Global Hemp Group Inc.

Condensed Consolidated Interim Financial Statements

Three Months Ended December 31, 2022

Expressed in Canadian Dollars

For Further Information Contact

Tel: 778-726-2900

info@globalhempgroup.com

www.globalhempgroup.com

NOTICE TO READER

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the accompanying condensed consolidated interim financial statements.

GLOBAL HEMP GROUP INC.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	December 31, 2022	September 30, 2022
		$	$
Assets			
Current assets			
Cash	**4**	55,177	66,664
Accounts receivable		17,733	18,376
Prepaid expenses		13,896	16,396
		86,806	101,436
Deposits and prepayments	**8**	1,469	1,482
TOTAL ASSETS		$ 88,275	$ 102,918
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities	**5 & 9**	451,936	399,584
		451,936	399,584
Non-current liabilities			
Convertible preference shares - liability	**6(c)**	2,653,299	2,623,916
Convertible debenture - liability	**11**	351,797	334,027
Derivative liability	**7**	305,893	329,551
Total liabilities		3,762,925	3,687,078
Shareholders' deficiency			
Share capital	**10**	10,235,767	10,235,767
Reserve		6,711,739	6,714,397
Deficit		(20,622,156)	(20,534,324)
Total shareholders' deficiency		(3,674,650)	(3,584,160)
Total liabilities and shareholders' deficiency		$ 88,275	$ 102,918

Nature of operations and going concern (Note 1)
Event after the reporting period (Note 15)

Approved and authorized for issuance by the Board of Directors on March 1, 2023

"Curt Huber"	*"Aurelio Useche"*
Director	Director

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

GLOBAL HEMP GROUP INC.

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Note	Three months ended December 31, 2022	2021
		$	$
Expenses			
Advertising and promotion		2,607	31,499
Insurance		–	(5,431)
Consulting	**9**	1,277	31,459
Office and administration		425	342
Professional fees		8,970	12,533
Research & Development		–	6,299
Salaries and wages		–	30,000
Shareholder communication		–	3,487
Travel		1,264	542
Trust and filing fees		6,148	2,915
(Loss) before other items:		(20,691)	(113,645)
Exchange gain (loss)		32,640	24,159
Bad debt expenses (net of recovery)		–	1,266
Interest & Bank Charges		(123,439)	(124,046)
Change in fair value of derivative liability	**7**	23,658	323,247
Net income (loss)		(87,832)	110,981
Other comprehensive (loss) income (items that may be reclassified to profit or loss)			
Translation adjustment		(2,658)	(876)
Comprehensive Income (Loss)		(90,490)	110,105
Loss per share, basic and diluted		(0.00)	0.00
Weighted average number of common shares outstanding, basic and diluted		310,426,359	306,368,392

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

GLOBAL HEMP GROUP INC.

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars except for number of shares)

		Share Capital			Reserve				Equity attributable to	
	Note	Number	Amount	Shares to be issued	Share-based payment reserve	Conversion feature	Foreign currency translation	Deficit	Shareholders ' equity	Non-controlling Interest
			$		$	$	$	$	$	$
Balance, September 30, 2021		307,993,392	9,635,767	–	7,362,056	49,451	(40,522)	(18,368,485)	(1,361,733)	–
Cancellation of shares issued from Escrow Pool		(2,300,000)	–	–	–	–	–	–	–	–
Net and comprehensive loss		–	–	–	–	–	(876)	110,981	110,105	–
Balance, December 31, 2021		305,693,392	9,635,767	–	7,362,056	49,451	(41,398)	(18,257,504)	(1,251,628)	–
Balance, September 30, 2022		335,693,392	10,235,767	–	6,687,492	49,451	(22,546)	(20,534,324)	(3,584,160)	–
Net and comprehensive loss		–	–	–	–		(2,658)	(87,832)	(90,490)	–
Balance, December 31, 2022		335,693,392	10,235,767	–	6,687,492	49,451	(25,204)	(20,622,156)	(3,674,650)	–

The accompanying notes are an integral part to these consolidated financial statements

