**DELIC HOLDINGS INC.**

**Condensed Consolidated Interim Financial Statements**

**For the six months ended June 30, 2021 and 2020**

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**DELIC HOLDINGS INC.**

**Condensed Consolidated Interim Statements of Financial Position**

**As At**

(Unaudited - Expressed in US dollars)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| AS AT  | Note |   | June 30, 2021 |   | December 31, 2020 |
|  |  |  |  |  |  |
| **ASSETS** |  |  |  |  |  |
|  |  |  |  |  |  |
| **Current** |  |  |  |  |  |
| Cash |  | $ |  3,555,951  | $ |  2,082,206  |
| Accounts receivable |  |  |  540,952  |  |  24,792  |
| Prepaid expenses |   |   |  164,856  |   |  82,709  |
|  |  |  |  |  |  |
|   |   |   |  4,261,759  |   |  2,189,707  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Intangible assets** | 4,5,6 |  |  5,861,477  |  |  3  |
| **Right-of-use assets** | 9 |  |  39,301  |  |  -  |
| **Goodwill** | 4,5 |  |  1,451,343  |  |  -  |
| **Fixed assets** | 10 |   |  77,658  |   |  -  |
|  |  |  |  |  |  |
| **Total assets** |   | $ |  11,691,538  | $ |  2,189,710  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **LIABILITIES AND SHAREHOLDERS’ EQUITY** |  |  |  |  |  |
|  |  |  |  |  |  |
| **Current**  |  |  |  |  |  |
| Accounts payable and accrued liabilities  |  | $ |  493,780  | $ |  73,355  |
| Deferred revenue |  |  |  6,302  |  |  -  |
| Lease liability – current | 9 |  |  37,804  |  |  -  |
| Contingent liabilities | 4,5 |   |  1,528,261  |   |  -  |
|  |  |  |  |  |  |
|   |   |   |  2,066,147  |   |  73,355  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Canada Emergency Business Account loan | 11 |  |  47,372  |  |  -  |
| Deferred income tax liability | 4,5 |  |  1,475,820  |  |  -  |
| Lease liability - long term | 9 |   |  44,866  |   |  -  |
|   |   |   |   |   |   |
| **Total liabilities** |   |   |  3,634,205  |   |  73,355  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Shareholders’ equity**  |  |  |  |  |  |
| Share capital  | 7 |  |  11,537,629  |  |  4,207,037  |
| Reserves | 7 |  |  570,083  |  |  87,143  |
| Deficit |  |  |  (4,392,305) |  |  (2,247,669) |
| Accumulated other comprehensive income |   |   |  341,926  |   |  69,844  |
|  |  |  |  |  |  |
| **Total shareholders' equity**  |   |   |  8,057,333  |   |  2,116,355  |
|  |  |  |  |  |  |
| **Total liabilities and shareholders' equity**  |   | $ |  11,691,538  | $ |  2,189,710  |

Nature and continuance of operations (Note 1)

Commitments (Note 4)

Approved and authorized by the Board of Directors on August 29, 2021:

|  |  |  |
| --- | --- | --- |
| *“Sashko Despotovski”* |  | *“Matt Stang”* |
| Director |  | Director |
|  |  |  |

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

**DELIC HOLDINGS INC.**

**Condensed Consolidated Interim Statements of Comprehensive Loss**

(Unaudited - Expressed in US Dollars)



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

**DELIC HOLDINGS INC.**

**Condensed Consolidated Interim Statements of Changes in Equity**

(Unaudited - Expressed in US Dollars)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Share Capital** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|   | **Note** | **Pre-reverse takeover common shares** |  | **Subordinated voting common shares** |  | **Multiple voting common shares** |  | **Share capital** |  | **Reserves** |  | **Deficit** |  | **Accumulated other comprehensive income** |  | **Total** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance, December 31, 2019** |  |  10,000,000  |  |  -  |  |  -  | $  |  100  | $  |  -  | $  |  (210,143) | $  |  -  | $ |  (210,043) |
| Net loss for the period |   |  -  |   |  -  |   |  -  |   |  -  |   |  -  |   |  (143,174) |   |  -  |   |  (143,174) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance, June 30, 2020** |   |  10,000,000  |   |  -  |   |  -  |   |  100  |   |  -  |   |  (353,317) |   |  -  |   |  (353,217) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance, December 31, 2020** |  |  -  |  |  38,115,450  |  |  170,783  |  |  4,207,036  | $  |  87,143  |  | (2,247,669) | $  |  69,844  | $ |  2,116,354  |
| Shares issued for private placement | 7 |  -  |  |  11,441,189  |  |  -  |  |  2,709,969  |  |  -  |  |  -  |  |  -  |  |  2,709,969  |
| Share issuance costs | 7 |  -  |  |  -  |  |  -  |  |  (110,652) |  |  37,947  |  |  -  |  |  -  |  |  (72,705) |
| Shares issued for services | 7 |  -  |  |  150,000  |  |  -  |  |  71,058  |  |  -  |  |  -  |  |  -  |  |  71,058  |
| Shares issued on acquisition - Delic Labs | 4 |  -  |  |  10,000,000  |  |  -  |  |  2,368,608  |  |  -  |  |  -  |  |  -  |  |  2,368,608  |
| Shares issued on acquisition – KIC | 5 |  -  |  |  -  |  |  89,130  |  |  2,240,312  |  |  -  |  |  -  |  |  -  |  |  2,240,312  |
| Shares issued on acquisition – Homestead | 6 |  -  |  |  108,887  |  |  -  |  |  45,564  |  |  -  |  |  -  |  |  -  |  |  45,564  |
| Exercise of stock options | 7 |  -  |  |  50,000  |  |  -  |  |  5,734  |  |  (2,455) |  |  -  |  |  -  |  |  3,279  |
| Share-based payments | 7 |  -  |  |  -  |  |  -  |  |  -  |  |  447,448  |  |  -  |  |  -  |  |  447,448  |
| Net loss for the period |   |  -  |   |  -  |   |  -  |   |  -  |   |  -  |   | (2,144,636) |   |  272,082  |   | (1,872,554) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance, June 30, 2021** |  |  -  |   |  59,865,526  |   |  259,913  | $  |  11,537,629  | $  |  570,083  | $  | (4,392,305) | $  |  341,926  |  $ |  8,057,333  |

