PLANT VEDA FOODS LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended June 30, 2022, and 2021

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company for the six months ended June 30, 2022 have been prepared by and are the responsibility of the Company's management and have not been reviewed by the Company's auditors.

PLANT VEDA FOODS LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	June 30, 2022	December 31, 2021
ASSETS		
Current		
Cash and restricted cash	$ 839,764	$ 856,660
Accounts and other receivable – Note 5	97,306	108,992
Prepaid expenses and deposits – Note 10	232,434	252,171
Inventory – Note 6	92,139	62,018
	1,261,643	1,279,841
Intangible asset	10,430	-
Property and equipment – Note 7	1,215,367	1,165,981
Right of use asset – Note 10	1,842,346	1,946,630
Total Assets	$ 4,329,786	$ 4,392,452
LIABILITIES		
Current		
Accounts payable and accrued liabilities – Notes 8 and 12	$ 658,138	$ 446,275
Convertible loan – current portion – Note 11	18,904	-
Due to related parties – Note 13	20,113	20,885
Government assistance advance – Note 15	147,869	-
Lease liabilities – Note 10	146,170	123,190
	991,194	590,350
Lease liabilities – Note 10	1,828,755	1,910,473
CEBA loan – Note 9	32,416	30,246
Convertible loan – Note 11	870,251	-
Total Liabilities	3,722,616	2,531,069
SHAREHOLDERS' EQUITY		
Share capital – Note 12	7,454,563	6,684,420
Commitment to issue shares – Note 12	-	312,757
Reserves – Note 12	2,331,752	1,068,964
Deficit	(9,179,145)	(6,204,758)
Total Shareholders' Equity	607,170	1,861,383
Total Liabilities and Shareholders' Equity	$ 4,329,786	$ 4,392,452

Going Concern – Note 2

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Sunny Gurnani" Director *"Geoff Balderson"* Director

See accompanying notes to the financial statements

PLANT VEDA FOODS LTD.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenue – Note 17	$ 66,131	$ 64,243	$ 108,336	$ 115,442
Costs of goods sold	66,770	73,351	109,856	112,670
Gross profit	(639)	(9,108)	(1,520)	2,772
Expenses				
Automotive and logistics	8,937	16,732	25,532	21,992
Depreciation – Notes 7 and 10	105,577	66,296	196,853	82,354
General and administrative – Note 13	149,955	80,304	347,913	98,447
Marketing and investor relations	34,673	258,682	381,512	308,172
Professional fees – Note 13	143,061	231,900	292,976	372,326
Share based compensation – Note 13	192,814	1,290,025	1,346,499	1,676,357
Wages and benefits – Note 13	242,490	75,477	474,966	113,939
	(877,507)	(2,019,416)	(3,066,251)	(2,673,587)
Loss before other income (expenses)	(878,146)	(2,028,524)	(3,067,771)	(2,670,815)
Other income (expenses)				
Other income – Note 10	80,797	22,019	113,816	29,089
Income from government assistance – Note 9	108,484	-	122,165	10,429
Interest accretion – Notes 9 and 10	(91,036)	(57,450)	(151,723)	(76,848)
Deferred income tax recovery – Note 11	9,126	-	9,126	-
Net and comprehensive loss for the year	$ (770,775)	$ (2,063,955)	$ (2,974,387)	$ (2,708,145)
Loss per share - basic and diluted	$ (0.02)	$ (0.13)	$ (0.10)	$ (0.18)
Weighted average number of shares outstanding – basic and diluted	31,601,976	15,371,226	31,296,343	14,973,868

See accompanying notes to the financial statements

PLANT VEDA FOODS LTD.
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the period ended June 30, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

