	\$	314,172	\$	135,622	\$ 449,794

6. ASSETS HELD FOR SALE

On June 17, 2022, the Company's US subsidiaries, RealEstateCo and EquipmentCo, executed an asset purchase agreement ("Sale Agreement") with an arms-length entity to sell specified production equipment and leasehold improvements associated with one of the Company's building property leases. The asset sale is based on the Company's intended pivot to focus on providing ancillary services and support to cannabis processors, as opposed to previously servicing both cannabis producers and processors. Consistent with this strategy, the Company also ended one of its building leases which was primarily used for production purposes (see note 9). The sale of the assets is subject to regulatory approval by the Washington State Liquor and Cannabis Board ("WSLCB"), as per the terms and conditions of the Sale Agreement. As at the execution date of the Sale Agreement, the Company had not yet obtained approval from the WSLCB. The Company expects that approvals will be obtained during the fourth quarter of fiscal 2022 and the sale will formally close at that point in time. The Company identified that the assets under the Sale Agreement should be classified as held for sale as it met the requirements under IFRS 5 – *Non-current assets held for sale and discontinued operations*. The assets were immediately ready for sale and the sale was highly probable.

Immediately prior to reclassification as assets held for sale, the equipment and leasehold improvements were remeasured at the lower of carrying value and fair value less costs to sell ("FVLCS"). FVLCS was derived from the sale price as specified in the Sale Agreement. As a result of the remeasurement during

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the three and nine-months period ending September 30, 2022, an impairment loss of \$nil and \$16,116 respectively (three and nine-months September 30, 2021 - \$nil) was recognized in the condensed consolidated interim statement of income and comprehensive income. The assets are presented within total assets of the Company as of September 30, 2022.

	September 30, 2022	December 31, 2021
Non-current assets held for sale		
Production equipment	\$ 320,641	\$ -
Leasehold improvements	1,926	-
Total assets classified as held for sale	\$ 322,567	\$ -

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022	December 31, 2021
Trade payables	\$ 1,001,365	\$ 557,264
Accrued liabilities	313,048	181,392
Total accounts payable and accrued liabilities	\$ 1,314,413	\$ 738,656

8. RELATED PARTY TRANSACTIONS

Related party transactions consist of monthly transactions with the License Holder, who is considered a related party due to sharing common executives and key management with the Company. Key management include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole.

(i) Transactions with the License Holder

During the three and nine-month periods ended September 30, 2022 and 2021 the Company recognized the following revenues from the License Holder:

Revenue type	Three-month period		Nine-month period	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Equipment leasing revenue	\$ 23,501	\$ 22,682	\$ 69,271	\$ 67,570
Service fee revenues	361,679	377,931	1,122,450	1,126,170
Intellectual property licensing revenues	104,313	220,518	551,471	656,933
Total revenues from License Holder	\$ 489,493	\$ 621,131	\$ 1,743,192	\$ 1,850,673

In addition, the Company also incurred the following transactions with the License Holder during the nine-month period ended September 30, 2022:

- (i) Accrued interest income on outstanding receivables due from License Holder of \$135,923 (September 30, 2021 - \$38,332);
- (ii) Interest income on lease receivables of \$190,118 - Note 9 (September 30, 2021 - \$230,371);
- (iii) Accretion expense on notes payables of \$34,566 (September 30, 2021 - \$130,696); and

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- (iv) Other income of \$146,821 (September 30, 2021 - \$467,829) relating to sub-lease operating expenses (utilities, property tax, insurance) that were incurred by the Company and which are reimbursable by the License Holder (note 9 - sub-tenant)

On September 30, 2022, the Company executed a settlement agreement (the "Settlement Agreement") with the License Holder to settle balances owed between the Company and the License Holder. Per the terms of the Settlement Agreement, the Company applied a total of \$971,562, equaling to the total outstanding balance of two note payables (the "Notes"), owed from the Company to the License Holder, against the total outstanding receivable owed from the License Holder to the Company. The receivable due from the License Holder is related to revenues on the provision of equipment leasing, management services, and IP licensing from the Company to the License Holder. As a result of the Settlement Agreement, the due from related party receivable was reduced by \$971,562 and had a remaining balance of \$2,876,226 as at September 30, 2022 (December 31, 2021 - \$1,888,672).

