



**GLOBAL HEMP GROUP**  
A HEALTHIER FUTURE THROUGH SUSTAINABLE BUSINESS STRATEGIES

# **Global Hemp Group Inc.**

**Management Discussion and Analysis  
Three Months ended December 31, 2023**

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## *Management's Discussion and Analysis*

The following is management's discussion in respect of the results of operations and financial position of Global Hemp Group Inc. (the "Company" or "GHG") for the three months ended December 31, 2023 and should be read in conjunction with the Company's audited annual financial statements for the most recent year ended September 30, 2023. The Company's consolidated financial statements have been presented in accordance with International Financial Reporting Standards and are presented in Canadian dollars unless otherwise specified. Additional information, including the above-mentioned financial statements, which contain extensive disclosure of the history of the Company are available on SEDAR ([www.sedar.com](http://www.sedar.com)) and at the Company's website ([www.globalhempgroup.com](http://www.globalhempgroup.com))

This MD&A has been prepared effective as of May 15, 2024

### **Forward Looking Statements**

In the interest of providing the shareholders and potential investors of Global Hemp Group Inc. with information about the Company, including management's assessment of the Company's future plans and operations, certain information provided in this MD&A constitutes forward-looking statements or information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "may", "will", "should", "could", "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Although these forward-looking statements are based on assumptions the Company considers to be reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements. The forward-looking information contained in this MD&A is based on certain assumptions and analysis by management of the Company (the "Management") in light of its experience and perception of historical trends, current conditions and expected future development and other factors that it believes are appropriate.

The material factors and assumptions used to develop the forward-looking statements herein include, but are not limited to, the following: (a) the regulatory climate in which the Company operates will continue to be favorable to the Company's business; (b) the continued sales success of the Company's products; (c) the continued success of sales and marketing activities; (d) there will be no significant delays in the development and commercialization of the Company's products; (e) the Company will continue to maintain sufficient and effective production and R&D capabilities to compete on the attributes and cost of its products; (f) the Company's ability to deal with adverse growing conditions (due to pests, disease, fungus, climate or other factors) in a timely and cost-effective manner; (g) there will be no significant reduction in the availability of qualified and cost-effective personnel resources; (h) new products will continue to be added to the Company's portfolio; (i) demand for hemp-based wellness products will continue to grow in the foreseeable future; (j) there will be no significant barriers to the acceptance of the Company's products in the market; (k) the Company will be able to maintain compliance with applicable contractual and regulatory obligations and requirements; (l) there will be adequate liquidity available to the Company to carry out its operations; and (m) superior products do not develop that would render the Company's

current and future product offerings undesirable and the Company is otherwise able to minimize the impact of competition and keep pace with changing consumer preferences; and (n) the Company will be able to successfully manage and integrate acquisitions.

The Company's forward-looking statements are subject to risks and uncertainties pertaining to, among other things, revenue fluctuations, nature of government regulations, economic conditions, loss of key customers, retention and availability of executive talent, competing products, common share price volatility, loss of proprietary information, product acceptance, system infrastructure functionality, information technology security, cash available to fund operations, crop risk, availability of capital and, international and political considerations, including but not limited to those risks and uncertainties discussed under the heading "Risk Factors" in this MD&A. The impact of any one risk, uncertainty, or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent, and the Company's future course of action depends on Management's assessment of all information available at the relevant time. Except to the extent required by law, the Company assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A, whether as a result of new information, future events, or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements.

## **Background & Nature of Business**

Global Hemp Group Inc. (referred to as the "Company" or "GHG") was established on October 30, 2009, in British Columbia, Canada, originally under the name Arris Holdings Inc. On March 24, 2014, the Company underwent a name change to become Global Hemp Group Inc.

The registered office of the Company is located at #106 – 1169 Mt. Seymour Road, North Vancouver, BC, V7H 2Y4. GHG's common shares are presently listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "GHG," on Börse Frankfurt under the symbol "GHG0," and on the U.S. OTC under the symbol "GBHPF."

