



GLOBAL HEMP GROUP
A HEALTHIER FUTURE THROUGH SUSTAINABLE BUSINESS STRATEGIES

Global Hemp Group Inc.

Consolidated Financial Statements

Year Ended September 30, 2022

Expressed in Canadian Dollars

For Further Information Contact

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Hemp Group Inc.

Opinion

We have audited the consolidated financial statements of Global Hemp Group Inc. the ("Company"), which comprise the consolidated statements of financial position as at September 30, 2022 and 2021, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate the existence of a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Steven Reichert.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

February 6, 2023



An independent firm
associated with Moore
Global Network Limited

GLOBAL HEMP GROUP INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	September 30, 2022	September 30, 2021
		\$	\$
Assets			
Current assets			
Cash	4	66,664	138,237
Accounts receivable		18,376	38,681
Prepaid expenses		16,396	15,732
		101,436	192,650
Deposits and prepayments	6 & 9	1,482	578,330
Due from related party	7(a)	-	1,521,391
Property and equipment	9	-	1,706,320
TOTAL ASSETS		\$ 102,918	\$ 3,998,691
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities	5, 7, 10	399,584	392,983
Government loan	14	-	78,710
Notes payable - current portion	12	-	1,123,170
		399,584	1,594,863
Non-current liabilities			
Convertible preference shares - liability	7(c)	2,623,916	2,199,048
Convertible debenture - liability	13	334,027	265,866
Derivative liability	8	329,551	769,772
Notes payable	12	-	530,875
Total liabilities		3,687,078	5,360,424
Shareholders' deficiency			
Share capital	11	10,235,767	9,635,767
Reserve		6,714,397	7,370,985
Deficit		(20,534,324)	(18,368,485)
Total shareholders' deficiency		(3,584,160)	(1,361,733)
Total liabilities and shareholders' deficiency		\$ 102,918	\$ 3,998,691

Nature of operations and going concern (Note 1)

Event after the reporting period (Note 21)

Approved and authorized for issuance by the Board of Directors on February 06, 2023

"Curt Huber"
Director

"Jeff Kilpatrick"
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	Years ended September 30,	
		2022	2021
		\$	\$
Expenses			
Advertising and promotion		52,351	207,236
Amortization	9	–	41,265
Insurance		(5,431)	10,692
Loan inducement fee		–	16,500
Consulting	10	122,265	88,137
Office and administration		21,005	9,318
Professional fees		219,444	163,983
Property tax		(1,837)	4,147
Repair and maintenance		–	5,521
Research & Development		17,962	26,183
Salaries and wages		22,439	109,611
Share based compensation	11	(674,564)	2,168,257
Shareholder communication		3,487	11,544
Travel		1,107	838
Trust and filing fees		36,814	52,860
(Loss) before other items:		184,958	(2,916,092)
Exchange gain (loss)		(171,720)	(201,825)
Bad debt expenses (net of recovery)		–	(9,220)
Interest & Bank Charges	7(c), 12(a)	(659,090)	(184,265)
Loss on settlement of services with shares		–	(20,000)
Write-off of property, plant and equipment	9	(435,049)	(236,890)
Write-off of biological assets		–	(40,105)
Write-off of payable	12(c)	132,044	59,526
impairment of receivables from related party	7	(1,741,123)	–
Impairment of preferred shares	7(b)	–	(3,676,707)
Government Loan Forgiveness	14	83,920	(77,116)
Change in fair value of derivative liability	8	440,221	220,109
Gain (loss) on sale of assets held for sale		–	751
Gain on sale of equipment		–	(11,825)
Loss on sale of property	20	–	(924,185)
Loss on disposal of a subsidiary	15	–	(45,618)
Recovery of instalment		–	25,284
Net income (loss)		(2,165,839)	(8,038,178)
Other comprehensive (loss) income (items that may be reclassified to profit or loss)			
Translation adjustment		17,976	(37,548)
Comprehensive Income (Loss)		(2,147,863)	(8,075,726)
Net loss attributable to:			
Shareholders of the Company		(2,165,839)	(8,036,003)
Non-controlling interest		–	(2,175)
Other comprehensive loss attributable to:			
Shareholders of the Company		17,976	(37,548)
Non-controlling interest		–	–
Total comprehensive income (loss) attributable to:			
Shareholders of the Company		(2,147,863)	(8,073,551)
Non-controlling interest		–	(2,175)
Loss per share, basic and diluted		(0.01)	(0.03)
Weighted average number of common shares outstanding, basic and diluted		310,426,359	265,701,566

