Global Hemp Group Inc.

Consolidated Financial Statements

Year Ended September 30, 2023

Expressed in Canadian Dollars

For Further Information Contact

Tel: 778-726-2900

info@globalhempgroup.com

www.globalhempgroup.com

DMCL
DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
dmcl.ca

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, 2023 and 2022, 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, 2023 and 2022, 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.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

May 15, 2024

GLOBAL HEMP GROUP INC.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	September 30, 2023	September 30, 2022
		$	$
Assets			
Current assets			
Cash		4,503	66,664
Accounts receivable		10,654	18,376
Prepaid expenses		27,604	16,396
		42,761	101,436
Deposits and prepayments		-	1,482
TOTAL ASSETS		42,761	102,918
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities	**4**	980,912	399,584
		980,912	399,584
Non-current liabilities			
Convertible preference shares - liability	**5(c)**	2,858,700	2,623,916
Convertible debenture - liability	**12**	302,239	334,027
Notes payable	**11**	395,686	–
Derivative liability	**6**	1,287,607	329,551
Total liabilities		5,825,144	3,687,078
Shareholders' deficiency			
Share capital	**10**	10,570,565	10,235,767
Shares to be issued		18,000	–
Reserve		6,743,911	6,714,397
Deficit		(23,114,859)	(20,534,324)
Total shareholders' deficiency		(5,782,383)	(3,584,160)
Total liabilities and shareholders' deficiency		42,761	102,918

Nature of operations and going concern (Note 1)
Event after the reporting period (Note 18)

Approved and authorized for issuance by the Board of Directors on May 15, 2024

"Curt Huber"	*"Aurelio Ushche"*
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	Years ended September 30, 2023	2022
		$	$
Expenses			
Advertising and promotion		23,047	52,351
Insurance		40,354	(5,431)
Loan inducement fee		69,077	–
Consulting	**9**	247,888	122,265
Office and administration		12,474	21,005
Professional fees		184,319	219,444
Property tax		–	(1,837)
Research & Development		–	17,962
Salaries and wages		3,060	22,439
Share based compensation	**10**	–	(674,564)
Shareholder communication		3,965	3,487
Travel		1,419	1,107
Trust and filing fees		39,147	36,814
(Loss) before other items:		(624,750)	184,958
Exchange gain (loss)		41,785	(171,720)
Interest & Bank Charges	**5(c), 11**	(534,665)	(659,090)
Gain on settlement of debt	**10, 12**	52,774	–
Write-off of property, plant and equipment	**8**	–	(435,049)
Write-off of payable		–	132,044
Impairment of receivables from related party	**5**	–	(1,741,123)
Government Loan Forgiveness	**13**	–	83,920
Change in fair value of derivative liability	**6**	(958,056)	440,221
Cumulative translation adjustment		(22,546)	–
Impairment of Intangible Assets	**7**	(520,279)	–
Loss on receivable from dissolved subsidiary		(14,798)	–
Net (loss)		(2,580,535)	(2,165,839)
Other comprehensive (loss) income (items that may be reclassified to profit or loss)			
Translation adjustment		–	17,976
Comprehensive Loss		(2,580,535)	(2,147,863)
Loss per share, basic and diluted		(0.15)	(0.14)
Weighted average number of common shares outstanding, basic and diluted		17,465,492	15,521,318