	Share capital						
	Issued Shares	**Amount**	**Commitment to Issue Shares**	**Special Warrants**	**Reserves**	**Accumulated Deficit**	**Total**
Balance, December 31, 2020	14,572,095	$ 250,090	$ -	$ -	$ -	$ (204,444)	$ 45,646
Special warrants issued	-	-	-	1,095,227	-	-	1,095,227
Warrants issued	-	-	-	-	909,435	-	909,435
Agent's warrants issued	-	-	-	-	70,956	-	70,956
Share-based compensation	-	-	-	-	782,072	-	782,072
Private placement	4,829,393	4,104,984	-	(1,062,785)	-	-	3,042,199
Share issue cost	-	(575,450)	-	(32,442)	-	-	(607,892)
Exercise of stock options	40,000	34,000	-	-	-	-	34,000
Exercise of warrants	100,000	20,000	-	-	-	-	20,000
Transfer of fair value on stock options exercised	-	17,749	-	-	(17,749)	-	-
Transfer of fair value on warrants exercised	-	6,003	-	-	(6,003)	-	-
Net and comprehensive loss	-	-	-	-	-	(2,708,145)	(2,708,145)
Balance, June 30, 2021	19,541,488	3,857,376	-	-	1,738,711	(2,912,589)	2,683,498
Balance, December 31, 2021	29,519,336	6,684,420	312,757	-	1,068,964	(6,204,758)	1,861,383
Private placement	432,692	225,000	-	-	-	-	225,000
Exercise of stock options	20,000	17,000	-	-	-	-	17,000
Exercise of warrants	1,683,786	336,757	(312,757)	-	-	-	24,000
Convertible note – Note 11	100,000	83,000	-	-	24,675	-	107,675
Share-based compensation	-	-	-	-	1,346,499	-	1,346,499
Transfer of fair value on stock options exercised	-	8,875	-	-	(8,875)	-	-
Transfer of fair value on warrants exercised	-	99,511	-	-	(99,511)	-	-
Net and comprehensive loss	-	-	-	-	-	(2,974,387)	(2,974,387)
Balance, June 30, 2022	31,755,814	$ 7,454,563	$ -	$ -	$ 2,331,752	$ (9,179,145)	$ 607,170

See accompanying notes to the financial statements

PLANT VEDA FOODS LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Six months ended June 30, 2022	Six months ended June 30, 2021
Operating Activities		
Net loss	$ (2,974,387)	$ (2,708,145)
Adjustments for items not involving cash		
Amortization and depreciation	196,853	82,354
Deferred income tax recovery	(9,126)	-
Income from government assistance	-	(10,429)
Government assistance advance used in operations	(108,485)	-
Interest accretion	151,723	76,848
Share based compensation	1,346,499	1,676,357
Changes in non-cash working capital balances related to operations:		
Accounts receivable	11,686	(91,375)
Prepaid expenses and deposit	19,737	(681,270)
Inventory	(30,121)	(8,471)
Accounts payable and accrued liabilities	211,861	333,223
Cash flows used in operating activities	(1,183,759)	(1,330,908)
Investing Activities		
Equipment purchase	(141,955)	(299,342)
Intangible asset expenditures	(10,430)	-
Prepayments on right of use asset	-	(249,464)
Cash flows used in investing activity	(152,385)	(548,806)
Financing Activities		
Advances by (payments to) shareholders	(772)	21
CEBA loan	-	24,475
Government assistance advance received	256,354	-
Lease payments	(177,140)	-
Proceeds from convertible loan	974,806	34,000
Proceeds from exercise of stock options	17,000	34,000
Proceeds from exercise of warrants	24,000	20,000
Proceeds from private placement, net of issuance costs	225,000	2,537,705
Proceeds from issuance of warrants	-	15,150
Proceeds from issuance of special warrants net of issuance costs	-	1,062,785
Cash flows provided by financing activities	1,319,248	3,694,136
Increase in cash during the period	(16,896)	1,814,422
Cash, beginning of the period	856,660	44,495
Cash and restricted cash, end of the period	$ 839,764	$ 1,858,917
Cash and restricted cash is comprised of:		
Cash	$ 691,895	$ 1,858,917
Restricted cash	147,869	-
	$ 839,764	$ 1,858,917
Supplemental cash flow information:		
Equity portion of convertible note	$ 33,801	$ -
Fair value of agent warrants issued	$ -	$ 70,956
Fair value of shares issued for convertible note	$ 83,000	$ -
Fair value of special warrants issued	$ -	$ 305,755
Fair value of stock options issued	$ 1,339,810	$ 782,072
Fair value of restricted stock units issued	$ 6,689	$ -
Fair value transferred on exercise of stock options	$ 8,875	$ -
Fair value transferred on exercise of warrants	$ 99,511	$ -