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

**DELIC HOLDINGS INC.**

**Condensed Consolidated Interim Statements of Cash Flows**

(Unaudited - Expressed in US Dollars)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|

|  |  |  |
| --- | --- | --- |
|  |  | Six months ended |
|   |   | June 30, 2021 |   | June 30, 2020 |
|  |  |  |  |  |
| **CASH FLOWS FROM OPERATING ACTIVITIES** |  |  |  |  |
| Net loss for the period | $ |  (2,144,636) | $ |  (143,174) |
| Accrued interest income |  |  (2,256) |  |  -  |
| Share-based payments |  |  518,506  |  |  -  |
| Changes in non-cash working capital items: |  |  |  |  |
| Accounts receivable |  |  41,947  |  |  (11,272) |
| Prepaid expenses |  |  (68,538) |  |  |
| Accounts payable and accrued liabilities |  |  276,381  |  |  (33,015) |
| Deferred revenue |  |  (71,199) |  |  |
| Taxes payable |   |  (83,033) |   |   |
|  |  |  |  |  |
| **Cash used in operating activities** |   |  (1,532,828) |   |  (187,461) |
|  |  |  |  |  |
| **CASH FLOWS FROM INVESTING ACTIVITIES** |  |  |  |  |
| Cash acquired on purchase of Delic Labs |  |  130,566  |  |  -  |
| Cash acquired on purchase of KIC |   |  82,093  |   |  -  |
|  |  |  |  |  |
| **Cash provided by investing activities** |   |  212,659  |   |  -  |
|  |  |  |  |  |
| **CASH FLOWS FROM FINANCING ACTIVITIES** |  |  |  |  |
| Proceeds received from private placement, net |  |  2,637,264  |  |  -  |
| Proceeds received from exercise of stock options |  |  3,279  |  |  -  |
| Dividends paid |   |  -  |   |  -  |
|  |  |  |  |  |
| **Cash provided by financing activities** |   |  2,640,543  |   |  -  |
|  |  |  |  |  |
| **Foreign exchange effect on cash** |  |  153,371  |  |  -  |
|  |  |  |  |  |
| **Change in cash during the period** |  |  1,473,745  |  |  (187,461) |
|  |  |  |  |  |
| **Cash, beginning of period** |   |  2,082,206  |   |  691,298  |
|  |  |  |  |  |
| **Cash, end of period** | $ |  3,555,951  | $ |  503,837  |
|  |  |  |  |  |
| **Non-cash transactions** |  |  |  |  |
| Shares issued on acquisitions (note 7) |  |  |  |  |

 |  |  |
|  |  |  |

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

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Delic Holdings Inc. (the “Company”) was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on November 17, 2005. The Company owns and operates a self-sustaining umbrella of businesses in the psychedelic ecosystem consisting of media, science, and health.

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

1. **BASIS OF PRESENTATION**

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The condensed interim consolidated financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

The following accounting policy was applied during the period ended June 30, 2021:

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred. Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that can create outputs.

Goodwill

In certain situations, goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment. Impairment is determined for goodwill by assessing if the carrying value of a Cash Generating Unit (“CGU”), including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

**2. BASIS OF PRESENTATION** (continued)

These condensed consolidated interim financial statements have been prepared on a historical cost basis. These condensed interim consolidated financial statements are presented in US dollars, unless noted otherwise, and all financial amounts, other than per-share amounts, are rounded to the nearest dollar.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of June 30, 2021.