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					
	Number (Note 1)	Amount	Obligation to issue shares	Share-based payment reserve	Conversion feature	Foreign currency translation	Deficit	Shareholders' deficiency
		$		$	$	$	$	$
Balance, September 30, 2021	15,399,670	9,635,767		7,362,056	49,451	(40,522)	(18,368,485)	(1,361,733)
Cancellation of shares issued from Escrow Pool	(115,000)	–		–	–	–	–	–
Share-based compensation	–	–		(674,564)	–	–	–	(674,564)
Shares issued from private placements	1,500,000	600,000		–	–	–	–	600,000
Net and comprehensive loss	–	–		–	–	17,976	(2,165,839)	(2,147,863)
Balance, September 30, 2022	16,784,670	10,235,767		6,687,492	49,451	(22,546)	(20,534,324)	(3,584,160)
Balance, September 30, 2022	16,784,670	10,235,767	–	6,687,492	49,451	(22,546)	(20,534,324)	(3,584,160)
Shares issued for purchase of intangible assets	500,000	150,000	–	–	–	–	–	150,000
Shares issued for services	520,000	151,984	–	–	–	–	–	151,984
Shares issued on exercise of warrants	6,814	6,814	–	–	–	–	–	6,814
Shares issued in private placements	130,000	26,000	–	–	–	–	–	26,000
Shares to be issued	–	–	18,000	–	–	–	–	18,000
Issuance of Convertible Debenture	–	–	–	–	6,968	–	–	6,968
Net and comprehensive loss	–	–	–	–	–	22,546	(2,580,535)	(2,557,989)
Balance, September 30, 2023	17,941,484	10,570,565	18,000	6,687,492	56,419	–	(23,114,859)	(5,782,383)

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, 2023	2022
Cash (used in) provided by:	$	$
Operating activities		
Income (Loss) for the year	(2,580,535)	(2,165,839)
Non-cash items		
Accretion and interest expense accrual	526,915	659,090
Change in fair value of derivative liability	958,056	(440,221)
Loan inducement fee	69,077	–
Share based compensation	–	(674,564)
Write-off of property, plant, and equipment	–	435,049
Impairment loss of receivable from related party	–	1,741,123
Impairment of intangible assets	520,279	–
Write-off of payable	–	(132,044)
Loss on receivable from dissolved subsidiary	14,798	–
Gain on settlement of debt	(52,774)	–
Government Loan Forgiveness	–	(83,920)
Unrealized foreign exchange (gain)	(41,785)	171,720
Cumulative translation adjustment	22,546	–
Changes in non-cash operating working capital		
Deposits and prepayments	(11,208)	21,015
Accounts receivable	7,722	20,305
Accounts payable and accrued liabilities	468,565	(11,863)
Cash used in operating activities	(98,344)	(460,149)
Financing activites		
Proceeds from common share issuance	26,000	456,514
Proceeds from common shares issuance on exercise of warrants	6,814	–
Proceeds from promissory note and convertible debenture subscription net of finders fees	373,648	143,486
Preference shares dividend payments	–	(34,785)
Cash provided by financing activities	406,462	565,215
Investing activities		
Advance payment related to Western Sierra Acquisition	–	(176,584)
Acquisition of IP from Apollon Formularies plc.	(370,279)	–
Cash used in investing activities	(370,279)	(176,584)
Effect of foreign exchange	–	(55)
Change in cash	(62,161)	(71,518)
Cash, beginning of the year	66,664	138,237
Cash, end of the year	4,503	66,664

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. The Company operates in two primary business segments: Industrial Hemp and Health & Wellness (Biopharma).

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".
On September 28, 2023, the Company consolidated its issued share capital on a ratio of twenty old common shares for every one new post-consolidated common share. All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation (the "Share consolidation").

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 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 AND BASIS OF PREPARATION

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).

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.

During the year ended September 30, 2023 the Company had no active subsidiaries, as 41389 Farms Ltd., Covered Bridge Acres Ltd. (Oregon) and Covered Bridge Acres Ltd. (BC) were either dissolved or inactive. As the Company no longer had subsidiaries in the United States, the accumulated other comprehensive income related to the subsidiaries was recycled through Profit and Loss during the year ended September 30, 2023.

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 are significant risk of material adjustments to assets and liabilities in future accounting periods include determining the fair value of financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of consolidated 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 consolidated 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.

These consolidated financial statements were approved and authorized by the Board of Directors on May 15, 2024.

3. SIGNIFICANT ACCOUNTING POLICIES

Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purposes of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable potential cash flow generating units ("CGU's"). The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (being the present value of the expected future cash flows of the CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the consolidated statement of comprehensive loss.

Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangible assets is recognized on a straight-line basis over their estimated useful lives.

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, only to the extent they are not antidilutive.

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	FVTPL
Accounts receivables	Amortized cost

Financial liabilities	**Classification under IFRS 9**
Accounts payable and accrued liabilities	Amortized cost
Note payable	Amortized cost
Convertible debenture - liability	Amortized cost
Convertible preference share - liability	Amortized cost
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.

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 and its Canadian subsidiaries functional and presentation currency. The functional currency of its two dissolved US subsidiaries was in US dollars.

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

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.

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, 2023 and 2022.

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.

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.

(Expressed in Canadian Dollars)

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.

Accounting Standards Issued But Not Yet Applied

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	September 30, 2022
	$	$
Trade payables	591,800	246,454
Accrued liabilities	128,700	47,700
Dividend payable (note 5c)	260,412	105,430
	980,912	**399,584**

Trade payables includes $70,108 in bonuses paid to Senior Secured Convertible Debenture and Loan holders for extending the due date to March 8, 2025, as well as accrued interest on loans in the amount of $53,526.

5. 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"). 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 Company paid US$50,000 on March 30, 2022. The Definitive Agreement was subsequently terminated on February 6, 2023.

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. GHG was not able to complete the payoff/restructuring the debt and the remaining WSRC Prefs were not transferred to GHG.

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, are entitled to 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. 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, 2023, 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. On February 6, 2023 the Company announced that it had been in discussions with WSRC regarding potential direct funding partners for the project under a new Joint Venture scenario, but unfortunately these negotiations did not reach a successful conclusion. Therefore, the Definitive Agreement with WSRC was terminated.

(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.

As at September 30, 2023, 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 (11,006,400 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) was 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:

(Expressed in Canadian Dollars)

	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**

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 payable	(140,215)	(110,064)
Accretion	374,108	288,891
Foreign exchange	190,975	-
Balance, September 30, 2022	**2,623,916**	**1,904,789**
Balance, September 30, 2022	2,623,916	1,904,789
Dividends payable	(148,369)	(110,064)
Accretion	430,830	319,698
Foreign exchange	(47,677)	-
Balance, September 30, 2023	**2,858,700**	**2,114,423**

As at September 30, 2023, $260,412 (2022 - $105,430) of dividend payable was included in accounts payable

(Expressed in Canadian Dollars)

6. GHG PREFS – CONVERSION FEATURE DERIVATIVE LIABILITIES

	Derivate Liability - GHG Prefs Conversion Feature
	$
Balance, September 30, 2021	769,772
Fair value changes	(440,221)
Balance, September 30, 2022	**329,551**
Balance, September 30, 2022	329,551
Fair value changes	958,056
Balance, September 30, 2023	**1,287,607**

The fair value of the initial recognition of the conversion feature included in the 11,006,400 GHG Prefs (note 5) 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, 2023 included in the 11,006,400 GHG Prefs (note 5) was determined to be $1,287,607 (US$952,372) using the Black-Scholes Option Pricing Model with the following assumptions: expected life of 7.6 years, volatility of 139%, dividend yield of 0%, and risk-free rate of 4.88%. The Company designated the change in fair value of $958,056 through profit and loss for the year ended September 30, 2023 (2022 - $440,221). As all inputs used in the model are observable, the derivatives fall in Level 2 of the fair value hierarchy.

7. ACQUISITION OF INTELLECTUAL PROPERTY

On January 9, 2023 Global Hemp Group signed 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, GHG acquired the exclusive perpetual license to certain Apollon patents and Intellectual Property (the "IP"). GHG paid cash of US$250,000 ($342,000) and issued Apollon 500,000 common shares of GHG at a fair value of $0.30 per share, for total consideration of $491,000. The Company incurred related acquisition costs of $28,279 for total capitalized acquisition cost of $520,279.

As at September 30, 2023, the fair value of the IP acquired by the Company was determined to be $NIL. The Company determined the value to be $NIL as until such time the Company was not able to establish a cashflow forecast through the utilization of the IP.

