PreveCeutical Medical Inc.

Condensed Consolidated Interim Financial Statements

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

Unaudited - Expressed in Canadian Dollars

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements of PreveCeutical Medical Inc. (the "Company") have been prepared by management and approved by the Audit Committee and Board of Directors (the "Board") of the Company. They include appropriate accounting principles, judgment and estimates in accordance with International Financial Reporting Standards ("IFRS") for unaudited condensed consolidated interim financial statements.

The Company's independent auditors have not performed a review of these unaudited condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditors.

PreveCeutical Medical Inc.

Condensed Consolidated Interim Statements of Finacial Position

Unaudited - Expressed in Canadian Dollars

As at		**June 30, 2022**		December 31, 2021
ASSETS				
Current				
Cash	**$**	**2,638**	$	16,064
Accounts receivable		**60,026**		54,989
Prepaid and deposits (Note 4)		**2,902**		11,619
		65,566		82,672
Property, equipment and furniture (Note 5)		**1,808**		2,230
Intangible assets (Note 6)		**72,675**		76,299
Total assets	**$**	**140,049**	$	161,201
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 15)	**$**	**1,503,684**	$	1,335,988
Callable debt (Note 8 and 15)		**459,310**		398,319
Convertible debt - short term (Notes 9 and 15)		**734,173**		854,557
		2,697,167		2,588,864
Long term debt (Note 10)		**60,000**		60,000
Convertible debt - long term (Notes 11 and 15)		**1,720,250**		1,616,352
Total liabilities		**4,477,417**		4,265,216
SHAREHOLDERS' DEFICIENCY				
Share capital (Note 12)		**18,981,775**		18,561,945
Equity portion of convertible debt (Notes 9 and 11)		**772,053**		754,821
Share-based compensation reserve		**3,393,759**		3,720,675
Reserves		**1,202,310**		1,202,310
Accumulated other comprehensive income		**497,374**		182,722
Deficit		**(29,184,639)**		(28,526,488)
Total shareholders' deficiency		**(4,337,368)**		(4,104,015)
Total liabilities and shareholders' deficiency	**$**	**140,049**	$	161,201

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

Approved on behalf of the Board of Directors

"Stephen Van Deventer" Signed

Director

"Linnea Olofsson" Signed

Director

PreveCeutical Medical Inc.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

Unaudited - Expressed in Canadian Dollars

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
	$	**$**	$	$
EXPENSES				
Amortization (Notes 5 and 6)	1,105	1,498	2,231	3,029
Business development and investor relations	15,851	48,397	35,346	69,875
Office and general	1,496	1,246	2,715	2,856
Professional fees	41,952	52,243	81,844	89,770
Rent, utilities, repair and maintenance (Note 15)	1,093	1,373	2,214	2,766
Research and development	19,289	130,433	38,239	313,048
Salaries, benefits and consulting (Note 15)	42,658	49,132	98,596	120,911
Share-based compensation (Note 13)	19,996	20,697	32,615	50,513
Transfer agent and filing fees	30,348	13,292	41,051	42,918
Total expenses (gain)	173,788	318,311	334,851	695,686
GAIN/(LOSS) FROM OPERATIONS	(173,788)	(318,311)	(334,851)	(695,686)
Foreign exchange (loss)/gain	(158,075)	(366,926)	(314,910)	(181,846)
Accretion expense (Notes 9 and 11)	(53,958)	(46,795)	(160,810)	(149,165)
Interest expense (Notes 7, 8, 9, 10 and 15)	(30,798)	(31,615)	(62,067)	(65,965)
Gain on asset disposal	-	-	789	-
Loss on debt modification (Notes 9 and 11)	-	-	(145,833)	(166,881)
Loss before income tax recovery	(416,619)	(763,647)	(1,017,682)	(1,259,543)
Income tax recovery	-	-	-	-
Net loss	(416,619)	(763,647)	(1,017,682)	(1,259,543)
Foreign exchange gain on translating foreign operations	157,732	368,155	314,652	180,407
Comprehensive loss	(258,887)	(395,492)	(703,030)	(1,079,136)
Basic and Diluted Loss per common share	(0.000)	(0.001)	(0.001)	(0.002)
Weighted average number of outstanding shares	523,303,359	511,703,359	517,663,580	504,140,961

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

PreveCeutical Medical Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders’ Deficiency

Unaudited - Expressed in Canadian Dollars

	Number of shares	Share Capital Amount $	Equity Component of convertible loan $	Share-based Compensation Reserve $	Reserves $	Accumulated Other Comprehensive Income $	Deficit $	Total $
Balance at December 31, 2020	492,149,158	17,567,304	1,095,962	3,749,390	921,329	(19,241)	(26,918,698)	(3,603,954)
Debt conversion	16,272,951	912,610	(202,025)	-	-	-	-	710,585
Debt modification	-	-	-	-	139,724	-	-	139,724
Debt settlement	3,281,250	82,031	-	-	-	-	-	82,031
Share-based compensation	-	-	-	29,816	-	-	-	29,816
Net loss and comprehensive loss for the period	-	-	-	-	-	(187,748)	(495,896)	(683,644)
Balance at June 30, 2021	**511,703,359**	**18,561,945**	**893,937**	**3,779,206**	**1,061,053**	**(206,989)**	**(27,414,594)**	**(3,325,442)**
Balance as at December 31, 2021	**511,703,359**	**18,561,945**	**754,821**	**3,720,675**	**1,202,310**	**182,722**	**(28,526,488)**	**(4,104,015)**
Debt conversion	10,000,000	379,830	(136,319)	-	-	-	-	243,511
Debt modification	-	-	145,833	-	-	-	-	145,833
Debt settlement	1,600,000	40,000	-	-	-	-	-	40,000
Convertible loan equity	-	-	7,718	-	-	-	-	7,718
Share-based compensation	-	-	-	32,615	-	-	-	32,615
Fair value of expired options	-	-	-	(359,531)	-	-	359,531	-
Net loss and comprehensive loss for the period	-	-	-	-	-	314,652	(1,017,682)	(703,030)
Balance as at June 30, 2022	**523,303,359**	**18,981,775**	**772,053**	**3,393,759**	**1,202,310**	**497,374**	**(29,184,639)**	**(4,337,368)**