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			Shares to be issued	Reserve			Equity attributable to		
	Note	Number	Amount		Share-based payment reserve	Conversion feature	Foreign currency translation	Deficit	Shareholders' equity	Non- controlling Interest
			\$		\$	\$	\$	\$	\$	
Balance, September 30, 2020		211,660,432	7,118,029	25,500	4,149,362	–	(2,974)	(10,332,482)	957,435	(42,800)
Shares issuance for services		1,000,000	90,000	–	–	–	–	–	90,000	–
Reallocation of FV of options exercised		–	76,149	–	(76,149)	–	–	–	–	–
Share issuance on exercise of options		2,650,000	135,000	–	–	–	–	–	135,000	–
Share issuance on exercise of warrants		3,382,960	394,148	–	(210,000)	–	–	–	184,148	–
Share-based compensation		–	–	–	2,168,257	–	–	–	2,168,257	–
Loan inducement		2,100,000	42,000	(25,500)	–	–	–	–	16,500	–
Shares issued for private placements		53,200,000	691,161	–	49,686	–	–	–	740,847	–
Issuance of Preference Shares Warrants		–	–	–	664,100	–	–	–	664,100	–
Issuance of Convertible Debentures		–	–	–	36,800	77,405	–	–	114,205	–
Share issuance on conversion of convertible debenture		34,000,000	1,089,280	–	580,000	(27,954)	–	–	1,641,326	44,975
Net and comprehensive loss		–	–	–	–	–	(37,548)	(8,036,003)	(8,073,551)	(2,175)
Balance, September 30, 2021		307,993,392	9,635,767	–	7,362,056	49,451	(40,522)	(18,368,485)	(1,361,733)	–
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)	–	–	–	–	–	–	–	–
Share-based compensation		–	–	–	(674,564)	–	–	–	(674,564)	–
Shares issued in private placements		30,000,000	600,000	–	–	–	–	–	600,000	–
Net and comprehensive loss		–	–	–	–	–	17,976	(2,165,839)	(2,147,863)	–
Balance, September 30, 2022		335,693,392	10,235,767	–	6,687,492	49,451	(22,546)	(20,534,324)	(3,584,160)	–

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)

	Years ended September 30,	
	2022	2021
	\$	\$
Cash (used in) provided by:		
Operating activities		
Loss for the year	(2,165,839)	(8,038,178)
Non-cash items		
Accretion	659,090	180,933
Bad debt expenses	–	11,194
Change in fair value of derivative liability	(440,221)	(220,109)
Recovery of instalment	–	(25,284)
Share based compensation	(674,564)	2,168,257
Shares issued for service	–	70,000
Loss on settlement of services with shares	–	20,000
Loan inducement fees	–	16,500
Write-off of biological assets	–	(18,963)
Write-off of payable	(132,044)	(59,526)
Gain on sale of assets held for sale	–	(751)
Impairment loss of intangible assets, property and equipment	–	3,913,597
Impairment loss of receivables from related party	1,741,123	–
Loss on disposal of property, plant and equipment	435,049	936,010
Reversal of Government Loan Forgiveness	(83,920)	77,116
Unrealized foreign exchange (gain)	171,720	148,798
Loss on dissolution of subsidiary	–	45,618
Changes in non-cash operating working capital		
Biological assets	–	470
Deposits and prepayments	21,015	(28,024)
Accounts receivable and sales tax receivable	20,305	(680)
Accounts payable and accrued liabilities	(11,863)	(112,501)
Cash used in operating activities	(460,149)	(915,523)
Financing activities		
Proceeds from common shares issuance on private placement	456,514	733,347
Proceeds from common shares issuance on exercise of options	–	135,000
Proceeds from common shares issuance on exercise of warrants	–	182,667
Proceeds from promissory note and convertible debenture subscription net of finders fees	143,486	2,019,028
Preference shares dividend payments	(34,785)	(56,765)
Repayments of promissory notes	–	(128,665)
Cash provided by financing activities	565,215	2,884,612
Investing activities		
Acquisition of equipment	–	–
Advance payment related to Western Sierra Acquisition	(176,584)	(1,521,391)
Deposits paid for the acquisition of industrial hemp assets in Colorado	–	(738,845)
Proceeds from sale of property and equipment	–	413,022
Deposits paid for the acquisition of industrial hemp assets in Colorado	–	–
Cash used in investing activities	(176,584)	(1,847,214)
Effect of foreign exchange	(55)	(10)
Change in cash	(71,518)	121,875
Cash, beginning of the year	138,237	16,372
Cash, end of the year	66,664	138,237

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

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Year Ended September 30, 2022
(Expressed in Canadian Dollars)

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

The consolidated financial statements of the Company have been prepared in accordance with 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 financial statements were approved and authorized by the Board of Directors on February 06, 2023.