The Company made no cash payments for interest or income taxes.

See accompanying notes to the financial statements

1. Nature of operations

Plant Veda Foods Ltd. (the "Company") was incorporated under the British Columbia Business Corporations Act on April 5, 2019 and its principal activity is a plant-based beverage and food company specializing in low-processed, all natural, nutritious, allergen free and delicious dairy alternatives. On June 17, 2021, the Company received a receipt from the British Columbia Securities Commission for its long-form prospectus dated June 4, 2021 and commenced trading on the Canadian Securities Exchange ("CSE") on June 21, 2021 under the trading symbol "MILK".

The Company's head office is located at 14640 64 Ave, Unit 313, Surrey, British Columbia V3S 1X7. The Company's registered office is located at 1400—128 West Pender Street, Vancouver, BC V6B 1R8.

2. Basis of preparation

a) Statement of Compliance

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

The financial statements were authorized for issue by the Board of Directors on August 29, 2022.

b) Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at June 30, 2022, the Company has not achieved profitable operations, has accumulated losses of $9,287,629 since inception and expects to incur further losses in the development of its business. The aforementioned conditions have resulted in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations and management is intending to secure additional financing as may be required, there is no assurance it will be able to do so in the future. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amount on its statement of financial position.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this time, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

c) Basis of Measurement

The preparation of financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. See Note 4 for use of estimates and judgments made by management in the application of IFRS.

The financial statements have been prepared on a historical cost basis, except for financial instruments measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements are presented in Canadian dollars which is the functional currency of the Company.

3. Summary of significant accounting policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements for the year ended December 31, 2021. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021.

4. Use of estimates and judgments

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

Significant judgments

Management has made critical judgments in the process of applying accounting policies. The one has the most significant effect on the amounts recognized in the financial statements include:

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 2 (b).

ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

(Unaudited - Expressed in Canadian Dollars)

iii. The Company provides allowances for lifetime expected credit losses based on an assessment of the recoverability of account receivables. Allowances are applied to account receivables at initial recognition based on the probability of default by the customers. Management analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for lifetime expected credit losses. Where the expectation is different from the original estimate, such difference will impact the carrying value of accounts receivable.

iv. The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Deferred income tax assets, including the benefit of losses available to be carried forward to future years, and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities. Deferred tax assets are recognized only if it is probable that they can be realized.

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. The Company determines its allowance for inventory obsolescence based upon expected inventory turnover, inventory aging, the expiry dates of the products, and current and future expectations with respect to product sales. Assumptions underlying the allowance for inventory obsolescence include future sales trends, marketing strategy and others. These estimates could materially change from period to period due to changes in various factors.

ii. The Company uses the Black-Scholes option pricing model to value options and warrants granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.

iii. The Company estimates a market interest rate in determining the fair value of its right-of-use assets. The determination of the market interest rate is subjective and could materially affect the fair value estimate.