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

PreveCeutical Medical Inc.
Condensed Consolidated Interim Statements of Cash Flows
Unaudited - Expressed in Canadian Dollars

Six months ended June 30,		**2022**		2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$	**(1,017,682)**	$	(1,259,543)
Adjustments to net loss:				
Amortization		**2,231**		3,029
Share-based compensation		**32,615**		50,513
Accretion expenses		**160,810**		149,165
Accrued interest		**61,356**		65,256
Gain on disposal of assets		**(789)**		-
(Gain) loss on debt settlement		**-**		(22,969)
Loss on modification of convertible debt		**145,833**		189,851
		(615,626)		(824,698)
Change in cash on working capital items:				
Accounts receivable		**(5,037)**		40,651
Prepaid expenses and deposits		**8,717**		(6,771)
Accounts payable and accrued liabilities		**207,696**		132,704
Net cash used in operating activities		**(404,250)**		(658,114)
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from sale of equipment		**850**		-
Acquisition of intangible assets		**-**		(2,916)
Net cash provided by/(used in) investing activities		**850**		(2,916)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of common shares net of share issue costs		**(6,489)**		-
Proceeds from short term debt and loans		**51,057**		28,750
Proceeds from convertible debt		**29,000**		90,000
Net cash provided by (used in) financing activities		**73,568**		118,750
Effect of change in foreign currency		**316,406**		285,266
Change in cash, during the period		**(13,426)**		(257,014)
Cash, beginning of the period		**16,064**		156,440
Cash, end of the period	**$**	**2,638**	**$**	(100,574)

Supplemental Cash Flow Information (Note 16)

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

Unaudited - Expressed in Canadian Dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

PreveCeutical Medical Inc. (the "Company") was incorporated on December 15, 2014, under the laws of British Columbia. The Company's principal business activity is the development of innovative options for preventive and curative therapies utilizing organic and nature identical products.

The Company is located at 885 Cambie Street, Suite 2500, Vancouver, British Columbia, V6B 0R6, Canada and its registered office is at 595 Howe Street, 10th Floor, Vancouver, British Columbia V6C 2T5, Canada.

The Company incorporated a subsidiary, PreveCeutical (Australia) Pty Ltd. ("PreveCeutical (Australia)") in Australia on March 12, 2018. The Company's research programs are managed by PreveCeutical (Australia).

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will continue in operations for the foreseeable future and be able to realize assets and satisfy liabilities in the normal course of business. If the going concern assumption were not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary for the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

Several conditions exist that may cast significant doubt about the ability of the Company to continue as a going concern. The Company does not have significant revenue to date and has incurred operating losses since inception. As at June 30, 2022, the Company had a deficit that is being funded by debt and issuance of equity. Management anticipates that the Company will meet its obligations and maintain its operations to support its payments to creditors and realize profits from future business activities. The Company is dependent on its ability to raise further capital through equity financing and funding from certain officers and shareholders to meet its commitments and fund its ongoing operations.

Since January 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility. The duration and enduring impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. In 2020, the Company moved its personnel to remote working environments, and one of the unprecedented challenges arising from the COVID-19 pandemic is the impact this has had on the investment market and the Company's ability to raise capital.

As at June 30, 2022, and December 31, 2021, the Company reported the following:

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Net loss for the period	$ 1,017,682	$ 1,726,571
Working capital deficiency	$ 2,631,602	$ 2,506,192
Deficit	$ 29,184,639	$ 28,526,488

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using accounting policies consistent with IFRS, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all the information required for full annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on August 24, 2022.

2. BASIS OF PREPARATION (Continued)

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are stated at their fair values. In addition, these condensed consolidated interim 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, which is the Company's functional currency. The functional currency of PreveCeutical (Australia) is Australian dollars.

Principles of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, PreveCeutical (Australia). Subsidiaries are consolidated from the date of acquisition being the date that the Company obtains control. A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investees. All intercompany transactions and balances have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed consolidated interim 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, 2021.

Critical Accounting Estimates and Judgments

The preparation of these condensed consolidated interim financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in these condensed consolidated interim financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these assumptions form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised and all future periods that are affected by the change in estimate.

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year. Critical accounting estimates include, but are not limited to, the following:

- **Intangible assets – useful life**

  Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use.

  A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

- **Property, equipment and furniture – useful lives**

  The Company estimates the useful lives and selects methods used to allocate amortization amounts of property, equipment, and furniture on a systematic basis. Technical obsolescence of tangible assets could significantly impact estimated residual useful lives and, in turn, carrying values being over or understated.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical Accounting Estimates and Judgments (Continued)

Critical Accounting Estimates (Continued)

- **Income tax**

  The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make estimates in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the condensed consolidated interim financial statements.

