FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Digicann Ventures Inc. (formerly Agra Ventures Ltd.) (the "Issuer" or (the "Company").

Trading Symbol: DCNN (formerly "AGRA")

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

Third Quarter (nine-month period) ended September 30, 2023. The condensed consolidated interim financial statements of the Issuer for the period ended **September 30, 2023** as filed with the securities regulatory authorities, are attached to this Form 5 – Quarterly Listing Statement as Appendix "A".

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

(b) A description of the transaction(s), including those for which no amount has been recorded.

(c) The recorded amount of the transactions classified by financial statement category.

(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

(e) Contractual obligations with Related Persons, separate from other contractual obligations.

(f) Contingencies involving Related Persons, separate from other contingencies.

With respect to related party transactions for information supplementary to that contained in the notes to the condensed consolidated interim financial statements, which are attached hereto, please refer to Management's Discussion & Analysis for the period ended **September 30, 2023** as filed with securities regulatory authorities and attached to this Form 5 - Quarterly Listing Statement as Appendix B.

Please note that on August 8, 2023, the Company consolidated its shares on a twenty-five (25) pre-consolidated to one (1) post-consolidation share basis. The condensed interim consolidated financial statements and the information in this Form 5 reflect the post-consolidated securities (except where indicated).

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number(1)	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Sept 13/23	**Common Shares**	**Conversion of Convertible Debentures**	**1,540,000**	**Deemed $0.05 per share**	**N/A**	**Cash**	**Arm's Length**	**N/A**
Sept 14/23	**Restricted Share Units ("RSU"s)**	**Issuance of RSUs pursuant to the Issuer's RSU Plan(2)**	**718,327**	**Deemed $0.05 per share**	**N/A**	**Cash**	**The RSUs were granted to insiders of the Issuer(2)**	**N/A**
Sept 18/23	**Common Shares**	**Exercise of Vested RSUs**	**718,327**	**Deemed $0.05 per share**	**N/A**	**Cash**	**The RSUs were exercised by insiders of the Issuer(2)**	**N/A**
Sept 21/23	**Common Shares**	**Conversion of Convertible Debentures**	**1,980,000**	**Deemed $0.05 per share**	**N/A**	**Cash**	**Arm's Length**	**N/A**
Sept 29/23	**Common Shares**	**Conversion of Convertible Debentures**	**2,464,000**	**Deemed $0.05 per share**	**N/A**	**Cash**	**Arm's Length**	**N/A**

Notes:

(1) The number reflected is after the Company consolidated its shares on a twenty-five (25) pre-consolidated to one (1) post-consolidation share basis on August 8, 2023.

(2) On September 14, 2023, the Issuer announced that it granted 718,327 restricted share units (the "**RSUs**") to certain directors and officers of the Company. The RSUs are granted pursuant to the terms of the RSU Plan approved by the shareholders of the Company and are subject to the policies of the Canadian Securities Exchange.

(b) summary of options granted during the period,

There were no stock options granted during the period.

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

As at September 30, 2023, the authorized capital of the Issuer consisted of an unlimited number of common shares without par value, and without any special rights or restrictions, of which **13,234,113** common shares were issued and outstanding**.**

Each holder of a common shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company, except meetings at which only holders of other classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each common share held by such holder.

The holders of common shares shall be entitled to receive dividends if and when declared by the directors.

In the event of any liquidation, dissolution or winding-up of the Company or other distribution of the assets of the company among its shareholders for the purpose of winding-up its affairs, the holders of Common shares shall be entitled, subject to the rights of the holders of shares of any class ranking prior to the common shares, to receive the remaining property or assets of the Company.

(b) number and recorded value for shares issued and outstanding,

Date	Share Class	Number of Shares(1)	Recorded value of shares(1)
September 30, 2023	Common	13,234,113	$204,337,149

Note:

(1) On August 8, 2023, the Company consolidated its shares on a twenty five (25) pre-consolidated to one (1) post-consolidation share basis. These consolidated financial statements reflect the post-consolidated shares.

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Options

Options to purchase common shares in the capital of the Issuer are granted by the Issuer's Board of Directors to eligible persons pursuant to the Issuer's Stock Option Plan.

As at September 30, 2023, the following options were outstanding entitling holders to purchase common shares in the capital of the Issuer as summarized below:

Date of Grant	Number of Options[1]	Exercise Price	Expiry Date
Oct 31, 2018	133[2]	$532.50	Oct 31, 2023
May 21, 2019	520	$1,725.00	May 21, 2024
May 30, 2019	267	$1,462.50	May 30, 2024
Aug 1, 2019	760	$1,162.50	Aug 1, 2024
Jul 11, 2019	1,091	$1,218.75	May 17, 2024
Apr 30, 2020	21,733	$281.25	Apr 30, 2025
TOTAL	**24,504**		

Note:

(1) On August 8, 2023, the Company consolidated its shares on a twenty five (25) pre-consolidated to one (1) post-consolidation share basis. These consolidated financial statements reflect the post-consolidated shares.

(2) Subsequent to the period end, 133 stock options expired without being exercised

Warrants

As at September 30, 2023, the following warrants were outstanding entitling holders to purchase common shares in the capital of the Issuer as summarized below:

Date of Grant	Number of Warrants[1]	Exercise Price	Expiry Date
Jul 8, 2020	3,097	$375.00	Jul 8, 2025
May 25, 2020	5,531	$375.00	May 25, 2025
Apr 30, 2020	71,111	$375.00	Apr 30, 2025
	TOTAL: 79,739		

Note:

(1) On August 8, 2023, the Company consolidated its shares on a twenty five (25) pre-consolidated to one (1) post-consolidation share basis. These consolidated financial statements reflect the post-consolidated shares.

(a) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

As at September 30, 2023 and December 31, 2022, Nil shares were held in escrow.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name of Director/Officer	Position with Issuer
Nick Kuzyk	Director & CEO
Fiona Fitzmaurice	Director, CFO, & Corporate Secretary
Anthony Carnevale	Director
Jonathan Hirsh	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Management's Discussion & Analysis for the period ended September 30, 2023, as filed with securities regulatory authorities, is attached to this Form 5 - Quarterly Listing Statement as Appendix "B".

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated November 17, 2023

Nick Kuzyk
Name of Director or Senior Officer

"Nick Kuzyk"
Signature

Director & CEO
Official Capacity

Issuer Details Name of Issuer Digicann Ventures Inc. (formerly Agra Ventures Ltd.)	For Quarter Ended Sept 30, 2023	Date of Report YY/MM/D 23/11/17
Issuer Address Suite 1890 – 1075 West Georgia Street		
City/Province/Postal Code Vancouver, BC V6E 3C9	Issuer Fax No. 604-687-3141	Issuer Telephone No. 604-687-2038
Contact Name Nick Kuzyk	Contact Position Director & CEO	Contact Telephone No. 604-687-2038
Contact Email Address nick@digicann.io	Web Site Address www.digicann.io	

APPENDIX A

DIGICANN VENTURES INC. (FORMERLY AGRA VENTURES LTD.)

Condensed consolidated interim financial statements for the period ended September 30, 2023

Digicann Ventures Inc. (formerly AGRA VENTURES LTD.)

Condensed Interim Consolidated Financial Statements
Nine Months Ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

Notice to Readers

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

The accompanying unaudited condensed interim consolidated financial statements of Digicann Ventures Inc. (formerly Agra Ventures Ltd.) for the nine months ended September 30, 2023 and 2022 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These condensed interim consolidated financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

	Notes	September 30, 2023	December 31, 2022 (Audited)
ASSETS			
Current assets			
Cash		$ 2,333,463	$ 304,255
Amounts receivable	4	304,110	80,180
Inventory	20	-	77,891
Marketable Securities	9	450,000	575,347
Prepaids and deposits	6	4,636	57,063
TOTAL ASSETS		**$ 3,092,209**	**$ 1,094,736**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	14, 19	$ 425,016	$ 1,203,576
Deposits	25	-	297,001
Loans payable	17	71,680	806,759
Convertible loan payable	16	16,235,276	17,725,819
Derivative liabilities	16	28	28
TOTAL LIABILITIES		**16,732,000**	**20,033,183**
SHAREHOLDERS' DEFICIT			
Share capital	18	204,337,149	203,844,282
Reserves	18	12,589,587	25,066,524
Accumulated other comprehensive income		(6,153)	32,117
Deficit		(230,430,477)	(247,710,719)
Attributable to shareholders		(13,509,894)	(18,767,796)
Non-controlling interest	12	(129,897)	(170,651)
TOTAL SHAREHOLDERS' DEFICIT		**(13,639,791)**	**(18,938,447)**
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**$ 3,092,209**	**$ 1,094,736**

Nature and continuance of operations (Note 1)
Commitments (Note 24)
Discontinued operations (Note 27)
Intangible assets and goodwill (Note 8)
Lease liabilities (Note 15)
Loans receivable (Note 5)
Property and equipment (Note 7)
Sale of subsidiaries (Note 26)
Subsequent events (Note 29)
Investments and joint venture (Notes 10 and 11)
Convertible loans receivable (Note 13)

Approved on behalf of the Board of Directors:

"Nick Kuzyk"
Director

"Fiona Fitzmaurice"
Director

Digicann Ventures Inc. (formerly AGRA VENTURES LTD.)
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Notes	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Sales		$ 113,742	$ 172,794	$ 389,073	$ 491,585
Cost of goods sold		(50,060)	(74,954)	(190,532)	(278,295)
		63,682	97,840	198,541	213,290
Expenses					
Amortization	7,8	-	27,362	-	119,320
Consulting and management	19	92,120	236,090	309,912	489,777
Corporate development		20,668	16,464	38,178	39,325
Finance and other costs	16, 17	600,439	930,792	1,855,476	2,551,005
Foreign exchange loss (gain)		(17,555)	7,886	(16,335)	94,618
Development and compliance		-	-	-	1,413
Due diligence		-	-	-	3,424
Insurance		32,440	1,935	71,367	31,277
Investor communication		44	-	44	-
Office and sundry		40,909	12,065	94,519	40,971
Other general and operating costs		40,452	46,007	100,326	129,623
Professional fees		79,262	244,157	361,454	562,749
Regulatory and transfer agent fees		58,174	29,979	129,190	139,884
Rent expense		-	16,230	-	62,000
Share-based payment expense	18	17,958	-	17,958	-
Wages and salary		28,025	42,519	99,527	128,149
		(992,936)	(1,611,486)	(3,061,616)	(4,393,535)
Loss before other items		(953,004)	(1,513,646)	(2,886,825)	(4,180,245)
Other items					
Fair value movement on investments	10	-	-	-	16,790
Gain (loss) on debt settlement	14,16,18	179,190	1,156,099	2,202,523	2,961,863
Gain (loss) on modification of debt	16	(12,522)	92,988	650,154	1,579,362
Loss on sale of marketable securities	9	(102,415)	-	(81,000)	-
Gain on loan forgiveness	17	-	-	752,703	-
Gain on write-off of accounts payable	14	462,923	241,750	465,822	247,400
Gain on sale of subsidiary	26	1,322,958	-	3,292,057	-
Loan recovery	13	-	-	225,000	-
Unrealized loss on marketable securities	9	-	(55,151)	(50,000)	(639,697)
Government grants	17	-	5,345	-	18,400
Interest income	5	-	167,566	-	493,689
Royalty revenues	21	-	-	-	52,600
Gain on lease forgiveness	15	-	-	-	159,614
Write-off of investments	10	-	(1,288,600)	-	(1,288,600)
Write-off of accounts receivable	4	(125)	-	(125)	(2,189)
Write-off of inventory	20	-	-	-	(18,160)
Net income (loss) for the period for continuing operations		**920,755**	**(1,193,649)**	**4,594,059**	**(599,173)**
Net income (loss) for the period for discontinued operations	1, 11, 27	**-**	**(1,175,830)**	**250,000**	**(4,449,680)**
Net income (loss) for the period before other items		**920,755**	**(2,369,479)**	**4,844,059**	**(5,048,853)**
Other Comprehensive Income					
Foreign Exchange gain on translating foreign operations		(17,565)	6,298	(38,270)	62,281
Net and comprehensive income (loss) for the period		**$ 903,190**	**$ (2,363,181)**	**$ 4,805,789**	**$ (4,986,572)**
Net income (loss) attributable to:					
Shareholders of Digicann Ventures Inc.		$ 880,001	$ (2,369,479)	$ 4,803,305	$ (5,048,853)
Non-controlling interests	12	40,754	-	40,754	-
		$ 920,755	**$ (2,369,479)**	**$ 4,844,059**	**$ (5,048,853)**
Net and comprehensive income (loss) attributable to:					
Shareholders of Digicann Ventures Inc.		$ 862,436	$ (2,363,181)	$ 4,765,035	$ (4,986,572)
Non-controlling interests	12	40,754	-	40,754	-
		$ 903,190	**$ (2,363,181)**	**$ 4,805,789**	**$ (4,986,572)**
Net income per share – basic and diluted		**$ 0.11**	**$ (0.87)**	**$ 0.60**	**$ (3.50)**
Weighted average number of common shares outstanding		**8,005,256**	**2,714,494**	**8,055,128**	**1,422,876**

Digicann Ventures Inc. (formerly AGRA VENTURES LTD.)
Condensed Interim Consolidated Statements of Changes in Equity (Deficit)
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Share capital							
	Number of shares[1]	Amount	Share-based payments reserve	Warrants reserve	Non-controlling interest	Accumulated other comprehensive income	Deficit	Total
Balance at December 31, 2021	**535,540**	**$ 199,883,816**	**$ 5,492,112**	**$ 20,019,553**	**$ (170,651)**	**$ 67,126**	**$ (206,243,336)**	**$ 19,048,620**
Net and comprehensive loss for the period	-	-	-	-	-	62,281	(5,048,853)	(4,986,572)
Fair value of options expired	-	-	(467,354)	-	-	-	467,354	-
Shares for debt settlement (Note 18)	34,974	283,434	-	-	-	-	-	283,434
Shares for interest payment of amended convertible debentures (Note 16 and 18)	48,000	468,000	-	-	-	-	-	468,000
Conversion of debentures (Notes 16 and 18)	2,935,561	2,988,823	-	-	-	-	-	2,988,823
Balance at September 30, 2022	**3,544,075**	**$ 203,624,073**	**$ 5,024,758**	**$ 20,019,553**	**$ (170,651)**	**$ 129,407**	**$ (210,824,835)**	**$ 17,802,305**
Balance at December 31, 2022	**4,304,762**	**$ 203,844,282**	**$ 5,046,971**	**$ 20,019,553**	**$ (170,651)**	**$ 32,117**	**$ (247,710,719)**	**$ (18,938,447)**
Net and comprehensive income for the period	-	-	-	-	40,754	(38,270)	4,803,305	4,805,789
Fair value of options expired	-	-	(451,329)	-	-	-	451,329	-
Fair value of warrants expired	-	-	-	(12,025,608)	-	-	12,025,608	-
Shares issued for RSU conversion (Note 18)	718,327	17,958	(17,958)	-	-	-	-	-
Share-based payments – RSU	-	-	17,958	-	-	-	-	17,958
Shares for debt settlement (Note 18)	1,331,691	131,066	-	-	-	-	-	131,066
Conversion of debentures (Note 16 and 18)	6,879,333	343,843	-	-	-	-	-	343,843
Balance at September 30, 2023	**13,234,113**	**$ 204,337,149**	**$ 4,595,642**	**$ 7,993,945**	**$ (129,897)**	**$ (6,153)**	**$ (230,430,477)**	**$ (13,639,791)**

On August 8, 2023, the Company consolidated its shares on a twenty five (25) pre-consolidated to one (1) post-consolidation share basis. These consolidated financial statements reflect the post-consolidated shares.