8. PROPERTY AND EQUIPMENT

	X-West Colorado Industrial Property
Cost and Net Book Value:	$
Balance, September 30, 2021	1,706,320
Acquisition (disposal)	1,135
Impairment	(1,707,455)
Balance, September 30, 2022 and 2023	**-**

(Expressed in Canadian Dollars)

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 paid all deposits due for the acquisition of the three Colorado Properties but was not able to complete the remainder of the funding required for the acquisition of these properties. Therefore, the Company recorded an impairment charge of $435,049 in 2022 for the land deposits, the X-West Property and the loan payable relating to the X-West Property.

The information below relating to the three properties reflected the original terms for the purchase of the properties.

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.

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) <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 Acre Deepe Property through WSRC as described above. The 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 was retained by the landowner.

c) <u>664 Acre Deepe Property, Hayden Colorado</u>

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 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 was retained by the landowner.

9. RELATED PARTY TRANSACTIONS

Key Management Compensation:

	Nature of transactions	Years ended September 30, 2023	2022
		$	$
President/CEO	Expense Reimbursement	10,163	-
President/CEO	Consulting fee	70,000	22,439
Former CFO	Accounting fees	8,000	10,300
Director	Consulting fees	-	16,349
Former Director	Legal fees	91,335	96,307
Director	Consulting fees	26,480	-

Included in accounts payable and accrued liabilities is $118,953 (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 year ended September 30, 2023, the Company accrued consulting fees of $70,000 for the service of the President/CEO (2022 - $22,439).

During the year ended September 30, 2023, the Company incurred accounting fees of $8,000 for the service of the Company's former CFO (2022 - $10,300).

During the year ended September 30, 2023, the Company incurred consulting fee of $Nil (2022 – US$12,382 or $16,349) to PSG, an entity controlled by a director of the Company. A balance of $Nil was owed to a former director as at September 30, 2023 (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 $2,858,700.

During the year ended September 30, 2023, the Company incurred legal fees of $91,335 (2022 - $96,307) to law firms controlled by a former director of the Company.

During the year ended September 30, 2023, the Company incurred consulting fees of $26,480 to a former director of the Company. Because the Company was not able to fulfil the payment in cash, as per specified in a settlement agreement, the Company agreed to issue 200,000 common shares at a fair value of $0.10 per common share to settle the accrued consulting fee owing to the former director. The Company recorded a gain of $6,480. As at September 30, 2023, the Company has issued 20,000 common shares and is obligated to issue the remaining 180,000 common shares.

10. 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, 2023

On January 19, 2023, 500,000 common shares of the Company were issued at a fair value of $0.30 per share as part of the consideration for the acquisition of the exclusive perpetual license.

On January 30, 2023, 500,000 common shares of the Company were issued at a fair value of $0.30 per share as consideration paid for the ongoing engagement of Dr. Stephen D. Barnhill, MD.

On March 31, 2023, 130,000 units of the Company were issued for gross proceeds of $26,000 relating to a non-brokered private placement. Each unit is comprised of one common share of the company at a price of $0.20 per share (a "Common Share") and one common share purchase warrant ("Warrant") of the Corporation. Each Warrant entitles the holder to acquire one additional Common Share at a price of $1.00 per Common Share for a period of 36 months from the date of issuance.

On August 4, 2023, 6,666 common shares were issued from the exercise of warrants at a price of $1.00 per share, for gross proceeds of $6,666.

On August 18, 2023, GHG issued 20,000 common shares at a fair value of $0.10 per common share, to settle accrued executive consulting fees of $26,480 due to Mr. Stephen Barnhill, Jr., and recorded a gain of $6,480, of which 180,000 common shares are still to be issued with a fair value of $18,000 at a fair value of $0.10 per common share.

(Expressed in Canadian Dollars)

On August 22, 2023, 148 common shares were issued as a resulting from the exercise of warrants at a price of $1.00 per share, for gross proceeds of $148.