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.

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

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Year Ended September 30, 2022
(Expressed in Canadian Dollars)

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.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL") at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets	Classification under IFRS 9
Cash	Amortized cost
Accounts receivables	Amortized cost
Due from related party	Amortized cost
Financial liabilities	Classification under IFRS 9

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
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Accounts payable and accrued liabilities	Amortized cost
Note payable	Amortized cost
Convertible debt	Amortized cost
Preference shares liability	Amortized cost
Conversion feature derivative liability	FVTPL

(ii) Measurement

Financial assets and liabilities at amortized cost:

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL:

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

(iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the Consolidated Statements of Comprehensive Loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
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(Expressed in Canadian Dollars)

Functional currency and foreign currency translation

The functional currency of each entity is determined using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency.

Transactions and balances:

Foreign currency transactions will be translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial statements of foreign operations whose functional currency is different from the Company's presentation currency will be translated as follows:

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

Exchange differences arising on translation of foreign operations are recorded to the Company's other comprehensive income.

Property and equipment

All items of property, plant and equipment are stated at historical cost, less any accumulated depreciation and any accumulated impairment losses. Historical cost includes all costs directly attributable to the acquisition.

Land is not depreciated. Depreciation of other items of property, plant and equipment is calculated on components that have homogeneous useful lives by using the declining balance method so as to depreciate the initial cost down to the residual value over their estimated useful lives, as follows:

Buildings	3%
Trucks and vehicles	10%
Office furniture	20%
Farming equipment	10%

Useful lives, residual values and depreciation methods are reviewed at each year-end. Such a review takes into consideration the nature of the assets, their intended use and technological changes.

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
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(Expressed in Canadian Dollars)

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in “Other operating income and expenses” in profit or loss.

Research and development

Research costs are expensed when incurred. Internally-generated technology costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. The Company did not have any development costs that met the capitalization criteria for the years ended September 30, 2022 and 2021.

Revenues

IFRS 15 “Revenue from Contracts with Customers”:

Revenue from the sale of hemp or hemp derivatives is recognized at a point in time when control over the goods have been transferred to the customer. Payment is typically due upon transferring the goods to the customer.

Share-based payments

The grant-date fair value of share-based payments awarded to employees settled in equity instruments is generally recognized as an expense determined using Black Scholes Option Pricing Model, with a corresponding increase in equity over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which it is estimated that the service and non-market performance conditions have been satisfied, in that the amount ultimately recognized is based on the actual number of awards that meet the service and non-market performance conditions at the vesting date. For share-based payment awards on shares with other vesting conditions, the measurement of fair value at the vesting date reflects these conditions, and differences between estimate and achievement are not subsequently adjusted.

Warrants

Proceeds from issuances of security units by the Company consisting of shares and warrants are allocated based on the residual method. The value of the warrants is determined to be the difference between gross proceeds over the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a fair value of \$Nil is assigned to the warrants.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Year Ended September 30, 2022
(Expressed in Canadian Dollars)

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4. CASH

	September 30, 2022	September 30, 2021
	\$	\$
Bank demand deposits	66,664	138,237
	66,664	138,237

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022	September 30, 2021
	\$	\$
Trade payables	246,454	331,809
Accrued liabilities	47,700	61,174
Dividend payable	105,430	-
	399,584	392,983

6. DEPOSITS AND PREPAYMENTS

	September 30 2022	September 30, 2021
	\$	\$
Non-refundable Deposits for Acquisition of Properties	-	555,160
Other deposits	1,482	23,170
	1,482	578,330

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7. 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 US\$3,842,269 in secured WSRC debt by February 1, 2022. On February 2, 2022 US\$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 US\$23,773.97 remains on the bi-monthly payments having been reduced by a US\$10,281 and US\$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 September 30, 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, 2021 – advances of \$1,521,391 or US\$1,209,508). 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

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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).