Digicann Ventures Inc. (formerly AGRA VENTURES LTD.)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Period ended September 30, 2023	September 30, 2022
Operating activities		
Net income (loss) for the period	$ 4,805,789	$ (5,048,853)
Adjustments for:		
Accrued interest	1,796,410	2,522,299
Amortization (Notes 7 and 8)	-	119,320
Interest income (Note 5)	-	(493,689)
Gain on termination of lease (Note 15)	-	(159,614)
Gain on debt settlement (Note 18)	(2,202,523)	(2,961,863)
Gain on modification of debt (Note 16)	(650,154)	(1,579,362)
Gain on forgiveness of loan (Note 17)	(752,703)	-
Recovery from sale of subsidiary (Note 26)	(3,292,057)	-
Government grants	-	(18,400)
Fair value change on movement in investments (Note 13)	-	(16,790)
Loss on sale of marketable securities (Note 9)	81,000	-
Unrealized loss on marketable securities (Note 9)	50,000	639,697
Shares issued for interest expense (Note 18)	59,066	20,945
Share-based payments – RSU (Note 18)	17,958	-
Foreign exchange loss (gain)	(16,335)	94,637
Write-off of investments (Note 10)	-	1,288,600
Write-off of amounts receivable (Note 4)	125	2,189
Changes in non-cash working capital items:		
Accounts receivable	441,310	(66,986)
Prepaids and deposits	52,427	(51,636)
Inventory	77,891	56,690
Accounts payable and accrued liabilities	(763,034)	(488,944)
Net cash flows used in operating activities	(598,940)	(6,141,760)
Loss (gain) for the period from discontinued operations (Notes 1, 11, and 27)	(250,000)	4,449,680
Net cash used in operating activities from continued operations	(848,940)	(1,692,080)
Investing activities		
Proceeds from sale of marketable securities	2,349,038	-
Sale of investments (Note 13)	225,000	-
Sale of AgraFlora Europe (Note 26)	304,110	-
Investment in Twenty One (Note 10)	-	(1,271,810)
Net cash flows provided by (used in) investing activities	2,878,148	(1,271,810)
Change in cash	2,029,208	(2,963,890)
Cash, beginning of year	304,255	3,093,357
Effect of change in foreign currency on cash	-	62,281
Cash, end of period	**$ 2,333,463**	**$ 191,748**

Supplemental cash flow information (Note 22)

1. NATURE OF OPERATIONS AND GOING CONCERN

Digicann Ventures Inc. (formerly Agra Ventures Ltd.) (the "Company" or "Digicann") was incorporated on June 24, 2004 pursuant to the Business Corporations Act (British Columbia). On August 8, 2023, the Company changed its name to Digicann Ventures Inc. from Agra Ventures Ltd. The diversified Company is focused on opportunities within and outside of the cannabis industry. The Company's corporate office is located at Suite 1890, 1075 West Georgia Street, Vancouver, British Columbia V6E 3C9. The Company trades on the Canadian Stock Exchange (the "CSE") under the symbol "DCNN". The Company also trades on the OTC Pink Sheets ("OTCPK") under the symbol "AGFAF" unless temporarily trading under the symbol "AGFAD" during the 20 business days after a share consolidation event.

These condensed interim consolidated 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 continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. Further discussion of liquidity risk has been disclosed in Note 23. At September 30, 2023, the Company has working capital deficit of $13,639,791 (December 31, 2022 – a working capital deficit of $18,938,447), and an accumulated deficit of $230,430,477 (December 31, 2022 - $247,710,719).

The Company generates minimal cash flow from operations and therefore relies upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations to the extent such instruments are issuable under terms acceptable to the Company. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future. These conditions create a material uncertainty, which may cast significant doubt upon the Company's ability to continue as a going concern. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements, and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the statement of financial position classifications used. These condensed interim consolidated financial statements have been prepared on a going concern basis, and do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

Discontinued operations

During the year ended December 31, 2022, the Company recognized an impairment of its 70% equity interest in the Propagation Services Canada, doing business as Boundary Bay Cannabis, ("PSC") joint venture, as a result of the termination of the management agreement with the operator of PSC. The Company sold the PSC investment on June 16, 2023 (Note 11). The sale or abandonment of the interest meets the definition of a discontinued operation per IFRS 5 *Non-current assets held for sale and discontinued operations*, the results of the discontinued operations for the periods ended September 30, 2023 and 2022 are disclosed in Notes 11 and Note 28.

2. BASIS OF PREPARATION

Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS34") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

2. BASIS OF PREPARATION (continued)

Basis of preparation (continued)

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed consolidated interim financial statements are presented in Canadian dollars and are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company's annual consolidated financial statements, except for the adoption of new accounting standards and/or estimates identified in Note 3. Given that certain information and disclosures, which are included in the annual audited consolidated financial statements, have been condensed or excluded in accordance with IAS 34, these financial statements should be read in conjunction with our annual audited consolidated financial statements as at and for the year ended December 31, 2022, including the accompanying notes thereto.

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on November 17, 2023.

Basis of Consolidation

A subsidiary is an entity the Company controls when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries:

	Ownership Interest 2023	Ownership Interest 2022	Jurisdiction
Potluck Potions and Edibles Inc.	80%	80%	Canada
Canutra Naturals Ltd.	100%	100%	Canada
11122347 Canada Corp d/b/a Canada Cap Corp	80%	80%	Canada
1180782 B.C. Ltd. d/b/a Delta Organic Cannabis Corp.	100%	100%	Canada
11353675 Canada Corp. d/b/a CanaBeer	80%	80%	Canada
11353705 Canada Corp. d/b/a Canada Gum Corp.	80%	80%	Canada
Trichome Canabrands Inc.	100%	100%	Canada
Sanna Health Corp.	100%	100%	Canada
AgraFlora Europe GmbH (formerly The Good Company)	0%	100%	Germany
11406426 Canada Corp. d/b/a Canada Formulations Corp	80%	80%	Canada
AgraFlora Holdings Corp. (Note 12)	100%	100%	Canada

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, have been eliminated in preparing the condensed interim consolidated financial statements.

Presentation and functional currency

The functional currency of the parent company is the Canadian dollar, which is also the presentation currency of the condensed interim consolidated financial statements.

2. BASIS OF PREPARATION (continued)

Presentation and functional currency (continued)

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the closing rate (the exchange rate at the reporting date). Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the original transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in the profit or loss.

The financial results and financial position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in accumulated other comprehensive income as foreign exchange gain on translating foreign operations. These differences are recognized in the profit or loss in the period in which the foreign operation is disposed.

Significant accounting judgments and estimates

The preparation of these condensed interim consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of these condensed interim consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies. The key sources of estimation uncertainty were the same as those applied to the Company's audited consolidated financial statements for the year ended December 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2022.

Equity accounted investments

Equity accounted investments are those entities in which the Company has significant influence, but does not have control over the financial and operating policies of the investees. Significant influence is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity. Joint arrangement entities are those over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint ventures are joint arrangements whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity accounted investments (continued)

Investments in associates and joint ventures are accounted for by the equity method, whereby the original cost of the investment is adjusted for the Company's share of earnings or losses less dividends since significant influence was acquired. When net accumulated losses from an equity accounted investment exceed its carrying amount, the investment balance is reduced to $nil and additional losses are not provided for unless the Company is committed to provide other financial support to the investee. The Company resumes accounting for its portion of income (loss) of the investment when the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended.

Profits or losses resulting from transactions between the Company and its associates are eliminated to the extent of the interest in the associate. The Company determines at each reporting date whether there is objective evidence that the investments in associates are impaired. The financial statements of associates are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Company.

At September 30, 2023 and December 31, 2022, the Company accounts for the following entities using the equity method as the Company does not have control over these entities:

	Ownership Interest 2023	Ownership Interest 2022	Jurisdiction
Propagation Services Canada Inc. (Note 11)	0%	70%	Canada
Eurasia Infused Cosmetics Inc.	50%	50%	Canada

Future accounting standards

The Company continues to review changes to IFRS standards. There are no other pending IFRS or IFRIC interpretations that are expected to be relevant to the Company's condensed interim consolidated financial statements.

4. AMOUNTS RECEIVABLE

	September 30, 2023 $	December 31, 2022 $
Government sales tax recoverable	-	125
	304,110	
Other receivable		80,055
	304,110	80,180

During the year ended December 31, 2022, the Company wrote off $1,862 of government sales tax recoverable on the basis that the amounts were denied by the Canada Revenue Agency.

During the year ended December 31, 2022, the Company wrote off $223,837 of amounts receivable subsequent to the termination of a Share Purchase Agreement (Note 21).

During the period ended September 30, 2023, the Company wrote off $125 of government sales tax recoverable on the basis that the amounts were denied by the Canada Revenue Agency.

During the period ended September 30, 2023, the Company recorded receivables of $304,110 (2020 - $nil) relating to the sale of AgraFlora Europe GmbH ("AgraFlora Europe") (Note 26). The amounts were received subsequent to the period end.

(Expressed in Canadian Dollars)

5. LOANS RECEIVABLE

	$
Loans receivable, December 31, 2021	**14,950,797**
Accrued interest	2,192,170
Provision on loan receivable	(17,142,967)
Total loans receivable, December 31, 2022 and September 30, 2023	**-**

On November 6, 2020, the Company entered into a definitive loan agreement with PSC. The loan agreement has a maximum facility amount of $50,000,000, and includes previous advances made to PSC of $38,604,344. The loan has an interest rate of nil per annum which increases to 10% per annum upon an event of default. The loan is secured by a General Security Agreement. The loan has no stated maturity date and is repayable monthly out of 50% of PSC's EBITDA until PSC's loan outstanding with Houweling Nurseries Property Ltd. ("HNL") is settled, after which the loan becomes repayable monthly out of 100% of PSC's EBITDA until the outstanding balance is settled.

As a result of executing the definitive loan agreement, the previous advances were considered extinguished and replaced with the new loan, which has been advanced to PSC at a below-market interest rate. The fair value of the loan on initial recognition of $12,708,263 has been determined by discounting the estimated cash flows at a rate of 15%. The interest rate of 15% is determined based on market rates of interest for similar loan instruments.

The difference between the original advances and the fair value of the new loan is $25,896,081 which is included in the investment account and is considered a contribution to PSC (Note 11). The loan receivable is considered a performing loan, with no external credit rating.

The balance of the loan was $14,950,797 as at December 31, 2021. During the year ended December 31, 2022, the Company recorded $2,192,170 in interest income relating to the loan. The Company eliminated $1,534,519 of inter-company interest income, reducing the interest income by $1,534,519 to $657,651 and reducing the investment in PSC by $1,534,519.

During the year ended December 31, 2022, the Company recognized a provision on the loan receivable as a result of the discontinued operations of the PSC investment (Notes 1 and 11).

6. PREPAIDS AND DEPOSITS

	September 30, 2023 $	December 31, 2022 $
Advances to third-party suppliers	122	285
Prepaid insurance	-	56,778
Related parties (Note 19)	4,514	-
Total	4,636	57,063

During the year ended December 31, 2022, the Company recorded a write-off of $25,350 prepaid expenses.

(Expressed in Canadian Dollars)

7. PROPERTY AND EQUIPMENT

Property and equipment are held by the Company and its subsidiaries.

	Furniture & equipment $	Right of use assets $	Leasehold improvements $	Total $
Cost:				
December 31, 2021	561,934	1,569,411	198,192	2,329,537
Termination of lease (Note 15)	-	(1,569,411)	-	(1,569,411)
December 31, 2022	561,934	-	198,192	760,126
September 30, 2023	**561,934**	**-**	**198,192**	**760,126**
Amortization:				
At December 31, 2021	(559,305)	(313,675)	(198,192)	(1,071,172)
Charge for the year	(2,611)	(39,242)	-	(41,853)
Effect of movements in exchange rates	(18)	-	-	(18)
Termination of lease (Note 15)	-	352,917	-	352,917
December 31, 2022	(561,934)	-	(198,192)	(760,126)
September 30, 2023	**(561,934)**	**-**	**(198,192)**	**(760,126)**
Net book value:				
December 31, 2022 and September 30, 2023	**-**	**-**	**-**	**-**

The right-of-use assets related to a leased manufacturing facility in Ontario acquired upon acquisition of Sanna Health Corp. ("Sanna") from prior years. The Ontario is reflected on the condensed interim consolidated statement of financial position as right-of-use assets, with an associated lease liability (Note 15). The discount rates applied to the leases is 9.85%.

Year-ended December 31, 2022

During the year ended December 31, 2022, the Company terminated the Ontario lease and has derecognized the right-of use asset and lease liability associated with the lease (Note 15).

8. INTANGIBLE ASSETS AND GOODWILL

	Licenses $	Total $
Balance, December 31, 2021	**905,932**	**905,932**
Amortization	(103,671)	(103,671)
Impairment	(802,261)	(802,261)
Balance, December 31, 2022 and September 30, 2023	**-**	**-**

The Health Canada licenses arose as a result of acquisition of Sanna in prior years. The distribution licenses arose as a result of acquisition of The Good Company from prior years.

The Health Canada licenses that arose from the acquisition of Sanna are amortized on a straight-line basis over 10 years, resulting in amortization of $103,671 for the year ended December 31, 2022.

During the year ended December 31, 2020, the Company impaired the Sanna Health Canada license to $1,000,000 as a result of determining the recoverable value of the license to be $1,000,000. Additionally, the Company received a deposit of $297,001 towards the sale of the subsidiary on November 27, 2020 (Note 25).