Effective September 28, 2023, the Company executed a consolidation of its issued share capital on a ratio of twenty old common shares for each new post-consolidated common share. All existing and comparative mentions of the number of common shares, weighted average number of common shares, loss per share, stock options, and warrants have been adjusted to reflect this share consolidation (referred to as the "Share consolidation").

GHG is presently concentrating its efforts on two primary business segments: Industrial Hemp and Biopharma.

**Industrial Hemp:** Our primary focus is on the environmental applications of hemp for construction and sustainable bio-energy sources, aligning with our HAIZ strategy to achieve a carbon-negative footprint.

GHG's HAIZ strategy encompasses the following key aspects:

- **Economic Benefits:** The HAIZ strategy was conceived during a time when hemp was experiencing a resurgence following decades of suppression and regulatory uncertainty. This period saw limited market depth for most hemp products, resulting in price volatility. Cannabinoid extraction, a characteristic of such markets, presented the best opportunity to fund the production of less prominent hemp products. In recent years, traditional hemp products such as hurd and fiber have gained traction, offering substantial opportunities. Management anticipates that these alternative hemp products will play a central role in the Company's future.
- **Social Impact:** The HAIZ concept emphasizes collaboration over competition across the entire value chain, benefiting all stakeholders involved. By fostering partnerships across sectors, rural development, and job creation, the HAIZ approach supports a holistic approach from crop cultivation to the end products.

- **Environmental Sustainability:** Global Hemp Group is dedicated to eco-friendly practices and products throughout the entire supply chain, from farm to consumer. The lightweight nature of hemp intermediate goods facilitates environmentally sustainable transportation practices.

By focusing on these principles within our HAIZ strategy, GHG aims to drive innovation and positive impact within the industrial hemp sector.

**Health and Wellness:** Our focus is centered on acquiring exclusive patents and intellectual property (IP) through licensing agreements and strategic alliances. These agreements serve as the foundation for the commercialization of promising hemp formulations that have been independently pre-clinically tested. This underscores our dedication to pioneering innovation within the commercial biopharmaceutical sector.

## **Business Update**

Over the last 18 months the Company has experienced significant challenges to developing its business, much of which is a result of limited available capital to expand opportunities for its two business sectors. With the filing of the September 30, 2023 audited financial statements and now the December 31, 2023 quarterly report, the Company will immediately apply for resumption of trading of its common shares on the CSE. Once trading resumes, the Company will look to close the remaining balance (\$377,750) of its previously announced \$445,000 non-brokered private placement (see the [Company's news announcement of January 26, 2024 for further detail](#)). This will provide the necessary funding to expand the sublicensing of the Company's Exclusively Licensed Patents and Intellectual Property, as well as provide initial funding to begin developing other initiatives currently under discussion. Below is a recap of the business developments during the quarter.

## **INDUSTRIAL HEMP DIVISION**

GHG has been committed to exploring the vast potential of industrial hemp since its establishment, with a focus on sustainable applications such as hemp-based building materials and bio-energy sources. The company has long recognized the valuable contributions that hemp can make to society. GHG is actively pursuing strategic partnerships, joint ventures, and acquisitions with like-minded companies that share a vision for the transformative potential of industrial hemp.

### **Victoriaville Quebec Project**

On April 26, 2023 GHG announced that in its continuing effort to expand ongoing hemp related business endeavours, it has embarked on an initiative to combine hemp-based construction with affordable housing to create carbon negative affordable housing in the Victoriaville area, in Quebec. The project is founded on GHG's vision of developing its [Hemp Agro-Industrial Zone \(HAIZ\)](#) which focuses on minimizing transport and carbon emissions in the production of hemp-based housing materials and other hemp related products, and features the construction of a six-unit building with hempcrete blocks for this initial pilot project. In collaboration with Innov Habitat Victo, the newly created affordable housing authority in Victoriaville, Quebec, the project will explore management mechanisms to seek out its target population among low-income seniors, visible minorities and single-mother households, and to find ways to involve them to reduce maintenance costs of the building. While the Company was not successful in gaining funding through a Canada Mortgage and Housing initiative, management continues to explore funding sources for this project.