- **Share-based compensation**

  The fair value of stock options granted, and compensatory warrants are measured using the Black-Scholes option pricing model. Measurement inputs include share price on the measurement date, the exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. The expected life of the options is based on historical experience and general option holder behaviour. Dividends were not taken into consideration as the Company does not expect to pay dividends. Management also makes an estimate of the number of options that will forfeit, and the rate is adjusted to reflect the actual number of options that vest.

- **Convertible debts**

  The convertible debts were separated into their liability and equity components on the condensed consolidated interim statements of financial position. The liability component is initially recognized at fair value, calculated at the net present value of the liability based upon non-convertible debt issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for non-convertible debt with similar terms at the time of issue.

- **Accounts receivable**

  The accounts receivable balance is recorded at the estimated recoverable amount, which involves the estimate of uncollectible accounts.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include, but are not limited to, the following:

- **Intangible assets**

  The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which is based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

  The Company assesses at each reporting date if the intangible assets have indicators of impairment. In determining whether the intangible assets are impaired, the Company assesses certain criteria, including observable decreases in value, significant changes with an adverse effect on the entity, a change in market interest rates, evidence of technological obsolescence and plans.

- **Research and development expenditures**

  Costs to develop products that will be sold are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the product is technically and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any product development costs as at June 30, 2022.

Unaudited - Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical Accounting Estimates and Judgments (Continued)

Critical Accounting Judgements (Continued)

- **Going concern assumption**

  The assessment of whether the going concern assumption is appropriate requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

- **The determination of the Company and its subsidiary's functional currency**

  The functional currency of the Company and its subsidiary is the currency of the primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions which determined the primary economic environment.

- **Modification versus extinguishment of financial liability**

  Judgement is required in applying IFRS 9 *Financial Instruments* to determine whether the amended terms of the loan agreements are a substantial modification of an existing financial liability and whether it should be accounted for as an extinguishment of the original financial liability.

4. PREPAID AND DEPOSITS

	June 30, 2022	December 31, 2021
Prepaid and deposits	2,902	11,619
	2,902	**11,619**

Prepaids relate to prepayments and annual payment for service that is amortized over the twelve months.

5. PROPERTY, EQUIPMENT AND FURNITURE

	Computer Equipment	Total
COST	$	$
Balance, December 31, 2020	47,452	47,452
Disposals	(26,319)	(26,319)
Balance, December 31, 2021	21,133	21,133
Disposals	(2,364)	(2,364)
Balance June 30, 2022	**18,769**	**18,769**
ACCUMULATED AMORTIZATION		
Balance, December 31, 2020	38,411	38,411
Additions	1,532	1,532
Disposals	(21,040)	(21,040)
Balance, December 31, 2021	18,903	18,903
Additions	361	361
Disposal	(2,303)	(2,303)
Balance June 30, 2022	**16,961**	**16,791**
Net book value, December 31, 2021	2,230	2,230
Net book value, June 20, 2022	**1,808**	**1,808**

Unaudited - Expressed in Canadian Dollars

6. INTANGIBLE ASSETS

	Trademarks	License	Total
COST	$	$	$
Balance, December 31, 2020	33,787	-	33,787
Additions	3,607	51,592	55,199
Balance, December 31, 2021	37,394	51,592	88,986
Additions	-	-	-
Foreign exchange on Australian asset	-	(1,754)	(1,754)
Balance at June 30, 2022	**37,394**	**49,838**	**89,232**
ACCUMULATED AMORTIZATION			
Balance, December 31, 2020	9,128	-	9,128
Additions	3,559	-	3,559
Balance, December 31, 2021	12,687	-	12,687
Additions	1,870	-	1,870
Balance at June 30, 2022	**14,557**	**-**	**14,557**
Net book value, December 31, 2021	24,707	51,592	76,299
Net book value, June 30, 2022	**22,837**	**49,838**	**72,675**

Trademark costs include costs for registering and filing the Company's trademarks, which included filing in the United States, Australia and Europe.

During the year ended December 31, 2021, the Company entered a license agreement for the exclusive rights to the delivery of cannabinoids using the sol-gel technology. In accordance with the agreement the Company must pay a license fee totaling US$80,000 to be paid in two separate instalments. US$40,000 was paid during the year ended December 31, 2021, with the second instalment to be paid during the year 2022. Per the terms of the agreement the Company will pay an annual royalty equal to the greater of US$40,000 or 5% of net sales derived from the license. No amortization was recorded for this license during the three and six months ended June 30, 2022, and the year ended December 31, 2021, as the license was not yet put into its intended use.

7. OVERDRAFT FACILITY

On June 10, 2021, PreveCeutical (Australia) entered into an overdraft facility ("Facility") with Australia and New Zealand Banking Group Limited ("ANZ") by which the PreveCeutical (Australia) has temporary access to borrow up to AUD300,000 ($278,850) with a termination date of October 9, 2021. Interest on the outstanding amount on the Facility is the Bank Bill Swap Bid Rate ("BBSY") plus a margin of 2.40% per annum payable monthly in addition to a line fee of 2.40% per annum payable quarterly and on termination of the Facility. As at June 30, 2021, AUD111,726 ($103,849) was drawn on this Facility as at June 30, 2021, and interest in the amount of AUD147 ($141) has been accrued. There was no overdraft facility in place as at June 30, 2022.

8. CALLABLE DEBT

On May 29, 2019, the Company entered into a short-term loan agreement with its Chief Executive Officer for $300,000 with a maturity date of November 29, 2019. The loan is unsecured, at an interest rate of 5% per annum, compounded semi-annually and payable on the maturity date. Under the terms of the agreement, the Company granted 5,000,000 transferable bonus common purchase warrants entitling the holder to purchase one common share in the capital of the Company at an exercise price of $0.06 per share for a period of one year from the grant date. The warrants were not exercised and expired on May 28, 2020.