(Expressed in Canadian Dollars)

8. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

During the year ended December 31, 2022, the Company recorded impairment of $802,261 on the licenses as a result of management's assessment that the value has declined to $Nil.

As at September 30, 2023, the Sanna Health Canada license has a value of $Nil (December 31, 2022 - $Nil).

9. MARKETABLE SECURITIES

At September 30, 2023, the Company held the following marketable securities:

Investee	Number of Shares/Warrants	Cost $	Fair Value $
Public Companies			
Cult Food Science Corp. – Warrants	2,757,575	-	-
Private Companies			
Pounce Technologies – Shares	4,500,000	500,000	450,000
		600,463	450,000

At December 31, 2022, the Company held the following marketable securities:

Investee	Number of Shares/Warrants	Cost $	Fair Value $
Public Companies			
Cult Food Science Corp. – Shares	2,511,576	100,463	75,347
Cult Food Science Corp. – Warrants	2,757,575	-	-
Private Companies			
Pounce Technologies – Shares	4,500,000	500,000	500,000
		600,463	575,347

Cult Food Science Corp.

On September 15, 2021, the Company subscribed to a private placement of 2,000,000 units ("Cult Unit") of Cult Food Science Corp. ("Cult") for total cash of $500,000. Each Cult Unit consists of one common share of Cult and one transferable common share purchase warrant of Cult. Each warrant will entitle the holder to acquire one Cult share at a price of $0.75 for a period of two years following the closing date of the private placement.

On November 1, 2021, the Company subscribed to a private placement of 757,575 units ("November Cult Unit") of Cult for total cash of $250,000. Each November Cult Unit consists of one common share of Cult and one transferable common share purchase warrant of Cult. Each warrant will entitle the holder to acquire one Cult share at a price of $0.75 for a period of two years following the closing date of the private placement.

The Company assigned $Nil value to the warrants as Cult was a private investment as of December 31, 2021. Cult commenced trading on the CSE on January 17, 2022.

During the year ended December 31, 2022, the Company sold 245,999 Cult shares with a cost of $9,840 for proceeds of $8,312 and realized a loss of $1,528. At December 31, 2022, the fair value of the CULT investment was $75,347 and the Company recorded an unrealized loss of $664,813 on the investment during the year ended December 31, 2022.

9. MARKETABLE SECURITIES (CONTINUED)

Cult Food Science Corp. (Continued)

During the period ended September 30, 2023, the Company sold 2,511,576 Cult shares with a cost of $75,347 for proceeds of $91,209 and realized a gain of $15,862. At September 30, 2023, the fair value of the CULT investment was $Nil.

Pounce Technologies Inc.

On November 23, 2021, the Company purchased 4,500,000 common shares of Pounce Technologies Inc., a private company, for total cash of $500,000. The fair value of this investment at September 30, 2023 was $450,000 (December 31, 2022 – $500,000) and the Company recorded an unrealized loss of $50,000 for the period ended September 30, 2023 ($Nil for the year ended December 31, 2022).

OrganiGram Holdings Inc.

During the period ended September 30, 2023, the Company received 2,278,133 common shares of OrganiGram Holdings Inc. ("OGI") pursuant to the sale of SUHM Investments Inc. in prior years (Note 26) with a fair value of $2,354,691 and sold all shares of OGI for proceeds of $2,257,829 and realized a loss of $96,862. At September 30, 2023, the fair value of the OGI investment was $Nil.

10. INVESTMENTS

Investment in Twenty One Investment Holdings, Inc.

On February 8, 2022, the Company entered into a definitive share purchase agreement (the "Purchase Agreement") with Twenty One Investment Holdings, Inc. ("Twenty One"), a privately held Delaware company, and all shareholders of Twenty One (the "Selling Shareholders") to acquire up to 34% of the issued and outstanding shares of Twenty One. On February 9, 2022 (the "Closing Date"), the Company closed the acquisition of Twenty One Acquisition, the Company received 1,000,000 common shares of Twenty One for US$1.00 per share for $1,271,810 (US$1,000,000). At the Closing Date, the Company held 15.38% of the outstanding common shares of Twenty One.

Pursuant to the Purchase Agreement, within six months of the Closing Date, the Company would purchase additional common shares of Twenty One (the "Additional Shares") for an aggregate investment of at least US$1,000,000 and up to US$1,500,000 (the "Second Closing") at a price of US$1.00 per share. Following the Second Closing, the Company would hold between 28.57% and 34.48% of the outstanding common shares of Twenty One.

On August 10, 2022, the Company terminated the Purchase Agreement and has Nil% ownership of Twenty One. The Company recorded a write-off of $1,288,600 on the investment as a result of the termination.

During the year ended December 31, 2022, the Company recorded a fair value gain on investment of $16,790.

As at December 31, 2022 and September 30, 2023, the fair value of the investment is $Nil and the Company has Nil% ownership of Twenty One.

11. PROPAGATION SERVICES CANADA INC.

In 2018, the Company acquired a 40% interest in PSC, a joint venture which has ownership of the Houweling Nurseries Ltd.'s Delta Propagation Facility (the "Facility"), consisting of 2,200,000 square feet of greenhouse space and 1,700,000 square feet of irrigation space. On April 25, 2019, the Company issued 20,588,235 common shares with a fair value of $6,000,000 to acquire an additional 10% interest in PSC.

(Expressed in Canadian Dollars)

11. PROPAGATION SERVICES CANADA INC. (CONTINUED)

The Company entered into an earn-in agreement with Delta Organics Cannabis Corp. ("DOCC") whereby DOCC could acquire an equity interest in the Company by committing $40,000,000 for the furtherance of the Facility's lease obligations, construction expenses, and operational expenses. As consideration, the Company granted DOCC the option to acquire up to 19.9% of the outstanding common shares of the Company and a 20% interest in class B non-voting shares of PSC pursuant to the terms of the agreement. DOCC had acquired 594,427 of the common shares of the Company for proceeds of $40,000,000 and received 20% of class B non-voting shares in PSC.

In 2019, the Company acquired 100% of all the issued and outstanding common shares of DOCC, which gave the Company an additional 20% equity interest in PSC. The Company now has a 70% equity interest in PSC. During the year ended December 31, 2020, the Company entered into an amended and restated Shareholders Agreement with the shareholders of PSC. As a result, the Company's level of influence in PSC went from significant influence to joint control. The interest in PSC continues to be accounted for under the equity method.

On November 6, 2020, the Company entered into a definitive Loan Agreement with PSC (Note 5). Prior to the definitive Loan Agreement, the Company made advances of $38,604,344 to PSC. As the terms to this Loan Agreement were substantially different than those for previous advances made to PSC, the Company accounted for the modification as an extinguishment of the original advances made to PSC and the recognition of a new loan receivable. The difference between the fair value of the new loan receivable and the original advances was recognized as a contribution to PSC in the amount of $25,896,081, leaving $12,708,230 in loan receivable as of December 31, 2020 (Note 5).

The Company mutually agreed with the operator of the Facility to effectively terminate and exit the investment in PSC on June 16, 2023 and sold its investment in PSC for aggregate cash of $250,000. On June 16, 2023, the Company ceased equity accounting for the investment in PSC and the carrying value of the investment was $Nil, which resulted in a gain on sale of equity accounted investments of $250,000.

The Company considered PSC to be a discontinued operation as at December 31, 2022 and September 30, 2023 (Note 1). Thus, the Company impaired the investment in PSC to $Nil as at December 31, 2022, recording an impairment of $15,612,429 for the year ended December 31, 2022 as a result of the operations being halted and the operator's termination of the management agreement with PSC. Net income or loss from discontinued operations is further detailed in Note 27.

Under equity accounting, the Company's share of PSC's loss for the period ended September 30, 2023 totaled $Nil (September 30, 2022 – equity loss of $4,449,680). The Company ceased equity accounting for the PSC investment on June 16, 2023 subsequent to the sale of the investment. The significant aspects of the losses until the date of the sale are discussed below.

The table below provides a continuity of the PSC investment up to the date of the sale of the PSC investment on June 16, 2023:

	June 16, 2023 $	December 31, 2022 $
Opening balance	-	23,438,656
Adjustment of intercompany interest (Note 5)	-	(1,534,519)
Income (loss) on equity investment	-	(6,291,709)
Impairment on investment in joint venture	-	(15,612,428)
Ending balance	**-**	**-**

(Expressed in Canadian Dollars)

11. PROPAGATION SERVICES CANADA INC. (CONTINUED)

The tables below provide a summary of PSC's financial position and profit and loss:

Summary statements of financial position as at	June 16, 2023 $	December 31, 2022 $
Current assets	1,112,629	1,740,512
Non-current assets	29,361,538	29,835,467
Total assets	30,474,167	31,575,979
Current liabilities	7,076,144	6,839,468
Non-current liabilities	29,527,800	29,183,253
Shareholders' equity (deficit)	(6,129,777)	(4,446,742)
Total liabilities and shareholders' equity	30,474,167	31,575,979

Summary statements of comprehensive loss for the periods ended	June 16, 2023 $	September 30, 2022 $
Revenues[1]	857,230	865,154
Cost of goods sold[1]	(517,614)	(655,468)
Operating general and administration expenses[2]	(2,104,617)	(7,225,801)
Other income (loss)	(42)	659,429
Net and comprehensive loss	(1,765,043)	(6,356,686)

[1]: Revenues for the period ended June 16, 2023 and June 30, 2022 include revenues for inventories produced by the Facility and costs of goods sold include the costs realized on the sale of inventories, and costs associated with packaging and selling the products.
[2]: Operating general and administrative expenses for the period ended June 16, 2023 and September 30, 2022 include general and administrative costs for running the facility, interest costs for operating assets and loans, and depreciation of property, plant and equipment. See Note 27 for break-down of costs.
[3]: Other losses for the period ended June 16, 2023 relates to foreign exchange on transactions. Other income for the period ended September 30, 2022 includes gains on disposal of capital assets, and gains/losses relating to foreign exchange and an unrealized fair value gain on biological assets.

Material amounts from above summary financial position and comprehensive loss	Period ended June 16, 2023 $	Year ended December 31, 2022 $
Cash and cash equivalents	832,718	839,896
Current financial liabilities (excluding trade and other payables and provisions)	1,462,176	1,448,687
Non-current financial liabilities	29,527,800	29,183,253
Depreciation and amortization	-	1,730,754
Income tax expense (recovery)	-	-
Interest expense	1,009,898	3,527,786

As at September 30, 2023, the Company has Nil% (December 31, 2022 – 70%) ownership interest in PSC.

12. NON-CONTROLLING INTEREST

The net change in non-controlling interest ("NCI") is as follows:

	11122347 $	Potluck $	Total $
As at December 31, 2021 and 2022	(40,295)	(130,356)	(170,651)
Net and comprehensive loss attributable to NCI	11,526	29,228	40,754
As at September 30, 2023	(28,769)	(101,128)	(129,897)

(Expressed in Canadian Dollars)

13. LOAN RECEIVABLE

Valo Therapeutics Oy

On November 3, 2021, the Company purchased $750,000 of Convertible Notes (“C Notes”) from Valo Therapeutics Oy (“Valo”), a company incorporated in Helsinki, Finland. Per the C Notes agreement, the C Notes should have been automatically converted to shares of Valo between the issuance date of the C Note and August 31, 2022 but was amended on June 27, 2022 (see below). If the C Notes were not automatically converted, the repayment date was stipulated as December 31, 2022 but was amended on June 27, 2022 (see below). The convertible loan receivable consists of a loan receivable component and a separate embedded derivative conversion feature, being the derivative asset. The convertible loan receivable was considered by management to be a performing loan with no external credit rating.

As at December 31, 2022, the C Note have not been automatically converted. On June 27, 2022, the Company entered into an Extension Agreement where the automatic conversion has been extended to June 30, 2023 and the repayment date of the C Note has been extended to June 30, 2023. As at the date of these condensed interim consolidated financial statements, the C Notes have not been automatically converted and the conversion feature of the C Notes has expired.

During the year ended December 31, 2021, the fair value of the convertible debentures was determined to be $742,194 and the fair value of the derivative asset was determined to be $203,157. During the year ended December 31, 2022, the Company impaired the C Notes to $Nil as management assessed the collectability of the C Notes is low and also a result of the expiration of the conversion feature, and recorded a provision of loan receivable of $945,351.

On August 17, 2023, the Company entered into a Purchase Agreement with a third party to sell the C Notes for aggregate cash of $225,000. During the period ended September 30, 2023, as a result of the sale of the C Notes to a third party, the Company received cash of $225,000 on the sale of the C Notes and recorded a loan recovery of 225,000.

The Company no longer has C Notes as at September 30, 2023.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	**December 31, 2022**
	$	**$**
Accounts payable	375,976	945,691
Amount due to related parties (Note 19)	9,040	162,148
Accrued liabilities	40,000	95,737
	425,016	**1,203,576**

During the year ended December 31, 2022, the Company settled debts with Sanna’s former President and CEO by issuance of shares and recorded a loss on debt settlement of $12,489 (Note 18) and wrote off statute-barred accounts payable of $247,400.

During the period ended September 30, 2023, the Company wrote-off statute-barred accounts payable of $465,882.

(Expressed in Canadian Dollars)

15. LEASE LIABILITIES

Ontario Lease

The Company acquired from Sanna a right-of-use asset for a leased manufacturing facility in Ontario. The Company recorded a right-of-use asset of $1,569,411 and a lease liability of $1,543,510 on acquisition date (Notes 7 and 12).

At the commencement date of the lease, the lease liability was measured as the present value of the future lease payments that were not paid at that date. These lease payments were discounted using the Company's incremental borrowing rate of 9.85%.

During the year ended December 31, 2022, the Company terminated the lease and recognized a gain on termination of $159,614.

The following is a continuity schedule of the lease liability:

	$
Balance, December 31, 2020	**1,487,919**
Interest expense on lease liabilities	136,615
Gain on lease forgiveness	(126,875)
Lease payments	(98,126)
Balance, December 31, 2021	**1,399,533**
Interest expense on lease liabilities	32,826
Lease payments accrued	(56,251)
Balance, prior to derecognition of lease	**1,376,108**
Derecognition of Right of Use Asset on termination of lease (Note 7)	(1,569,411)
Derecognition of Right of Use Asset Accumulated Depreciation on termination of lease (Note 7)	352,917
Gain on termination of lease for the year ended December 31, 2022	(159,614)
Balance, December 31, 2022 and September 30, 2023	**-**

16. CONVERTIBLE LOAN PAYABLE

	$
Convertible loan payable, December 31, 2021	**23,022,081**
Accretion	3,224,407
Interest repayments	(2,620,758)
Gain on debt modification	(1,529,911)
Loan payable conversions (Note 18)	(4,370,000)
Convertible loan payable, December 31, 2022	**17,725,819**
Accretion	1,762,534
Interest repayments	(1,330,923)
Gain on debt modification	(650,154)
Loan payable conversions (Note 18)	(1,272,000)
Convertible loan payable, September 30, 2023	**16,235,276**

16. CONVERTIBLE LOAN PAYABLE (CONTINUED)

During the year ended December 31, 2019, the Company closed a non-brokered private placement offering of 30,000 unsecured convertible loans for gross proceeds of $30,000,000 from three arm's length parties. The loans bear interest at a rate of 10% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2019. The loans matured on December 31, 2020 and on February 11, 2021 were extended to be due on March 12, 2022. On March 12, 2022, the debentures were extended to March 12, 2023 and during the period ended September 30, 2023, the holders of the debentures granted the Company forbearance on the debentures until May 31, 2023. On May 30, 2023 the Company and holders of the debentures entered into an agreement to extend the maturity date for an additional twelve months from March 12, 2023 to March 12, 2024.