### **Hemp Agro-Industrial Zone Development in Quebec**

In line with its ongoing commitment to hemp-related business ventures, GHG is in advanced planning stages for

the development of a project to establish a HAIZ in the Province of Quebec. This initiative aims to focus on developing a variety of building materials for constructing affordable housing in the region. GHG has been engaged in discussions with potential partners, government entities, funding sources, farmers, builders, and other stakeholders to advance this project. The HAIZ is specifically focused on harnessing the potential of the hemp hurd (inner woody core) and fiber to develop products with substantial environmental benefits. The design of the HAIZ is intended to be scalable and adaptable to regions where hemp cultivation is viable.

On February 14, 2024 GHG announced additional industrial hemp opportunities that it is pursuing in the Province of Quebec. Quebec is currently grappling with two significant challenges: an immediate housing crisis and the long-term, but equally critical, climate crisis. Vacancy rates in Quebec have reached historically low levels, with many cities experiencing rates as low as 0.3%, far below the recognized equilibrium rate of 3.0%. The urgent need to construct approximately 860,000 homes in Quebec over the next six years has been acknowledged by both federal and provincial governments. While the recent budget announcement of \$1.8 billion by the Quebec government for the construction of 8,000 affordable housing units is a step forward, it falls short of making a meaningful impact on this pressing issue. The current housing situation in Quebec presents a compelling opportunity to enter the market, given the widespread public support for affordable housing, competitive conditions offered by municipal industrial parks, a thriving agricultural community, and access to lime sources for hempcrete production. Decarbonizing the economy stands as a key objective of the Quebec government.

In 2022, the building sector accounted for 18% of Canada's greenhouse gas emissions. These emissions consist of both an operational component and an embedded component. The operational component encompasses heating, ventilation, lighting, and mechanical functions, and varies across provinces based on the primary source of energy. The embedded component, which accounts for approximately one third of the total emissions, is a significant factor. The carbon footprint of building materials is influenced by the nature and sourcing of raw materials, their transportation to manufacturing sites, and the distribution of these materials to construction sites. An often-overlooked aspect of the construction sector's carbon footprint is the disposal of waste, which according to the World Bank, constitutes 30% of all waste disposal.

The solution lies in the production of natural building materials, such as hempcrete, located as close as possible to the building sites. Hempcrete construction is gaining traction globally, although North America is currently trailing behind Europe. The publication of the 2024 International Residential Code's (IRC) appendix for hempcrete construction is anticipated to foster greater acceptance of this building material in North America. This method of construction only requires hemp hurd, lime and water. Currently there are approximately 1,500 ha of hemp grown in Quebec, and no industrial facilities east of Alberta are available to process the hemp. GHG's current endeavour in Quebec looks to change that.

### **Bringing Hemp Processing to Quebec**

Potential Revenue Sources for the Project – The bulk of the revenue of this project will be derived from hemp-based construction capitalizing on the urgency of the housing crisis. One third of decortication revenues are estimated to come from the sale to construction projects under the management of GHG and its associates and partners.

Farming – Farming will be done on a contract basis. Under the current vision for the project, the Company will look to cultivate up to 450 ha (1,111 acres) by 2028. The region under consideration for this cultivation covers more than 16,000 ha over 150 farms and is currently focused on dairy production of which a significant portion of

the acreage is required for feed. Hemp's regenerative/bioremediation qualities make it an ideal crop rotation plant for the area. It is within this farming community that GHG's initial hemp tests were conducted on four farms, over a three-year period. These tests yielded more than 5 tons/ha of dried straw and provides the baseline for the project. The anticipated hemp farm area is within 50 km of where the production facilities are likely to be located.