5. Accounts and other receivable

	June 30, 2022	December 31, 2021
Accounts receivable	$ 76,621	$ 81,180
GST receivable	20,685	27,912
	$ 97,306	$ 108,992

6. Inventory

	June 30, 2022	December 31, 2021
Raw materials	$ 45,987	$ 27,229
Packaging	45,286	31,841
Finished goods	866	2,948
	$ 92,139	$ 62,018

(Unaudited - Expressed in Canadian Dollars)

7. Property and equipment

	Computer $	Equipment $	Automotive $	Leasehold Improvements $	Office Furniture $	Total $
Cost						
Balance, December 31, 2020	-	-	-	-	-	-
Additions	7,559	977,466	8,400	228,431	1,475	1,223,331
Balance, December 31, 2021	7,559	977,466	8,400	228,431	1,475	1,223,331
Additions	3,498	96,158	-	42,299	-	141,955
Balance, June 30, 2022	11,057	1,073,624	8,400	270,730	1,475	1,365,286
Accumulated Amortization						
Balance, December 31, 2020	-	-	-			-
Amortization	1,451	37,121	1,470	17,159	149	57.350
Balance, December 31, 2021	1,451	37,121	1,470	17,159	149	57,350
Amortization	1,520	63,840	840	26,221	148	92,569
Balance, June 30, 2022	2,971	100,961	2,310	43,380	297	149,919
Net Book Value						
At December 31, 2021	6,108	940,345	6,930	211,272	1,326	1,165,981
At June 30, 2022	8,086	972,663	6,090	227,350	1,178	1,215,367

8. Accounts payable and accrued liabilities

	June 30, 2022	December 31, 2021
Accounts payable	$ 603,789	$ 368,679
Accrued liabilities	54,348	77,596
	$ 658,137	$ 446,275

9. CEBA loan

On May 13, 2020, the Company was approved and received a $40,000 line of credit (“CEBA loan”) under the Canada Emergency Business Account (“CEBA”) program funded by the Government of Canada. The CEBA loan is non-interest bearing and can be repaid without penalty at any time. On June 30, 2021, the outstanding balance on the CEBA loan will automatically convert to a 2-year interest free term loan (“CEBA term loan”). Subsequently, the 2-year interest free term was increased to 3 years. If 75% of the CEBA term loan on June 30, 2021 is repaid on or before December 31, 2023, the repayment of the remaining 25% shall be forgiven. If on December 31, 2023, the Company exercises the option for a 3-year term extension, interest of 5% per annum will apply to any remaining balance during the extension period.

The Company recorded the CEBA loan at fair value using an effective interest rate of 15%. The difference between the amount received and the fair value of the CEBA loan of $16,658 has been recorded as income from government assistance during the year ended December 31, 2020. During the month of January 2021, the Company applied for an additional $20,000 CEBA loan and received $24,475 in funding for a total of $60,000. The Company recorded the additional CEBA loan at fair value using the effective interest rate of 15%. The difference between the amount received and the fair value of the additional CEBA loan of $19,315 has been recorded as income from government assistance as at December 31, 2022.

As at June 30, 2022, the Company recorded interest accretion expense of $2,170 (December 31, 2021 – $4,938) , and the carrying value of the loan was $32,416 (December 31, 2021 – $30,246). As at June 30, 2022, the Company had utilized $60,000 (December 31, 2021 – $60,000) of the of the available $60,000 (December 31, 2021 – $60,000) CEBA loan.

(Unaudited - Expressed in Canadian Dollars)

10. Right of use asset and lease liabilities

On March 5, 2021, the Company entered into a five-year lease agreement with a five-year renewal option for 15,381 square foot warehouse and production facility with 9,325 square feet of office space. On the commencement date of the lease, the Company prepaid $249,464 of rent which was capitalized to the right of use asset.

Right of use office lease		June 30, 2022		December 31, 2021
Balance, opening	$	1,946,630	$	-
Additions		-		2,120,436
Depreciation		(104,284)		(173,806)
Balance, ending	$	1,842,346	$	1,946,630

The lease liability was measured at the present value of the remaining lease payments with a ten-year lease term and discounted using the Company's incremental borrowing rate of 12% per annum. As at June 30, 2022, the remaining lease term is approximately 9.09 years. As the prepaid rent will be applied to the first seven months, the first lease payment was due on December 1, 2021.