The loans are convertible at the holder's option into: (i) that number of common shares of the Company calculated on the basis of the aggregate principal amount of the debentures being converted divided by the conversion price of $0.30 per common share (the "Conversion Price"); and (ii) a cash payment equal to the additional interest amount that such holder would have received if it had held the loan from the date of conversion to the maturity date. Holders converting their debentures will receive accrued and unpaid interest thereon for the period from and including the date of the latest interest payment date to, but excluding, the date of conversion.

The Company accounted for the convertible loans issued for cash as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value and deducted from the face value of the debt to arrive at the liability component which is recorded at amortized cost and is being accreted to the face value over the term to maturity of the convertible loan at an effective interest rate of 15%.

At December 31, 2020, the fair value of the derivative liability was estimated to be $28. The balance of the derivative liability remains $28 as at December 31, 2021 and 2022 and September 30, 2023.

On February 11, 2021, the Company entered into an agreement (the "Term Sheet") with the loan holders to amend the convertible loans (the "Amended Loans"). The Amended Loans extend the maturity date from March 12, 2021 to an additional twelve months to March 12, 2022, in consideration for the conversion price of the Amended Loans being reduced to $0.05. For all periods subsequent to December 31, 2020, the Amended Loans pay interest at 10% per annum, calculated and payable semi-annually.

On March 12, 2022, the Company extended the maturity date of the Amended Loans to March 12, 2023 (the "Second Amendment") with all other terms being the same. Prior to the end of the Second Amendment, the maturity date of the Amended Loans was extended to May 31, 2023 with all other terms being the same, via a second forbearance that was granted by the debenture holders on April 25, 2023 (collectively, the "Second Amendments"). The fair value of the convertible loans of the debentures immediately prior to the Second Amendment was $23,509,863, including accretion of $487,782 up to the date of the Second Amendment. Upon recognition of the Second Amendments, the Company determined the fair value of the convertible loans to be $21,930,501. This resulted in a gain on modification of debt of $1,529,911 which was recognized in profit or loss during the year ended December 31, 2022. On April 5, 2022, the Company satisfied the aggregate interest of $2,100,000 owing at December 31, 2021 by the issuance of 48,000 common shares with a fair value of $468,000 and recognized a gain on debt settlement of $1,632,000 during the year ended December 31, 2022 (Note 18).

During the year ended December 31, 2022, pursuant to the Second Amendments, the Company issued an aggregate of 3,383,227 common shares on conversion of the convertible loans with a fair value of $3,128,719 pursuant to the conversion of $4,370,000 of convertible debentures and also satisfied aggregate interest of $520,758 on the conversions and recognized a gain on debt settlement of $1,762,040 (Note 18).

16. CONVERTIBLE LOAN PAYABLE (CONTINUED)

On May 30, 2023, the Company extended the maturity date of the Amended Loans to March 12, 2024 (the "Third Amendment") with all other terms being the same. The fair value of the convertible loans of the debentures immediately prior to the Third Amendment was $16,347,948, including accretion of $567,217 up to the date of the Third Amendment. Upon recognition of the Third Amendment, the Company determined the fair value of the convertible loans to be $15,681,272. This resulted in a gain on modification of debt of $650,154 which was recognized in profit or loss during the period ended September 30, 2023. On June 6, 2023, the Company satisfied the aggregate interest of $1,200,000 owing at March 12, 2023 by the issuance of 960,000 common shares with a fair value of $72,000 and recognized a gain on debt settlement of $1,128,000 during the period ended September 30, 2023 (Note 18).

During the period ended September 30, 2023, the Company issued an aggregate of 6,879,333 common shares with a fair value of $343,843 pursuant to the conversion of $1,272,000 of convertible debentures and also satisfied aggregate interest of $146,367 on the conversions and recognized a gain on debt settlement of $1,074,523 (Note 18).

During the period ended September 30, 2023, the Company recorded accretion of $Nil (September 30, 2022 - $487,782) on the convertible loans prior to the Second Amendment and accretion of $567,217 (September 30, 2022 - $1,973,559) on the convertible loans after the Second Amendments, and accretion of $1,195,317 after the Third Amendment (September 30, 2022 - $Nil) for total accretion of $1,762,534 (September 30, 2022 - $2,461,341).

At September 30, 2023, the liability component was $16,235,276 (December 31, 2022 - $17,725,819).

Subsequent to the period ended September 30, 2023, the Company entered into Securities Purchase Agreements with the debenture holders to purchase an aggregate of $14,218,000 principal from the debenture holders for aggregate cash of $1,600,000 (Note 28).

17. LOANS PAYABLE

<u>CEBA Loans</u>

The Canada Emergency Business Account ("CEBA") loan originally launched on April 9, 2020 and was intended to support businesses during the COVID-19 pandemic. The value of the government loan received at below market rates of interest is treated as a government grant. Two of the Company's subsidiaries applied for and received the first $40,000 in funds, and the same entities applied for the additional $20,000 provided under the CEBA program. Only one subsidiary received the additional $20,000 amounts in the year ended December 31, 2020. The loans are interest-free if fully repaid on or before December 31, 2023. If 75% of the loans are repaid on or before December 31, 2023, then the remaining 25% of the loans will be forgiven. On September 14, 2023, the Government of Canada announced a one year extension of the final loan maturity date from December 31, 2025 to December 31, 2026 – subject to an interest rate of 5% per annum for CEBA loan holders in good standing. The full value of the grants has been spent in the course of business operations and the gain has been recognized in other income.

The loans were recognized at fair value using a discount rate of 15.65% at initial recognition. The difference between this discounted value of $76,732 and the proceeds received of $160,000 was recognized as a gain on CEBA loans of $83,268. The loan had accretion of $Nil during the period ended September 30, 2023 (September 30, 2022 - $7,393) and the Company recognized grants of $Nil (September 30, 2022 – $18,400). The balance of the loans at September 30, 2023 is $71,680 (December 31, 2022 - $71,680). The Company recognized the entire remaining deferred grants of $23,746 during the year ended December 31, 2022, and the balance of deferred grants is $Nil as at December 31, 2022 and September 30, 2023.

17. LOANS PAYABLE (CONTINUED)

JJ Wolf Investments Ltd. Loans

On June 2, 2020, the Company received a loan from JJ Wolf Investments Ltd. ("JJ Wolf") of $350,000. The loan matured on June 2, 2022 and bears interest at 5% per annum, compounded monthly and payable on the maturity date. The Company discounted the loan at 10% and recorded an initial fair value of $317,460 and a discount of $32,540 to be amortized over the term of the loan. The loan was payable on demand at maturity on June 2, 2022 and accrued interest at 5% per annum. On June 23, 2023, JJ Wolf agreed to forgive the full loan amount of $350,000. During the period ended September 30, 2023, the Company recorded accretion on the loan of $9,501 (September 30, 2022 - $15,079), amortization on the gain of $Nil (September 30, 2022 - $8,587), and loan forgiveness of $405,761. At September 30, 2023 the balance of the loan is $Nil (December 31, 2022 - $396,260).

During the year ended December 31, 2021, the Company received an additional loan of $308,000. The loan has the same terms as the June 2, 2020 loan. The Company discounted the loan at 10% and recorded an initial fair value of $288,454 and recorded a discount on the loan of $19,546 to be amortized over the term of the loan. The loan was payable on demand at maturity on June 2, 2022 and accrued interest at 5% per annum. On June 23, 2023, JJ Wolf agreed to forgive the full loan amount of $308,000. During the period ended September 30, 2023, the Company recorded interest on the loan of $8,123 (September 30, 2022 - $13,111), amortization of on the gain of $Nil (September 30, 2022 - $7,169), and loan forgiveness of $346,942. At September 30, 2023 the balance of the loan is $Nil (December 31, 2022 - $338,819).

The Company recorded total gain on loan forgiveness of $752,703 during the period ended September 30, 2023 for the JJ Wolf Loans. As at September 30, 2023, the Company has total loans payable to JJ Wolf of $Nil (December 31, 2022 - $735,079).

18. SHARE CAPITAL

a) Common shares

Authorized:
Unlimited number of common shares without par value.

Issued:

On January 25, 2023, the Company issued 114,258 common shares with a fair value of $28,565 to settle interest payments of $28,565 with a creditor of the Company and recognized $Nil gain or loss on debt settlement.

During the period ended September 30, 2023, pursuant to the Second Amendment, the Company issued an aggregate of 6,879,333 common shares on conversion of the convertible loans with a fair value of $343,843 pursuant to the conversion of $1,272,000 of convertible debentures and also satisfied aggregate interest of $146,366 on the conversions and recognized a gain on debt settlement of $1,074,523 (Note 16).

On May 2, 2023, the Company issued 123,191 common shares with a fair value of $15,399 to settle interest payments of $15,399 with a creditor of the Company and recognized $Nil gain or loss on debt settlement.

On June 6, 2023, the Company satisfied the aggregate accrued interest on the convertible debentures of $1,200,000 by the issuance of 960,000 common shares with a fair value of $72,000 pursuant to the Third Amendment and recognized a gain on debt settlement of $1,128,000 (Note 18).

On June 22, 2023, the Company issued 134,242 common shares with a fair value of $15,102 to settle interest payments of $15,102 with a creditor of the Company and recognized $Nil gain or loss on debt settlement.

(Expressed in Canadian Dollars)

18. SHARE CAPITAL (CONTINUED)

a) Common shares (continued)

On September 14, 2023, the Company issued 718,327 with a fair value of $17,958 pursuant to the conversion of Restricted Share units granted on September 14, 2023. On issuance of the shares, the Company transferred $17,958 from share-based payment reserves.

On February 9, 2022, the Company issued 22,104 common shares with a fair value of $262,489 to the former President and CEO of Sanna (Note 24) and cash of $200,000 to settle debts of $450,000. The Company recorded a loss on debt settlement of $12,489.

On March 17, 2022, the Company issued 1,068 common shares with a fair value of $10,946 to settle interest payments of $10,946 with a creditor of the Company and recognized $Nil gain or loss on debt settlement.

On April 5, 2022, the Company satisfied the aggregate accrued interest on the convertible debentures of $2,100,000 by the issuance of 48,000 common shares with a fair value of $468,000 pursuant to the Second Amendment and recognized a gain on debt settlement of $1,632,000 (Note 18).

On June 2, 2022, the Company issued 2,185 common shares with a fair value of $5,190 to settle interest payments of $5,190 with a creditor of the Company and recognized $Nil gain or loss on debt settlement.

On August 11, 2022, the Company issued 9,617 common shares with a fair value of $4,808 to settle interest payments of $4,808 with a creditor of the Company and recognized $Nil gain or loss on debt settlement.

On October 7, 2022, the Company issued 266,556 common shares on conversion of Restricted Share Units ("RSUs"). On conversion of the RSUs, the Company transferred $66,639 from share-based payment reserves.

On October 25, 2022, the Company issued 36,464 common shares with a fair value of $13,674 to settle interest owed to a creditor of the Company and recognized $Nil gain or loss on debt settlement.

During the year ended December 31, 2022, pursuant to the Second Amendment, the Company issued an aggregate of 3,383,227 common shares on conversion of the convertible loans with a fair value of $3,128,719 pursuant to the conversion of $4,370,000 of convertible debentures and also satisfied aggregate interest of $520,758 on the conversions and recognized a gain on debt settlement of $1,762,040 (Note 16).

During the year ended December 31, 2022, the Company issued a total of 71,438 common shares with a fair value of $297,108 to settle debts.

b) Warrants outstanding

	Number of warrants	Weighted average exercise price $
At December 31, 2021 and December 31, 2022	93,167	427.07
Warrants expired	(13,428)	736.29
At September 30, 2023	79,739	375.00

Grant Date	Expiry date	Number of warrants	Exercise price $
April 30, 2020	April 30, 2025	71,111	375.00
May 25, 2020	May 25, 2025	5,531	375.00
July 8, 2020	July 8, 2025	3,097	375.00
Balance at September 30, 2023		79,739	375.00

(Expressed in Canadian Dollars)

18. SHARE CAPITAL (CONTINUED)

b) Warrants outstanding (Continued)

During the period ended September 30, 2023, 13,428 warrants with exercise prices from $562.50 to $1,875.00 expired without being exercised. On expiry of the warrants, $12,025,608 was transferred out of reserves.

The weighted average remaining life of the warrants outstanding is 1.60 years (December 31, 2022 – 2.33 years).

c) Stock options outstanding

Under Company's 2015 Stock Option Plan, the Company may grant options to directors, officers, employees, and consultants, provided that the maximum number of options that are outstanding at any time shall not exceed 20% of the issued and outstanding common shares of the Company. The exercise price of each option is based on the market price of the Company's common shares at the date of grant less applicable discount. The options may be granted for a maximum of ten years and vesting is determined by the Board of Directors.

Grant Date	**Expiry date**	**Number of options**	**Exercise price $**
October 31, 2018	October 31, 2023*	133	532.50
May 21, 2019	May 21, 2024	520	1,725.00
May 30, 2019	May 30, 2024	267	1,462.50
August 1, 2019	August 1, 2024	760	1,162.50
July 11, 2019	May 17, 2024	1,091	1,218.75
April 30, 2020	April 30, 2025	21,733	281.25
Balance at September 30, 2023		24,504	395.21

*Subsequent to the period end, 133 stock options expired without being exercised (Note 29)

	Number of options	**Weighted average exercise price $**
At December 31, 2020 and December 31, 2021	32,665	406.75
Options expired	(4,294)	275.50
At December 31, 2022	28,371	384.85
Options cancelled/forfeited	(3,867)	319.14
At September 30, 2023	24,504	395.21

The weighted average remaining life of the options outstanding is 1.48 years (December 31, 2022 – 2.23 years). All of the options granted were exercisable as at September 30, 2023 and December 31, 2022.