**Primary Processing** – The core of the division is the decortication plant, where fibre and hurd are separated. Several options are under consideration with capacity varying from 0.5 tonne/hr to 1.5 tonne/hr. A capacity of one tonne/hr would be able to process the output of approximately 400 ha of hemp and provide sufficient quantities of hurd to build 600 apartments, assuming the whole output being dedicated to that purpose.

**Secondary Processing** – GHG intends to fully integrate its production from farm to the building site. This will call for the establishment of two additional manufacturing facilities, one for hempcrete blocks and one for hemp insulation panels. The planned block plant will reach its annual capacity of 6,000 m<sup>3</sup> of blocks on one shift only by 2028 and could be doubled with the addition of an additional shift. This is compatible with the anticipated growth in construction of housing units. Hemp fibre will be processed into insulation matts in a separate plant to meet the insulation requirements (roofs) of GHG's construction projects. Excess output will be marketed locally as insulation matts or into alternate products.

A small pellet plant will complete the Hemp Agro-Industrial Zone to process the dust and waste recovered from the decortication plant into pellets as a bio-energy source.

**Construction** – GHG has initiated discussions with prospective partners of the housing development industry that are dedicated to green building. As these green building materials are not well known in the building industry at large, it makes sense that GHG develops its own construction arm to market its products. In addition to being a profit center on its own, the construction unit will provide a showcase for the industry at large and broaden the market for the Company's hemp-based building products.

**Funding** – Financial models and budgeting are currently being developed and will largely depend on the final capacity of the processing facilities chosen for the project. Once complete, this will determine the final debt to equity ratio that the Company will seek for the project. Funding will come from three sources; funds raised by GHG (current and future funding initiatives), participating farmers wanting to be a part of the processing facilities where they will be selling their hemp, and Quebec and Regional Government Financing Agencies. Certain agencies have programs to provide loans at competitive rates to support up to 100% of capital expenditures and allow applicants to focus their own resources on covering operational expenses. The Company is in contact with various agencies for project funding.

A planning grant from the Green Municipal Fund of \$25,000 has been applied for to advance the project. The Company expects to hear in May 2024 if it has been awarded the grant. With the grant, GHG will begin preparation of architectural and engineering designs for the project. In the event that the Company does not receive this initial grant, Management will seek funding from other sources. Submission of detailed plans to Green Municipal Fund for construction grant of 80% of building costs of up to \$500,000 is required to be submitted by September 2024, with a decision on the awarding of the construction grant in Q1 2025. Subject to receiving the construction grant and completion of additional funding being secured as noted below, construction is estimated to cost \$730,000 including hygrothermal monitoring system.

GHG has identified a niche in the global hemp market where new hemp-based building materials can be manufactured and utilized in a region that has a chronic housing shortage that will take years of ongoing development to solve. Couple that with bringing together partners/developers in the region that share GHG's vision and commitment to green construction, will provide an end use for the Company's products. This will create perfect synergies and an opportunity to generate multiple revenue streams for the Company and build shareholder value in the years to come.

## **HEALTH AND WELLNESS DIVISION**

In January 2023 the Company acquired the exclusive perpetual license for North America to Intellectual Property and proprietary technology, including, but not limited to, four key patents and associated preclinical and clinical data relating to the patents and proprietary technology (the "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, which to date have shown successful independent, third-party results in pre-clinical testing.

To date the Company has sublicensed this IP to Medicinal One LLC ("MO"), a Florida corporation, specifically for online eCommerce sales of the Apollon branded products including both functional mushroom and hemp-based products which includes Apollon's unique patent protected mushroom/hemp-based combination product line. MO has experienced delays in completing the build out of its portal, as well as implementation of its regulatory compliance, but have advised Management that they continue to work towards becoming operational to begin marketing the products under this sublicense.