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 September 30, 2022, the fair value for the 11,006,400 WSRC Prefs held by the Company was determined to be \$NIL (September 30, 2021 - \$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:

Due Date	Annual Mandatory Redemption	
	Dividend	Value
	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

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

	Canadian Dollar	US Dollar
	\$	\$
Balance, September 30, 2020	-	-
Initial Recognition	2,022,726	1,670,432
Dividends advances	(56,764)	(45,860)
Accretion	126,244	101,390
Foreign exchange	106,842	-
Balance, September 30, 2021	2,199,048	1,725,962
Dividends	(34,785)	(27,516)
Accretion	374,108	292,760
Foreign exchange and dividends	190,975	82,548
Balance, September 30, 2022	2,729,346	2,073,754
Current portion of dividend payable	(105,430)	(82,548)
Long-term portion	2,623,916	1,991,206

As at September 30, 2022, \$105,430 (2021 - \$Nil) of dividend payable was included in accounts payable and accrued liabilities.

8. GHG PREFS – CONVERSION FEATURE DERIVATIVE LIABILITIES

	Derivate Liability - GHG Prefs Conversion Feature
	\$
Balance, September 30, 2020	-
Initial recognition	989,881
Fair value changes	(220,109)
Balance, September 30, 2021	769,772
Fair value changes	(440,221)
Balance, September 30, 2022	329,551

The fair value of the initial recognition of the conversion feature included in the 11,006,400 GHG Prefs (note 7) 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 September 30, 2022 included in the 11,006,400 GHG Prefs (note 7) was determined to be \$329,551 (US\$220,128) using the Black-Scholes Option Pricing Model with the following assumptions: expected life of 8.62 years, volatility of 201%, dividend yield of 0%, and risk-free rate of 3.83%. The Company designated the change in fair value of \$440,221 through profit and loss for the year ended September 30, 2022 (2021 - \$220,109). As all inputs used in the model are observable, the derivatives fall in Level 2 of the fair value hierarchy.

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9. PROPERTY AND EQUIPMENT

	X-West Colorado Industrial Property	Land	Buildings	Office furniture	Trucks & Vehicles	Farming equipment	Incorp. costs	Total
Cost:	\$	\$	\$	\$	\$	\$		\$
Balance, September 30, 2020	-	1,534,008	538,550	1,694	47,701	236,288	642	2,358,883
Acquisition (disposal)	1,706,320	(1,472,348)	(517,615)	-	-	(5,382)	(642)	(289,667)
Foreign currency translation	-	(61,660)	(20,935)	(81)	(2,205)	(12,376)	-	(97,257)
Reclassification as assets held for sale	-	-	-	(1,613)	(45,496)	(218,530)	-	(265,639)
Balance, September 30, 2021	1,706,320	-	-	-	-	-	-	1,706,320
Balance, September 30, 2021	1,706,320	-	-	-	-	-	-	1,706,320
Survey costs	1,134	-	-	-	-	-	-	1,134
Impairment	(1,707,454)	-	-	-	-	-	-	(1,707,454)
Balance, September 30, 2022	-	-	-	-	-	-	-	-
Amortization:								
Balance, September 30, 2020	-	-	113	2	30	139	-	284
Disposal	-	-	(8,132)	-	-	-	-	(8,132)
Charge for the period	-	-	8,132	320	4,683	21,684	-	34,819
Foreign currency translation	-	-	(113)	-	6	30	-	(77)
Impairment	-	-	-	(322)	(4,719)	(21,853)	-	(26,894)
Balance, September 30, 2021	-	-	-	-	-	-	-	-
Balance, September 30, 2021	-	-	-	-	-	-	-	-
Change for the period	-	-	-	-	-	-	-	-
Balance, September 30, 2022	-	-	-	-	-	-	-	-
Net book value:								
At September 30, 2022	-	-	-	-	-	-	-	-
At September 30, 2021	1,706,320	-	-	-	-	-	-	1,706,320

Impairment of equipment of the Oregon operation

On July 28, 2021, the Company's Oregon farmland sale closed. Upon the completion of the sale of the Oregon farmland, the Company impaired \$238,745 (US\$187,383) net book value of the equipment, building structure, and office furniture used for the Oregon hemp operation as the Company was unable to find an interested buyer for the equipment prior to the sale of the Oregon farmland due to significant downturn in the hemp industry in Oregon beginning in 2020; the lack of personnel after the cease of the Oregon operation with the COVID travel restrictions.