As at June 30, 2022, the Company has drawn $300,000 on this loan and has accrued $51,003 of interest (interest accrued at December 31, 2021, was $41,069). The fair value of liability was allocated entirely to the liability component. On February 21, 2020, the maturity date was amended from November 29, 2019, to May 29, 2020. On March 5, 2021, the term of the debt was amended to due on demand.

Unaudited - Expressed in Canadian Dollars

8. CALLABLE DEBT (Continued)

During the six months ended June 30, 2022, advances, which are unsecured, payable on demand, and bearing no interest, in the amount of $51,057 were made to the Company by way of short-term loan as follows (total outstanding on June 30, 2022, was $108,307 and at December 31, 2021 was $57,250):

- The Company's Chief Executive Officer lent the Company $51,507 during the six months ended June 30, 2022. The total amount advanced at June 30, 2022 was $102,307 ($51,250 at December 31, 2021).
- The Company's shareholder and former President had a $3,000 loan outstanding at June 30, 2022 and at December 31, 2021. This amount was loaned to the Company during the year ended December 31, 2019.
- A company owned by Company's Chief Executive Officer had a $3,000 loan outstanding as at June 30, 2022 and at December 31, 2021. This amount was loaned to the Company during the year ended December 31, 2019.

Reconciliation of the short-term debt is as follows:

Balance, December 31, 2020		$ 335,134
Cash items		
Advance		46,750
Non-cash items		
Interest expense		16,435
Balance at December 31, 2021	**$**	**398,319**
Advance		51,057
Non-cash items		
Interest expense		9,934
Balance at June 30, 2022	**$**	**459,310**

9. SHORT-TERM CONVERTIBLE DEBT

On March 28, 2018, the Company entered into an unsecured credit facility agreement with its shareholder and former President for $700,000. Under the terms of the agreement, the amount of any outstanding principal and accrued interest thereon under the credit facility is convertible into common shares of the Company at the lender's request at $0.10 per share. The conversion price was amended to $0.06 per share on April 20, 2018. The original maturity date on the facility was March 28, 2019.

On March 28, 2019, the maturity date for the debt was extended from March 28, 2019, to March 29, 2020, and a gain on modification of $67,666 was recorded in reserve and on March 28, 2020, the maturity date for the debt was extended from March 28, 2020, to March 29, 2021, and a gain on modification of $72,712 was recorded in reserve. On March 31, 2021, the term of the credit facility was amended to due on demand.

On March 30, 2022, the Company entered into an assignment and assumption agreement whereby a certain arm's length assignee (the "Assignee") acquired all of Kimberly Van Deventer's right, title, interests and obligations in and under a convertible credit facility agreement dated effective March 28, 2018, as amended, as to the aggregate principal amount of $206,495 and the accrued interest thereon in the aggregate amount of $43,505 (the "Assigned Amounts"). Included in the assignment and assumptions agreement, the conversion price was amended from $0.06 to $0.025 per share and $145,833 was recorded as a loss on modification to profit or loss with a corresponding adjustment to shareholders' deficiency. The Assignee has elected to convert the Assigned Amounts into an aggregate of 10,000,000 shares at a price of $0.025 per share. As a result of the conversion, the equity portion of convertible debt of $136,319 was reclassed to share capital and accretion of $57,887 was recognized in profit or loss.

During the six months ended June 30, 2022, the Company drew a total of $29,000 under this credit facility. No amount was drawn year ended December 31, 2021. As at June 30, 2022, $517,505 was drawn on the facility ($695,000 at December 31, 2021), bearing 5% simple interest. As at June 30, 2022, interest of $103,403 ($132,070 at December 31, 2021) was accrued.

The Company bifurcated the notes into their components using a discounted cash flow model with an estimated fair value interest rate of 15.5% to estimate the fair value of the liability component, with the remaining balance representing the equity component.

Unaudited - Expressed in Canadian Dollars

9. SHORT-TERM CONVERTIBLE DEBT (Continue)

Reconciliation of the convertible debt is as follows:

Balance, December 31, 2020	$	801,025
Non-cash items		
Interest expense		34,750
Accreted interest		18,782
Balance at December 31, 2021	**$**	**854,557**
Cash item		
Issuance of convertible debt		29,000
Non-cash items		
Interest expense		14,838
Accreted interest		93,496
Debt equity		(7,718)
Debt conversion - principal		(206,495)
Debt conversion - interest		(43,505)
Balance at June 30, 2022	**$**	**734,173**

10. LONG-TERM DEBT

On April 14, 2020, the Company received a loan of $40,000 under the Canada Emergency Business Account (CEBA) program. On December 15, 2020, the Company received an additional $20,000 under the program. This is an interest-free loan up to December 31, 2022, $20,000 of which is eligible for complete forgiveness if $40,000 is fully repaid on or before December 31, 2022. If the loan cannot be repaid by December 31, 2022, it will be converted into a 3-year term loan charging an interest rate of 5%. On January 12, 2022, the repayment deadline was extended to December 31, 2023, and the repayment deadline to qualify for partial forgiveness of up to a third of the value of the loans (up to $20,000) was extended to December 21, 2023. The loan is for the Company's operations.

No repayments were made, and no interest was accrued during the three and six months ended June 30, 2022.