While the result of this year's audit (September 30, 2023) impaired the value of this IP for accounting purposes, as it has yet to produce revenue in the first year of operation due to prolonged delays of the Company's sublicensee to put their ecommerce portal into operation and a lack of corporate funding to expand the marketing of its licenses. The Company continues to work with the initial sublicensee to make their ecommerce portal operational and begin generating revenue from the sale of products licensed to them. In addition, with the completion of the current non-brokered private placement, the Company will look to increase the number of sublicensees that will generate revenue from the sale of licensed products. As the Company executes on the above, and 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.

## **RESEARCH & DEVELOPMENT DIVISION**

With an 80+ year moratorium on hemp being removed in many parts of the world, a resurgence of Research and Development for the industrial applications of hemp has begun in earnest. We are now seeing new and innovative products that are utilizing the hurd and fibre of the hemp plant. This will only gain momentum over time as more countries legalize hemp and more people become aware of the properties of hemp.

The R&D Division in Querétaro Mexico continues to be an important component of Company's business model. The R&D team is currently focused on development of patented technology ("IP") that can be utilized in the Company's project, as well as widely marketed.

The group is working on two initial areas of development and will complete the development of these projects as additional funding becomes available. The first, a novel building material utilizing hemp fibre that has been chemically modified to increase its mechanical performance and then combined with rice husks, an important

agricultural by-product found worldwide, creating a product that could be used as a replacement for Medium-Density Fibreboard (MDF) in construction. As rice husks are not biodegradable, this is an ideal method for utilizing the waste from the rice industry. The second patent is an environmentally friendly procedure to extract CBD and other cannabinoids from hemp utilizing enzymes from natural products. The process has proven to be economical, while leaving no residual chemicals or solvents.

### **Expansion of R&D Activities**

The R&D group continues to explore additional collaborations with both the private sector and local governments for academic and economic partnerships throughout Mexico. They will continue to pursue hemp licensing to grow and process hemp material for direct use by the R&D Division, and development of patentable Intellectual Property.

### **Subsequent Events**

#### **Equity Funding Initiatives**

On January 26, 2024 the Company announced the completion 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. Proceeds of the Offering will be used for working capital. All securities issued and issuable in connection with the first tranche of the Offering are subject to a statutory hold period of four (4) months and one (1) day, expiring on May 27, 2024. There was no Finder’s Fee paid in connection with this tranche of the placement. The Company will look to secure additional funding of between \$500,000 to \$1MM for its projects in Q3. Terms of this next funding initiatives will be depend on the market conditions at the time of the placement.

#### **Director/Officer Changes**

**Ramsey Douglas** was appointed to the Board of Directors on October 3, 2023. Mr. Douglas is a UK professional based in London. Since 2017, he has been involved in the CBD industry when it was in its infancy in the UK. Recognizing the need for stability and quality, Mr. Douglas, as Managing Director, spearheaded the World CBD Awards, with the clear mission; identify the world’s finest CBD brands through rigorous scientific evaluation and full traceability to the source. In late 2022, he set his sights on the growing medicinal cannabis sector and looked at innovative ways in which his group could enter the space.

**Yousef Kamhiyah** CPA, CBV was appointed Chief Financial Officer on January 11, 2024 replacing Veronique Laberge who resigned as Director and CFO of GHG in December 2023. Mr. Kamhiyah is a Chartered Professional Accountant with a complementary Chartered Business Valuations license. He brings over 15 years of extensive Canadian experience in accounting, business valuation, tax, and business strategy.

**Louis René Vallée** was appointed Business Development Advisor on February 21, 2024. Mr. Vallée is President & CEO of Montreal, Québec based Power Food Group. He is a marketing specialist and an expert in brand creation, new product introductions, and positioning of products across retail and wholesale sectors in Canada and the United States. Mr. Vallee will play a key role is spearheading GHG's business development and marketing efforts for both the Company's Industrial Hemp Division and its Health and Wellness Division. He brings to GHG an impressive network



of relationships in the financial, banking and governmental sectors, along with C-Suite contacts to major grocery chains in both Canada and the United States.