1. **Basis of consolidation**

These condensed consolidated interim financial statements have been prepared on a consolidated basis and include the accounts of the Company and the following subsidiaries:

|  |  |  |
| --- | --- | --- |
| Entity | **Registered** | **Holding** |
| Delic Corp. | Delaware | 100% owned  |
| Delic Labs Inc. | Canada | 100% owned |
| Ketamine Infusion Centers, LLC | Arizona | 100% owned |

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions have been eliminated.

1. **Functional and presentation currency**

These condensed consolidated interim financial statements are presented in US dollars, which is the functional currency of Delic Corp. The functional currency of the Company is the Canadian dollar.

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate. All gains and losses on translation of these foreign currency transactions are included in the profit and loss.

1. **Significant judgments, estimates and assumptions**

The preparation of the Company’s condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical judgements exercised in applying accounting polices that have the most significant effect on the amounts recognized in the financial statements are as follows:

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

1. **BASIS OF PRESENTATION** (continued)

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Going concern

The preparation of the condensed consolidated interim financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in note 1.

Valuation of intangibles and goodwill

The impairment test for CGUs to which goodwill is allocated based on the value in use of the CGU, determined in accordance with the expected cash flow approach. The calculation is based on assumptions used to estimate future cash flows, the cash flow growth rate and the discount rates. The Company exercises significant judgement in determining CGUs.

Estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that could impact the carrying amount of assets and liabilities:

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Share-based payments

Share-based payments and fair value adjustment to contingent liability are subject to estimation of the value of the award and warrants at the date of grant and measurement date using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company’s stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

1. **REVERSE ACQUISITION**

On November 12, 2020, the Company completed a reverse acquisition transaction, whereby the Company acquired all the issued and outstanding shares of Delic Corp. (“Delic”) and Eception Ventures Ltd. (“Eception”).

Prior to the Transaction, the Company’s authorized share capital changed to an unlimited number of subordinated voting common shares (“SVS”) and an unlimited number of multiple voting common shares (“MVS”). The nature of SVS and MVS is the same, except that each SVS has one voting right, whereas each MVS has one hundred voting rights. Each common share held by the shareholders of the Company prior to the Transaction was reclassified into one SVS. The Company also restructured its debt and equity securities so that all the convertible loans were converted to SVS.

Pursuant to the Transaction, the Company issued an aggregate of 14,587,700 SVS and 170,783 MVS in exchange for all the issued and outstanding shares of Delic and Eception. For accounting purposes, the acquisition was considered to be a reverse acquisition under IFRS 3 *Business Combinations* (“IFRS 3”) as the shareholders of Delic obtained control of the Company. However, as the Company did not meet the definition of a business as defined by IFRS 3, the Transaction has been accounted for as a share-based payment transaction in accordance with IFRS *Share-based Payment* whereby Delic is deemed to have issued shares and options in exchange for the net assets of the Company and Eception together with its listing status at the fair value of the consideration deemed received by the Company and Eception’s shareholders.

The accounting for this transaction resulted in the following:

1. The condensed consolidated interim financial statements of the combined entity are issued under the legal parent, Delic Holdings Inc., but are considered a continuation of the financial statements of the legal subsidiary, Delic.
2. Since Delic Corp. is deemed to be the continuing entity for accounting purposes, its assets and liabilities are included in the condensed consolidated interim financial statements at their historical carrying values.
3. As part of the completion of the Transaction to facilitate the listing, the original shareholders of the Company retained 5,700,000 SVS of the Company and 150,000 options exercisable at CAD$0.083 expiring on April 29, 2025. The original shareholders of Eception retained 100,000 SVS of the Company and converted the 553,500 warrants into 553,500 SVS. In addition, the founders of Eception were also entitled to 100,000 SVS in this Transaction.
4. Since the shares allocated to the former shareholders of the Company on closing the Transaction is considered within the scope of IFRS 2, and the Company could not identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of the Company and Eception acquired on closing was expensed in the statement of comprehensive loss for the year ended December 31, 2020 as a listing expense
5. **REVERSE ACQUISITION** (continued)

The total share-based compensation of the SVS, options and warrants as described above options was as follow:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Issued to: | Securities | Number | Fair value(in CAD$) | Fair value(in US$) |
| The Company shareholders | SVS | 5,700,000 | 1,140,000 | 868,680 |
| The Company shareholders | Options | 150,000 | 24,700 | 18,821 |
| Eception shareholders | SVS | 653,500 | 130,700 | 99,593 |
| Eception founders | SVS | 100,000 | 20,000 | 15,240 |
| Total |  |  | 1,315,400 | 1,002,334 |

The fair value of the options was based on an application of the Black Scholes option pricing model using the following weighted average assumptions: a share price of CAD$0.20 per share, a volatility of 100%, an annual risk free interest rate of 0.41%, no dividends, and expected remaining expected lives of 4.5 years.