GLOBAL HEMP GROUP INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Three months ended December 31,	
	2022	**2021**
Cash (used in) provided by:	$	$
Operating activities		
Income (Loss) for the year	(87,832)	110,981
Non-cash items		
Accretion	121,847	98,576
Change in fair value of derivative liability	(23,658)	(323,247)
Unrealized foreign exchange (gain)	(32,640)	(17,769)
Changes in non-cash operating working capital		
Deposits and prepayments	2,500	(14,171)
Accounts receivable and sales tax receivable	–	10,069
Accounts payable and accrued liabilities	8,351	94,763
Cash used in operating activities	(11,432)	(40,798)
Financing activites		
Proceeds from promissory note and convertible debenture subscription net of finders fees	–	61,130
Preference shares dividend payments	–	(34,785)
Cash provided by financing activities	–	26,345
Investing activities		
Acquisition of equipment	–	(117,139)
Deposits paid for the acquisition of industrial hemp assets in Colorado	–	(1,962)
Cash used in investing activities	–	(119,101)
Effect of foreign exchange	(55)	(6)
Change in cash	(11,432)	(133,554)
Cash, beginning of the year	66,664	138,237
Cash, end of the year	55,177	4,677

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Global Hemp Group (the "Company" or "GHG") was incorporated on October 30, 2009 in British Columbia, Canada, originally under the name Arris Holdings Inc., and on March 24, 2014 changed its name to Global Hemp Group Inc. Since the name change, the Company has been focused on the production and processing of industrial hemp and collaboration with companies that will enable GHG to develop and implement the Hemp Agro-Industrial Zone concept. GHG has expanded its scope of business into natural biologic therapeutics having acquired the exclusive North America licensing of patents and IP from Apollon Formularies plc, a UK-based international pharmaceutical company developing cancer treatments from natural biologics, including medical cannabis, functional mushrooms, psychedelic mushrooms and combinations of these compounds.

The Company's registered office is located at #106 – 1169 Mt. Seymour Road, North Vancouver, BC, V7H 2Y4. The Company's common shares are traded on Canadian Securities Exchange under the symbol "GHG", on Börse Frankfurt under the symbol "GHG", and on the USA OTCQB Markets under the symbol "GBHPF".

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with debt and or private placements of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements for three months ended December 31, 2022, together with the comparative figures herein have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the audited annual financial statements of the Company for the most recent year ended September 30, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on an accrual basis except for cashflow information and are based on historical costs, except for financial instruments measured at their fair value. These consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

The accompanying consolidated financial statements include the accounts of its significant subsidiaries noted below. All intercompany transactions have been eliminated.

(Expressed in Canadian Dollars)

Entity	Country of Incorporation	Ownership	Functional Currency
Covered Bridge Acres Ltd. ("CBA Canada")	Canada	100%	Canadian Dollar
Covered Bridge Acres Ltd ("CBA Oregon")	United States	100%	U.S. Dollar
41389 Farms Ltd. ("41389 Farms")	United States	100%	U.S. Dollar

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting period include determining the fair value of financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applied in the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- whether the Company has control over entities in which it holds an interest.

Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

4. CASH

	December 31, 2022	**September 30, 2022**
	$	$
Bank demand deposits	55,177	66,664
	55,177	**66,664**

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2022	**September 30, 2022**
	$	$
Trade payables	252,291	246,454
Accrued liabilities	50,200	47,700
Dividend payable	149,445	105,430
	451,936	**399,584**

6. ACQUISITION OF PREFERRED SHARES OF WESTERN SIERRA RESOURCE CORPORATION

(a) On February 8, 2021, the Company signed the Definitive Agreement with Prescient Strategies Group LLC ("PSG") and Western Sierra Resource Corporation (OTC: WSRC) to acquire 19,875,000 shares of WSRC non-participating Preferred A Class Share holdings ("WSRC Prefs") in a private, third-party transaction. The Definitive Agreement between WSRC, PSG, and GHG required a payoff / restructure of an existing U$3,842,269 in secured WSRC debt by February 1, 2022. On February 2, 2022 U$2,842,269 plus interest remained unpaid. The Agreement also called for bi-monthly debt service payments in favor of WSRC creditors in advance of the payoff / restructure of that debt as defined on Schedule B of that Definitive Agreement. As of this date, approximately U$23,773.97 remains on the bi-monthly payments having been reduced by a US$10,281 and U$50,000 paid by GHG on December 31, 2021 and March 30, 2022 respectively.

Transaction Details:

Prescient Strategies Group LLC held 19,875,000 Series A WSRC non-participating Prefs (with Voting Rights of 100 votes per share) on February 8, 2021. On signing of the Definitive Agreement, GHG acquired 11,006,440 unencumbered WSRC Prefs from PSG in exchange for 11,006,400 GHG Preferred B shares ("GHG Prefs").