### **GHG Executes LOI with B-Organic R&D Corp. to Create a 50/50 Joint Venture Around its Patented Bioactive Lipid Agents Technology**

On October 11, 2023 announced that it has executed an Letter of Intent (“LOI”) with B-Organic R&D Corp. (“B-Organic”) to exclusively license its Bioactive Lipid Agents (“BLA”) technology, a patented innovative matrix which is able to increase the solubility and bioavailability of numerous “poorly soluble pharma ingredients” including cannabinoids. The application of BLA extends to numerous industries such as food, pharmaceuticals, healthcare, drugs, agriculture, and nutraceuticals.



This LOI marks the next step in the Company's strategic expansion of its bio pharma business segment. Early in 2023, GHG successfully launched this segment with the Exclusive Licensing of Apollon Formularies plc patents and intellectual property. Research is also an important component of this expanding business segment. The Company will work with the B-Organic team in collaboration with Prof. Víctor M. Castaño, Ph.D., head of GHG's R&D team, to bring together additional advisors that can assist in developing this business segment.

Exclusive Licensing - B-Organic, a bio-chemical research company that concentrates on the development of molecular structures that have scientific or commercial value for industry partners in the Pharmaceutical, Nutraceutical and Agricultural sectors is exclusively licensing the application of its Bioactive Lipid Agents technology for development/enhancement of products which include any form of cannabinoid, including terpenes or flavonoids, as well as compounds extracted from functional mushrooms, either alone or in any combination (the “Application”).

The Parties will look to work together by way of establishing a collaboration and/or joint venture (“JV”) through a new entity to be formed by way of a share allocation on a 50/50 basis (the “Proposed Transaction”).

Background on Bioactive Lipid Agents (“BLA”) - Through many years of research, B-Organic has developed and patented an innovative matrix, which will change Pharmaceutical, nutraceutical and well as the hemp/cannabis industry. B-Organic's Innovative Matrix has demonstrated to be able to increase the solubility and bioavailability of numerous “poorly soluble pharma ingredients” including cannabinoids.

With B-Organic's patented technology, research has demonstrated that the following can be achieved with cannabinoids:

- Conversion of cannabinoids into solid powders permitting to broaden the application field under different dosage forms: tablets, capsules, patch for pharmaceutical application or for recreational use as powders (ready to use) in sugar sachet form, easily added to food, drinks, energy drinks, baking goods, dairy products, etc.
- 100 % Generally Recognized As Safe (“GRAS”)
- Excipient FDA Cleared
- Increase the bioavailability of the cannabinoids (and its analogues): *less active ingredient is required* in order to target the same dosage or effect, thus resulting in a decrease in cost and improve the safety
- Accurate dosing for immediate or controlled release of the cannabinoids or its derivatives
- Reduced side effects
- Conversion process requires no chemicals, no solvents, and no heat
- Cannabinoid odor can be reduced if desired

- Costs are low and product is simple to manufacture

Definitive Agreement - The Parties are to complete a definitive agreement (the “Definitive Agreement”) setting forth the detailed terms of the Proposed Transaction which shall contain, but not limited to, milestones, budgets, terms and conditions as set out in the LOI, and such other terms and conditions as are customary for transactions of the nature and magnitude contemplated herein. All Proposed Transaction documents shall be in form and content satisfactory to GHG and B-Organic and their respective boards of directors and counsel. The Parties continue their discussion on how they will work together as well as finalizing their definitive agreement.

Reimbursement of Investment - All initial revenues generated from any products developed by the JV will be used to reimburse GHG for its cumulative investment, before distribution of any remaining proceeds as defined in the Proposed Transaction documents. In the case of a mutual agreement by the founding JV partners to sell the JV company or to expand the ownership of the JV to third parties, GHG will have its cumulative investment repaid from proceeds prior to any allocations. Such reimbursement is not applicable in case of the termination of this Letter of Intent.