As a result of the Settlement Agreement, the carrying value of the notes payable to related parties is \$nil as at September 30, 2022 (December 31, 2021 – \$864,465). A continuity of notes payable for the period ended September 30, 2022 and December 31, 2021 is as follows:

Balance, January 1, 2021	\$	2,415,991
Accretion expense		159,073
Payment		(1,682,968)
Currency translation adjustment		(27,631)
Balance, December 31, 2021	\$	864,465
Accretion expense		34,566
Settlement of note payable		(971,562)
Currency translation adjustment		72,531
Balance, September 30, 2022	\$	-

As at September 30, 2022, there was a balance of \$2,080,550 (December 31, 2021 - \$2,986,444) due from the License Holder to the Company related to the lease receivable (note 9). In addition, there was a balance of \$16,448 (December 31, 2021 - \$15,214) due from the Company to the License Holder for a refundable security deposit.

(ii) Transactions with other related parties

During the nine-month period ended September 30, 2022 the Company had the following transactions with a company controlled by a former director of the Company (note 9):

- (i) Interest expense on lease obligations of \$52,304 (September 30, 2021 - \$152,317)

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(iii) Key Personnel Compensation

	Three-month period ended		Nine-month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Directors' fees	\$ 13,500	\$ 6,000	\$ 33,000	\$ 18,000
Consulting fees	33,000	33,000	99,000	99,000
Share-based payment	-	9,701	-	244,704
Wages and salaries	72,160	81,328	213,140	219,458
Total	\$ 118,660	\$ 130,029	\$ 345,140	\$ 581,162

During the nine-months ended September 30, 2022, the Company incurred consulting fees of \$54,000 (September 30, 2021 - \$54,000) to a company controlled by the CEO and consulting fees of \$45,000 (September 30, 2021 - \$45,000) to a company controlled by the CFO.

As at September 30, 2022, due to related party balances includes \$23,788 and \$10,542 of unpaid consulting fees to Company controlled by CEO and CFO respectively. In addition, the due to related party balance also includes \$69,601 (December 31, 2021 - \$5,072) due to directors of the Company for unpaid director fees and wages.

9. LEASES

The Company has two building leases (the "Head Leases") which house an integrated cultivation centre and processing facility in Seattle, Washington. The Head Leases were acquired during the year ended April 30, 2020 and include an option to extend until May 31, 2028. The Company subleases (the "Subleases") both the cultivation and processing facilities to the License Holder, with an option to extend the Subleases until May 31, 2028. Under IFRS 16, the Company classified the Subleases as a finance lease because it is for the whole of the remaining term of the Head Leases.

On June 9, 2022, the Company ended one of its building leases housing the cultivation centre. The Company subsequently derecognized the lease obligation on the Head Lease and corresponding lease receivable on the sublease to the License Holder. As a result of the lease termination, a gain on lease termination of \$9,393 was recognized for the nine-months period ended September 30, 2022 (nine-months September 30, 2021 - \$nil). There were no penalties or costs incurred to end the lease arrangement.

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The Company as a Lessee

The facility is subleased to the License Holder with the Company maintaining the lease obligation on the Head Leases. The Company used 9.5% interest rate, its incremental borrowing rate to calculate the present value of the lease payments as well as to calculate the monthly accretion expense. The Company's lease obligations are as follows:

Lease Obligation	September 30, 2022	December 31, 2021
Balance, beginning of period	\$ 3,018,323	\$ 3,286,164
Interest expense	181,738	292,513
Payment of lease obligations	(92,444)	(518,535)
Accrued lease payment	(310,523)	(31,219)
Derecognition of lease obligation	(958,109)	-
Foreign exchange impact	256,453	(10,600)
Balance, end of period	\$ 2,095,438	\$ 3,018,323

Minimum lease payments are as follows:

Minimum lease payments for each fiscal year:	
2022	\$ 106,320
2023(i)	437,685
2024(i)	459,569
2025(i)	482,548
2026(i)	506,675
2027 and thereafter(i)	730,399
Total	\$ 2,723,196
Amount representing interest	(627,758)
Less: Current lease obligation	(247,076)
Long-term lease obligation	\$ 1,848,362

- (I) The Company intends to exercise the extension option on the remaining building lease. This would push the Head Lease end date out to May 31, 2028. However, the Company is only contractually obligated to remit Head Lease payments to May 31, 2023. The minimum Head Lease payments, as detailed in the above table, from May 31, 2023 onward illustrate the potential commitments upon exercise of the extension option.

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The Company as a Lessor

Lease Receivable	September 30, 2022	December 21, 2021
Balance, beginning of period	\$ 2,986,444	\$ 3,241,823
Interest income	190,118	304,649
Accrued sublease payments receivable	(403,135)	(549,754)
Derecognition of lease receivable	(948,153)	-
Foreign exchange impact	255,276	(10,274)
Balance, end of period	\$ 2,080,550	\$ 2,986,444

The Company fair-valued the acquired lease receivables by present valuing the expected lease receivable payments over the life of the lease. The Company uses an interest rate of 10.7% and 9.91%; the interest rates implicit in the lease.

Minimum sublease payments receivable are as follows:

Minimum lease payments receivable for each fiscal year:		
2022	\$	106,320
2023(i)		437,685
2024(i)		459,569
2025(i)		482,548
2026(i)		506,675
2027 and thereafter(i)		758,167
Total	\$	2,750,964
Amount representing interest		(670,414)
Less: Current lease receivable		(237,089)
Long-term lease receivable	\$	1,843,461

- (i) The Company expects that the sublease tenant will exercise the extension option on the remaining sublease, which will push the sublease end date out to May 31, 2028. However, the Company only has the contractual right to receive sublease payments up to May 31, 2023. The minimum sublease payments receivable from May 31, 2023 onward illustrate the potential commitments upon exercise of the extension option.

10. SHARE CAPITAL

Authorized share capital

As at September 30, 2022 and December 31, 2021, the Company is authorized to issue an unlimited number of preferred shares and Class A common shares without par value. As at September 30, 2022 and December 31, 2021, all of the Company's authorized share capital is comprised of Class A common shares. The Company has no other classes of shares that are authorized, issued, or outstanding as at September 30, 2022.

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As at September 30, 2022, 786,520 (December 31, 2021 – 1,179,780) total common shares outstanding were held in escrow subject to the following escrow release schedule:

- 10% - on the date the Company's securities are listed on a Canadian Exchange (May 4, 2020 - the "Listing Date")
- 15% - 6 months after the Listing Date
- 15% - 12 months after the Listing Date
- 15% - 18 months after the Listing Date
- 15% - 24 months after the Listing Date
- 15% - 30 months after the Listing Date
- 15% - 36 months after the Listing Date

At-the-Market Distributions

On November 15, 2021, the Company established an at-the-market equity program (the "ATM Program") that allows the Company to issue and sell up to \$10,000,000 of common shares from treasury to the public, from time to time, and at the Company's discretion. The ATM Program is managed by a broker agent, pursuant to an Equity Distribution Agreement (the "Distribution Agreement"). The agent will be compensated with cash commissions equal to 2% of total gross proceeds raised from any ATM placement. All common shares sold under the ATM Program will be made through sales that are deemed to be "at-the-market distributions" as defined in National Instrument 44-102 – Shelf Distributions, including sales made through the CSE, or any other trading market for the Common Shares in Canada

Issued share capital

During the nine-month period ended September 30, 2022:

At-the-Market Distributions

During the nine-month period ended September 30, 2022 the Company completed a number of ATM placements. An aggregate of 365,000 common shares were issued for total proceeds of \$149,590. During the nine-month periods ended September 30, 2022, the Company incurred total cash commissions of \$2,429 from the ATM placements. As at September 30, 2022, \$nil (December 31, 2021 - \$73,198) of the overall net proceeds from the ATM placements were receivable by the Company from the broker agent.