The remaining 8,868,560 WSRC Prefs held by PSG were to be transferred to GHG by PSG in return for a like number of GHG Class B Prefs upon payoff / restructure of the existing debt in the amount of US$3,842,269 by GHG on or before February 1, 2022. These encumbered WSRC Prefs would have been acquired by GHG upon the restructuring WSRC's existing debt (the "WSRC Debt") by way of GHG's payoff / restructuring of WSRC's debt. Since that time WSRC has announced a number of funding initiatives including a bond financing that could pay off its creditors and fund the development of their various projects.

As part of the February 8, 2021 Agreement GHG issued 15,000,000 common share purchase warrants to PSG (the "GHG Warrants"). The GHG Warrants will be exercisable for a period of five years at a price per GHG Warrants of $0.05 per share.

GHG Pref Details:

The GHG Prefs have a fixed redemption price of US$0.50 per preferred share and a maturity date of ten years following their issuance. The GHG Prefs are non-voting, have been paying an annual dividend of US$0.01 per share, paid in cash, and are convertible into two common shares of GHG for every GHG Pref held by each holder thereof. The GHG Prefs are secured by the WSRC Prefs. The GHG Prefs are redeemable by GHG at face value plus any accrued and unpaid dividends any time after the refinancing of the WSRC Debt and the term of the WSRC Debt has been extended to a period of at least three years or redeemable on or before the maturity date on May 14, 2031. Should PSG decide to sell its GHG Prefs in a private third-party transaction, GHG will be granted a thirty day Right of First Refusal (the ''GHG ROFR'') to match any *bona fide* offer by a third-party, before PSG can act on such third-party offer.

As at December 31, 2022, the advances GHG made for the settlement of WSRC debts totaling $1,741,123 or US$ 1,351,174 were written off to $Nil (September 30, 2022 –$Nil). Pursuant to an agreement between GHG and WSRC, these advances were receivable from WSRC upon the refinancing of the WSRC Debt. GHG has not been able to raise the required funding relating to the WSRC debt per the definitive agreement. WSRC has not issued a note payable to GHG and the advances have been impaired due to the uncertainty of collection.

(b) On May 14, 2021, PSG exchanged its 11,006,400 WSRC Prefs for 11,006,400 GHG Prefs. As a result, the Company had 46.85% of the voting rights of WSRC. The two directors of WSRC control 44.6% of the common shares of WSRC and one director controls the remaining 8,868,560 WSRC Prefs. The Company estimated the fair value on May 14, 2021 of the consideration for the acquisition of the 11,006,400 WSRC Prefs at $3,676,707 (US$3,036,343).

(Expressed in Canadian Dollars)

The allocation of the estimated fair value associated with the consideration given up by the Company on May 14, 2021 is as follows:

	Canadian Dollar	**US Dollar**
	$	$
GHG Prefs - Convertible Preference Shares Liabilities (Note 8(c))	2,022,726	1,670,432
GHG Prefs - Conversion Feature Derivative Liabilities (Note 8(c))	989,881	817,476
Fair value of 15,000,000 warrants of the Company	664,100	548,435
Fair value of 11,006,400 WSRC Prefs on May 14, 2021	**3,676,707**	**3,036,343**

As at December 31, 2022, the fair value for the 11,006,400 WSRC Prefs held by the Company was determined to be $NIL (September 30, 2022 - $NIL). The Company determined the value to be $NIL as until such time the GHG Prefs are redeemed the Company cannot sell, transfer or otherwise dispose of the WSRC Prefs.

(c) 11,006,400 GHG Prefs issued to PSG on May 14, 2021 are classified as a financial liability under IAS 32 due to the fixed maturity date of 10 years from issuance date and the mandatory redemption value of US$5,503,220 (11,006,440 GHG Prefs at US$0.50) at maturity date. The conversion feature included in the 11,006,400 GHG Prefs is classified as derivative liability with an estimated fair value of $989,881 (US$817,476) on the date of initial recognition on May 14, 2021.

The fair value of the Convertible Preference Shares Debt Host of $2,022,726 (US$1,670,432) is the present value on May 14, 2021, for the face value redemption of US$5,503,220 and a dividend annuity of US$110,064 at a discount rate of 16% with a maturity date 10 years from May 14, 2021.