**Execution of Exclusive Option Agreement to Acquire Serres Thériault (2021) Inc., a Multi-Faceted, Vertically Integrated Cannabis Operator in New Brunswick**



**LES SERRES THERIAULT (2021) INC.**

On January 15, 2024 the Company announced that it has executed an Exclusive Option Agreement (the “Agreement”) to acquire Serres Thériault (2021) Inc. (“STI”), a multi-faceted vertically integrated cannabis operator in New Brunswick. The option granted to GHG is for a period of 24 months to January 11, 2026.

This transaction provides the Company a clear pathway to further diversify its activities in the industry and importantly, access to licenses from Health Canada. This will be an important step in furthering the Company’s R&D ambitions for its Health and Wellness division, which initial foundation encompasses the Exclusive Licenses relating to key patents and IP acquired from Apollon Formulaires plc in 2023.

**About STI and its Holdings**

The facility is currently licensed for Cannabis Micro Processing, a Farmgate Retail Store, Research & Development. The Agreement covers the acquisition of the 8.6-acre compound and its five buildings for production and sales, along with property a 6,000 sq feet of Greenhouse, equipment, inventory, genetics, Intellectual Property, an onsite retail location, and one offsite retail location.

STI also has an exclusive agreement with a hemp producer in New Brunswick that will be focusing on production of 500 acres of hemp for cannabinoid extraction of a highly sought after CBG strain for the 2024 cultivation season.

Per the Exclusive Option Agreement signed with STI, 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.

For complete details of the deal terms relating to the acquisition of the Option, see the [Company's news release of January 15, 2024](#).

### **Debt Restructuring and Settlement**

On January 15, 2024 the Company announced that further to its [news release of September 19, 2023](#), 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 of four months and one day, expiring on June 1, 2024. No finder's fees were paid in connection with this transaction.

### **Management Cease Trade Order**

On January 30, 2024 GHG announced that it anticipated a delay in the filing of the Company's September 30, 2023 year end financial statements, the accompanying Management's Discussion and Analysis ("MD&A"), and CEO and CFO certificates relating to the audited annual financial statements. In connection with the anticipated delays in making the Required Filings within the time periods mandated by the Instrument, the Company applied for and received a Management Cease Trade Order ("MCTO") under National Policy 12-203 Management Cease Trade Orders ("NP 12-203") by the British Columbia Securities Commission, as principal regulator for the Company.

On April 16, 2024, trading in the common shares on the CSE was suspended due to the failure to file the financial statements by the prescribed timeframe. The year-end audited financial statements for the period ended September 30, 2023 have been completed and have been filed. With the filing of these December 31, 2023 Q1 financial statements, the Company will immediately seek the resumption of trading upon the necessary filings being completed.

### **Subscribe to the GHG YouTube Channel:**

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## Selected Quarterly Information

The following table summarizes the results of operations for the Company's eight most recent quarters.

	Quarter Ended							
	31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Operating (expenses) recovery	(60,373)	(397,332)	(90,178)	(116,549)	(20,691)	746,995	(231,299)	(217,093)
Net Income (Loss)	(80,392)	(2,298,541)	(104,878)	(89,284)	(90,490)	(2,078,946)	(165,418)	(32,456)
Loss per share, basic & diluted	0.00	(0.13)	(0.01)	(0.01)	(0.01)	(0.14)	(0.02)	(0.01)

## Results of Operations

### Three Months Ended December 31, 2023 ("2024 Q1") and 2023 ("2023 Q1")

Loss for 2024 Q1 was \$80,392 (2023 Q1 – Loss of \$90,490). The 2024 Q1 loss was mainly a combined result of having operating loss of \$60,373 (2023 Q1 – loss of \$20,691), exchange gain of \$71,221 (2023 Q1 – 32,640), interest and bank charges of \$159,022 (2023 Q1 – \$123,439) and change in fair value of derivative liability of \$67,782(2023 Q1 - \$23,658).