The total listing expense of $1,108,514 (CAD$1,454,743) was determined as follows:

|  |  |  |
| --- | --- | --- |
| Fair value of share-based compensation | CAD$ | US$ |
|  | Deemed share issuance | 1,290,700 | 983,513 |
|  | Options deemed granted | 24,700 | 18,821 |
| Total consideration  | 1,315,400 | 1,002,334 |
| Identifiable net liabilities obtained: |  |  |
|  | Cash | 5,104 | 3,889 |
|  | Liabilities assumed | (144,448) | (110,069) |
|  |  | (139,343) | (106,180) |
|  |  |  |  |
| Listing expense | 1,454,743 | 1,108,514 |

1. **ACQUISITION OF DELIC LABS INC.**

On May 27, 2021, the Company acquired all of the issued and outstanding shares in the capital of Delic Labs Inc. (formerly Complex Biotech Discovery Ventures Ltd. “CBDV”). The purchase price was satisfied through the issuance of 10,000,000 SVS in the capital of the Company (the "Consideration Shares"). As per the terms of the acquisition agreement (the “Agreement”) the Consideration Shares were issued at a price equal in value to CAD$7,000,000 (the "Purchase Price") issued at a price per share equal to the higher of: (a) the ten trading day volume weighted average trading price ("VWAP") of the Consideration Shares on the Canadian Securities Exchange (the "CSE") immediately prior to the date of the Agreement, and (b) the maximum discount under the policies of the CSE applicable to the closing price of the Consideration Shares on the CSE on the trading day immediately prior to the closing date. However, the market price of the Company’s SVS on the date of issuance was CAD$0.30 per SVS. Accordingly, the Consideration Shares were valued at CAD$3,000,000. The Consideration Shares issued to the sellers of CBDV are subject to certain contractual hold periods. In addition, each of the sellers of CBDV has entered into voting support agreements with a two-year term, pursuant to which they agreed to vote their Consideration Shares as directed by the board of directors of the Company, subject to certain exceptions.

Management of CBDV will be eligible to earn additional consideration upon reaching certain milestones. Contingent consideration consists of: (a) $500,000 to be issued on the earlier of (i) the date CBDV's Section 56 Exemption is renewed or a new authorization is issued by Health Canada or (ii) the date CBDV's application for a dealer's license from Health Canada is received; (b) $1,250,000 to be issued if CBDV achieves gross revenue equal to at least $1,200,000 in the first 12 months following closing of the transaction; and (c) $1,250,000 to be issued if CBDV achieves gross revenue equal to at least $3,600,000 in the first 24 months following closing of the transaction (each such event, a "Milestone"). Such additional consideration to satisfied by the Company's issuance of additional consideration shares at a price per share equal to the ten (10) trading day VWAP of the consideration shares on the CSE on the trading day prior to the date the Milestone is reached. The contingent consideration was assigned a value of CAD$1,041,667.

In determining that the Company was the acquirer, the Company considered the guidance in IFRS 3. The Company considered which party transferred the assets, the relative voting rights of the resulting entity, the presence of any significant minority shareholders, the composition of both the governing body and senior management of the resulting issuer, the terms of exchange of equity interests, and which combining entity’s relative size was greatest.

The accounting for this transaction resulted in the following:

As Delic Labs was considered to be the acquiree for accounting purposes, its assets and liabilities are included in the condensed consolidated interim financial statements at their fair value as of the acquisition date. Management has determined that the acquisition was a business combination and accordingly recorded the fair value of the assets acquired and liability assumed as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **CAD** |  | **USD** |
| **Share consideration (Note 7)** | **$**  |  **3,000,000**  | **$** | **2,481,390** |
| **Contingent consideration** |  | **1,041,667** |  | **861,594** |
| **Total consideration** |  | **4,041,667** |  | **3,342,983** |
|  |  |  |  |  |
| Cash |  |  157,853  |  |  130,565  |
| Amounts receivable |  |  429,130 |  |  354,946  |
| Prepaids |  |  14,344  |  |  11,864  |
| Equipment  |  |  99,459  |  |  82,266  |
| Intangible assets |  | 3,653,349 |  |  3,021,794  |
| Goodwill |  |  913,337  |  |  755,448  |
| Accounts payable and accrued liabilities |  | (8,567) |  |  (7,086) |
| Goods and services tax payable |  |  (20,223) |  |  (16,727) |
| Income tax payable |  |  (98,978) |  |  (81,868) |
| Deferred revenue |  |  (93,698) |  |  (77,501) |
| Deferred income tax liability |  |  (944,337) |  |  (781,090) |
| Canada Emergency Business Account Loan |  (60,000) |  | (49,628) |
|  |  |  |  |  |
| **Net assets acquired** | **$** |  **4,041,667**  | **$** | **3,342,983** |

The resulting goodwill represents the growth potential of CBDV and will not be deductible for tax purposes.