The cash obligations associated with the GHG Prefs with the assumption of no conversion to maturity are as follows:

	Annual Dividend	Mandatory Redemption Value
Due Date	US Dollars	US Dollars
May 13, 2022	110,064	-
May 13, 2023	110,064	-
May 13, 2024	110,064	-
May 13, 2025	110,064	-
May 13, 2026	110,064	-
May 13, 2027	110,064	-
May 13, 2028	110,064	-
May 13, 2029	110,064	-
May 13, 2030	110,064	-
May 13, 2031	110,064	5,503,220
Total	**1,100,644**	**5,503,220**

(Expressed in Canadian Dollars)

The continuity of the Convertible Preference Shares Liabilities is as follows:

	Canadian Dollar	US Dollar
	$	$
Balance, September 30, 2021	2,199,048	1,725,962
Dividends advances	(34,785)	(27,516)
Accretion	87,709	69,595
Foreign exchange	(10,451)	-
Balance, December 31, 2021	**2,241,521**	**1,768,041**
Balance, September 30, 2022	2,729,346	2,073,754
Dividends	(37,268)	(27,516)
Accretion	104,077	76,843
Foreign exchange and dividends	6,589	-
Balance, December 31, 2022	**2,802,744**	**2,123,081**
Current portion of dividend payable	(149,445)	(110,064)
Long-term portion	**2,653,299**	**2,013,017**

As at December 31, 2022, $149,445 (September 30, 2022 - $105,430) of dividend payable was included in accounts payable and accrued liabilities.

7. GHG PREFS – CONVERSION FEATURE DERIVATIVE LIABILITIES

	Derivate Liability - GHG Prefs Conversion Feature
	$
Balance, September 30, 2021	769,772
Fair value changes	(323,247)
Balance, December 31, 2021	**446,525**
Balance, September 30, 2022	329,551
Fair value changes	(23,658)
Balance, December 31, 2022	**305,893**

The fair value of the initial recognition of the conversion feature included in the 11,006,400 GHG Prefs (note 6) was determined to be $989,881 (US$817,476) using the Black-Scholes Option Pricing Model with the following assumptions: expected life of 10 years, volatility of 203%, dividend yield of 0%, and risk-free rate of 1.63%.

The fair value of the revaluation of the conversion feature as at December 31, 2022 included in the 11,006,400 GHG Prefs (note 6) was determined to be $305,893 (US$225,851) using the Black-Scholes Option Pricing Model with the following assumptions: expected life of 8.37 years, volatility of 198%, dividend yield of 0%, and risk-free rate of 3.88%. The Company designated the change in fair value of $23,658 through profit and loss for the three months ended December 31, 2022 (2021 - $323,247). As all inputs used in the model are observable, the derivatives fall in Level 2 of the fair value hierarchy.

8. UNDERLYING AGREEMENT FOR COLORADO INDUSTRIAL PROPERTIES

On August 25, 2021, the Company and WSRC entered into an undertaking agreement related to the acquisition of three Colorado Industrial Properties including X-West Property, 166 Acre Deepe Property and 664 Acre Deepe Property (the "Colorado Undertaking Agreement") with the key terms as follows:

The Company has paid all deposits due for the acquisition of the three Colorado Properties and shall continue to pay all required funding for all future amounts due related to these properties.

- WSRC acknowledges that they are temporarily holding three Colorado Industrial Properties solely for the benefit of the Company;

- Upon completion of the acquisition of the 166 Acre Deepe Property and the 664 Acre Deepe Property (not completed as of December 31, 2022), WSRC undertakes to take all necessary measures to transfer title of these two properties upon simple written request of the Company without delay whatsoever or right of set-off as the case may be;

- Upon simple written request of the Company, WSRC undertakes to take all necessary measures to transfer title of the X-West Property without delay whatsoever or right of set-off as the case may be;

- WSRC undertakes to refrain from alienating, selling, transferring, converging, pledging, assigning, borrowing against, encumbering with a real right whatsoever or changing the destination of the three Colorado Industrial Properties under any circumstance, save and except with the prior written consent of the Company which may be unfulfilled unreasonably;

- No later than 5 business days following the payment of US$1,000,000 by the Company to WSRC for the settlement of WSRC's debts (paid in August 2021), WSRC undertakes to file a Deed of Trust recorded in the records of the Routt County, Colorado Clerk and Recorder's Office, whereby the Company will become a secured creditor of WSRC and will guarantee its water assets in consideration of the payment of US$1,000,000. As of the date of this report, the Deed of Trust has not been filed by WSRC.