On January 6, 2020, the Company granted 27 stock options to consultants of the Company with an exercise price of $562.50 per option expiring January 6, 2022. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $2,451 assuming an expected life of 2 years, an exercise price of $562.50, a stock price of a $246.50 on the grant date, risk-free interest rate of 1.63%, an expected dividend rate of 0.00%, and an expected annual volatility of 108%. During the year ended December 31, 2022, all 27 stock options expired without being exercised.

On January 30, 2020, the Company granted 4,000 stock options to consultants of the Company with an exercise price of $562.50 per option expiring January 30, 2022.These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $416,888 assuming an expected life of 2 years, an exercise price of $562.50, a stock price of $266.25 on the grant date, a risk-free interest rate of 1.47%, an expected dividend rate of 0.00%, and an expected annual volatility of 110%. The options vest over a one-year period. During the year ended December 31, 2022, all 4,000 stock options exercised without being exercised.

(Expressed in Canadian Dollars)

18. SHARE CAPITAL (CONTINUED)

c) Stock options outstanding (continued)

On January 31, 2020, the Company granted 267 stock options to consultants of the Company with an exercise price of $375.00 per option expiring January 31, 2022. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $47,888 assuming an expected life of 2 years, an exercise price of $375.00, a stock price of $333.00 on the grant date, a risk-free interest rate of 1.43%, an expected dividend rate of 0.00%, and an expected annual volatility of 109%. During the year ended December 31, 2022, all 267 stock options expired without being exercised.

On April 30, 2020, the Company granted 25,333 stock options to consultants of the Company with an exercise price of $281.25 per option expiring April 30, 2025. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $2,144,456 assuming an expected life of 2 years, an exercise price of $281.25, a stock price of $206.25 on the grant date, a risk-free interest rate of 0.38%, an expected dividend rate of 0.00%, and an expected annual volatility of 116%.

During the year ended December 31, 2022, an amount of $467,354 was transferred from option reserve to accumulated deficit for options expired.

During the period ended September 30, 2023, an amount of $451,329 was transferred from option reserve to accumulated deficit for options that were cancelled.

d) Restricted Share Units

Under Company's May 25, 2022 Restricted Share Unit Plan, the Company may grant RSUs to directors, officers, employees, and consultants, provided that the maximum number of options that are outstanding at any time shall not exceed 20% of the issued and outstanding common shares of the Company. The RSUs may be granted for a maximum of ten years and vesting is determined by the Board of Directors.

On October 7, 2022, the Company granted 8,885,187 Restricted Share Units to Directors and Officers of the Company for a total fair value of $88,852. All of the RSUs vest immediately and expire 5 years after the grant date.

On September 14, 2023, the Company granted 718,327 Restricted Share Units to Directors and Officers of the Company for a total fair value of $17,958. All of the RSUs vest immediately and expire 5 years after the grant date.

	Number of Restricted Share Units
At December 31, 2021	-
Issued	355,408
Converted[1]	(266,556)
At December 31, 2022	88,852
Issued	718,327
Converted[2]	(718,327)
At September 30, 2023	88,852

[1]: The RSUs were all converted on October 7, 2022, the market value of the shares issued was $66,639, which was $0.25 per share.
[2]: The RSUs were all converted on September 14, 2023, the market value of the shares issued was $17,958, which was $0.025 per share.

(Expressed in Canadian Dollars)

18. SHARE CAPITAL (CONTINUED)

d) Restricted Share Units (continued)

As at September 30, 2023, Restricted Share Units are outstanding are as follows:

Expiry Date	Number Issued #	Issued and exercisable #
October 7, 2027	88,852	88,852
	88,852	88,852

e) Escrowed shares

As at September 30, 2023 and December 31, 2022, Nil shares were held in escrow.

19. RELATED PARTY TRANSACTIONS

Related parties include key management personnel and others considered to have significant influence or control over the Company's operations. The Company has identified the directors and senior officers as key management personnel. The following table lists the compensation costs paid directly to, or to companies controlled by, key management personnel for the periods ended September 30, 2023 and 2022:

Period ended September 30, 2023	Share-based payments $	Consulting and Management Fees $
Consulting fees paid/accrued to a private company controlled by the CFO	4,490	81,360
Consulting fees paid/accrued to a private company controlled by the CEO	8,978	204,225
Consulting and Directors fees paid/accrued to a private company controlled by a Director	2,245	8,000
Share-based payments to a Director	2,245	-
	17,958	293,585

Period ended September 30, 2022	Share-based payments $	Consulting and Management Fees $
Consulting fees paid/accrued to a private company controlled by the CFO	-	58,440
Consulting fees paid/accrued to a private company controlled by the CEO	-	32,025
Consulting fees paid/accrued to a private company controlled by the former CEO	-	28,250
Consulting fees paid/accrued to a private company controlled by the former CEO	-	135,600
	-	254,315

(Expressed in Canadian Dollars)

19. RELATED PARTY TRANSACTIONS (CONTINUED)

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. At September 30, 2023, $9,040 (December 31, 2022 - $162,148) is owing to related parties for unpaid fees which are included in accounts payable and accrued liabilities. Refer also to Note 16.

As at September 30, 2023, the Company has prepaid expenses of $4,514 from related parties (Note 6).

20. INVENTORY

The Company's inventory consists of raw materials and finished goods, the break-down is as follows:

	September 30, 2023	**December 31, 2022**
	$	**$**
Raw materials	-	77,271
Finished goods	-	620
	-	**77,891**

During the year ended December 31, 2022, the Company wrote-off inventories of $18,160 due to damage or obsolescence.

During the period ended September 30, 2023, the Company sold AgraFlora Europe and thus has no Nil inventory (Note 26).

21. ROYALTY REVENUES

On November 27, 2020, the Company signed a Share Purchase Agreement ("SGSCC Agreement") with an arm's length third party (the "Purchaser") where the Company will sell 100% of its wholly-owned subsidiary, Sustainable Growth Strategic Capital Corp. ("SGSCC") for cash consideration of approximately $1,000,000. Pursuant to the SGSCC Agreement, the Company also entered into a Royalty Agreement with the Purchaser (the "Royalty Agreement") (see Note 27).

The Royalty Agreement states that, commencing on the date when the Purchaser acquires all of the outstanding shares of SGSCC (the "Effective Date"), the Company will receive 5% of net sales from applicable operations, including all cannabis related products. The term of the Royalty Agreement is 10 years from the Effective Date.

The Purchaser shall make royalty payments each month throughout the term of the Royalty Agreement, including a minimum non-refundable royalty of $10,000 to be paid to the Company.

During the period ended September 30, 2023, the Company received royalty revenues of $Nil (September 30, 2022 – $22,600) from the Purchaser.

On November 27, 2020, SGSCC signed a Contract Manufacture and Supply Agreement (the "Supply Agreement") with Farma C Group Inc. ("Farma C"). Under the Supply Agreement, Farma C intends to pay 10% of net sales earned to SGSCC for products manufactured in the facility and will have a minimum payment of $10,000 per month commencing December 1, 2021.

On April 2, 2022, SGSCC terminated the Supply Agreement and has not accrued any additional royalty revenues subsequent to the termination.

(Expressed in Canadian Dollars)

21. ROYALTY REVENUES (CONTINUED)

During the period ended September 30, 2023, SGSCC accrued royalty revenues of $Nil (September 30, 2022 – $30,000) pursuant to the Supply Agreement.

As at December 31, 2022, the Company wrote off all of the amounts receivable relating to the SGSCC Agreement subsequent to the termination (Note 4).

22. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash financing and investing activities along with other cash flow information during the periods ended September 30, 2023 and 2022 are as follows:

	September 30, 2023 $	**September 30, 2022 $**
Fair value of transfer on exercise of stock options and warrants	-	467,354
Shares issued for debt settlement	131,066	751,434
Shares issued for conversion of debentures (Note 20)	343,843	2,988,823
Interest paid on loans	1,854,667	2,510,476
Taxes paid	-	-

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Classification of financial instruments

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy that 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 Company's cash is measured using level 1 inputs and marketable securities are measured using level 2 inputs.

For the Company's derivative liabilities at level 3, the fair value was determined on a binomial lattice methodology considering both expected values with and without the conversion features of the derivative liabilities. The inputs used were the stock price on the valuation date, the risk-free rate, and a risk-adjusted discount rate, dividend yield, stock volatility and trading restrictions.

(Expressed in Canadian Dollars)

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

a) Classification of financial instruments (continued)

For the Company's convertible loan receivable at level 3 as of December 31, 2022, management assessed the collectability of the convertible loan receivable as low and impaired the convertible loan to $Nil as the collectability of debt component was assessed to be low, and convertibility feature has expired. During the period ended September 30, 2023, the Company sold the convertible loan for $225,000 and recorded a gain on sale of investments of $225,000 (Note 13).

At December 31, 2022 and September 30, 2023, the Company's loans receivable had carrying values that approximate their recoverable amounts. During the year ended December 31, 2022, the Company recognized a provision on the loan receivable from PSC of $17,142,967 as a result of the discontinued operations of the PSC investment and impaired the loan receivable to $Nil. On June 16, 2023, the Company sold its investment in PSC (Notes 1, 5 and 11).

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at September 30, 2023 and December 31, 2022:

	As at September 30, 2023		
	Level 1	**Level 2**	**Level 3**
Cash	$ 2,333,463	-	-
Marketable securities	-	$ 450,000	-
Derivative liabilities (Note 16)	-	-	$ 28

	As at December 31, 2022		
	Level 1	**Level 2**	**Level 3**
Cash	$ 304,255	-	-
Marketable securities	$ 75,347	$ 500,000	-
Derivative liabilities (Note 16)	-	-	$ 28

b) Financial risk management

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

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist primarily of cash, convertible loan receivable and loans receivable. The Company's maximum exposure to credit risk associated with those financial instruments is $2,333,463, being the face value of those instruments at September 30, 2023 (December 31, 2022 - $304,255). The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada.

The Company actively manages its exposure to credit risk, reducing the amount and duration of credit exposures, through close monitoring of relevant accounts. The Company's management of credit risk has not changed materially from that of the prior year.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company must raise funds to meet commitments associated with financial instruments and with the construction of its cannabis facilities in Ontario and British Columbia. The Company manages liquidity risk by maintaining adequate cash balances.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

b) Financial risk management (continued)

Liquidity risk (continued)

The Company's expected source of cash flow in the upcoming year will be through equity financing. Cash on hand at September 30, 2023 and expected cash flows for the next 12 months are sufficient to fund the Company's ongoing operational needs for the coming year. The Company will need additional funding through equity or debt financing, or a combination thereof, to complete its facilities. The Company's management of liquidity risk has not changed materially from that of the prior year.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates, foreign exchange rates, and commodity and equity prices. The Company's exposure to and management of market risk has not changed materially from that of the prior year.

(a) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. For the Company, interest rate risk consists of two components: to the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities the Company is exposed to a change in fair value of the financial instruments. Assuming all other variables remain constant, a 1% (September 30, 2022 – 1%) change in the interest rate would result in approximately increase of $27,834 (September 30, 2022 – increase of $15,442) in interest expense in the consolidated statement of comprehensive loss.

(b) Foreign currency risk
Foreign currency risk is 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 is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currencies. During the period ended September 30, 2023, the Company sold AgraFlora Europe. As such, the Company is not longer exposed to foreign currency risk in fluctuations among the Euro and the Canadian dollar. Assuming all other variables remain constant, a 15% (September 30, 2022 – 15%) weakening or strengthening of the Euro against the Canadian dollar would result in approximately $Nil (September 30, 2022 - $3,572) foreign exchange loss or gain in the consolidated statement of comprehensive loss. The Company has not hedged its exposure to currency fluctuations.

The Company has not entered into any foreign currency hedging contracts to mitigate foreign currency risk.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate or foreign currency risk). The Company is exposed to risk of loss of those investments in the amount recorded on the consolidated statement of financial position, should those investments become listed on a stock exchange and suffer a decline in fair value, and or fail to have a market develop where those investments can be sold.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

b) Financial risk management (continued)

Market risk (continued)

(c) Other price risk (continued)

During the period ended September 30, 2023, the Company had investments with private entities (Year ended December 31, 2022 – had investments with entities that had shares listed on a stock exchange). Based upon the Company's investment portfolio at September 30, 2023, a Nil% (September 30, 2022 – 15%) increase or decrease in the fair value of the securities held would result in an increase/decrease to profit or loss of approximately $Nil (September 30, 2022 - $100,000).

(d) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from last year.

The capital structure of the Company consists of shareholders' deficit, which totaled $13,830,645 at September 30, 2023 (December 31, 2022 – deficit of $18,938,447). The availability of new capital will depend on many factors including positive stock market conditions, and the experience of management. The Company is not subject to any external covenants on its capital.

24. COMMITMENTS AND CONTINGENCIES

Legal Claims

The Company had legal claims related to Sanna's past termination of its former President and CEO before Sanna was acquired by the Company. The former President and CEO was claiming accrued and unpaid amounts of $137,976, total damages of $1,300,000, and entitlement to 6,000,000 restricted share units and 6,800,000 fully-vested shares (with a strike price of $0.16) in Sanna, as well as punitive damages of $250,000. During the year ended December 31, 2022, the Company settled outstanding legal claims totalling $450,000 with the former President and CEO through the issuance of common shares and payment of cash (Notes 14 and 18).

25. DEPOSITS

On November 27, 2020, the Company signed the SGSCC Agreement (Note 21). As at December 31, 2020, the Company received a deposit of $297,001 deposit towards the sale. The sale transaction has not closed as at December 31, 2022 and the agreement was terminated during the period ended September 30, 2023. The Company recorded a gain from sale of subsidiary of $297,001 as a result of the termination.

26. SALE OF SUBSIDIARIES

During the year ended December 31, 2022, the Company recovered $382,669 from the sale of SUHM Investments Inc. on April 6, 2021.

During the period ended September 30, 2023, the Company received common shares of OGI with a fair value of $2,354,691 from the sale of SUHM (Note 9).

(Expressed in Canadian Dollars)

26. SALE OF SUBSIDIARIES (CONTINUED)

AgraFlora Europe GmbH

On September 7, 2023, the Company entered into a Share Purchase Agreement to sell all of its shares of AgraFlora Europe GmbH for total cash proceeds of $608,220. During the period ended September 30, 2023, the Company received $304,110. The remaining $304,110 was received subsequent to the period end.