The Undertaking Agreement for three 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;

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- Upon completion of the acquisition of the 166 Acre Deepe Property and the 664 Acre Deepe Property (not completed as of September 30, 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) X-West Property, Hayden Colorado

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 September 30, 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 been removed from the books as the Company was unable to raise the necessary funding per the terms of the note payable.

b) 166 Acre Deepe Property, Hayden Colorado

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

The Company recorded an impairment charge of \$435,049 (2021 - \$Nil) for the land deposits, the X-West Property and the loan payable relating to the X-West Property.

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10. RELATED PARTY TRANSACTIONS

Key Management Compensation:

Key Management include	Nature of transactions	Years ended September 30,	
		2022	2021
		\$	\$
President/CEO	Salaries/Consulting fees	22,439	100,000
CFO	Accounting fees	10,300	7,000
Director	Consulting fees	\$16,349(US\$12,382)	\$18,007(US\$14,000)
Director	Legal fees	96,307	99,557
Director	Consulting fees	-	37,350
Directors and officers	Share-based compensation	-	571,000
		145,395	832,914

Included in accounts payable and accrued liabilities, there was \$44,004 (September 30, 2021 - \$92,435) 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 year ended September 30, 2022, the Company incurred salaries of \$22,439 for the service of the President/CEO (2021 - \$100,000) and recognized share based compensation of \$Nil (2021 - \$336,000). The President/CEO participated in the private placement closed on December 11, 2020 (note 11) though a subscription of 4,000,000 units at \$0.015/unit. A balance of \$Nil was owed to the CEO as at September 30, 2022 (September 30, 2021 - \$10,029).

During the year ended September 30, 2022, the Company incurred accounting fees of \$10,300 for the service of the Company's CFOs (2021 - \$7,000) and recognized share-based compensation of \$Nil (2021 - \$16,000). A balance accrued for the CFO services of \$2,500 was recorded as at September 30, 2022 (September 30, 2021 - \$2,000).

During the year ended September 30, 2022, the Company incurred consulting fee of US\$12,382 or \$16,349 (2021 – US\$14,000 or \$18,007) to PSG, an entity controlled by a director of the Company (note 7). A balance of \$Nil was owed to the director as at September 30, 2022 (September 30, 2021 - \$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 \$2,729,346.

During the year ended September 30, 2022, the Company incurred legal fees of \$96,307 (2021 - \$99,557) to a law firm controlled by a director of the Company and recognized share-based compensation of \$Nil (2021 - \$35,000). On March 9, 2021, the director exercised 500,000 stock options with exercise price of \$0.055/share. A balance of \$41,504 was owed to the law firm as at September 30, 2022 (September 30, 2021 - \$68,198).

During the year ended September 30, 2022, the Company incurred accrued consulting fee of \$Nil (2021 - \$37,350) to an entity controlled by a director of the Company and recognized share based compensation of \$NIL for the director (2021 - \$160,000). A balance of \$Nil was owed to the director as at September 30, 2022 (September 30, 2021 - \$11,500).

During the year ended September 30, 2022, the Company recognized share-based compensation of \$Nil (2021 - \$24,000) to a director. A balance of \$Nil was owed to the director as at September 30, 2022 (September 30, 2021 - \$708).

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11. CAPITAL STOCK

Authorized

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

Issued and outstanding

Changes during the year ended September 30, 2022

On October 27, 2021, 2,300,000 common shares previously issued on November 29, 2018 from the escrow pool related to the Oregon operation were cancelled.

On May 20, 2022, the Company closed a private placement of non-brokered private placement, consisting of 30,000,000 units ("Units") at a price of \$0.02 per Unit for gross proceeds of \$600,000 (the "Private Placement"). Each unit is comprised of one common share of the Company (a "Common Share" and collectively, the "Common Shares") and one common share purchase warrant (each whole warrant a "Warrant" and collectively, the "Warrants") of the Company. Each whole Warrant shall entitle the holder thereof to acquire one additional Common Share at a price of \$0.05 per Common Share for a period expiring on September 8, 2023. The warrants will be trading on the CSE and will have identical terms to the 96,293,781 listed warrants of the Company currently outstanding and trading under the ticker symbol GHG.WT. In the event that the Company's common shares trade on the Canadian Securities Exchange (or such other exchange on which the common shares may be traded at such time) at a volume weighted average price of \$0.12 per share or more for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the Warrants by giving notice to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which such notice is given to the holder by the Company. All securities issued are subject to a four-month plus a day hold period from the date of issuance in accordance with applicable securities laws. No finder's fee was paid in connection to this placement.