The information below relating to the three Colorado properties reflected the original terms for the purchase of the properties. WSRC has advised that currently there are discussions ongoing with the respective property vendors to amend the terms and/or payments of the acquisitions.

a) <u>X-West Property, Hayden Colorado</u>

The X-West Property closed through WSRC on June 15, 2021. The purchase price of the X-West Property was US$1,400,000 ($1,706,320) with a note balance of US$1,250,000 at an annual interest rate of 6% due on or before December 15, 2022. Pursuant to the Colorado Undertaking Agreement, the Company was to settle the note balance of US$1,250,000 on or before December 15, 2022 with three equal instalments (outstanding as at December 31, 2022).

GHG was not able to raise the funding for the scheduled note payments relating to the acquisition of the property, therefore the title of the property was not transferred to GHG per the agreements. The note payable and the assets relating to this transaction have also been removed from the books and the Company recorded an impairment charge of $435,049 for the removal of the land deposits, the X-West Property and the loan payable relating to the X-West Property.

b) <u>166 Acre Deepe Property, Hayden Colorado</u>

The Company made a non-refundable deposit of US$250,000 on May 12, 2021 for the acquisition of the 166

(Expressed in Canadian Dollars)

Acre Deepe Property through WSRC as described above. The payment balance payable was US$2,250,000 which was payable on or before April 1, 2022 as the Company was not able to complete the requisite funding for this acquisition, the non-refundable deposit has been retained by the landowner.

c) 664 Acre Deepe Property, Hayden Colorado

The Company made a non-refundable deposit of US$200,000 in August 2021 for the acquisition of the 664 Acre Deepe Property through WSRC as described above. The payment balance payable was US$2,300,000 which was payable on or before April 1, 2022 as the Company was not able to complete the requisite funding for this acquisition, the non-refundable deposit has been retained by the landowner.

9. RELATED PARTY TRANSACTIONS

Key Management Compensation:

Key Management include	Nature of transactions	Three months ended December 31, 2022	2021
		$	$
President/CEO	Salaries/Consulting fees	-	30,000
CFO	Accounting fees	2,500	2,000
Director	Consulting fees	-	$15,214(US$12,000)
Director	Legal fees	6,470	3,292
Director	Consulting fees	-	12,450
		8,970	832,914

Included in accounts payable and accrued liabilities, there was $53,305 (September 30, 2022 - $44,004) due to directors and officers for unpaid consulting fees and expense reimbursements. These amounts are unsecured, non-interest bearing with no fixed payment terms.

During the three months ended December 31, 2022, the Company incurred salaries of $Nil for the service of the President/CEO (2022 - $30,000). A balance of $Nil was owed to the CEO as at December 31, 2022 (September 30, 2022 - $Nil).

During the three months ended December 31, 2022, the Company incurred accounting fee of $2,500 for the service of the Company’s CFO (2022 - $2,000). A balance accrued for the CFO services of $5,000 was recorded as at December 31, 2022 (September 30, 2022 - $2,500).

During the three months ended December 31, 2022, the Company incurred consulting fee of $Nil (2022 – US$12,000 or $15,214) to PSG, an entity controlled by a director of the Company (note 6). A balance of $Nil was owed to the director as at December 31, 2022 (September 30, 2022 - $Nil). PSG is the holder of GHG Prefs entitled a monthly dividend of US$9,172. The value of the GHG Prefs and dividend payable held by PSG is $2,802,744.

During the three months ended December 31, 2022, the Company incurred legal fees of $6,470 (2022 - $3,292) to a law firm controlled by a director of the Company. A balance of $48,305 was owed to the law firm as at December 31, 2022 (September 30, 2022 - $41,504).

During the three months ended December 31, 2022, the Company incurred accrued consulting fee of $Nil (2022 - $12,450) to an entity controlled by a director of the Company. A balance of $Nil was owed to the director as at December 31, 2022 (September 30, 2022 - $Nil).

(Expressed in Canadian Dollars)

10. CAPITAL STOCK

Authorized

Unlimited number of common shares and Class B preferred shares without par value.

Issued and outstanding

No shares were issued for the three months ended December 31, 2021 and 2022.