	For the period ended September 30, 2023 $
Proceeds received	608,220
Add net assets as at September 7, 2023:	
Assets	199,182
Liabilities	(231,327)
Total net liabilities	32,145
Gain on sale of subsidiary	**640,365**

27. DISCONTINUED OPERATIONS

As at December 31, 2022 and June 30, 2023, the Company's 70% equity interest in the PSC joint venture was impaired as a result of the termination of the management agreement by the operator of PSC (Notes 1 and 11). The Company mutually agreed with the operator of the Facility to effectively terminate and exit the investment in PSC on June 16, 2023 and sold its investment in PSC for aggregate cash of $250,000.

The Company accounted for the PSC joint venture under the equity method, the investment was impaired during the year ended December 31, 2022 to $Nil and the investment continuity is disclosed in Note 11.

Revenue, expenses and gains or losses relating to the discontinuance of PSC have been eliminated from the profit or loss from the Company's continuing operations and are shown as a single line in the Consolidated Statements of Comprehensive Loss. As a result, the Company's prior period has been restated to present PSC as a discontinued operation. On the date of sale of the investment on June 16, 2023, the Company ceased equity accounting for PSC.

(Expressed in Canadian Dollars)

27. DISCONTINUED OPERATIONS (CONTINUED)

	For the period ended June 16, 2023 $	For the period ended September 30, 2022 $
Revenues	857,230	865,154
Cost of goods sold	(517,614)	(655,468)
Gross profit	**339,616**	**209,686**
Amortization	-	1,305,926
Insurance	14,497	53,044
Management fees	-	49,100
Security	111,508	443
Office expenses	966,724	2,930,722
Professional fees	1,990	185,138
Total operating expense	**1,094,719**	**4,524,373**
Loss from operations – PSC	**(755,103)**	**(4,314,687)**
Finance costs	(1,009,898)	(2,702,727)
Other income	-	659,429
Foreign exchange gain (loss)	(42)	1,299
Total other expense	(1,765,043)	(2,041,999)
Income (loss) from discontinued operations	(1,765,043)	(6,356,686)
Income tax (expense) recovery	-	-
Net income (loss) from operations – PSC	**(1,765,043)**	**(6,356,686)**
Digicann's share of net loss from discontinued operations – 70%	-	(4,449,680)
Sale of interest in PSC	250,000	-
Net income (loss) from discontinued operations attributable to non-controlling interests	**-**	**-**
Net income (loss) from discontinued operations attributable to Shareholders of Digicann Ventures Inc.	**250,000**	**(4,449,680)**

28. SEGMENTED INFORMATION

The Company has one reportable segment, being the sale of cannabis-related products, in two geographic locations being Canada and Germany.

Selected segmented financial information is as follows:

Period ended September 30,	2023 $	2022 $
Sales		
Germany	389,073	491,386
Canada	-	199
Total	389,073	491,585

Sales are attributed to the country in which they are made. During the period ended September 30, 2023, the Company sold AgraFlora Europe and thus no longer operates in Germany as at September 30, 2023 (Note 26). The reported sales are up until the sale of AgraFlora Europe. As at September 30, 2023 and December 31, 2022 $Nil of the Company's long-term assets are located in Germany and all the long-term assets are located in Canada.

29. SUBSEQUENT EVENTS

Subsequent to the period ended September 30, 2023, the Company entered into Securities Purchase Agreements with the debenture holders to purchase an aggregate of $14,218,000 principal from the debenture holders for aggregate cash of $1,600,000 (Note 18).

Subsequent to the period ended September 30, 2023, 133 stock options with an exercise price of $532.50 expired without being exercised (Note 18).

On October 13, 2023, the Company issued 3,080,000 common shares with a fair value of $30,800 to convert $154,000 of debentures including $14,000 of interest (Note 16).

On October 23, 2023, the Company repurchased $14,218,000 of debentures for total cash of $1,600,000 (Note 16).

On October 30, 2023, the Company granted 1,542,559 RSUs to certain directors and officers with a fair value of $23,138. The RSUs expire 5 years from the grant date.

APPENDIX B

DIGICANN VENTURES INC. (FORMERLY AGRA VENTURES LTD.)

Management's Discussion & Analysis
for the period ended September 30, 2023

Digicann Ventures Inc. (formerly AGRA VENTURES LTD.)

Management's Discussion and Analysis

For the Nine Months Ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

Date: November 17, 2023

INTRODUCTION

This Management's Discussion and Analysis ("**MD&A**") of the operating results and financial condition of Agra Ventures Ltd. ("**AGRA**" or the "**Company**") for the nine months ended September 30, 2023 and 2022 should be read in conjunction with the condensed interim consolidated financial statements and accompanying notes for the nine months ended September 30, 2023 and 2022, which are prepared in accordance with International Financial Reporting Standards ("**IFRS**").

Management is responsible for the preparation and integrity of the condensed interim consolidated financial statements, including the maintenance of appropriate information systems, procedures, and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, are complete and reliable. The Company's board of directors (the "**Board**") follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management quarterly to review the financial statements, the MD&A and to discuss other financial, operating, and internal control matters. The reader is encouraged to review the Company's statutory filing on www.sedarplus.ca.

This MD&A is prepared as at November 17, 2023. All dollar figures stated herein are expressed in Canadian dollars unless otherwise indicated.

Readers should use the information contained in this report in conjunction with all other disclosure documents including those filed on SEDAR+ at www.sedarplus.ca.

Forward-Looking Statements

Information set forth in this MD&A may involve forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology. Forward-looking statements in this MD&A include, but are not limited to: volatility of stock price and market conditions, regulatory risks, difficulty in forecasting, key personnel, limited operating history, competition, investment capital and market share, market uncertainty, additional capital requirements, management of growth, pricing policies, litigation, no dividend history. The risk factors described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in MD&A include:

- the Company's use of proceeds and business objectives and milestones and the anticipated time of execution, see "Use of Proceeds";
- the performance of the Company's business and operations;
- the intention to expand the business, operations and potential activities of the Company;
- the methods used by the Company to deliver cannabis;
- the projected increase in production capacity;
- the competitive conditions of the cannabis industry;
- the competitive and business strategies of the Company;

INTRODUCTION (CONTINUED)

Forward-Looking Statements (continued)

- the Company's anticipated operating cash requirements and future financing needs;
- the anticipated future gross revenues and profit margins of the Company's operations;
- the Company's expectations regarding its revenue, expenses and operations;
- impacts of potential litigation;
- the Company's intention to build brands and develop cannabis products targeted to specific segments of the market;
- the current political, legal and regulatory landscape surrounding medical and recreational cannabis and expected developments in any jurisdiction in which the Company operates or may operate;
- the receipt of any regulatory and stock exchange approvals required at any given time;
- the applicable laws, regulations and any amendments thereof;
- medical benefits, viability, safety, efficacy and dosing of cannabis;
- the expected growth in the number of patients;
- the expected number of grams of medical cannabis used by each patient;
- expectations with respect to the advancement and adoption of new product lines and ingredients;
- the acceptance by customers and the marketplace of new products and solutions;
- the ability to attract new customers and develop and maintain existing customers;
- expectations with respect to future production costs and capacity;
- expectations with respect to the renewal and/or extension of the Company's permits and licenses;
- the ability to protect, maintain and enforce the Company's intellectual property rights;
- the ability to successfully leverage current and future strategic partnerships and alliances;
- the ability to attract and retain personnel;
- anticipated labour and materials costs;
- the Company's competitive condition and expectations regarding competition, including pricing and demand expectations and the regulatory environment in which the Company operates; and
- anticipated trends and challenges in the Company's business and the markets and jurisdictions in which the Company operates or may operate.

The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to the Company. Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that such forward-looking statements will materialize. Unless required by applicable securities laws the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, see "Risk Factors".

While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled "Risk Factors".

OVERVIEW

On August 8, 2023, the Company changed its name to Digicann Ventures Inc. from Agra Ventures Ltd. The Company was incorporated on June 24, 2004 under the laws of the Province of British Columbia. It currently trades on the Canadian Stock Exchange (the "**CSE**") under the symbol "DCNN". The Company also trades on the OTC Pink Sheets ("**OTC**") under the symbol "AGFAF" unless temporarily trading under the symbol "AGFAD" during the 20 business days after a share consolidation event. The Company is focused on the cannabis industry.

OVERALL PERFORMANCE

During the period ended September 30, 2023, the Company had the following activities:

- Partial settlement of the Company's convertible debenture payables through the conversion features exercised by the convertible debenture payables holders totaling $1,272,000 of the principal amounts, and also recognized a gain on debt settlement on conversion of the convertible debenture payables.
- Amended the convertible debenture maturity date to March 12, 2024 (the "Third Amendment") by the issuance of common shares to settle $1,200,000 of aggregate interest owed at March 12, 2023.
- Sale of the Company's 70% interest investment in Propagation Services Canada Inc. ("PSC") to the operating of the Facility on June 16, 2023 for aggregate cash of $250,000.
- Sale of the Company's wholly owned subsidiary, AgraFlora Europe GmbH for aggregate cash of $608,220, of which $304,110 was received during the period and the remainder received subsequent to the period end.
- JJ Wolf Investments Ltd. agreed to forgive loans from the prior year with the Company, resulting in total loan forgiveness of $752,703.
- Receipt of 2,278,133 common shares or OrganiGram Holdings Inc. ("OGI") with a fair value of $2,354,691 pursuant to the sale of SUHM Investments Inc. in the prior year. The Company received aggregate cash of $2,349,038 from its sale of its marketable securities which includes all 2,278,133 OGI shares and 2,511,576 Cult Food Science Corp. shares.
- Recorded a loan recovery of $225,000 as a result of the sale of the convertible loan receivable ("C Notes") on August 17, 2023.
- Terminated the sale of SGSCC Agreement and recorded a gain of $297,001.

Propagation Services Canada

As at September 30, 2023 and the date of this MD&A, the Company no longer has ownership of PSC. The Company's investment in PSC includes access to the Delta Facility, which is widely considered to be one of the most technically advanced and environmentally friendly greenhouse operations in the world. The Company mutually agreed with the operator of the Facility to effectively terminate and exit the investment in PSC on June 16, 2023 and sold its investment in PSC for aggregate cash of $250,000.

During the year ended December 31, 2022, the Company recognized an impairment of its 70% equity interest in the Propagation Services Canada ("PSC") joint venture, as a result of the termination of the management agreement by the operator of PSC. Should the sale of the investment in PSC not follow, the Company's intention is to consider abandoning its interest in the joint venture. Thus, the sale of interest meets the definition of a discontinued operation per IFRS *Non-current assets held for sale and discontinued operations, the results of the discontinued operations* for the year ended December 31, 2022 and 2021 are disclosed in Note 11 of the consolidated financial statements for the year ended December 31, 2022. The discontinued operations are disclosed in Note 27 of the condensed interim consolidated financial statements for the period ended September 30, 2023.

For the period ended June 16, 2023, PSC recorded revenues of $857,230 compared to $865,154 for the period ended September 30, 2022.

As at September 30, 2023, the Company has Nil% (December 31, 2022 – 70%) ownership interest in PSC.

OVERALL PERFORMANCE (CONTINUED)

AgraFlora Europe GmbH (formerly 'The Good Company GmbH')

As at September 30, 2023 and the date of this MD&A, the Company no longer has ownership of AgraFlora Europe GmbH ("AgraFlora Europe"). The Company entered into a Share Purchase Agreement on September 7, 2023 to sell all shares of AgraFlora Europe to a third party for aggregate cash of $608,220. During the period ended September 30, 2023, the Company received $304,110 and $304,110 subsequent to period end.

The Company acquired 100% of the issued and outstanding shares of AgraFlora Europe in prior years. AgraFlora Europe is the parent company of German European Union good distribution practice medical cannabis distributor (EU-GDP) Farmako GmbH ("Farmako"). Farmako is a leading European medical cannabis distributor, headquartered in Frankfurt, Germany, with affiliated companies in the United Kingdom.

OUTLOOK

The Company primarily operates within the challenged economic landscape that currently is the Canadian recreational cannabis industry. Its near-term outlook includes focusing on the collection of receivables and divestment of assets to increase the stability of its current cash position.

Additionally, the Company was positioned to earn approximately 43% of up to two share-based earnout milestone payments relating to the sale of its SUHM Investments Inc. ("SUHM") subsidiary, which wholly owned Edibles & Infusions Corp. ("EIC") in the fiscal year 2021. The two potential EIC milestone payments were: $7,000,000 in common shares of Organigram upon EIC earning $15,000,000 in net revenue during the 12 months ended December 31, 2022 and $2,500,000 in common shares of Organigram on the generation of $7,000,000 in adjusted earnings before interest, taxes, depreciation and amortization for the 12 months ended December 31, 2022.

On May 19, 2023, the Company received 1,642,540 common shares of Organigram Holdings Inc. ("OGI") with a fair value of approximately $969,098 relating to the SUHM and EIC sale as part of the Final Earnout Milestone Payment of the sale.

On September 18, 2023, the Company received an additional 635,593 common shares of OGI with a fair value of approximately $1,385,593 as part of the Final Earnout Milestone Payment of the sale. The Company has received all of the Final Earnout Milestone Payment for the sale of SUHM.

The Company remains open to business opportunities including but not limited to acquisitions, divestitures, joint ventures, partnerships and other such transactions or commercial arrangements.

EQUITY TRANSACTIONS

On January 25, 2023, the Company issued 114,258 common shares with a fair value of $28,565 to settle interest payments of $28,565 with a creditor of the Company and recognized $Nil gain or loss on debt settlement.

During the period ended September 30, 2023, pursuant to the Second Amendment, the Company issued an aggregate of 6,879,333 common shares on conversion of the convertible loans with a fair value of $343,843 pursuant to the conversion of $1,272,000 of convertible debentures and also satisfied aggregate interest of $146,366 on the conversions and recognized a gain on debt settlement of $1,074,523.

(Expressed in Canadian Dollars)

EQUITY TRANSACTIONS (CONTINUED)

On May 2, 2023, the Company issued 123,191 common shares with a fair value of $15,399 to settle interest payments of $15,399 with a creditor of the Company and recognized $Nil gain or loss on debt settlement.

On June 6, 2023, the Company satisfied the aggregate accrued interest on the convertible debentures of $1,200,000 by the issuance of 960,000 common shares with a fair value of $72,000 pursuant to the Third Amendment and recognized a gain on debt settlement of $1,128,000.

On June 22, 2023, the Company issued 134,242 common shares with a fair value of $15,102 to settle interest payments of $15,102 with a creditor of the Company and recognized $Nil gain or loss on debt settlement.

During the period ended September 30, 2023, 13,428 warrants with exercise prices from $562.50 to $1,875.00 expired without being exercised. On expiry of the warrants, $12,025,608 was transferred out of reserves.

During the period ended September 30, 2023, an amount of $451,329 was transferred from option reserve to accumulated deficit for options that were cancelled.