11. LONG-TERM CONVERTIBLE DEBT

The Company entered into two revolving line of credit facility agreements with its Chief Executive Officer and its former President (collectively the “Lenders”), who are shareholders of the Company. Both are unsecured, bear simple interest of 5% per annum and are convertible into common shares in the capital of the Company.

Long-term Convertible Debt 1

The first credit facility agreement was entered into on December 9, 2016, in the principal amount of $1,000,000. The agreement was amended on March 31, 2017, wherein the principal amount was increased by $1,000,000 to a total of $2,000,000. Under the terms of the agreement and waiver (the “Waiver”) dated September 30, 2017, the amount of any outstanding principal and accrued interest thereon under the credit facility is convertible, after October 28, 2017, into common shares of the Company at the price of $0.10 per share. On April 20, 2018, the conversion price was amended from $0.10 to $0.06 per share.

On May 11, 2020, and May 15, 2020, the Company entered into two assignment and assumption agreements whereby certain arm's length assignees (the “Assignees”) acquired all of the rights, title, interests and obligations in and under this convertible credit facility agreement for a principal amount of $1,728,811 and the accrued interest of $271,189. Included in the assignment and assumptions agreement, the conversion price was amended from $0.06 to $0.023 per share and $1,206,521 was recorded as a loss on modification to profit or loss with a corresponding adjustment to shareholders' deficiency. During the year ended December 31, 2020, the assigned debt and accrued interest (aggregate balance of $2,000,000) was converted for a total of 86,956,522 shares. As a result of the conversion, the equity portion of convertible debt of $2,178,836 was reclassed to share capital and accretion of $214,240 was recognized in profit or loss.

On March 12, 2021, the Company entered into an assignment and assumption agreement whereby certain arm'\'s length assignee (the “Assignee”) acquired all of the right, title, interests and obligations in and under this convertible credit facility agreement for a principal amount of $475,637 and the accrued interest of $45,097. Included in the assignment and assumptions agreement, the conversion price was amended from $0.06 to $0.032 per share and $189,852 was recorded

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11. LONG-TERM CONVERTIBLE DEBT (Continued)

as a loss on modification to profit or loss with a corresponding adjustment to shareholders' deficiency. During the three months ended March 31, 2021, the assigned debt and accrued interest (aggregate balance of $520,734) was converted for a total of 16,272,951 shares. As a result of the conversion, the equity portion of convertible debt of $520,734 was reclassed to share capital and accretion of $56,401 was recognized in profit or loss.

During the six months ended June 30, 2022, the Company made no draws under this facility ($90,000 drawn during the year ended December 31, 2021). As at June 30, 2022 and the year ended December 31, 2021, the Company has drawn $Nil under the facility agreement and has $Nil accrued interest.

Long-term Convertible Debt 2

The second facility was entered into on May 9, 2017, for a maximum of $1,000,000. Under the terms of the agreement and the waiver, the amount of any outstanding principal and accrued interest thereon under the credit facility is convertible after October 28, 2017, into units, each consisting of one common share of the Company and one common share purchase warrant at a price of $0.10 per unit. Each common share purchase warrant entitles the holder to purchase one common share of the Company at the price of $0.20 for a period of 24 months after the issuance of the units, subject to acceleration. On April 20, 2018, the conversion price was amended from $0.10 per unit to $0.06 per unit

As at June 30, 2022, and December 31, 2021, the Company has drawn $975,500 under the facility agreement and has accrued interest of $234,654 as at June 30, 2022 ($210,467 at December 31, 2021).

On January 26, 2018, the Company entered into an agreement with the Lenders for $500,000 in the form of an unsecured convertible promissory note bearing simple interest at 5% per annum. This promissory note was added to the second facility. Thereby, the terms of the facility entered into on May 9, 2017, apply to the January 26, 2018, agreement. On April 20, 2018, the conversion price was amended from $0.10 per unit to $0.06 per unit. On April 20, 2018, the conversion price was amended from $0.10 per unit to $0.06 per unit.

As at June 30, 2022, and December 31, 2021, the Company has drawn the full $500,000 and has accrued interest of $112,808 at June 30, 2022 and $100,411 at December 31, 2021 on this promissory note.

On September 1, 2020, the Lenders signed a waiver to waive the right to demand the funds for all of the above loans until after April 1, 2024. During the year ended December 31, 2021, the Company recorded a $162,342 gain on deemed extinguishment of debt as a gain on extinguishment of the debt in reserve.

The Company bifurcated the notes into their components using a discounted cash flow model with an estimated fair value interest rate of 15.5% to estimate the fair value of the liability component with the remaining balance representing the equity component.

Reconciliation of the long-term convertible debt is as follows:

Balance at December 31, 2020	**$**	**1,816,402**
Cash items		
Issuance of convertible debt		90,000
Non-cash items		
Interest expense		82,781
Accreted interest		310,245
Debt extinguishment		(162,342)
Debt conversion – principal		(475,637)
Debt conversion – interest		(45,097)
Balance at December 31, 2021	**$**	**1,616,352**
Non-cash items		
Interest expense		36,584
Accreted interest		67,314
Balance at June 30, 2022	**$**	**1,720,250**

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12. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common Class "A" voting shares without par value. There were 523,303,359 common shares of the Company issued and outstanding as at June 30, 2022.

Issuance

Share issuance during the six months ended June 30, 2022, consisted of:

- 10,000,000 common shares issued on March 30, 2022, at a conversion price of $0.025 in relation to a convertible debt conversion in the amount of $250,000 (principal amount of $206,495 and interest amount of $43,505). (Note 9). The Company incurred $6,489 legal costs associated with the issuance of the 10,000,000 common shares.
- 1,600,000 common shares issued on March 30, 2022, to settle two arm's length creditors' outstanding payment of $40,000.