Warrants

A continuity of the Company's warrants is as follows:

	Number of Warrants	Weighted average exercise price	Weighted average number years to expiry
Balance, September 30, 2021	150,070,060	$0.07	2.27
Granted/Exercised/Expired/Cancelled	-	-	-
Balance, December 31, 2021	150,070,060	$0.07	2.27
Balance, September 30, 2022	178,550,656	$0.06	1.23
Granted/Exercised/Expired/Cancelled	-	-	-
Balance, December 31, 2022	178,550,656	$0.06	1.23

As at December 31, 2022, the Company had the following warrants outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Warrants Outstanding
March 7, 2018	March 1, 2023	$0.15	12,376,875
December 12, 2018	December 10, 2023	$0.12	16,200,000
September 11, 2020	September 8, 2023	$0.05	10,693,781
December 11, 2020	September 8, 2023	$0.05	53,480,000
January 25, 2021	January 25, 2026	$0.055	6,000,000
May 14, 2021	May 14, 2026	$0.05	15,000,000
June 28, 2021	September 8, 2023	$0.05	10,000,000
July 7, 2021	September 8, 2023	$0.05	11,000,000
July 13, 2021	July 12, 2023	$0.05	800,000
July 23, 2021	September 8, 2023	$0.05	2,000,000
August 17, 2021	September 8, 2023	$0.05	1,000,000
September 1, 2021	September 8, 2023	$0.05	10,000,000
May 20, 2022	September 8, 2023	$0.05	30,000,000
			178,550,656

Stock options

On May 17, 2021, the Company granted 4,000,000 stock options to external consultants. 1,000,000 stock options of this grant are fully vested on grant date whereby each option entitles the holder to purchase one common share of the Company at $0.05 per share. These stock options have a vesting provision that requires the holder to bring investment to the Company in an amount of at least $500,000. The remaining 3,000,000 stock options, these conditions have not been met and were cancelled on November 1, 2021.

On May 3, 2021, the Company granted 3,000,000 stock options to external consultants. Each option entitles the holder to purchase one common share of the Company at $0.05 per share and fully vested on grant date. The expiry date of these options is May 3, 2026. The fair value of these options was determined to be $133,000 using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected life of 5.00 years, volatility of 245%, dividend yield of 0%, and risk-free rate of 0.92%.

On January 27, 2021, the Company granted 2,500,000 stock options to external consultants. Each option entitles the holder to purchase one common share of the Company at $0.06 per share and fully vested on grant date. The expiry date of these options is January 27, 2026. The fair value of these options was determined to be $200,000 using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected life of 5.00 years, volatility of 261%, dividend yield of 0%, and risk-free rate of 0.41%.

On January 25, 2021, the Company granted 5,300,000 stock options to external consultants. Each option entitles the holder to purchase one common share of the Company at $0.055 per share and fully vested on grant date. The expiry date of these options is January 25, 2026. The fair value of these options was determined to be $371,000 using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected life of 5.00 years, volatility of 261%, dividend yield of 0%, and risk-free rate of 0.44%.

On November 30, 2020, the Company granted 5,300,000 stock options to external consultants. Each option entitles the holder to purchase one common share of the Company at $0.05 per share and fully vested on grant date. The expiry date of these options is November 25, 2025. The fair value of these options was determined to be $101,437 using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected life of 4.97 years, volatility of 197%, dividend yield of 0%, and risk-free rate of 0.43%.

On August 9, 2019, the Company granted 5,750,000 stock options to directors and consultants. Each option entitles the holder to purchase one common share of the Company at $0.06 per share. 4,750,000 of the stock options fully vested on the grant date and 1,000,000 vested 25% on grant date and then 25% on each of December 31, 2019, 2020, and 2021. The expiry date of these options is August 8, 2024. The fair value of these options was determined to be $314,417 using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected life of 5 years, volatility of 143%, dividend yield of 0%, and risk-free rate of 1.26%. The Company recognized cumulative share based compensation of $304,809 in connection with this grant.