Lease liabilities		June 30, 2022		December 31, 2021
Balance, opening	$	2,033,663	$	-
Lease liability addition		-		1,870,972
Lease payments		(177,140)		(29,348)
Interest accretion		118,403		192,039
Balance, ending	$	1,974,926	$	2,033,663
Current portion	$	146,170	$	123,190
Long Term		1,828,755		1,910,473
Balance, ending	$	1,974,926	$	2,033,663

The maturity analysis of the undiscounted contractual balances of the lease liabilities is as follows:

Maturity analysis		June 30, 2022
Less than one year	$	359,521
One to three years		1,111,057
Three to five years		704,368
Greater than five years		997,855
Total undiscounted lease liabilities		3,172,801
Amount representing implicit interest		(1,197,875)
Lease liabilities	$	1,974,926

On May 1, 2021, the Company entered into a one-year sublease agreement, expiring on April 30, 2022, with a third-party to use a portion of the warehouse and office space in exchange for monthly payments of $11,000. The Company has recognized this sublease agreement as an operating lease and recognizes the rental income as other income in the statement of loss and comprehensive loss.

11. Convertible loan

On April 19, 2022, the Company entered into a convertible loan agreement for $1,000,000 that bears interest at a rate of 10% per annum that matures on April 22, 2024. The principal and accrued but unpaid interest is convertible into units of the Company. Each unit is comprised of one common share and one warrant, with each warrant exercisable at a price of $0.85 per share for a period of two years from the date of issuance. The conversion feature can be exercised by the loan holder on or before April 22, 2024. If the Company is in default of payments pursuant to the agreement, any outstanding principal will accrue interest at a rate of 20% per annum, compounding monthly.

The loan's embedded conversion feature was determined to meet the definition of a compound financial instrument and the Company has assigned a fair value to the debt and any residual amounts are recorded as equity. The fair value of the conversion feature was determined to be $33,801 and was recorded in reserves on the statement of financial position. The Company recognized a deferred income tax recovery on the equity component of the convertible loan of $9,126 in the statement of loss and comprehensive loss.

The borrowing amount of the convertible loan represents the debt element of the loan, without the conversion feature, recorded at its amortized cost as at June 30, 2022 using an effective interest rate of 19%. The current portion of the convertible loan represents accrued interest.

12. Share capital

a) Authorized:

Unlimited voting common shares without par value.
Unlimited non-voting common shares without par value.
Unlimited preferred shares without par value.

b) Issued:

<u>During the six months ended June 30, 2022</u>

On April 22, 2022, the Company completed a non-brokered private placement of 432,692 units at a price of $0.52 for gross proceeds of $225,000. Each unit is comprised of one common share and one warrant, with each warrant exercisable at a price of $0.85 and expiring on April 22, 2024.

On April 22, 2022, the Company entered into a convertible loan agreement and issued 100,000 common shares valued at $83,000 as consideration for $1,000,000 convertible loan (Note 11).

During the period ended June 30, 2022, the Company issued 20,000 common shares for proceeds of $17,000 on the exercise of 20,000 stock options. The weighted average share price was $1.12 when the stock options were exercised, and the fair value of stock options transferred from contributed surplus to share capital was $8,875.

During the period ended June 30, 2022, the Company issued 1,683,786 common shares for proceeds of $336,757 on the exercise of 1,683,786 warrants. The weighted average share price was $1.14 when the warrants were exercised, and the fair value of warrants transferred from contributed surplus to share capital on the exercise of warrants was $99,511.

<u>During the year ended December 31, 2021</u>

On June 15, 2021, 1,288,493 special warrants were converted into 1,288,493 units (the "Unit"). Each unit is comprised of one common share and one-half warrant, exercisable into one common share at an exercise price of $2.50 and expiring on June 15, 2023.

On June 15, 2021, 3,540,900 subscription receipts were converted into 3,540,900 units. Each unit is comprised of one common share of the Company and one-half warrant, with each whole warrant exercisable into one common share of the Company at an exercise price of $2.50 and expiring on June 15, 2023.