Share issuance during the six months ended June 30, 2021, consisted of:

- 16,272,951 common shares issued on March 12, 2021, at a conversion price of $0.032 in relation to a convertible debt conversion in the amount of $520,734 (principal amount of $475,637 and interest amount of $45,097). (Note 12).
- 3,281,250 common shares issued on March 12, 2021; fair valued at $82,031 to settle two arm's length creditors' outstanding payment of $105,000. A gain on the settlement of debt of $22,969 was recorded.

13. STOCK OPTIONS

Stock Option Plan

Stock options to purchase common shares have been granted to directors, employees, contractors and consultants at exercise prices determined by reference to the market value on the date of the grant. The number of shares available for options to be granted under the Company's rolling stock option plan is 10% of the number of shares outstanding (the "Plan"). Options granted under the Plan vest immediately or over a period of time at the discretion of the Board of Directors.

Under the Plan, the number of shares reserved for issuance to any one optionee will not exceed 5% of the then issued and outstanding shares. The options are non-assignable and non-transferable and will be exercisable up to 10 years from the date of grant. The minimum exercise price of an option granted under the Plan must not be less than the discounted market price, as such term is defined in the policies of the Canadian Securities Exchange ("CSE") and other applicable regulatory authorities.

The changes in stock options outstanding are as follows:

	Number of Stock Options Granted	Weighted Average Exercise Price
Balance at December 31, 2020	17,432,840	$ 0.054
Granted	3,500,000	$ 0.034
Expired and forfeited	(1,433,340)	$ 0.028
Balance at December 31, 2021	19,499,500	$ 0.049
Granted	1,000,000	$ 0.025
Expired	(6,250,000)	$ 0.06
Balance at June 30, 2022	**14,249,500**	**$ 0.043**

As at June 30, 2022, the Company had the following stock options outstanding and exercisable:

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13. STOCK OPTIONS (Continued)

Date of Expiry	Number Outstanding	Weighted Average Outstanding Price	Number Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
August 10, 2022	6,499,500	$0.050	6,499,500	$0.050	0.11
August 31, 2022	1,250,000	$0.050	1,250,000	$0.050	0.17
September 22, 2022	2,000,000	$0.040	2,000,000	$0.040	0.23
February 14, 2023	1,000,000	$0.040	1,000,000	$0.040	0.63
March 14, 2023	1,000,000	$0.040	1,000,000	$0.040	0.70
September 30, 2023(1)	1,500,000	$0.025	1,125,000	$0.025	1.25
May 31, 2025(1)	1,000,000	$0.025	250,000	$0.025	2.92
Total	**14,249,500**	**$0.043**	**13,124,500**	**$0.044**	**0.53**

(1) The options are to vest one-fourth on the grant date and one-fourth every three months thereafter.

As at June 30, 2021, the Company had the following stock options outstanding and exercisable:

Date of Expiry	Number Outstanding	Weighted Average Outstanding Price	Number Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
September 7, 2021	1,333,340	$0.060	1,333,340	$0.060	0.19
November 4, 2021	100,000	$0.025	100,000	$0.0025	0.35
June 29, 2022	5,000,000	$0.050	5,000,000	$0.050	1.00
August 10, 2022	6,499,500	$0.050	6,499,500	$0.050	1.12
August 31, 2022	1,250,000	$0.050	1,250,000	$0.050	1.17
September 22, 2022	2,000,000	$0.040	2,000,000	$0.040	1.23
February 14, 2023	1,000,000	$0.040	500,000	$0.040	1.63
March 14, 2023	1,000,000	$0.040	500,000	$0.040	1.71
Total	**18,182,840**	**$0.048**	**17,182,840**	**$0.049**	**1.09**

When the Company issues stock options, it records a share-based compensation in the year or period in which the options are granted and/or vested. The expense is estimated using the following assumptions:

- The risk-free interest rate is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the stock options.
- The Company used historical data to estimate option exercise, forfeiture and employee termination within the valuation model.
- The Company has not paid and does not anticipate paying dividends on its common shares. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period.
- Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the share-based compensation recorded in the accompanying condensed consolidated interim statements of operations and comprehensive loss.

The Company used the Black-Scholes option pricing model to determine the fair value of 1,000,000 options vested during the six months ended June 30, 2022, with a weighted average fair value of $0.155. 2,000,000 options vested during the six months ended June 30, 2021, with a weighted average fair value of $0.0189.

The following weighted average assumptions were used:

	June 30, 2022	June 30, 2021
Risk-free interest rate	1.18%	0.32%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	149.35%	154.34%
Expected option life in years	1.97	1.63
Forfeiture rate	0.00%	0.00%

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13. STOCK OPTIONS (Continued)

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these input assumptions can materially affect the fair value estimate. For the six months ended June 30, 2022, the Company recorded $32,615 ($50,513 for the six months ended June 30, 2021) in relation to the vesting of the stock options.