SUMMARY OF QUARTERLY RESULTS

Quarter Ended	Total Assets ($)	Revenue ($)	Comprehensive Income (loss) for the period ($)	Income (loss) per Share (Basic & Diluted) ($)
December 31, 2021	46,216,990	153,033	(664,244)	(1.25)
March 31, 2022	43,841,189	181,617	1,442,190	2.75
June 30, 2022	40,187,585	137,174	(4,065,581)	(3.50)
September 30, 2022	37,443,603	172,794	(2,363,181)	(0.75)
December 31, 2022	1,094,736	181,831	(36,983,174)	(8.75)
March 31, 2023	885,089	132,550	10,712	0.00
June 30, 2023	2,773,346	142,781	3,891,887	0.64
September 30, 2023	3,092,209	113,742	920,755	0.11

Fluctuations in assets are mostly due to cash from financing activities and the acquisition of certain businesses and assets during a specific quarter. The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the availability of funding from investors or collaboration partners.

A comprehensive income of $1,442,190 for the period ended March 31, 2022 was noted primarily due to the gain on modification on the Company's amendment of convertible debentures.

A substantial decline in the Company's total assets and the significant increase in comprehensive loss for the quarter ended December 31, 2022 is a result of the impairment of investment, provisions on loan receivable, impairment of intangible assets, and write-off of accounts receivable in the quarter.

For the period ended March 31, 2023, the Company's operating losses before other items was offset primarily by the gain on debt settlement from the conversion of its convertible debentures payable, recorded income from discontinued operations and realized gains and unrealized losses on marketable securities.

SUMMARY OF QUARTERLY RESULTS (CONTINUED)

A comprehensive income was noted for the period ended June 30, 2023, the Company had a gain on debt settlement of $1,128,000, gain on loan forgiveness of $752,703, gain on sale of subsidiary of $1,969,099, a loan recovery of $225,000 and gain on modification of debt of $662,676 which offset the net operating loss of $1,101,146.

A comprehensive income was noted for the period ended September 30, 2023, the Company had a gain on sale of subsidiary of $1,322,958 in relation to the sale of SUHM from prior years, termination of sale of SGSCC agreement and the sale of AgraFlora Europe, a gain on debt settlement of $179,190 related to conversion of debentures payable, which was offset by the net operating loss of $992,936.

RESULTS OF OPERATIONS

The Company's net and comprehensive income for the nine-month period ended September 30, 2023 was $4,844,059 compared to a net and comprehensive loss of $4,449,680 for the period ended September 30, 2022. In general, for the comparative period ending September 30, 2022, the Company had higher general and administrative costs and the primary gains in other items related to the gain on modification of debt subsequent to the amendment of the convertible debentures which resulted in net comprehensive income. In the current period the Company recorded gains on settlement of debt, realized gains on the sale of marketable securities and unrealized losses on marketable securities, realized a gain on modification of debt, recorded a gain on loan forgiveness and a gain on sale of subsidiary. Explanations of the nature of costs incurred, along with explanations for those changes in costs are discussed below for the period ended September 30, 2023:

- Professional fees decreased to $361,454 from $562,749. The decrease during the current period relates to a decrease in complex transactions as compared to the prior year comparative period and the Company's efforts to reduce cash spent as a cost-saving measure.
- Consulting and management fees decreased to $309,912 from $489,777. The Company relies heavily on consultants to achieve its goals on all facets of business and these industry consultants bring a wide range of expertise and connections to the Company. Consultants include Management, Product Development Advisors, Technical Support and other support roles. The Company continues to receive unrivalled support from its best-in-class joint-venture partners and industry consultants. The decrease during the current period relates to a decrease in complex transactions as compared to the prior year comparative period and the Company's efforts to reduce cash spent as a cost-saving measure.

- Regulatory and transfer agent fees decreased to $129,190 from $139,884 as a result of the Company's preparations in the prior period to complete regulatory filings for its acquisitions and the shares issued. The decrease is not material; the two periods are comparable.
- Rent expenses decreased to $Nil from $62,000. In the prior year, the Company terminated the Ontario lease and has thus not incurred additional rent expenses.
- Other general and operating costs decreased to $100,326 from $129,623 and consists of operating activities in Europe. A decrease is expected as the subsidiary's revenues have decreased in the current period. AgraFlora Europe was sold during the period, thus no further expenses are expected.
- Insurance costs increased to $71,367 from $31,277 in the prior period. The increase relates to the renewal of the insurance for the year.
- Fair value movement losses on investments increased to $Nil from a gain of $16,790 as a result of the termination of the for the Twenty One investment in the period year. In the prior year comparative period, the Company recorded a fair value loss on investment as a result of the fluctuation of the exchange rates.
- The Company recorded a $2,202,523 gain on debt settlement (2022: $2,961,863). In the prior year, the Company settled debts with Sanna's former President and CEO by issuance of shares and recorded a loss on debt settlement of $12,489 and recorded gain on debt settlement as a result of conversion of debentures by holders of the convertible debentures into common shares of the Company. In the current period, the Company recorded a gain as a result of conversion of debentures by holders of the convertible debentures into common shares of the Company of $1,074,523 and a gain for shares issued to settle interest owed to holders of the convertible debentures of $1,128,000.

RESULTS OF OPERATIONS (CONTINUED)

- The Company earned decreased revenues of $389,073 from $491,585 from sale of consumer cannabis products, which had costs of $190,532 and $278,295 respectively. In the current period, the Company sold AgraFlora Europe and sales have only been accounted for until the sale date of September 7, 2023.
- The Company recorded interest income of $Nil (2022: $493,689) as a result of interest earned on its loan receivables during the year. The loan receivable was impaired to $Nil during the year ended December 31, 2022, thus it is reasonable that no interest income is recorded in the current period.
- The Company recorded government grant revenue of $Nil (2022: $18,400) as a result of the Company receiving government CEBA loans during the year ended December 31, 2020 and recording the revenue earned during the period. The deferred revenues relating to the CEBA loans were fully accreted as at December 31, 2022 and thus it is reasonable that no additional revenues are recognized in the current period.
- The Company recorded royalty revenues of $Nil (2022: $52,600) as a result of the Royalty Agreement with Farma C relating to the sale of SGSC and the Farma C Supply Agreement with SGSC in 2020. No further revenues were recognized as the agreement was terminated during the year ended December 31, 2022.
- The Company recorded a loss on sale of marketable securities of $81,000 (2022: $Nil) as a result of the sale of marketable securities received from the sale of SUHM in prior years.
- The Company recorded an unrealized loss of marketable securities of $50,000 (2022: $639,697) as a result of the change in fair value of the securities during the period.
- The Company recognized a gain on lease forgiveness of $Nil (2022: $159,614) as a result of the lessor of the Ontario lease forgiving certain amounts of the lease payments due to COVID-19 in the prior year.
- The Company recorded a gain on loan forgiveness of $752,703 (2022: $Nil) as JJ Wolf agreed to forgive loans with the Company from prior years.
- The Company recorded a gain on modification of debt of $650,154 (2022: $1,579,362). In the current period, the Company extended the maturity date of the convertible debentures to March 12, 2024 and recognized a gain on modification of $650,154. In the prior year comparative period, the Company extended the maturity date to March 12, 2023 and recognized a gain on modification of debt of $1,579,362.
- The Company recorded income from discontinued operations of $250,000 (2022: loss of $4,449,680) related to the equity investment in PSC. In the current period, the Company did not record any share of PSC's losses as the investment was impaired to $Nil in the prior year – the Company sold the investment in PSC on June 16, 2023 for aggregate cash of $250,000 which is reflected as income for discontinued operations. In the prior year comparative period, the Company recorded its share of PSC's losses of $4,449,680.
- The Company recorded a gain on sale of subsidiaries of $2,995,056, of which $2,354,691 relates to the shares of OGI received during the period and $640,365 relates to the sale of AgraFlora Europe.
- The Company recorded a loan recovery of $225,000 which relates to the sale of the C Notes on August 17, 2023 for aggregate cash of $225,000 to a third party.

The Company's net and comprehensive income for the three-month period ended September 30, 2023 was $903,190 compared to a net and comprehensive loss of $2,363,181 for the period ended September 30, 2022. In general, for the comparative period ending September 30, 2022, the Company had higher general and administrative costs and the primary loss was related to the loss on modification of debt of $92,988 subsequent to the amendment of the convertible debentures, an unrealized gain of $55,151 on marketable securities, a write-off of investments of 1,288,600 related to the Twenty One investment and loss for discontinued operations of $1,175,830. In the current period the Company had lower general and administrative costs, recorded gains on settlement of debt, realized gains on the sale of marketable securities, realized a gain on modification of debt, recorded a gain on loan forgiveness, recorded a gain on sale of investments and a gain on sale of subsidiary.

(Expressed in Canadian Dollars)

RESULTS OF OPERATIONS (CONTINUED)

Below is a break-down of the various consulting fees incurred by the Company:

	Period ended September 30, 2023 $	2022 $
Management fees	293,585	336,607
Advisory and business development consulting fees	16,327	120,682
Marketing consulting fees	-	32,488
Total	309,912	489,777

REVENUE AND COST OF SALES ANALYSIS

	Period ended September 30, 2023 $	2022 $
Sales	389,073	491,585
Cost of goods sold	(190,532)	(278,295)
Gross profit	198,541	213,290
Gross profit %	51%	43%

- The Company sales include various hemp health products and cannabis to pharmacies, medical and recreational customers. The majority of the sales were earned in the Company's subsidiary, AgraFlora Europe. During the period ended September 30, 2023, the Company sold AgraFlora Europe and thus will no longer have sales revenue in Europe.
- Cost of goods sold include all expenditures related to the products. This includes ingredients and manufacturing costs, as well as the cost of purchasing the products.
- The Company's revenues decreased to $389,073 from $491,585 in the prior period. The Company has a gross profit percentage of 51%, which reflects the current state of the economy and the market the Company operates in, which has been impacted by the global economic situation. Despite the economic challenges, the Company has been able to significantly improve its gross profit percentage in the current year, due to the Company being able to manage its inventories proportionate to the expected sales. During the period ended September 30, 2023, the Company sold AgraFlora Europe and thus will no longer have sales revenue in Europe.

LIQUIDITY

Liquidity and Capital Resources

The financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to execute the Company's business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise the Company's business programs depending on its working capital position.

(Expressed in Canadian Dollars)

LIQUIDITY (CONTINUED)

Liquidity and Capital Resources (Continued)

The Company has financed its operations to date through the issuance of common shares.

	September 30, 2023 $	December 31, 2022 $
Working capital (deficit)	(13,639,791)	(18,938,447)
Total liabilities	16,732,000	20,033,183
Deficit	(230,430,477)	(247,710,719)

Other than the above-mentioned current liabilities, the Company has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's future revenues, if any, are expected to be from the sale of cannabis and their related derivatives. The economics of developing and producing cannabis are affected by many factors including the cost of operations, variations in the quality of cannabis, and the price of cannabis and related derivatives. There is no guarantee that the Company will be able to successfully develop its production facilities and distribution channels.

Liquidity and Capital Resources – Cash Flow

Operating Activities:

During the period ended September 30, 2023, $598,940 (2022 - $6,141,760) cash was used in operating activities from continuing operations. This consisted mainly of cash paid for consulting, corporate development, and day to day expenditures related to the various transactions and acquisitions completed during the period. In the comparative period, the Company had more non-cash transactions, which was primarily related to the gains on modification of debt and interest income from the PSC loan and the equity losses from PSC. For operating activities, $250,000 of income (2022: $4,449,680 of losses) are included in the Company's income statement are from discontinued operations. Overall, the Company spent more cash in the prior year comparative period to pay vendors and repay creditors.

Investing Activities:

During the period ended September 30, 2023, $2,878,148 was received from investment activities (2022 - $1,271,810 used in investment activities). In the current period, the Company sold marketable securities for proceeds of $2,349,038, received $304,110 for the sale of AgraFlora Europe and sold the C Notes to a third party for $225,000. In the prior year comparative period, the Company paid $1,271,810 (US$1,000,000) to acquire 15.38% of Twenty One which was also terminated during the year ended December 31, 2022.

LIQUIDITY (CONTINUED)

Liquidity and Capital Resources (Continued)

Management's current strategy is to continue vertical integration through acquisition and partnership with different companies. The Organic Flower acquisition in 2019 and the Sanna acquisitions in 2020 has made the Company truly vertically integrated and will allow the Company to achieve high margins on the sales of cannabis as well as expand the company's distribution capabilities. Edible prices generate extremely attractive margins and this market segment will allow the company to be very profitable. The edibles industry in the US and Canada is expected to double in the next 3 years and the Company through the Organic Flower acquisition now has assets in every part of the value chain. The Company will also issue shares to raise funds as necessary.

The Company also received earnout milestones during the period related to the sale of Edibles through the sale of SUHM Investments Inc. in the prior year.

In the event that proceeds from any future financings are insufficient to cover planned expenditures, Management will allocate available resources in such manner as deemed to be in the Company's best interest. This may result in a significant reduction in the scope of existing and planned operations.

The condensed interim consolidated financial statements do not reflect any adjustments related to the recoverability and classification of assets or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the condensed interim consolidated financial statements for the period ended September 30, 2023.

INVESTOR RELATIONS

The Company has not entered into any investor relations contracts and all investor relation activity is carried out by officers of the Company.

COMMITMENTS

<u>Legal Claims</u>

The Company had legal claims related to Sanna's past termination of its former President and CEO before Sanna was acquired by the Company. The former President and CEO was claiming accrued and unpaid amounts of $137,976, total damages of $1,300,000, and entitlement to 6,000,000 restricted share units and 6,800,000 fully-vested shares (with a strike price of $0.16) in Sanna, as well as punitive damages of $250,000. During the year ended December 31, 2022, the Company settled outstanding legal claims totaling $450,000 with the former President and CEO through the issuance of common shares and payment of cash.

(Expressed in Canadian Dollars)

CONTINGENT LIABILITY

On May 18, 2011, the Company received an order granted by a court in Lima, Peru indicating that the Company is responsible for a debt of US$209,403 incurred by a former subsidiary of the Company. The Company did not receive notice of the Peruvian legal proceedings and is seeking advice concerning an application to set aside the order. The Company retained Peruvian legal counsel who advised that the Company is not responsible for this obligation.

The most recent contact from Peru indicates that the order has been dropped but the Company has not received formal notice of such release. No amounts have been recorded in the Company's books and records regarding this issue.