On March 18, 2021, the Company completed a private placement of 3,540,900 subscription receipts at $0.85 per subscription receipts for gross proceeds of $3,009,765. Upon the Company's shares being listed on the CSE, the subscription receipts will be automatically exchanged into one Unit.

In connection with the subscription receipts financing on March 18, 2021, the Company paid $77,076 in agent's expenses and out-of-pocket costs, incurred $220,150 in legal costs, paid $174,826 in broker commissions, and issued agent warrants valued at $70,956 for total share issue costs of $543,008.

In connection with the subscription receipts, the Company issued 194,733 agent warrants exercisable at $1.25 for a period of two years from the date of issuance. The agents' warrants were determined to have a fair value of $70,956 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.26%; dividend yield of 0%; annualized volatility of 100% and expected life of two years.

On February 3, 2021, the Company, issued 1,288,493 special warrants at a price of $0.85 per warrant for gross proceeds of $1,095,220. The special warrants will automatically convert into one unit upon the earlier of (i) four months and one day following the closing of the special warrant financing and (ii) two business days after the date on which the Company receives a receipt from the British Columbia Securities Commission on the Company's final long form prospectus. Each unit consists of one common share and one-half warrant.

Each warrant is exercisable into one common share at a price of $2.50 for a period of two year's following the conversion of the special warrants. The Company recorded $32,442 in share issue cost in connection with the issuance of the special warrants.

During the year ended December 31, 2021, the Company issued 275,000 common shares for proceeds of $233,750 on the exercise of 275,000 stock options and incurred share issue costs of $560. The weighted average share price was $1.61 when the stock options were exercised, and the fair value of stock options transferred from contributed surplus to share capital was $122,026.

During the year ended December 31, 2021, the Company issued 9,842,848 common shares for proceeds of $1,968,570 on the exercise of 9,842,848 warrants. The weighted average share price was $1.66 when the warrants were exercised, and the fair value of warrants transferred from contributed surplus to share capital on the exercise of warrants was $581,010. The Company also received proceeds of $312,757 pursuant to a warrant exercise where common shares were issued subsequent to year-end, see Note 17 for additional details.

(Unaudited - Expressed in Canadian Dollars)

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Period Ended June 30, 2022		**Year Ended December 31, 2021**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	7,721,855	$ 0.92	-	$ -
Issued	432,692	$ 0.85	17,564,703	$ 0.52
Exercised	(1,683,786)	$ 0.20	(9,842,848)	$ 0.20
Outstanding, end of period	6,470,761	$ 1.10	7,721,855	$ 0.92

The following warrants were outstanding and exercisable at June 30, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
June 15, 2023	0.96	$ 2.50	2,414,703	2,414,703
June 21, 2023	0.98	$ 0.20	3,623,366	3,623,366
April 22, 2024	1.81	$ 0.85	432,692	432,692
	1.22		6,470,761	6,470,761

d) Agent Warrants

Agent warrant transactions and the number of agent warrants outstanding are summarized as follows:

	Period Ended June 30, 2022		**Year Ended December 31, 2021**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	194,733	$ 1.25	-	$ -
Issued	-	$ -	194,733	$ 1.25
Outstanding, end of period	194,733	$ 1.25	194,733	$ 1.25

The following agent warrants were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
March 19, 2023	0.72	$ 1.25	194,733	194,733
	0.72		194,733	194,733

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its agent warrants granted. During the period ended June 30, 2022, Nil (year ended December 31, 2021 – 194,733) agent warrants were issued with a fair value of $Nil (year ended December 31, 2021 – $70,956).