14. WARRANTS

Changes in warrants outstanding is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2020	**27,484,000**	**$ 0.10**
Expired - private placement	(6,100,000)	$ 0.08
Expired – debt arrangement	(384,000)	$ 0.08
Balance June 30, 2022, and December 31, 2021	**21,000,000**	**$ 0.10**

As at June 30, 2022, the Company had the following warrants outstanding and exercisable:

Date of Expiry	Number Outstanding	Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
July 12, 2022	21,000,000	21,000,000	$ 0.10	0.03
Total	**21,000,000**	**21,000,000**	**$ 0.10**	**0.03**

As at June 30, 2021, the Company had the following warrants outstanding and exercisable:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2019	166,635,350	$ 0.10
Expired - private placement	(134,151,350)	$ 0.10
Expired – debt arrangement	(5,000,000)	$ 0.06
Balance December 31, 2020	**27,484,000**	**$ 0.10**
Expired - private placement	(6,100,000)	$ 0.08
Expired - broker option warrants	(384,000)	$ 0.08
Balance at June 30, 2021	21,000,000	$ 0.10

As at June 30, 2021, the Company had the following warrants outstanding and exercisable:

Date of Expiry	Number Outstanding and Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
July 12, 2022	21,000,000	$ 0.10	1.03
Total	**21,000,000**	**$ 0.10**	**1.03**

15. RELATED PARTIES

Key Management Compensation

The Company’s key management consist of the following executive officers and directors:

Name	Position	Nature of transaction
Stephen Van Deventer	CEO and Chairman	Management Services
Makarand Jawadekar	President, Director, Chief Scientific Officer	Management Services
Shabira Rajan	CFO and Controller	Management Services

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15. RELATED PARTIES (Continued)

Key Management Compensation (Continued)

Name	Position	Nature of transaction
Harendra Parekh	Chief Research Officer	Management Services
Kimberly Van Deventer	Past Director, PreveCeutical (Australia)	Management Services
Keith Anderson	Past Director	Directors Fees
Mark Lotz	Past Director	Directors Fees
Linnea Olofsson	Director	Stock options
James Henderson	Director, PreveCeutical (Australia)	Director and public officer fees

The remuneration of key management is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*

Six months ended June 30,		2022		2021
Salaries and benefits	$	63,324	$	86,764
Management consulting		92,239		42,032
Directors' fees		9,410		16,884
	$	**164,973**	**$**	**145,680**

Option Agreement

On July 8, 2019, the Company and Asterion Cannabis Inc. ("Asterion") entered into an option to purchase agreement (the "Option Agreement"), whereby the Company granted to Asterion the right and option (the "Option") to purchase up to 51% of the Company's right, title and interest in and to certain intellectual property rights relating to the Company's sol-gel nasal IP. Refer to Note 19.

Shared rent and general cost agreement

On November 1, 2018, the Company entered into a shared rent and general cost agreement with Asterion Cannabis Inc. ("Asterion"), whereby Asterion would reimburse costs related to sharing of the office space which is leased by the Company. Asterion is considered to be a related party as a director and executive officer of the Company is a control person of Asterion. As at June 30, 2022 the Company was owed $42,981 ($78,603 at December 31, 2021) from Asterion for reimbursement of shared costs.

Related Party Transactions

Other related transactions for the six months ended June 30, 2022, and 2021 included wages, benefits, interest and reimbursement for shared rent and general costs from a related company.

Except as disclosed elsewhere in the condensed consolidated interim financial statements, related party transactions for the six months ended June 30, 2022, and 2021 are as follows.

Six months ended June 30,		2022		2021
Wages and benefits to employees and fees to a consultant related to certain past officer	$	61,498	$	48,524
Accrued loan interest payable to certain officers and past officer		61356		65,116
Shared rent and general cost received from a related company (Asterion)		(2,943)		(3,210)
Stock options issued to certain director (vested)		12,850		-
	$	**132,761**	**$**	**110,430**

As at June 30, 2022, $1,285,982 ($821,698 as at June 30, 2021) was payable to related parties for wages, services incurred and reimbursement of expenses and recorded in accounts payable and accrued liabilities. All balances are unsecured, non-interest bearing, have no fixed repayment terms and are due on demand. These amounts do not include the advances made by certain officers (Note 8).

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16. SUPPLEMENTAL CASH FLOW INFORMATION

For the six months ended June 30	2022	2021
Interest expense – debt accrued	61,356	65,116
Interest – vendors and bank	711	849
Total Interest	**62,067**	**65,965**

17. MANAGEMENT OF CAPITAL

The Company manages its shareholders' deficiency as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

To facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. To maximize ongoing efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

As at June 30, 2022, the shareholders' deficiency was $4,337,368 (December 31, 2021 - $4,104,015). The Company did not change its approach to capital management during the six months ended June 30, 2022. The Company is not subject to externally imposed capital requirements.

18. FINANCIAL INSTRUMENTS

The Company's financial instruments classified as level 1 in the fair value hierarchy are cash, bank indebtedness, accounts payable and accrued liabilities, callable debt, and long-term debt. Their carrying values approximate the fair values due to their short-term nature. The convertible debt is classified as level 3.

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and other market risks.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on cash and accounts receivable. The Company's cash is held through large Canadian and Australian financial institutions. The carrying amount of cash and accounts receivable represent the maximum exposure to credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's convertible debts (Notes 9 and 11) currently provide for interest at 5% per annum. There was no interest on the short-term advances made by the Company's officers and employees. Interest rate on the short-term loan of $300,000 was 5% per annum compounded semi-annually. There is no interest charged on the long-term debt until December 31, 2023. If the loan cannot be repaid by December 31, 2023, it will be converted into a 3-year term loan charging an interest rate of 5%.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations, and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves to meet its liquidity requirements.