Changes during the year ended September 30, 2022

On October 27, 2021, 115,000 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 non-brokered private placement, consisting of 1,500,000 units ("Units") at a price of $0.40 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 Corporation. Each whole Warrant shall entitle the holder thereof to acquire one additional Common Share at a price of $1.00 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 4,814,689 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 $2.40 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.

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	7,503,500	$1.32	2.27
Expired	(75,968)	$1.00	-
Granted	1,500,000	$1.00	1.149
Balance, September 30, 2022	8,927,532	$1.27	1.23
Expired	(7,060,718)	$1.18	-
Exercised	(6,814)	$1,00	-
Granted	130,000	$1.00	2.67
Balance, September 30, 2023	1,990,000	$1.58	1.59

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

(Expressed in Canadian Dollars)

Company reversed previously recognized share-based compensation of $674,564 relating to these unvested warrants.

As at September 30, 2023, the Company had the following warrants outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Warrants Outstanding
December 12, 2018[1]	December 10, 2023	$2.4	810,000
January 25, 2021	January 25, 2026	$1.10	300,000
May 14, 2021	May 14, 2026	$1.00	750,000
March 31, 2023	March 31, 2026	$1.00	130,000
Balance			**1,990,000**

(1) Subsequent to September 30, 2023 these warrants expired unexercised

Stock Options

No stock options were issued by the Company for the year ending September 30, 2023.

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	1,192,500	$1.06	3.43
Cancelled	(150,000)	$1.00	-
Expired	(260,000)	$1.00	-
Balance, September 30, 2022	782,500	$1.10	3.24
Expired	(7,500)	$3.20	-
Balance, September 30, 2023	775,000	$1.08	2.26

As at September 30, 2023, the Company had the following options outstanding:

Date Granted	Expiry Date	Exercise Price	Number of Options Outstanding	Number of options Exercisable
August 9, 2019	August 8, 2024	$1.20	52,500	52,500
November 26, 2020	November 25, 2025	$1.00	157,500	157,500
January 25, 2021	January 25, 2026	$1.10	240,000	240.000
January 27, 2021	January 27, 2026	$1.20	125,000	125,000
May 3, 2021	May 3, 2026	$1.00	150,000	150,000
May 17, 2021	May 17, 2026	$1.00	50,000	50,000
			775,000	**775,000**

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. All amounts were transferred to profit and loss as the foreign subsidiaries were dissolved in fiscal 2023.

Basic and diluted loss per share
Diluted loss per share does not include the effect of 1,990,000 warrants and 775,000 options as the effect would be anti-dilutive.

11. NOTES PAYABLE

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

With reference to note 8(a), the X-West Property carried a note in the amount of US$1,250,000, plus accrued interest and penalties for non payment. During the year ended September 30, 2022, the Company recorded interest and penalties of $216,556.

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) Long-term loans

<u>Changes during the year ended September 30, 2023</u>

The Company received a series of proceeds in the amount of $373,648 of which $140,370 or US$103,625 was interest bearing at 7% per annum, $214,994 or US$160,000 was interest bearing at 12% per annum and $18,284 was non-interest bearing. The total loan amount was due and payable on or before July 31, 2023.

The Company was unable to repay the loan, therefore on September 19, 2023, the loans were renegotiated with the following terms: an inducement payment of 12% of the principal was made to extend the term, and the interest rate was increased to 12% per annum.

The Company accounted for this as an extinguishment of debt and expensed the inducement payment. $19,351 (2022 - $Nil) interest was accrued during the year ended September 30, 2023. As at September 30, 2023, the principal balance outstanding was $376,335 (September 30, 2022 - $Nil).

<u>Changes during the year ended September 30, 2022</u>

The Company received short term loans in the amount of $143,486 during the year ended September 30, 2022. On May 20, 2022, total proceeds of the loans were converted into 358,715 common shares and 358,715 share purchase warrants with an exercise price of $1.00 and expiry date on September 8, 2023 as part of the non-brokered private placement (note 10).