Changes during the year ended September 30, 2021

On October 8, 2020, 1,700,000 common shares of the Company were issued for the loan inducement with a fair value of \$0.02 per share.

On November 30, 2020, 400,000 common shares of the Company were issued for the loan inducement with a fair value of \$0.02 per share.

On December 11, 2020, the Company closed a private placement of non-brokered private placement, consisting of 51,600,000 units ("Units") at a price of \$0.015 per Unit for gross proceeds of \$774,000 (the "Private Placement"). Each unit is comprised of one common share of the Company (a "Common Share" and collectively, the "Common Shares") and one common share purchase warrant (each whole warrant a "Warrant" and collectively, the "Warrants") of the Company. Each whole Warrant shall entitle the holder thereof to acquire one additional Common Share at a price of \$0.05 per Common Share for a period expiring on September 8, 2023. The warrants will be listed for trading on the CSE after the expiry of the hold period and will have identical terms to the 11,076,741 listed warrants of the Company currently outstanding and trading under the ticker symbol GHG.WT. In the event that the Company's common shares trade on the Canadian Securities Exchange (or such other exchange on which the common shares may be traded at such time) at a volume weighted average price of \$0.12 per share or more for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the Warrants by giving notice to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which such notice is given to the holder by the Company. All securities issued are subject to a four-month plus a day hold period from the date of issuance in accordance with applicable

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securities laws.

On December 11, 2020, 1,600,000 common shares and 1,880,000 share purchase warrants of the Company were issued as a finder's fee for this private placement. The 1,880,000 share purchase warrants are exercisable at \$0.05 with the expiry date on September 8, 2023.

On January 26, 2021, 1,000 share purchase warrants with exercise price at \$0.05/share were exercised resulted in the issuance of 1,000 common shares.

On February 3, 2021, 295 share purchase warrants with exercise price at \$0.05/share were exercised resulted in the issuance of 295 common shares.

On February 10, 2021, 8,333 share purchase warrants with exercise price at \$0.05/share were exercised resulted in the issuance of 8,333 common shares.

On February 22, 2021, 1,000,000 common shares were issued to a third-party consultant in exchange for advertising and promotion service at a value of \$70,000. The closing quote of the shares on February 22, 2021 was \$0.09. A loss on settlement of service with shares for \$20,000 was recognized during the six months ended March 31, 2021 due to the difference between the fair value of the shares issued at \$90,000 and the agreed service value of \$70,000.

On March 1, 2021, 20,000 share purchase warrants with exercise price at \$0.05/share were exercised resulted in the issuance of 20,000 common shares.

On March 9, 2021, 500,000 share purchase options with exercise price at \$0.055/share were exercised resulted in the issuance of 500,000 common shares.

On March 18, 2021, 353,332 share purchase warrants with exercise price at \$0.05/share were exercised resulted in the issuance of 353,332 common shares.

On March 23, 2021, 2,150,000 share purchase options with exercise price at \$0.05/share were exercised resulted in the issuance of 2,150,000 common shares.

On June 25, 2021, 3,000,000 share purchase warrants with exercise price at \$0.055/share were exercised resulted in the issuance of 3,000,000 common shares.

On June 28, 2021, the holder of the Secured Convertible Debenture with a face value of \$500,000 converted into 10,000,000 units with resulted in the issuance of 10,000,000 common shares and 10,000,000 share purchase warrants.

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.

On July 8, 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

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at 7% per annum. The principal amount of the debentures and any accrued but unpaid interest thereon is convertible into share units 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.

On July 23, 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 16, 2021, 50 units of the debentures with a value of \$50,000 were converted into 1,000,000 common shares and 1,000,000 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.

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.

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, 2020	43,642,299	\$0.12	1.99
Cancelled	(1,100,000)	\$0.36	-
Exercised	(3,382,960)	\$0.05	-
Expired	(1,369,333)	\$0.33	-
Granted	112,280,000	\$0.05	2.37
Balance, September 30, 2021	150,070,060	\$0.07	2.27
Expired	(1,519,350)	\$0.05	-
Granted	30,000,000	\$0.05	1.19
Balance, September 30, 2022	178,550,656	\$0.06	1.23

On January 25, 2021, the Company signed three consulting contracts which included provisions to issue 12,000,000 warrants on the first and second anniversary with the following terms: exercise price based on the previous 10 day VWAP, but in no case less than \$0.05 that vest 50% on grant and 6 months from the day of issuance. During the year ended September 30, 2022, the three consulting contracts were terminated and the Company reversed previously recognized share-based compensation of \$674,564 relating to these unvested warrants.