Shares for debt settlement

During the three and nine-months period ended September 30, 2022, the Company issued 571,506 common shares of the Company as settlement for outstanding accounts payable balances. As a result of this shares for debt settlement, a gain on settlement of \$99,692 was recognized in the condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the three and nine-month period ended September 30, 2022 (three and nine-month period ended September 30, 2021 - \$nil).

During the nine-month period ended September 30, 2021:

During the nine-months period ended September 30, 2021, the Company collected \$3,787,349 and \$163,749 in gross proceeds from the exercise of 2,354,819 share purchase warrants and 125,000 share options respectively. The warrant and option exercises resulted in the issuance of 2,479,819 common shares of the Company.

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During the nine-months period ended September 30, 2021, the Company collected \$33,330 in gross process from the exercise of 26,664 Agent Warrants (“IPO Agent Warrants”) which resulted in the issuance of 26,664 common shares and 13,332 share purchase warrants of the Company. Each share purchase warrant (“Additional Warrants”) is exercisable into one common share of the Company at an exercise price of \$2.00 and expires on April 30, 2022. The exercise of the Agent Warrants also resulted in the reclassification of \$21,295 from warrant reserve to share capital.

Warrants

The changes in warrants during the nine-month period ended September 30, 2022 from December 31, 2021 as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2021	5,214,461	\$ 1.55
Issued (i)	697,332	1.91
Exercised	(2,381,483)	1.60
Expired (ii)	(150,310)	1.95
Balance, December 31, 2021	3,380,000	\$ 1.55
Expired	(1,896,000)	2.15
Balance, September 30, 2022	1,484,000	\$ 0.78

There was no issuances or exercise of warrants during the nine-month period ended September 30, 2022.

- (i) The Company issued 84,000 November Agent Warrants in connection with the November Public Offering. The November Agent Warrants were exercisable into Units which were further comprised of a common share of the Company and one-half of one common share purchase warrant. The November Agent Warrants were fair-valued using the Black Scholes option pricing model and the Geske compound option pricing model with the following weighted average input assumptions:

	Black-scholes option model inputs
Share price at grant date (\$)	\$ 1.15
Exercise Price	\$ 1.25
Expected annual volatility	152.7%
Expected life (in years)	2.00
Expected dividend yield	0%
Risk-free interest rate	1.04%
Fair value per warrant	\$0.80

	Geske compound option model inputs
Share price at grant date (\$)	\$ 1.15
Exercise price of compound warrant (\$)	\$ 0.001
Exercise price of underlying warrant	\$ 1.25
Expected annual volatility	152.7%
Expected life compound warrant (in years)	1.99

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	Geske compound option model inputs
Expected life underlying warrant (in years)	2.00
Expected dividend yield	0%
Risk-free interest rate	1.04%
Fair value per warrant	\$0.815

- (ii) On March 2, 2021, the Company accelerated the expiry of 150,310 share purchase warrants (“IPO warrants”) originally granted as part of the Company’s initial public offering on April 30, 2020. The IPO warrants were subject to early expiry (the “Early Expiry Event”) if the closing price of the Common Shares on the CSE (or any equivalent exchange) was equal to or greater than \$3.00 per Common Share for a period of ten consecutive trading days. The Company determined that as of start of day March 2, 2021 (the “Assessment Date”), that the Company’s Common Share price had been trading at, or greater than, \$3.00 for the last 10 consecutive trading days. As a result, the warrants were accelerated to expire within 30 days from and including the Assessment Date. The accelerated expiry date was September 30, 2021.

Subsequent Measurement of Performance Warrants

As part of the Acquisition Transaction (note 4), the Company previously issued 800,000 Performance Warrants which are subject to vesting conditions based on revenue targets for either the Company or the License Holder. Each Performance Warrant entitles the holder to purchase one Class A common share of the Company at an exercise price of \$0.10. Assuming vesting conditions are met, the holder can elect to exercise the Performance Warrants, on a net settlement basis based on the fair market value of the shares on the exercise date. The Performance Warrants were assessed to be a derivative liability in accordance with IFRS 9 and were measured at fair value on acquisition date using the Black Scholes option pricing model at initial recognition. Subsequently, the Performance Warrants are re-measured to fair-value at each reporting period end date.