(Expressed in Canadian Dollars)

A continuity of the Company's options is as follows:

	Options	Weighted average exercise price	Weighted average number years to expiry
Balance, September 30, 2021	23,850,000	$0.053	3.43
Cancelled	(3,000,000)	$0.05	-
Balance, December 31, 2021	20,850,000	$0.053	3.17
Balance, September 30, 2022	15,650,000	$0.055	3.24
Balance, December 31, 2022	15,650,000	$0.055	3.24

As at December 31, 2022, the Company had the following options outstanding:

Date Granted	Expiry Date	Exercise Price	Number of Options Outstanding	Number of options Exercisable
September 24, 2018	September 20, 2023	$0.16	150,000	150,000
August 9, 2019	August 8, 2024	$0.06	1,050,000	1,050,000
November 26, 2020	November 25, 2025	$0.05	3,150,000	3,150,000
January 25, 2021	January 25, 2026	$0.055	4,800,000	4,800.000
January 27, 2021	January 27, 2026	$0.06	2,500,000	2,500,000
May 3, 2021	May 3, 2026	$0.05	3,000,000	3,000,000
May 17, 2021	May 17, 2026	$0.05	1,000,000	1,000,000
			15,650,000	**15,650,000**

Share based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Foreign currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

Basic and diluted loss per share

Diluted loss per share does not include the effect of 178,550,656 warrants and 15,650,000 options as the effect would be anti-dilutive.

11. CONVERTIBLE DEBENTURES

a) 500 units of debentures on June 22, 2021,

<u>Issuance</u>

The Company issued 500 units of debentures for gross proceeds of $500,000. The principal amount of the debentures matures on September 8, 2023 (the "Maturity Date"), are unsecured, and accrue interest at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into shares at a price of $0.05 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $0.05 per share and an expiry date of September 8, 2023.

Conversion

On June 28, 2021, 500 units of the debentures with a value of $500,000 were converted into 10,000,000 common shares and 10,000,000 share purchase warrants with an exercise price of $0.05 and expiry date on September 8, 2023.

b) 500 units of debentures on July 5, 2021,

Issuance

On July 5, 2021, the Company issued 500 units of debentures for gross proceeds of $500,000. The principal amount of the debentures matures on September 8, 2023 (the "Maturity Date"), are unsecured, and accrue interest at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into shares at a price of $0.05 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $0.05 per share and an expiry date of September 8, 2023.

Conversion

On July 7, 2021, 500 units of the debentures with a value of $500,000 were converted into 10,000,000 common shares and 10,000,000 share purchase warrants with an exercise price of $0.05 and expiry date on September 8, 2023.

c) 500 units of debentures on July 9, 2021

Issuance

On July 9, 2021, the Company issued 500 units of debentures for gross proceeds of $500,000. The principal amount of the debentures matures on September 8, 2023 (the "Maturity Date"), are unsecured, and accrue interest at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into shares at a price of $0.05 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $0.05 per share and an expiry date of September 8, 2023.

Conversion

On July 22, 2021, 100 units of the debentures with a value of $100,000 were converted into 2,000,000 common shares and 2,000,000 share purchase warrants with an exercise price of $0.05 and expiry date on September 8, 2023.

On August 18, 2021, 100 units of the debentures with a value of $100,000 were converted into 2,000,000 common shares and 2,000,000 share purchase warrants with an exercise price of $0.05 and expiry date on September 8, 2023.

d) 500 units of debentures on August 30, 2021

Issuance

On August 30, 2021, the Company issued 500 units of debentures for gross proceeds of $500,000. The principal amount of the debentures matures on September 8, 2023 (the "Maturity Date"), are unsecured, and accrue interest at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into shares at a price of $0.05 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $0.05 per share and an expiry date of September 8, 2023.

(Expressed in Canadian Dollars)

Conversion

On September 1, 2021, 500 units of the debentures with a value of $500,000 were converted into 10,000,000 common shares and 10,000,000 share purchase warrants with an exercise price of $0.05 and expiry date on September 8, 2023.

e) 15 units of debentures on September 12, 2021

Issuance

On September 12, 2021, the Company issued 15 units of debentures for gross proceeds of $15,000. The principal amount of the debentures matures on September 8, 2023 (the "Maturity Date"), are unsecured, and accrue interest at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into shares at a price of $0.05 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $0.05 per share and an expiry date of September 8, 2023.

f) 35 units of debentures on September 24, 2021

Issuance

On September 24, 2021, the Company issued 35 units of debentures for gross proceeds of $35,000. The principal amount of the debentures matures on September 8, 2023 (the "Maturity Date"), are unsecured, and accrue interest at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into shares at a price of $0.05 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $0.05 per share and an expiry date of September 8, 2023.