The accounting for this business combination has not yet been finalized and the Company is reporting provisional amounts for the items for which the accounting is not complete. These provisional amounts may be adjusted during the measurement period, or additional assets or liabilities may be recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

1. **ACQUISITION OF KETAMINE INFUSION CENTERS LLC**

On June 30, 2021, the Company acquired all of the issued and outstanding securities of Ketamine Infusion Centers LLC ("KIC") from its members for a purchase price of USD$3,040,312 (the "Purchase Price") paid as follows: (i) USD$2,240,312 in consideration shares issued on the closing date representing 89,130 MVS of the Company (the "Closing Date Payment"); and (ii) USD$800,000 in consideration shares to be issued on the date KIC's Bakersfield, California clinic achieves a net profit in three consecutive months in the twelve months following the closing date, while achieving minimum revenues of USD$125,000 in the same three month period (the "Bakersfield Milestone Payment") plus certain amounts, if any, to be earned by management, pursuant to reaching certain milestones. The Purchase Price was satisfied through the issuance of the number of consideration shares equal in value to the Closing Date Payment amount, issued at a price per share equal to the ten (10) trading day VWAP of such consideration shares on the CSE on the trading day immediately prior to the closing date (representing a price of $0.3114 per share).

Management of KIC will be eligible to earn additional consideration upon reaching certain milestones. Contingent consideration consists of USD$800,000 in consideration shares to be issued on the date KIC's Bakersfield, California clinic achieves a net profit in three consecutive months in the twelve months following the closing date, while achieving minimum revenues of USD$125,000 in the same three-month period. The contingent consideration was assigned a value of $666,667.

In determining that the Company was the acquirer, the Company considered the guidance in IFRS 3. The Company considered which party transferred the assets, the relative voting rights of the resulting entity, the presence of any significant minority shareholders, the composition of both the governing body and senior management of the resulting issuer, the terms of exchange of equity interests, and which combining entity’s relative size was greatest.

The accounting for this transaction resulted in the following:

As KIC was considered to be the acquiree for accounting purposes, its assets and liabilities are included in the condensed consolidated interim financial statements at their fair value as of the acquisition date. Management has determined that the acquisition was a business combination and accordingly recorded the fair value of the assets acquired and liability assumed as follows:

|  |  |  |
| --- | --- | --- |
|  |  |  |
| **Share consideration (Note 7)** | **$** |  **2,240,312**  |
| **Contingent consideration** |  | **666,667** |
| **Total consideration** |  | **2,906,979** |
|  |  |  |
| Cash |  |  82,092  |
| Accounts receivable |  | 203,161 |
| Deposits |  | 1,745 |
| Right of use assets |  | 39,301 |
| Intangible assets |  | 2,783,580 |
| Goodwill |  | 695,895 |
| Accounts payable and accrued liabilities |  |  (120,230) |
| Lease liabilities |  |  (82,670) |
| Deferred income tax liability |  | (695,895) |
|  |  |  |
| **Net assets acquired** | **$** | **2,906,979** |

The resulting goodwill represents the growth potential of KIC and will not be deductible for tax purposes.

The accounting for this business combination has not yet been finalized and the Company is reporting provisional amounts for the items for which the accounting is not complete. These provisional amounts may be adjusted during the measurement period, or additional assets or liabilities may be recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

1. **INTANGIBLE ASSETS**

*Homestead*

The Company executed a definitive asset purchase agreement (the "Agreement") to acquire the brand and intellectual property of Homestead ("Homestead"), a legacy counterculture distributor of psychedelic media and creator of one of the first self-contained mushroom grow kits (the "Transaction").

In consideration for acquisition of the Homestead assets, the Company issued Subordinated voting common shares having an aggregate value of $45,564. The Company also granted 108,887 incentive stock options to David Tatelman, the founder of Homestead, with an exercise price of $0.58, exercisable for a period of 3 years in accordance with the terms of the Company's Incentive Stock Option plan (Note 7).

**7. SHARE CAPITAL**

**Authorized share capital**

Unlimited number of subordinated voting common shares without par value.

Unlimited number of multiple voting common shares without par value.

*For the six months ended June 30, 2021*

On January 6, 2021, the Company issued 50,000 SVS upon the exercise of 50,000 stock options for gross proceeds of $3,279. Reserves of $2,455 was reclassified.

On February 2, 2021, the Company issued 150,000 SVS in exchange for services rendered to the Company at a fair value of $71,058. The Company recorded the fair value as share-based payments.

On March 11, 2021, the Company issued 108,887 SVS as part of the acquisition of the Homestead assets (Note 6) at a fair value of $45,564.

On May 26, 2021, the Company issued 10,000,000 SVS as part of the acquisition of Delic Labs (Note 4) at a fair value of $2,368,608.

On May 26, 2021, the Company completed a non-brokered private placement (the "Offering") of 11,441,189 subscription receipts (the "Subscription Receipts") at a price of $0.30 per Subscription Receipt for gross proceeds of CAD$3,432,356. Upon completion of the Offering, each Subscription Receipt was converted into one SVS and one common share purchase warrant (each, a "Warrant"). Each Warrant is exercisable at CAD$0.30 for a period of 24 months from the date of issuance. The Company paid aggregate finders' fees of CAD$152,086 in cash and issued finders an aggregate of 506,951 share purchase warrants. The warrants were valued at CAD$48,063 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 0.30%; volatility – 100%; expected dividend yield – 0.0%; expected warrant life in years – 2.