The Performance Warrants were re-measured as at September 30, 2022 with a resulting fair-value of \$nil determined (December 31, 2021 - \$nil). This fair value of \$nil was primarily due to a re-assessment of probabilities to achieve vesting conditions. Consequently, no gain or loss on re-measurement was recognized in profit and loss for the three and nine-month periods ended September 30, 2022 (three and nine-month periods September 30, 2021 – gain on remeasurement of \$299,313 and \$10,222 respectively).

As at September 30, 2022, warrants outstanding are as follows:

Number of Warrants Outstanding	Number of Warrants Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
800,000	-	\$ 0.10	April 30, 2023	0.58
600,000	600,000	\$ 2.00	November 1, 2023	1.09
84,000	84,000	\$ 1.25	November 1, 2023	1.09
1,484,000	684,000	\$ 0.93		0.82

11. SHARE-BASED PAYMENTS

Equity incentive plan

The Company implemented an Equity Incentive Plan (the “EIP”) which provides for the grant to eligible directors and employees (including officers) of share options and Restricted Share Rights (“RSR”). The EIP also provides for the grant to eligible directors of Deferred Share Units (“DSU”) which the directors are entitled to redeem for 90 days following retirement or termination from the Board of the Company (the “Board”). The aggregate number of Common Shares that may be subject to issuance under the Equity Incentive Plan, together with any other securities-based compensation arrangements of the Company, shall not exceed 15% of the Company’s issued and outstanding share capital from time to time.

Options are exercisable for a period of five years from the date the Option is granted or such greater or lesser period as determined by the Board. Options may be earlier terminated in the event of death or termination of employment or appointment. Vesting of Options is determined by the Board. Failing a specific vesting determination by the Board, Options automatically become exercisable incrementally over a period of eighteen months from the date of grant, as to: (i) 25% of the total number of shares under Option immediately upon the date of grant; and (ii) at each nine-month interval thereafter, an additional 25% of the total number of shares under Option such that after the 18th month of the Option period, 100% of the Option will be exercisable. The right to exercise an Option may be accelerated in the event a takeover bid in respect of the Common Shares is made.

Concurrent with the granting of the RSR, the Board shall determine the period of time during which the RSR is not vested and the holder of such RSR remains ineligible to receive Common Shares. Such period of time may be reduced or eliminated from time to time for any reason as determined by the Board. Once the RSR vests, the RSR is automatically settled through the issuance of an equivalent number of underlying Common Shares as RSRs held.

DSUs are redeemable during the period commencing on the business day immediately following the date such director ceases to hold any directorship and ending on the 90th day following such date by providing written notice of redemption to the Company. Upon redemption, the director shall be entitled to receive the number of Common Shares equal to the number of DSUs in the director’s account. If the director ceases to hold office during a year where DSUs have been granted in advance of being earned and they have not held office for the entire year, the director will only be entitled to a pro-rated issuance of shares.

The Company’s recorded share-based payment for the three and nine-month periods ended September 30, 2022 and 2021 comprised the following:

	Three-months period ended		Nine-months period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Stock Options (a)	\$ 14,225	\$ 160,108	\$ 43,952	\$ 499,557

(a) Share options

The EIP authorizes the Board to grant options to eligible directors and employees (including officers). The number of options, the exercise price per option, the vesting period and any other terms and conditions of

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options granted from time to time pursuant to the EIP, are determined by the Board at the time of the grant, subject to the defined parameters of the EIP.

The changes in share options during the nine-month period ended September 30, 2022 from December 31, 2021 as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2020	345,000	\$ 1.55
Granted	275,000	1.40
Exercised	(125,000)	1.31
Balance, December 31, 2021	495,000	\$ 1.55
Forfeited (i)	(43,500)	1.70
Balance, September 30, 2022	451,500	\$ 1.54

There was no grants, exercises, or expiration of stock options observed during the nine-month period ended September 30, 2022. The total fair value of stock options granted during the nine-month period ended September 30, 2021 was \$209,125.