	Liability	**Equity (Reserve - Conversion Feature)**	**Equity (Share Capital)**	**Total**
	$	$	$	$
Balance, September 30, 2021	**265,866**	**49,451**	**27,955**	**343,272**
Accretion	10,867	-	-	10,867
Balance, December 31, 2021	**276,733**	**49,451**	**27,955**	**354,139**
Balance, September 30, 2022	**334,027**	**49,451**	**27,955**	**411,433**
Accretion	17,770			17,770
Balance, December 31, 2022	**351,797**	**49,451**	**27,955**	**429,203**

For accounting purposes, the debentures were separated into liability and equity components. Fair value of the liability component is first determined by discounting the face value and coupon interest to the present value at the inception date of the debentures. The effective interest rate for the liability components is 16% with a maturity date of September 8, 2023. The equity component related to the common share conversion feature is then estimated by subtracting the fair value of the liability component from the gross proceeds of the debenture.

12. SEGMENT DISCLOSURE

The Company operates in one operating segment, which is acquisition, and operation of hemp related projects. The following provides segmented disclosure on the non-current assets by geographic locations:

SEGMENT DISCLOSURE	Canada	United States	Total
December 31, 2022			
Long-term Assets			
Deposits and prepayments	**$ –**	**$ 1,469**	**$ 1,469**
December 31, 2021			
Long-term Assets			
Deposits and prepayments	$ –	$ 569,000	$ 569,000
Property and equipment	$ –	$ 1,707,000	$ 1,707,000

13. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

<u>Credit risk</u>
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is on its cash. As most of the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

<u>Foreign exchange risk</u>
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's transaction currency with WSRC is in USD (Note 6) and two subsidiaries located in the United States. As at December 31, 2022 the Company has cash of US$28,901, GHG Prefs debt host liability of US$2,123,081, GHG Prefs Derivative Liabilities of US$225,851 denominated in US dollars. Based on the net exposure at December 31, 2022, a 5% depreciation or appreciation in Canadian dollar against US dollar would result in a gain or loss of $156,266.

<u>Interest rate risk</u>
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

<u>Liquidity Risk</u>
Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Liquidity risk is assessed as high.

<u>Fair value</u>
The Company categorizes its financial instruments measured at fair value using a hierarchy based on the inputs used to measure fair value. The fair value hierarchy has three levels based on the reliability of the inputs used to

determine fair value as follows:

Level 1: observable inputs such as quoted prices in active markets.
Level 2: inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
Level 3: unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The fair value of the Company's financial assets and liabilities at amortized cost approximates the carrying amount due to their short-term nature. The derivative liability is measured at fair value using level 2 inputs.

14. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the Company's activity in agriculture and manufacturing in the industrial hemp sector and to sustain future development of the business. The capital structure of the Company consists of working and share capital.

There are no restrictions on the Company's capital and there were no changes in the Company's approach to capital management during the year.

15. EVENTS AFTER THE REPORTING PERIOD

On January 10, 2023 the Company received a loan in the amount of US$100,025. The loan bears interest at a rate of 7% per annum and is due on or before July 31, 2023.

Expansion of Business Opportunities - Execution of Binding LOI with Apollon Formularies
On January 11, 2023 Global Hemp Group announced execution of a binding Letter of Intent with Apollon Formularies Plc - AQSE: APOL ("Apollon") (the "LOI"), a UK-based international pharmaceutical company.

Under the terms of the binding LOI dated January 9, 2023, GHG will acquire the exclusive perpetual license for North America (specifically, the United States, Canada and Mexico) to certain Apollon patents and Intellectual Property (the "IP"). GHG will pay a total of US$250,000 (C$341,000) in two distinct tranches (US$100,000 paid) and issue Apollon 10 million common shares of GHG at a deemed price of C$0.015 per share, for total consideration of C$491,000 for the acquisition of the exclusive perpetual license. On January 19, 2023, the parties executed an exclusive licensing agreement for the IP and GHG issued the required 10 million shares.

In order to assist GHG in monetizing the IP into an ongoing revenue stream, GHG has engaged DR. Stephen D. Barnhill the creator of the IP and Chairman & CEO of Apollon. GHG will issue a one-time payment of 10 million common shares of GHG at a deemed price of C$0.015 per share (issued January 30, 2023) for his ongoing engagement.

The Company has also been granted a 60-day option to conduct due diligence, following which GHG may exercise its option to acquire the entirety of Apollon's global assets.