On June 30, 2021, the Company issued 89,130 MVS as part of the acquisition of KIC (Note 5) at a fair value of $2,240,312.

*For the six months ended June 30, 2020*

There were no share capital transactions during the period.

**Escrow shares**

Pursuant to an escrow agreement dated November 16, 2020, 8,161,700 SVS and 137,300 MVS are subject to escrow restrictions. 10% of the escrow shares were released on the reverse acquisition date. The remaining escrow shares will be released at 15% every six months. At June 30, 2021, there were 6,121,275 SVS and 102,975 MVS remain in escrow. The next release date is November 18, 2021.

**Stock options**

The Company has adopted a 10% rolling Stock Option Plan (the “Plan”). Under the Plan, the Company may grant stock options to directors, officers, employees and consultants of the Company. The terms and conditions of the options are determined by the Board of Directors.

The Company had the following stock options outstanding as at June 30, 2021:

|  |  |  |
| --- | --- | --- |
|  | Number | Weighted average exercise price |
|  |  | $ |
| Balance, December 31, 2019  | - | - |
| Granted | 4,175,000 | 0.25 |
| Exercised | (100,000) | 0.08 |
| Balance, December 31, 2020 | 4,075,000 | 0.23 |
| Granted | 978,887 | 0.61 |
| Exercised | (50,000) | 0.08 |
| Balance, June 30, 2021 | 5,003,887 | 0.33 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| OptionsOutstanding | Options exercisable | Exercise price | Remaining life(years) | Expirydate |
|  |  | $ |  |  |
| 3,450,000 | - | 0.25 | 2.63 | November 17, 2023 |
| 150,000 | - | 0.25 | 4.65 | November 24, 2025 |
| 425,000 | - | 0.35 | 2.72 | December 18, 2023 |
| 400,000 | - | 0.65 | 2.86 | February 8, 2024 |
| 50,000 | - | 0.58 | 2.87 | February 11, 2024 |
| 70,000 | - | 0.75 | 2.90 | February 22, 2024 |
| 50,000 | - | 0.63 | 2.93 | March 3, 2024 |
| 108,887  | - | 0.58 | 2.93 | March 4, 2024 |
| 300,000 | - | 0.55 | 2.94 | March 9, 2024 |
| 5,003,887 | - | 0.33 | 2.99 |  |

On November 17, 2020, the Company granted 3,450,000 stock options to officers, directors, and consultants of the Company. The stock options will be vested 1/3 on the 6, 12 and 18 months anniversary. The options were valued at CAD$530,662 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 0.30%; volatility – 100%; expected dividend yield – 0.0%; expected option life in years – 3. Of the total value, CAD$279,607 (2020 – $Nil) has been recognized in the condensed consolidated interim statements of loss and comprehensive loss.

On November 24, 2020, the Company granted 150,000 stock options to a consultant of the Company. The stock options will be vested 1/3 on the 6, 12 and 18 months anniversary. The stock options were valued at CAD$23,072 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 0.30%; volatility – 100%; expected dividend yield – 0.0%; expected option life in years – 5. Of the total value, CAD$12,281 (2020 – $Nil) has been recognized in the condensed consolidated interim statements of comprehensive loss.

On December 18, 2020, the Company granted 425,000 stock options to consultants of the Company. The stock options will be vested 1/3 on the 6, 12 and 18 months anniversary. The stock options were valued at CAD$91,520 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 0.30%; volatility – 100%; expected dividend yield – 0.0%; expected option life in years – 3. Of the total value, CAD$47,828 (2020 - $Nil) has been recognized in the condensed consolidated interim statements of comprehensive loss.

On February 8, 2021, the Company granted 400,000 stock options to consultants of the Company. The stock options vest immediately and were valued at CAD$159,968 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 0.30%; volatility – 100%; expected dividend yield – 0.0%; expected option life in years – 3.

On February 11, 2021, the Company granted 50,000 stock options to a consultant of the Company. The stock options will be vested 1/3 on the 6, 12 and 18 months anniversary. The stock options were valued at CAD$17,843 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 0.30%; volatility – 100%; expected dividend yield – 0.0%; expected option life in years – 3. Of the total value, CAD$7,634 has been recognized in the condensed consolidated interim statements of comprehensive loss.

On February 22, 2021, the Company granted 70,000 stock options to consultants of the Company. The stock options will be vested 1/3 on the 6, 12 and 18 months anniversary. The stock options were valued at CAD$32,301 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 0.30%; volatility – 100%; expected dividend yield – 0.0%; expected option life in years – 3. Of the total value, CAD$12,736 has been recognized in the condensed consolidated interim statements of comprehensive loss.