- (i) During the nine-months period ended September 30, 2022, 43,500 options were forfeited resulting in a gain on the reversal of previously recognized share-based payment expenses totaling \$28,584. The gain on reversal was recognized in the condensed consolidated interim statement of income (loss) and comprehensive income (loss) for the nine-month period ended September 30, 2022.

Stock options outstanding and exercisable at September 30, 2022 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
25,000	25,000	\$ 1.25	November 15, 2024	2.13
125,000	125,000	\$ 1.40	January 15, 2026	3.30
100,000	100,000	\$ 1.40	September 22, 2026	3.98
201,500	95,750	\$ 1.70	November 10, 2031	9.12
451,500	345,750	\$ 1.53		5.98

(b) RSR

The EIP authorizes the Board to grant RSRs, in its sole and absolute discretion, to any eligible employee or director. Each RSR provides the recipient with the right to receive common shares of the Company as a discretionary payment in consideration of past services or as an incentive for future services. The terms including the vesting period of the RSRs are determined at the sole discretion of the Board.

During the nine-month periods ended September 30, 2022 and 2021, the Company did not issue any RSRs and there are no RSRs outstanding.

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(c) DSU

The EIP authorizes the Board to grant DSUs, in its sole and absolute discretion in a lump sum amount or on regular intervals to eligible directors of the Company.

During the nine-month periods ended September 30, 2022 and 2021, the Company did not issue any DSUs and there were no DSUs outstanding.

12. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash, receivables, accounts payable and accrued liabilities and due to/from related parties approximate their fair values due to the relatively short period to maturity of those financial instruments. The fair value of notes payable to related parties and lease receivable from related parties approximate their carrying value as they were recently fair valued as part of the acquisition purchase price allocation using a market rate of interest. Derivative warrant liability is carried at fair value and revalued at each reporting date.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

As at September 30, 2022 and December 31, 2021, the financial instruments recorded at fair value on the statement of financial position are cash and derivative liability which are measured using Level 1 and Level 3 respectively of the fair value hierarchy.

The following table summarizes the classification of the Company's financial instruments under IFRS 9:

	September 30, 2022	FVTPL	Amortized costs
ASSETS	\$	\$	\$
Cash	2,465	2,465	-
Receivables	24,433	-	24,433
Due from related party	2,876,226	-	2,876,226
Lease receivable	2,080,550	-	2,808,550
Assets classified as held for sale	322,567	322,567	-
LIABILITIES			
Accounts payable and accrual liabilities	1,314,413	-	1,314,413
Bank indebtedness	13,937	-	13,937
Due to related party	103,931	-	103,931

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	December 31, 2021	FVTPL	Amortized costs
ASSETS	\$	\$	\$
Cash	58,805	58,805	-
Receivables	42,572	-	42,572
Due from related party	1,888,672	-	1,888,672
Lease receivable	2,986,444	-	2,986,444
Share subscription receivable	73,198	-	73,198
LIABILITIES			
Accounts payable and accrual liabilities	738,656	-	738,656
Due to related party	11,122	-	11,122
Notes payable	864,465	-	864,465

For the nine-month period ended September 30, 2022 and year ended December 31, 2021, the Company has no financial instruments measured at FVTOCI.

Capital and Risk Management

The Company's objective and policies for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company defines the components of its capital structure as being notes payables and shareholder's equity. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the period. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close cooperation with management.

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, receivables and amounts due from related parties. Receivables are primarily related to GST receivable and other receivable balances. Given the GST is payable by the government of Canada, management feels there is minimal credit risk associated with this receivable balance. Similarly, management feels there is minimal risk for balances due from the License Holder since the License Holder has been paying its obligations to the Company. The Company does not have significant credit risk with respect to customers. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

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Liquidity risk

The Company manages liquidity risk by maintaining adequate cash balances to meet short and long-term business requirements. As at September 30, 2022, all of the Company's financial liabilities have maturities of less than one year. As at September 30, 2022, the Company had cash of \$2,465 (December 31, 2021 – \$58,805) and a working capital of \$1,768,682 (December 31, 2021 – working capital of \$429,910). Refer to note 1 for further discussion regarding going concern.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company holds cash in accounts with variable interest rates, and currently does not carry variable interest-bearing debt. It is management's opinion that the Company is not exposed to significant interest rate risk.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company maintains financial instruments and enters into transactions denominated in foreign currencies, principally in USD, exposing the Company to fluctuating balances and cash flows due to various in foreign exchange rates. The Company has not entered into any foreign currency contracts to mitigate this risk.