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18. FINANCIAL INSTRUMENTS (Continued)

As at June 30, 2022, the Company had a working capital deficiency of $2,631,601 compared to a working capital deficiency of $2,506,192 at December 31, 2021. This included cash of $2,638 (December 31, 2021 - $16,064) available to meet short-term business requirements and current liabilities of $2,697,167 (December 31, 2021 - $2,588,864). The Company will require additional financing in the future to meet its obligations. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at June 30, 2022:

		1 year		2 to 3 years		**Total**
Callable debt (Note 8)	$	459,310	-	-	$	**459,310**
Convertible debt – short-term (Note 9)		620,908		-		**620,908**
Long term debt (Note 10)		-		60,000		**60,000**
Convertible debt – long-term (Note 11)		-		1,210,154		**1,210,154**
Convertible debt – long-term (Note 11)		-		612,808		**612,808**
	$	1,080,218	$	1,882,962	$	**2,963,180**

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at December 31, 2021:

		1 year		**2 to 3 years**		**Total**
Callable debt (Note 8)	$	398,319	$	-	**$**	**398,319**
Convertible debt – short-term (Note 9)		827,070		-		**827,070**
Long term debt (Note 10)		-		60,000		**60,000**
Convertible debt – long-term (Note 11)		-		1,185,967		**1,185,967**
Convertible debt – long-term (Note 11)		-		600,411		**600,411**
	$	**1,225,389**	**$**	**1,846,378**	**$**	**3,071,767**

Other Market Risk

Other market risks that the Company is exposed to include currency risk. Currency risk is the risk of loss due to the fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities.

The Company is exposed to currency risk with its foreign subsidiary which is funded from time to time in the subsidiary's currency. The Company is also exposed to currency risk with its other foreign business transactions.

The Company does not invest in derivatives to mitigate these risks.

As at June 30, 2022 and December 31, 2021, the Company's net exposure to foreign currency risk on its financial instruments is as follows:

		June 30, 2022				**December 31, 2021**		
		US Dollars		**Australian Dollars**		**US Dollars**		**Australian Dollars**
Cash	$	-	$	208	$	550	$	16,413
Accounts receivable		-		227		-		2,915
Accounts payable and accrued liabilities		(195,614)		(52,434)		(156,686)		(61,408)
	$	**(195,614)**	**$**	**(51,999)**	**$**	**(156,136)**	**$**	**(42,080)**

Based on the above, assuming all other variables remain constant, a 10% (2021 - 10%) weakening or strengthening of the Canadian dollar against the US dollar and Australian would result in an increase/decrease of approximately $6,445 (December 31, 2021 - $2,539) in net income (loss).

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19. OPTION PAYMENTS

On July 8, 2019, the Company and Asterion entered into an option to purchase agreement (the "Option Agreement"), whereby the Company has granted Asterion the right and option (the "Option") to purchase up to 51% of the Company's right, title and interest in and to certain intellectual property rights relating to the Company's sol-gel nasal delivery system for the nose-to-brain delivery of therapeutic formulations, including cannabis and cannabinoids.

Per the Option Agreement, Asterion will make a series of payments totalling $2,652,000. Asterion will acquire the Option upon making all the payments.

Prior to the earlier of ten days after the date of the exercise of the Option in full by Asterion and December 22, 2019, the Company has the right to buy-back all of the earned interest earned by Asterion to the date of the buy back for an amount equal to 150% of the aggregate amount of all cash payments made by Asterion. The Company has to provide a written notice to Asterion of the buy-back intention.

For the three and six months ended June 30, 2022, and June 30, 2021, the Company did not receive an option payment under the Option Agreement.

Asterion is a related party as a director and executive officer of the Company is a control person of Asterion.

20. SEGMENTED INFORMATION

The Company has one reportable segment being the licensing, branding and marketing of nutraceutical and wellness products.

As at June 30, 2022 and December 31, 2021, the Company's long-term assets were located in Canada and Australia as follows:

	June 30, 2022			December 31, 2021		
	Canada	**Australia**	**Total**	**Canada**	**Australia**	**Total**
Computer equipment	$ 1,808	$ -	$ 1,808	$ 2,230	$ -	$ 2,230
Intangible assets	22,838	49,837	72,675	24,707	51,592	76,299
Total	$ 24,646	$ 49,837	$ 74,483	$ 26,937	$ 51,592	$ 78,529

21. SUBSEQUENT EVENTS

On July 12, 2022, twenty-one million (21,000,000) performance warrants issued to certain consultants and officer at an exercise price of $0.10 per common share of the Company, expired.

On July 18, 2022, the Company issued twelve million (12,000,000) stock options to certain officers, employee, and consultants at an exercise price of $0.025 per common share of the Company.

On July 18, 2022, the Company entered into a convertible credit facility agreement with the Lenders in the aggregate principal amount of $3 million (the "Agreement") with a simple annual interest of 10%, and any outstanding principal and accrued interest being convertible into fully paid and non-assessable common shares in the capital of the Company at a conversion price of $0.025 per share in accordance with the terms of the Agreement.

Per the Agreement, the following amounts, totalling $2,900,148, owing to the Lenders were transferred to the credit facility under this Agreement:

i. Short-term loans in the amount of $105,307.
ii. Accounts payables in the amount of $346,056.
iii. Principal amount of $975,500 and interest of $237,060 (total $1,212,560) outstanding on the May 9, 2017, credit facility.
iv. Principal amount of $500,000 and interest of $114,041 (total $614,041) outstanding on the January 26, 2018, credit facility.
v. Principal amount of $517,505 and interest of $104,679 (total $622,184) outstanding on the March 28, 2018, credit facility.

21. SUBSEQUENT EVENTS (Continued)

On August 10, 2022, 6,499,500 options issued to certain officers, employee and consultant, at an exercise price of $0.05 per common share of the Company, expired.