On March 3, 2021, the Company granted 50,000 stock options to consultants of the Company. The stock options will be vested 1/3 on the 6, 12 and 18 months anniversary. The stock options were valued at CAD$19,381 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 0.30%; volatility – 100%; expected dividend yield – 0.0%; expected option life in years – 3. Of the total value, CAD$7,641 has been recognized in the condensed consolidated interim statements of comprehensive loss.

On March 4, 2021, the Company granted 108,887 stock options as part of the Homestead acquisition (Note 5). The stock options will be vested 1/3 on the 6, 12 and 18 months anniversary. The stock options were valued at CAD$38,856 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 0.30%; volatility – 100%; expected dividend yield – 0.0%; expected option life in years – 3. Of the total value, CAD$11,792 has been recorded in intangible assets.

On March 9, 2021, the Company granted 300,000 stock options to consultants of the Company. The stock options will be vested 1/3 on the 6, 12 and 18 months anniversary. The stock options were valued at CAD$101,518 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 0.30%; volatility – 100%; expected dividend yield – 0.0%; expected option life in years – 3. Of the total value, CAD$40,026 has been recognized in the condensed consolidated interim statements of comprehensive loss.

**Warrants**

In connection to the subscription receipts issued on November 12, 2020, the Company issued 273,000 warrants as a finders’ fee. Each warrant is exercisable into one common share at an exercise price of CAD$0.20 for 18 months from the closing date. As at June 30, 2021, all the warrants are outstanding and exercisable.

The Company had the following warrants outstanding as at June 30, 2021:

|  |  |  |
| --- | --- | --- |
|  | Number | Weighted average exercise price |
|  |  | CAD$ |
| Balance, December 31, 2019  | - | - |
| Granted | 273,000 | 0.20 |
| Exercised | - | - |
| Balance, December 31, 2020 | 273,000 | 0.20 |
| Granted | 11,948,140 | 0.40 |
| Exercised | - | - |
| Balance, June 30, 2021 | 12,221,140 | 0.39 |

|  |  |  |  |
| --- | --- | --- | --- |
| WarrantsOutstanding | Exercise price | Remaining life(years) | Expirydate |
|  | CAD$ |  |  |
| 273,000 | 0.20 | 0.67 | May 22, 2022 |
| 306,951 | 0.30 | 1.87 | May 13, 2023 |
| 11,641,189 | 0.30 | 1.91 | May 27, 2023 |
| 12,221,140 | 0.33 | 1.88 |  |

**8. RELATED PARTY TRANSACTIONS**

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the board of directors, the CEO, and the CFO. During the period ended June 30, 2021, key management compensation included the following:

|  |  |  |
| --- | --- | --- |
|   | June 30, 2021 | June 30, 2020 |
|  | $ | $ |
| Management fees |  53,686  |  7,573  |
| Share-based payments |  80,530  |  -  |
| Total |  134,216  |  7,573  |

1. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

|  |  |  |
| --- | --- | --- |
|  |  | **Property Leases** |
| **Cost:** |  | $ |
| At December 31, 2020 |   |  -  |
| Additions |   |  39,301  |
| At June 30, 2021 |   |  39,301  |
|  |  |  |
| **Depreciation:** |  |  |
| At December 31, 2020 |   |  -  |
| Charge for the period |   |  -  |
| At June 30, 2021 |   |  -  |
|  |  |  |
| **Net Book Value:** |  |  |
| At December 31, 2020 |  |  -  |
| At June 30, 2021 |   |  39,301  |
|   |   |   |
| Lease liabilities at December 31, 2020 |  |  -  |
| Additions |  |  82,670  |
| Lease payments made |  |  -  |
| Interest expense on lease liabilities |   |  -  |
|  |  |  82,670  |
| Less: current portion |   |  37,804  |
| **At June 30, 2021** |  |  **44,866**  |

Depreciation of right-of-use assets is calculated using the straight-line method of the remaining lease term.

1. **FIXED ASSETS**

|  |  |  |  |
| --- | --- | --- | --- |
|   | Office equipment | Lab equipment | Total |
|  | $ | $ | $ |
| **Cost** |  |  |  |
| Balance, December 31, 2020 |  -  |  -  |  -  |
| Additions |  5,957  |  98,764  |  104,721  |
| **Balance, June 30, 2021** |  **5,957**  |  **98,764**  |  **104,721**  |
|  |  |  |  |
| **Accumulated depreciation** |  |  |  |
| Balance, December 31, 2020 |  -  |  -  |  -  |
| Additions |  1,224  |  24,325  |  25,549  |
| Depreciation |  87  |  1,427  |  1,514  |
| **Balance, June 30, 2021** |  **1,311**  |  **25,752**  |  **27,063**  |
|  |  |  |  |
| **Carrying value** |  |  |  |
| Balance, December 31, 2020 |  -  |  -  |  -  |
| **Balance, June 30, 2021** |  **4,646**  |  **73,012**  |  **77,658**  |

1. **LOAN**

On May 6, 2020, the Company’s subsidiary, Delic Labs, received a CAD$60,000 Canada Emergency Business Account (“CEBA”) loan. The loan was provided by the Government of Canada to provide capital to organizations to support them through the economic challenges presented by the COVID-19 pandemic. The loan is unsecured and interest free to December 31, 2022. If there is a balance outstanding after December 31, 2020, the remaining outstanding amount will be converted into a two-year interest free loan effective January 1, 2021. If CAD$40,000 of the loan is repaid by December 31, 2022, CAD$20,000 of the loan will be forgiven. If the loan is not repaid by December 31, 2022, the full CAD$60,000 loan will be converted to loan repayable over three years with a 5% annual interest rate.