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As at September 30, 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%.

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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.

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

	Options	Weighted average exercise price	Weighted average number years to expiry
Balance, September 30, 2020	16,000,000	\$0.072	2.34
Cancelled	(3,500,000)	\$0.130	-
Exercised	(2,650,000)	\$0.051	-
Expired	(6,100,000)	\$0.056	-
Granted	20,100,000	\$0.053	4.38
Balance, September 30, 2021	23,850,000	\$0.053	3.43
Cancelled	(3,000,000)	\$0.05	-
Expired	(5,200,000)	\$0.05	-
Balance, September 30, 2022	15,650,000	\$0.055	3.24

As at September 30, 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

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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.

12. NOTES PAYABLE

a) Balance Payable with respect to X-West Colorado Industrial Property

With reference to note 9(a), the X-West Property carried a note in the amount of US\$1,250,000, plus accrued interest and penalties for non payment. As at September 30, 2021, \$1,089,763 was current and \$530,875 was long-term. During the year ended September 30, 2022, the Company recorded interest and penalties of \$216,556 (2021 - \$28,013).

GHG was not able to raise the funding for the scheduled note payments relating to the acquisition of this 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 been removed from the books as the Company was unable to raise the necessary funding per terms of the note payable.

b) Short-term loans

Changes during the year ended September 30, 2022

The Company received short term loans in the amount of \$143,486 from an arm's length party during the year ended September 30, 2022. On May 20, 2022 (note 11), total proceeds of the loans were converted into 7,174,300 common shares and 7,174,300 share purchase warrants with an exercise price of \$0.05 and expiry date on September 8, 2023.

\$Nil (2021 - \$Nil) interests were accrued during the year ended September 30, 2022. As at September 30, 2022, the outstanding loan balance including accrued interest was \$Nil (September 30, 2021 - \$Nil).

Changes during the year ended September 30, 2021

The Company received short term loans in the amount of \$15,000 during the quarter ended December 31, 2020 and \$50,000 during the fourth quarter of the year ended September 30, 2020. These short-term loans were non-interest bearing and were fully settled by a combination of cash repayments and issuance of common shares as of December 31, 2020. Bonus shares totaling 2,100,000 common shares were issued to the lenders for this transaction as a loan inducement.

c) Promissory Note

On December 1, 2014, the Company converted \$18,355 of its accounts payable owing to a company ("Lender"), controlled by the relative of a former director, into a promissory note. This promissory note is payable on demand and bears interest of 12% per annum. As of September 30, 2022, the Company had a balance payable of \$Nil (September 30, 2021 - \$33,407).

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During the year ended September 30, 2022 the Company reversed the loan payable and other accounts payable for the total of \$132,044 (2021 - \$59,526), as the amounts payable had been unclaimed for more than 3 years.

13. CONVERTIBLE DEBENTURES

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

Issuance

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.

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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.

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.

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	Liability	Equity (Reserve - Conversion Feature)	Equity (Share Capital)	Total
	\$	\$	\$	\$
Balance, September 30, 2020	-	-	-	-
Proceeds	1,959,912	90,088	-	2,050,000
Transaction costs	(64,118)	(12,682)	-	(76,800)
Conversions	(1,641,326)	(27,955)	27,955	(1,641,326)
Accretion	11,398	-	-	11,398
Balance, September 30, 2021	265,866	49,451	27,955	343,272
Accretion	68,161	-	-	68,161
Balance, September 30, 2022	334,027	49,451	27,955	411,433

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.