12. CONVERTIBLE DEBENTURES

a) 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 $1.00 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $1.00 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 100,000 common shares and 100,000 share purchase warrants with an exercise price of $1.00 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 100,000 common shares and 100,000 share purchase warrants with an exercise price of $1.00 and expiry date on September 8, 2023.

b) 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 $1.00 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $1.00 per share and an expiry date of September 8, 2023.

c) 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 $1.00 per share at any time before the Maturity Date and share purchase warrants with an exercise price of $1.00 per share and an expiry date of September 8, 2023.

On September 6, 2023, the Company restructured the Convertible Debentures ("CD") maturing on September 8, 2023 with the following terms:

1. The term of the CD, due September 8, 2023, is extended to March 8, 2025.
2. Effective September 6, 2023, the interest rate increased from 7.0% to 12.0% per annum and will continue to accrue until maturity or conversion.
3. As an inducement to complete the restructuring of the CD, the Company provided the holders of the CD's a bonus in the amount of 12% of the original principal amount, to be added to the outstanding balance.
4. All other terms and conditions of the CD remain the same.

(Expressed in Canadian Dollars)

	Liability	Equity (Reserve - Conversion Feature)	Equity (Share Capital)	Total
	$	$	$	$
Balance, September 30, 2021	**265,866**	**49,451**	**27,955**	**343,272**
Accrued interest, effective interest method	68,161	-	-	68,161
Balance, September 30, 2022	**334,027**	**49,451**	**27,955**	**411,433**
Balance, September 30, 2022	**334,027**	**49,451**	**27,955**	**411,433**
Accrued interest, effective interest method	75,000	-	-	75,000
Coupon interest payable	(53,526)	-	-	(53,526)
Gain on debenture extension	(53,262)	6,968	-	(46,294)
Balance, September 30, 2023	**302,239**	**56,419**	**27,955**	**386,613**

The Company accounted for the restructuring of the CD as an extinguishment. The Company determined the fair value of the liability component using a market rate of 22%.

The equity component related to the common share conversion feature was determined to be $6,968 using the Black-Scholes Option Pricing Model with the following assumptions: expected life of 1.5 years, volatility of 124%, dividend yield of 0%, and risk-free rate of 5%. The inducement was expensed and included in the interest and bank charges in Consolidated Statements of Comprehensive Loss and is included in accounts payable as at September 30, 2023.

13. 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").

On April 4, 2022, the Company received payment confirmation for the forgiveness of the PPP loan in the amount of $83,920. The SBA 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, 2023, the PPP Loan principal amount outstanding was $Nil (September 30, 2022 – $Nil) and accrued interest of $Nil (2021 - $Nil).

14. 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

(Expressed in Canadian Dollars)

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 5). As at September 30, 2023 the Company has GHG Prefs debt host liability of US$2,114,423, GHG Prefs Derivative Liabilities of US$952,372. Based on the net exposure at September 30, 2023, a 5% change in the Canadian dollar against the US dollar would result in a gain or loss of $220,357.

<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, as most of its debt has fixed interest rates.

<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.
The following table details the remaining contractual maturities of the Company's financial liabilities as of September 30, 2023:

	Payments Due By Period				
	Less than 1 year	**1-2 years**	**2-5 years**	**5+ years**	**Total**
Accounts Payables and Accrued Liabilities	980,912	–	–	–	**980,912**
Convervitable Preferred Shares	148,807	148,807	446,420	7,837,172	**8,581,205**
Convertible Debentures	78,696	313,304			**392,000**
Notes Paybale	63,751	393,454	–	–	**457,205**
	1,272,166	**855,565**	**446,420**	**7,837,172**	**10,411,322**

Payment denominated in foreign currencies have been translated using the September 30, 2023 exchange rate.

<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 3 inputs.

The following table shows the valuation techniques used in measuring Level 3 fair values for the derivative liability as well as the significant unobservable inputs used.