1. **CAPITAL MANAGEMENT**

As at June 30, 2021, the Company’s capital is composed of shareholders’ equity. The Company’s primary objectives, when managing its capital, are to maintain adequate levels of funding to support operations of the Company and to maintain corporate and administrative functions.

The Company defines capital as items included in shareholders’ equity, consisting of the issued common shares. The capital structure of the Company is managed to provide sufficient funding for operating activities. Funds are primarily secured through a combination of equity capital raised by way of private placements and short-term debt. There can be no assurances that the Company will be able to continue raising equity capital and short-term debt in this manner. The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term deposits, which are all held with major financial institutions.

There were no changes to the Company’s approach to capital management during the period ended June 30, 2021. The Company is not subject to external capital requirements.

1. **FINANCIAL INSTRUMENTS**

**Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at June 30, 2021, the Company’s financial instruments consisted of cash, accounts receivable, accounts payable and accrued liabilities, and the CEBA loan. Cash is measured at fair value in accordance with Level 1. The fair value of accounts receivable, and accounts payable and accrued liabilities approximate their carrying values because of the short-term nature of these instruments.

**Financial risks**

The Company's risk exposures arising from financial instruments and the impact on the Company's financial statements 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. The Company's cash are deposited with high credit rated banks, therefore, the credit risk is limited.

*Liquidity risk*

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at June 30, 2021, the Company has working capital of $2,195,612 (December 31, 2020 – $2,116,352) and has long term liabilities of $1,568,058 (December 31, 2020 - $Nil). The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. 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 approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2021, the Company had cash of $3,555,951 (December 31, 2020 - $2,082,206) and accounts payable and accrued liabilities of $493,780 (December 31, 2020 - $73,355).

*Foreign currency risk*

Currency risk relates to the risk that the fair values or future cash flows of the Company’s financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the costs that the Company incurs in its operations as well as the currency in which the Company has historically raised capital.

The Company’s presentation currency is the US dollar and major purchases are transacted in US dollars. Financing incurred to date has been completed in Canadian dollars. The fluctuation of the Canadian dollar in relation to the US dollar will consequently impact the profitability of the Company and may also affect the value of the Company’s assets and liabilities and the amount of shareholders’ equity.

*Market risk*

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Management does not believe the Company is exposed to significant interest or other price risk.

1. **SEGMENTED INFORMATION**

The Company owns and operates a self-sustaining umbrella of businesses in the psychedelic ecosystem consisting of media, science, and health. Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources, and in assessing performance.

During the six months ended June 30, 2021, the Company operates in the following reportable segments:

* Media – U.S.
* Health – U.S.
* Sciences – Canada

Corporate – Canada

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   | Media | Sciences | Health | Corporate | Total |
| Revenue |  |  |  |  |  |
| U.S. |  30,235  |  -  |  -  |  -  |  30,235  |
| Canada |  -  |  119,055  |  -  |  -  |  119,055  |
| Total revenue |  30,235  |  119,055  |  -  |  -  |  149,290  |
| Cost of sales |  |  |  |  |  |
| U.S. |  1,806  |  -  |  -  |  -  |  1,806  |
| Canada |  -  |  17,355  |  -  |  -  |  17,355  |
| Total cost of sales |  1,806  |  17,355  |  -  |  -  |  19,161  |
| Expenses |  |  |  -  |  |  |
| U.S. |  669,940  |  -  |  -  |  -  |  669,940  |
| Canada |  -  |  136,229  |  -  |  1,468,596  |  1,604,825  |
| Total expenses |  669,940  |  136,229  |  -  |  1,468,596  |  2,274,765  |
| Assets |  |  |  |  |  |
| U.S. | 95,934 |  -  |  326,299  |  -  |  422,233  |
| Canada |  -  |  522,620  |  -  |  10,746,685  |  11,269,305  |
| Total assets |  95,934  |  522,620  |  326,299  |  10,746,685  |  11,691,538  |
| Liabilities |  |  |  |  |  |
| U.S. |  116,417  |  -  |  202,901  |  -  |  319,318  |
| Canada |  -  |  313,899  |  -  |  3,000,988  |  3,314,887  |
| Total liabilities |  116,417  |  313,899  |  202,901  |  3,000,988  |  3,634,205  |