14. PAYROLL PROTECTION PLAN/US GOVERNMENT SMALL BUSINESS ADMINISTRATION LOAN

With the outbreak of the COVID-19 pandemic in March 2020, the American Federal government announced various types of assistance to aid business through the ongoing COVID-19 pandemic. On May 14, 2020, the Company received the approval for the Paycheck Protection Program Loan for loan proceeds of US\$61,000 (the “PPP Loan”). The Company expected to receive the approval for the forgiveness of the full amount of US\$61,000 in fiscal 2020. As such, the Company recognized the government loan forgiveness of US\$61,000 in the statement of profit and loss for the fiscal year ended September 30, 2020. On December 14, 2021, the Company received a denial of the forgiveness of the loan amount by the Small Business Administration of the American Federal Government (“SBA”) which resulted in the full amount of US\$61,000 being due. The Company appealed the denial decision. Due to the high degree of uncertainty of the ultimate appeal decision from the SBA, the Company reinstated the PPP Loan and accrued 1% per annum interest in the statement of profit and loss for the fiscal year ended September 30, 2021.

On April 4, 2022, the Company received payment confirmation for the forgiveness of the PPP loan. The SBA has remitted to the Company’s Lender US\$61,000 being the full amount of the loan plus accrued interest of US\$1,145 on that day. As at September 30, 2022, the PPP Loan principal amount outstanding was \$Nil (September 30, 2021 – US\$61,000 or \$77,720) and accrued interest of \$Nil (2021 - US\$777 or \$999).

15. NON-CONTROLLING INTEREST

The non-controlling interest consisted of 50% ownership of 703551 N.B Ltd., which was incorporated on July 5, 2018. On June 18, 2021, 703551 NB Ltd was dissolved. The Company recognized a loss on disposal of subsidiary for \$45,618 in the fiscal year ended September 30, 2021.

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16. 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
September 30, 2022			
Long-term Assets			
Deposits and prepayments	\$ –	\$ 1,482	\$ 1,482
September 30, 2021			
Long-term Assets			
Deposits and prepayments	\$ –	\$ 578,000	\$ 578,000
Property and equipment	\$ –	\$ 1,706,000	\$ 1,706,000

17. 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:

Credit risk

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.

Foreign exchange risk

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 7) and two subsidiaries located in the United States. As at September 30, 2022 the Company has cash of US\$24,309, GHG Prefs debt host liability of US\$1,904,789, GHG Prefs Derivative Liabilities of US\$220,128 denominated in US dollars. Based on the net exposure at September 30, 2022, a 5% depreciation or appreciation in Canadian dollar against US dollar would result in a gain or loss of \$147,945.

Interest rate risk

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

Liquidity Risk

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.

Fair value

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

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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.

18. 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.

19. INCOME TAXES

A reconciliation of income taxes recovery at statutory rates with the reported taxes is as follows:

	September 30, 2022	September 30, 2021
	\$	\$
Net loss before income taxes	2,165,839	8,038,178
Statutory tax rate	27%	25.83%
Expected income tax recovery at the statutory tax rate	(585,000)	(2,076,000)
Non-deductible items and other	257,000	1,799,000
Adjustment to prior years provision versus statutory tax returns	123,000	-
Changes in valuation allowance	205,000	277,000
Income tax recovery	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	September 30, 2022	September 30, 2021
Non-capital loss carry-forwards	\$1,577,000	\$1,276,000
Property and equipment	-	90,000
Share issuance costs	10,000	15,000
Valuation allowance	(1,587,000)	(1,381,000)
Net deferred income tax assets	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

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	2022	Expiry Date Range	2021	Expiry Date Range
Temporary Differences				
Share issue costs	\$ 39,000		\$ 54,000	
Non-capital losses available for future period - Canada	5,280,000	2031 to 2042	4,109,058	2031 to 2040
Non-capital losses available for future period - US	532,000	2030 to 2036	580,146	2030 to 2036

20. LOSS ON SALE OF PROPERTY IN OREGON

Sale of the Oregon Farmland Property and settlement of the Note Payable

On July 28, 2021, 41389 Farms Ltd., the Company's wholly own subsidiary in Oregon disposed of its Oregon Farmland Property including land and building with a carry cost of \$1,953,707. The Company received gross proceeds of \$1,101,392 (US\$900,000) and net proceeds of \$1,029,522 (US\$841,272) after transaction costs and related legal trust fees totalling US\$58,431. Of the net proceeds received \$626,496 (US\$514,373) was paid to the mortgage holder of the Oregon Farmland Property (Note 13(b)). The Company recognized a loss on sale of the assets held for sale in the amount of \$924,185.

21. EVENTS AFTER THE REPORTING PERIOD

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.

22. COVID-19 (CORONAVIRUS)

On March 11, 2020, the current outbreak of COVID-19 (Coronavirus) was declared a global pandemic, which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. As a result, global equity markets and oil prices have experienced significant volatility and weakness. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.