(Expressed in Canadian Dollars)

Type	Valuation technique	Key inputs	Inter-relationship between significant inputs and fair value measurement
Conversion feature on convertible preference shares - derivative liability	The fair value of the conversion feature on convertible preference share - derivative liability at year end has been calculated using the Black Scholes Option Pricing Model	Key observable inputs • Share price • Risk free interest rate • Dividend yield Key unobservable inputs • Expected volatility	The estimated fair value would increase (decrease) if: • The price was higher (lower) • The risk-free rate was higher (lower) • The dividend yield was lower (higher) • The expected volatility was higher (lower)

For the fair value of the derivative liability, reasonable possible changes to the expected volatility, the most significant unobservable input would have the following effects:

Unobservable Inputs	Change	Impact on comprehensive loss	
		Year ended September 30, 2023	Year ended September 30, 2022
Volatility	**20%**	**$ 92,304**	**$ 3,939**

15. SEGMENT DISCLOSURE

The Company operates in two primary business segments: Industrial Hemp and Health & Wellness (Biopharma).

16. 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.

17. INCOME TAXES

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

	September 30, 2023	**September 30, 2022**
	$	**$**
Net loss before income taxes	2,580,535	2,165,839
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(697,000)	(585,000)
Non-deductible items and other	385,000	257,000
Adjustment to prior years provision versus statutory tax returns	(423,000)	123,000
Dissolution of subsidiary	152,000	123,000
Changes in valuation allowance	583,000	205,000
Income tax recovery	-	-

(Expressed in Canadian Dollars)

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

	September 30, 2023	September 30, 2022
Non-capital loss carry-forwards	$2,019,000	$1,577,000
Intangible assets	140,000	-
Share issuance costs	11,000	10,000
Valuation allowance	(2,170,000)	(1,587,000)
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:

	2023	Expiry Date Range	2022	Expiry Date Range
Temporary Differences				
Share issue costs	$ 42,000		$ 39,000	
Non-capital losses available for future periods - Canada	$7,480,308	2031 to 2043	$5,280,000	2031 to 2040
Non-capital losses available for future periods - US	-	-	$ 532,000	2030 to 2036

18. EVENTS AFTER THE REPORTING PERIOD

On January 11, 2024 the Company executed of an Exclusive Option Agreement to acquire Serres Thériault (2021) Inc. ("STI"), a multi-faceted vertically integrated cannabis operator in News Brunswick, Canada. The option granted to GHG is for a period of 24 months to January 11, 2026.

The Company issued on January 25, 2024, 2,000,000 restricted common shares (the "Common Shares") to STI's nominees. These Common Shares which will carry three separate trading restriction release dates as listed below, were issued at a price of $0.055 and in accordance with securities regulations that are applicable:

– 1,000,000 Common Shares that will have the applicable 4 months plus one day regulatory hold period, being until May 25, 2024.
– 500,000 Common Shares to be released on the eight-month anniversary of the Effective Date, being until September 11, 2024; and
– 500,000 Common Shares to be released on the twelve-month anniversary of the Effective Date, being until January 11, 2025.

On January 26, 2024, the Company the completed of the first tranche of a non-brokered private placement pursuant to which it issued an aggregate of 1,350,000 units ("Units") at a price of $0.05 per Unit to raise aggregate gross proceeds of $67,500. Each Unit consists of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional common share of the Company at an exercise price of $0.10 until January 15, 2027.

On January 31, 2024 the Company settled $150,000 of its outstanding long term unsecured debt (due March 8, 2025) for units at $0.05 per unit. Each Unit is comprised of one common share in the capital of the Company (each a "Common Share") and one non-transferable Common Share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to acquire one Common Share at a price of $0.10 per share, exercisable until January 15, 2027. The remaining balance of $300,000 plus accrued interest at 12% per annum, will continue to accrue interest until maturity on March 8, 2025, if not converted prior to maturity into units with the same terms and conditions as the above referenced initial debt settlement amount. All securities issued and issuable in connection with this debt settlement were subject to a statutory hold period until June 1, 2024.