RELATED PARTY TRANSACTIONS

The Directors and Executive Officers of the Company as of the date of this report are as follows:

Nick Kuzyk	CEO and Director (Appointed as CEO on March 1, 2023, formerly Interim CEO)
Elise Coppens	Former CEO and Director
David Grand	Former CEO and Director
Fiona Fitzmaurice	CFO and Director
Anthony Carnevale	Director (Appointed June 27, 2022)
Jerry Habuda	Former Director (Resigned June 27, 2022)
Joseph Perino	Former Director (Resigned June 27, 2022)
Jonathan Hirsch	Director (Appointed June 5, 2023)

The Company has identified the directors and senior officers as key management personnel. The following table lists the compensation costs paid directly or to companies controlled by key management personnel for the periods ended September 30, 2023 and 2022:

Period ended September 30, 2023	Share-based payments $	Consulting and Management Fees $
Consulting fees paid/accrued to a private company controlled by the CFO	4,490	81,360
Consulting fees paid/accrued to a private company controlled by the CEO	8,978	204,225
Consulting and Directors fees paid/accrued to a private company controlled by a Director	2,245	8,000
Share-based payments to a Director	2,245	-
	17,958	293,585

(Expressed in Canadian Dollars)

RELATED PARTY TRANSACTIONS (CONTINUED)

Period ended September 30, 2022	Share-based payments $	Consulting and Management Fees $
Consulting fees paid/accrued to a private company controlled by the CFO	-	58,440
Consulting fees paid/accrued to a private company controlled by the CEO	-	32,025
Consulting fees paid/accrued to a private company controlled by the former CEO	-	28,250
Consulting fees paid/accrued to a private company controlled by the former CEO	-	135,600
		254,315

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. At September 30, 2023, $9,040 (December 31, 2022 - $162,148) is owing to related parties for unpaid fees which are included in accounts payable and accrued liabilities.

As at September 30, 2023, the Company has prepaid expenses of $4,514 from related parties.

CONFLICTS OF INTEREST

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments

The carrying values of cash, amounts receivable, advances to related parties, loans receivable, accounts payable and accrued liabilities, and advances from related parties approximate their carrying values due to the immediate or short-term nature of these instruments.

IFRS 13, *Fair Value Measurement,* establishes a fair value hierarchy that 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 Company's cash is measured using level 1 inputs and marketable securities are measured using level 2 inputs.

(Expressed in Canadian Dollars)

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value of financial instruments (Continued)

For the Company's derivative liabilities at level 3, the fair value was determined on a binomial lattice methodology considering both expected values with and without the conversion features of the derivative liabilities. The inputs used were the stock price on the valuation date, the risk-free rate, and a risk-adjusted discount rate, dividend yield, stock volatility and trading restrictions.

For the Company's convertible loan receivable at level 3 as of December 31, 2022, management assessed the collectability of the convertible loan receivable as low and impaired the convertible loan to $Nil as the collectability of debt component was assessed to be low, and convertibility feature has expired. During the period ended September 30, 2023, the Company sold the convertible loan for $225,000 and recorded a loan recovery of $225,000.

At December 31, 2022 and September 30, 2023, the Company's loans receivable had carrying values that approximate their recoverable amounts. During the year ended December 31, 2022, the Company recognized a provision on the loan receivable from PSC of $17,142,967 as a result of the discontinued operations of the PSC investment and impaired the loan receivable to $Nil. On June 16, 2023, the Company sold its investment in PSC.

The following is an analysis of the Company's financial assets measured at fair value as at and September 30, 2023 and December 31, 2022:

	As at September 30, 2023		
	Level 1	**Level 2**	**Level 3**
Cash	$ 2,333,463	-	-
Marketable securities	-	$ 450,000	-
Derivative liabilities	-	-	$ 28

	As at December 31, 2022		
	Level 1	**Level 2**	**Level 3**
Cash	$ 304,255	-	-
Marketable securities	$ 75,347	$ 500,000	-
Derivative liabilities	-	-	$ 28

Financial risk management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist primarily of cash, convertible loan receivable and loans receivable. The Company's maximum exposure to credit risk associated with those financial instruments is $2,333,463, being the face value of those instruments at September 30, 2023 (December 31, 2022 - $304,255). The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada.

The Company actively manages its exposure to credit risk, reducing the amount and duration of credit exposures, through close monitoring of relevant accounts. The Company's management of credit risk has not changed materially from that of the prior year.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company must raise funds to meet commitments associated with financial instruments and with the construction of its cannabis facilities in Ontario and British Columbia. The Company manages liquidity risk by maintaining adequate cash balances.

The Company's expected source of cash flow in the upcoming year will be through equity financing. Cash on hand at September 30, 2023 and expected cash flows for the next 12 months are sufficient to fund the Company's ongoing operational needs for the coming year. The Company will need additional funding through equity or debt financing, or a combination thereof, to complete its facilities. The Company's management of liquidity risk has not changed materially from that of the prior year.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. For the Company, interest rate risk consists of two components: to the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities the Company is exposed to a change in fair value of the financial instruments. Assuming all other variables remain constant, a 1% (September 30, 2022 – 1%) change in the interest rate would result in approximately increase of $27,834 (September 30, 2022 – increase of $20,388) in interest expense in the consolidated statement of comprehensive loss.

b) Foreign currency risk

c) Foreign currency risk is 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 is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currencies. During the period ended September 30, 2023, the Company sold AgraFlora Europe. As such, the Company is not longer exposed to foreign currency risk in fluctuations among the Euro and the Canadian dollar. Assuming all other variables remain constant, a 15% (September 30, 2022 – 15%) weakening or strengthening of the Euro against the Canadian dollar would result in approximately $Nil (September 30, 2022 - $3,572) foreign exchange loss or gain in the consolidated statement of comprehensive loss. The Company has not hedged its exposure to currency fluctuations.

d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate or foreign currency risk). The Company is exposed to risk of loss of those investments in the amount recorded on the consolidated statement of financial position, should those investments become listed on a stock exchange and suffer a decline in fair value, and or fail to have a market develop where those investments can be sold.

During the period ended September 30, 2023, the Company had investments with private entities (Year ended December 31, 2022 – had investments with entities that had shares listed on a stock exchange). Based upon the Company's investment portfolio at September 30, 2023, a Nil% (September 30, 2022 – 15%) increase or decrease in the fair value of the securities held would result in an increase/decrease to profit or loss of approximately $Nil (September 30, 2022 - $100,000).

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (Continued)

e) ***Capital risk management***

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from last year.

The capital structure of the Company consists of shareholders' deficit, which totaled $13,663,541 at September 30, 2023 (December 31, 2022 – deficit of $18,938,447). The availability of new capital will depend on many factors including positive stock market conditions, and the experience of management. The Company is not subject to any external covenants on its capital.

ADDITIONAL SHARE INFORMATION

On August 8, 2023, the Company consolidated its shares on a twenty-five (25) pre-consolidated to one (1) post-consolidation share basis.

As at the date of this MD&A, the Company had 17,856,672 common shares outstanding, 79,739 warrants outstanding with exercise prices ranging from $375.00 to $562.50 and expiring at various dates to July 8, 2025; 24,3714 stock options outstanding with exercise prices ranging from $281.25 to $1,725.00 and expiring at various dates to April 30, 2025; and 88,852 RSUs outstanding with expiry dates of October 7, 2027.

Subsequent to the period ended September 30, 2023, 133 stock options with an exercise price of $532.50 expired without being exercised.

On October 13, 2023, the Company issued 3,080,000 common shares with a fair value of $30,800 to convert $154,000 of debentures including $14,000 of interest.

On October 30, 2023, the Company granted 1,542,559 RSUs to certain directors and officers with a fair value of $23,138. The RSUs expire 5 years from the grant date.

NEW SIGNIFICANT ACCOUNTING POLICIES

The Company continues to review changes to IFRS standards. There are no pending IFRSs or IFRIC interpretations that are expected to be relevant to the Company's condensed interim consolidated financial statements.

OTHER RISKS AND UNCERTAINTIES

In conducting its business, the Company is subject to a number of other risks and uncertainties that could have a material adverse effect on the Company's business prospects or financial condition that could result in a delay or indefinite postponement in the development of the Company's interests.

Going concern

The Company's condensed interim consolidated 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 continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its on-going commitments.

OTHER RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to the Company's Business

This section discusses factors relating to the business of Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner.

Reliance on Licensing

The ability of the Company to continue its business of growth, storage and distribution of medical cannabis is dependent on the good standing of all licenses, including the licenses to produce and sell cannabis and hemp derivatives, and adherence to all regulatory requirements related to such activities. Any failure to comply with the terms of the licenses, or to renew the licenses after their expiry dates, would have a material adverse impact on the financial condition and operations of the business of the Company.

Although the Company believes that it will meet the requirements of future extensions or renewals of the licenses, there can be no assurance that the regulating bodies will extend or renew the licenses, or if extended or renewed, that they will be extended or renewed on the same or similar terms. Should the regulatory bodies not extend or renew the licenses, or should they renew the licenses on different terms, the business, financial condition and operating results of the Company would be materially adversely affected.

Change in Law, Regulations and Guidelines

The Company's business is subject to a variety of laws, regulations and guidelines relating to marketing, distribution, cultivation, management and sale and disposal of medical cannabis but also laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines may cause adverse effects to the Company's operations. The Liberal Party of Canada, which has formed the current federal Government of Canada, has made electoral commitments to legalize, regulate and tax recreational cannabis use in Canada. On April 13, 2017, the Government of Canada introduced the Cannabis Act. On June 19, 2018, Prime Minister Justin Trudeau announced that the Cannabis Act and its regulations will come into force in Canada on October 17, 2018, on order to provide the provinces and territories time to prepare for retail sales. The Cannabis Act passed its final legislative step and received Royal Assent on June 21, 2018. The legislative framework pertaining to the Canadian recreational cannabis market will be subject to significant provincial and territorial regulation.

Regulatory Risk

Achievement of the Company's business objectives are contingent, in part, upon compliance with the regulatory requirements, enacted by these government authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by government authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the Company's business, results of operation and financial condition.

OTHER RISKS AND UNCERTAINTIES (Continued)

Realization of Growth Targets

The Company's ability to produce cannabis through the joint venture is affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, environmental pollution, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labour disputes, as well as factors specifically related to indoor agricultural practices, such as reliance on provision of energy and utilities to the facility, and potential impacts of major incidents or catastrophic events on the facility, such as fires, explosions, earthquakes or storms.

Limited Operating History and No Assurance of Profitability

The Company is subject to all of the business risks and uncertainties associated with any early-stage enterprise, including under-capitalization, cash shortages, limitation with respect to personnel, financial and other resources, and lack of revenue. The Company has incurred operating losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future.

In addition, if the Company's revenues do not increase to offset its costs and operating expenses, then the Company will not be profitable. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

Unfavorable Publicity or Consumer Perception

The success of the cannabis industry may be significantly influenced by the public's perception of cannabis' medicinal applications. Medical cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical cannabis will be favorable. The medical cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical cannabis is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical cannabis may have a material adverse effect on our operational results, consumer base and financial results.

Additional Financing

There is no guarantee that the Company will be able to execute on its strategy. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business strategy or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other Companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

OTHER RISKS AND UNCERTAINTIES (Continued)

Uninsured or Uninsurable Risk

The Company may be subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's normal business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Key Personnel

The Company's success will depend on its directors' and officers' ability to develop and execute on the Company's business strategies and manage its ongoing operations, and on the Company's ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants now that production and selling operations have begun. The loss of any key personnel or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

Strategic Alliances

The Company currently has, and may in the future enter into, strategic alliances with third parties that the Company believes will complement or augment its existing business. The Company's ability to complete strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance our business, and may involve risks that could adversely affect the Company, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that the Company's existing strategic alliances will continue to achieve, the expected benefits to the Company's business or that the Company will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on the Company's business, financial condition and results of operations.

New Product Development

The medical cannabis industry is, and the recreational cannabis industry will be, in its early stages of development and it is likely that the Company, and its competitors, will seek to introduce new products in the future. In attempting to keep pace with any new market developments, the Company may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by the Company. As well, the Company may be required to obtain additional regulatory approvals from Health Canada and any other applicable regulatory authority, which may take significant amounts of time. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Company's business, financial condition and results of operations.

OTHER RISKS AND UNCERTAINTIES (CONTINUED)

Litigation

The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While the Company has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact the Company's business, operating results or financial condition.

Agricultural Operations

Since the Company's business will revolve mainly around the growth of medical cannabis, an agricultural product, the risks inherent with agricultural businesses will apply. Such risks may include disease and insect pests, among others. Although the Company expects to grow its product in a climate controlled, monitored, indoor location, there is no guarantee that changes in outside weather and climate will not adversely affect production. Further, any rise in energy costs may have a material adverse effect on the Company's ability to produce medical cannabis.

Transportation Disruptions

The Company will depend on fast, cost-effective and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the courier service used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

Fluctuating Prices of Raw Materials

The Company's revenues will be derived from the production, sale and distribution of cannabis. The price of production, sale and distribution of cannabis will fluctuate widely due to how young the cannabis industry is and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. The effect of these factors on the price of the product(s) produced by the Company and, therefore, the economic viability of any of the Company's business, cannot accurately be predicted.

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

OTHER RISKS AND UNCERTAINTIES (CONTINUED)

Growth Expansion Efforts

There is no guarantee that the Company's intentions to acquire and/or construct additional cannabis production and manufacturing facilities in Canada and in other jurisdictions with federal legal cannabis markets, and to expand the Company's marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licenses and permits and there is no guarantee that all required approvals, licenses and permits will be obtained in a timely fashion or at all. There is also no guarantee that the Company will be able to complete any of the foregoing activities as anticipated or at all. The failure of the Company to successfully execute its expansion strategy (including receiving required regulatory approvals and permits) could adversely affect the Company's business, financial condition and results of operations and may result in the Company failing to meet anticipated or future demand for its cannabis-based pharmaceutical products, when and if it arises. Moreover, actual costs for construction may exceed the Company's budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, the Company may not be able to achieve the intended economic benefits from the construction of the new facilities, which in turn may materially and adversely affect its business, prospects, financial condition and results of operations**.**

Execution of Future Acquisitions or Dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Company's operations, and (vi) loss or reduction of control over certain of the Company's assets. The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the results of operations, business prospects and financial condition of the Company. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

Market Risk for Securities

The market price for the Common Shares of the Company could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company. The stock market has from time-to-time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Because of the early stage of the industry in which the Company intends to operate, the Company expects to face additional competition from new entrants. If the number of users of medical cannabis in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To be competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially affect the business, financial condition and results of operations of the Company.

OTHER RISKS AND UNCERTAINTIES (CONTINUED)

Global Economy

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Company will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's shares on the Exchange.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on the SEDAR+ at www.sedarplus.ca.