(Unaudited - Expressed in Canadian Dollars)

The fair value of agent warrants issued was calculated using the following weighted average assumptions:

	Period Ended June 30, 2022	**Year Ended December 31, 2021**
Expected life (years)	N/A	2
Risk-free interest rate	N/A	0.26%
Annualized volatility*	N/A	100%
Dividend yield	N/A	0.00%
Stock price at issue date	N/A	$0.85
Exercise price	N/A	$1.25
Weighted average issue date fair value	N/A	$0.36

*The annualized volatility was determined using the average of three comparable entities' historical volatility in share price.

d) Stock Options

The Company has adopted a new Omnibus Equity Incentive Plan (the "Omnibus Plan") that supersedes the 2021 stock option plan, which allows the Company to grant incentive stock options, restricted share units, deferred share units, performance share units, and other share-based awards (the "Omnibus Plan Awards") to directors, officers, employees, and consultants. Under the plan, the aggregate number of common shares that may be subject to the Omnibus Plan Awards may not exceed 20% of the issued common shares of the Company as of the date of grant, including options granted prior to the adoption of the plan. Omnibus Plan Awards terms are determined by the Board of Directors and vest when granted unless otherwise specified by the Board.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Period Ended June 30, 2022		**Year Ended December 31, 2021**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,497,500	$ 0.86	-	$ -
Issued	3,130,000	$ 0.85	1,772,500	$ 0.86
Exercised	(20,000)	$ 0.85	(275,000)	$ 0.85
Outstanding, end of period	4,607,500	$ 0.85	1,497,500	$ 0.86

The following stock options were outstanding and exercisable at June 30, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
May 31, 2023	0.92	$ 0.85	1,467,500	1,467,500
July 20, 2023	1.05	$ 1.81	10,000	10,000
February 28, 2024	1.67	$ 0.85	2,130,000	2,130,000
February 28, 2025	2.67	$ 0.85	1,000,000	1,000,000
	1.64		4,607,500	4,607,500

(Unaudited - Expressed in Canadian Dollars)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. During the period ended June 30, 2022, 3,130,000 (year ended December 31, 2021 – 1,772,500) stock options were issued with a fair value of $1,339,810 (year ended December 31, 2021 – $791,609).

The fair value of stock options issued was calculated using the following weighted average assumptions:

	Period Ended June 30, 2022	**Year Ended December 31, 2021**
Expected life (years)	2 – 3	2
Risk-free interest rate	1.47%	0.32%
Annualized volatility*	100%	100%
Dividend yield	0.00%	0.00%
Stock price at issue date	$0.85	$0.86
Exercise price	$0.85	$0.86
Weighted average issue date fair value	$0.47	$0.45

*The annualized volatility was determined using the average of three comparable entities' historical volatility in share price.

e) Performance Warrants

On February 3, 2021, the Company issued 6,000,000 performance warrants to management and directors. 1,000,000 performance warrants are exercisable into one common share for five years at an exercise price of $0.02 upon the Company reaching cumulative gross revenue from sales of $15,000,000 on or prior to February 3, 2031. 3,000,000 performance warrants are exercisable into one common share for five years at an exercise price of $0.02 upon the Company reaching cumulative gross revenue from sales of $50,000,000 on or prior to February 3, 2031. 2,000,000 performance warrants are exercisable into one common share for five years at an exercise price of $0.02 upon the Company reaching cumulative gross revenue from sales of $75,000,000 on or prior to February 3, 2031. The Company recorded $NIL in share-based compensation in relation to the performance warrants as the Company determined the likelihood of reaching the performance targets to be remote.

f) Restricted Stock Units

On February 28, 2022, the Company issued 79,000 restricted stock unit awards, under which the holder has the right to receive an aggregate of 79,000 shares of the Company. These restricted stock unit awards vest in three tranches every twelve months from the date of issuance until February 28, 2025. As at June 30, 2022, the Company recorded share-based compensation of $6,689 related to the vesting of the restricted stock units.

(Unaudited - Expressed in Canadian Dollars)

13. Related party transactions

Key management compensation

Related party transactions not otherwise described in these financial statements are shown below.