The CAD equivalent carrying amounts of the Company's USD denominated monetary assets and monetary liabilities is as follows:

	September 30, 2022	December 31, 2021
ASSETS	\$	\$
Due from related party	2,876,226	1,888,672
Lease receivables	2,080,550	2,986,444
LIABILITIES		
Accounts payable and accrual liabilities	1,272,870	372,421
Bank indebtedness	13,937	-
Due to related party	51,601	11,122
Notes payable	-	864,465
Lease obligation	2,095,438	3,018,323

Assuming all other variables remain constant, a fluctuation of +/- 5.0% in the exchange rate between CAD and USD would impact the net loss for the period by approximately \$30,753 (September 30, 2021 – \$42,689).

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13. SUPPLEMENTAL CASH FLOW INFORMATION

The following are non-cash investing and financing activities that occurred during the nine-month periods ended September 30, 2022 and 2021

	September 30, 2022		September 30, 2021	
Accrued sublease payments receivable	\$	403,135	\$	244,657
Movement from reserve on exercise of options	\$	-	\$	129,706
Movement from reserve on exercise of warrants	\$	-	\$	21,295
Derecognition of equipment	\$	319,362	\$	-
Recognition of assets held-for-sale	\$	303,246	\$	-
Derecognition of lease liability	\$	958,109	\$	-
Derecognition of lease receivable	\$	948,153	\$	-
Shares for debt settlement	\$	142,877	\$	-
Settlement of notes payable	\$	971,562	\$	-
Settlement of due from related party receivable	\$	971,562	\$	-

During the nine-month periods ended September 30, 2022, the Company made cash payments of \$198,895 related to interest (September 30, 2021 - \$147,625).

14. INCOME / (LOSS) PER SHARE

	Three-months ended		Nine-months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
For the period				
Net Income / (loss) from continuing operations	\$ 288,070	\$ (871,666)	629,121	(3,420,568)
Basic weighted average number of common shares outstanding	12,244,773	10,257,742	11,978,534	9,623,107
Income / (loss) per share - basic	\$ 0.02	\$ (0.08)	0.05	(0.36)
Diluted weighted average number of common shares outstanding	12,761,547	10,257,742	12,557,626	9,623,107
Income / (loss) per share - diluted	\$ 0.02	\$ (0.08)	0.05	(0.36)

For the three and nine-month periods ended September 30, 2022, the diluted income per share calculation did not take into consideration the potential dilutive effect of the stock options as all the instruments were anti-dilutive.

For the three and nine-month period ended September 30, 2021, the diluted loss per share calculation did not take into consideration the potential dilutive effect of the stock options or share purchase warrants as all the instruments were anti-dilutive.

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Weighted average number of shares used as the denominator

	Three-months ended	
	September 30, 2022	September 30, 2021
For the period		
Weighted average number of ordinary shares used as the denominator in calculating basic income / (loss) per share	12,244,773	10,257,742
Adjustments for calculation of diluted earnings per share		
Warrants	516,774	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted income / (loss) per share	12,761,547	10,257,742
	Nine-months ended	
	September 30, 2022	September 30, 2021
For the period		
Weighted average number of ordinary shares used as the denominator in calculating basic income / (loss) per share	11,978,534	9,623,107
Adjustments for calculation of diluted earnings per share		
Warrants	579,092	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted income / (loss) per share	12,557,626	9,623,107

15. SUBSEQUENT EVENTS

There were no significant or material events subsequent to September 30, 2022 up to the date of approval over these interim financial statements.