The remuneration of the Company's directors and other members of key management, individuals who have the authority and responsibility for planning, directing, and controlling the activities of the Company, and their affiliated companies for the period ended June 30, 2022, and year ended December 31, 2021 are as follows:

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Rent	$ -	$ 13,500
Professional fees	85,000	157,500
Wages and benefits	147,692	225,615
Share-based compensation	-	324,809
	$ 232,692	$ 721,424

Key management personnel consist of the CEO, CFO, and the President of the Company. During the period ended June 30, 2022, the Company paid consulting fees of $85,000 (December 31, 2021 – $157,500) to key management personnel. During the period ended June 30, 2022, the Company had sales to a company controlled by a former director of the Company in the amount of $11,290 (December 31, 2021 – $19,680).

Accounts payable and accrued liabilities at June 30, 2022 includes $55,067 (December 31, 2021 – $44,317) owed to a director and officers of the Company for unpaid consulting fees and $Nil (December 31, 2021 – $4,815) owed to a company controlled by a former director of the Company. Accounts receivable at June 30, 2022 includes $709 (December 31, 2021 – $8,222) due from a company controlled by a former director of the Company. At June 30, 2022, the Company had advances of $20,013 (December 31, 2021 – $15,442) due to current directors and officers of the Company. The advances are non-interest bearing, unsecured and due on demand.

14. Financial instruments

A fair value hierarchy prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to their short-term nature.

The carrying value of the CEBA loan is not significantly different than its fair value.

(Unaudited - Expressed in Canadian Dollars)

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

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company reduces its credit risk on cash by

placing these instruments with institutions of high credit worthiness. The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent losses. The Company's maximum exposure to credit risk is the carrying amounts of cash and accounts receivable on the statements of financial position.

Accounts receivable primarily consist of trade receivables. The Company provides credit to very limited customer base in the normal course of business and has established credit evaluation via an active direct consultation with its customers to mitigate credit risk. Accounts receivable are shown net of any provision made for impairment of receivables. Due to this factor, the Company believes that no additional credit risk, beyond amounts provided for collection loss, is inherent in accounts receivable.

Expected credit loss ("ECL") analysis is performed at each reporting date using an objective approach to measure expected credit losses. The provision amounts are based on direct management interface with the customer. The calculations reflect the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period.

The aging analysis of accounts receivable is as follows:

		June 30, 2022		**December 31, 2021**
Current to 3 months	$	71,288	$	63,526
Over 3 months		5,333		17,654
Allowance provided		-		-
Trade receivables	$	76,621	$	81,180

b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. As at June 30, 2022, the Company has working capital of $270,449. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through equity and debt offerings and advances from related parties, but there can be no assurance that such financing will be available on terms acceptable to the Company.

c) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to significant risks associated with the effects of fluctuations in the prevailing levels of market interest rates.

(Unaudited - Expressed in Canadian Dollars)

15. Government assistance advance

On March 28, 2022, the Company entered into a master project agreement with Protein Industries Canada Inc. ("PIC"), Avena Foods Ltd., HPP Canada, and Thirstea Beverages Ltd. to develop and commercialize cost-effective oat concentrates. These oat concentrates will then be used to make new plant-based food and beverage products.

In accordance with the project, the Company received an advance of $256,354 from PIC as a funding contribution for efforts expended towards advancing the project. During the six months ended June 30, 2022, the Company has utilized $108,485 of the advance and retains $147,869 as restricted cash.

16. Management of capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its business and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' deficit, as well as cash.

The Company manages the capital structure and makes adjustments to 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 shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to any external capital requirements. There were no changes to the Company's approach to capital management during the period ended June 30, 2022.

17. Major customers

Major customers are defined as customers that each individually account for greater than 10% of the Company's revenues. For the period ended June 30, 2022, and year ended December 31, 2021, the following revenue was recorded from major customers comprising 75% (2021 – 70%) of gross revenues:

	Period Ended June 30, 2022	Year Ended December 31, 2021
Customer A	$ 11,290	$ 19,680
Customer B	$ 25,045	$ 54,607
Customer C	$ 37,364	$ 81,020