The 2024 Q1 operating expenses (recovery) mainly consist of: insurance of \$13,750 (2023 Q1 - \$Nil), professional fees of \$45,695 (2023 Q1 - \$8,970), and trust and filing fees of \$464 (2023 Q1 - \$1,264). The main reason for the increase in the professional fees is the increased legal expenses associated with the debt restructuring of the Company.

While interest and accretion fees were increased in 2024 Q1 compared to 2023 Q1, net loss from non-operating items were at about the same level in 2024 Q1 versus in 2023 Q1. This is because of the increase in gain resulting from the change in fair value of derivative liability which was related to the revaluation of the conversion feature on December 31, 2023 for the 11,006,400 GHG Prefs shares issued on May 14, 2021.

As at December 31, 2023, the Company had \$169 cash (September 30, 2023 - \$4,503), accounts payable and accrued liabilities of \$1,061,793 (September 30, 2023 - \$980,912), and \$10,570,565 in share capital (September 30, 2023 - \$10,570,565).

## Liquidity and Capital Resources

Financing of operations has been achieved primarily through equity and debt financing. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they are due. As at December 31, 2023, the Company had a working capital deficit of \$1,037,828.

Management realizes that the current liquidity and capital on hand is not sufficient to develop the Company into a viable business. In order to improve the working capital, the Company may further raise capital in the future to

finance the Company’s operations through equity or debt financing, including related party loan, or through other arrangements including but not limited to joint venturing.

While the Company believes it will be able to raise additional financing when required, there is no guarantee that the Company can complete equity or debt financings in the future. There are inherent risks associated with the equities market and fluctuations in this market could negatively impact the Company’s liquidity and access to capital resources. See the “Risks and Uncertainties” for further discussion of the risks the Company may have.

### **Proposed Transactions**

There are no proposed transactions that may have material impact to the Company.

### **Outstanding Share Data**

As at the date of this MD&A, the Company has the following shares or equities that are convertible to the Company’s share capital on a one-to-one basis:

Class A Common Shares	24,291,458
Warrants	5,530,000
Stock Options	775,000

### **Off-Balance Sheet Arrangements**

The company does not have off-balance sheet arrangements.

### **Transactions with Related Parties**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the three months ended December 31, 2022 and 2021 was as follows:

#### **Key Management Compensation:**

<b>Key Management include</b>	<b>Nature of transactions</b>	<b>Three months ended December 31,</b>	
		<b>2022</b>	<b>2021</b>
		\$	\$
President/CEO	Salaries/Consulting fees	-	-
CFO	Accounting fees	-	2,500
Director	Legal fees	5,056	6,470
		5,056	8,970

Included in accounts payable and accrued liabilities, there was \$124,009 (September 30, 2023 - \$118,953) due to directors and officers for unpaid consulting fees and expense reimbursements. These amounts are unsecured, non-interest bearing with no fixed payment terms.

During the three months ended December 31, 2023, the Company incurred salaries of \$Nil for the service of the President/CEO (2023 - \$Nil).

During the three months ended December 31, 2023, the Company incurred accounting fee of \$Nil for the service of the Company's CFO (2023 - \$2,500).

During the three months ended December 31, 2022, the Company incurred legal fees of \$5,056 (2022 - \$6,470) to a law firm controlled by a director of the Company.

### **Financial Instruments and Other Instruments**

Refer to Notes 3 to the Company's financial statements for the year ended September 30, 2023.

### **Changes in Accounting Policies including Initial Adoption**

Refer to Notes 3 to the Company's financial statements for the year ended September 30, 2023.

### **Risks and Uncertainties**

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. Significant risks of the Company's business include the following:

#### New Business

Our business is subject to risks inherent in the establishment of a new business enterprise, such as limited historical financial information, limited capital resources and the inability to raise additional funds when required. No commitments to provide additional funds have been made by management or other shareholders.

#### Dilution to the Existing Shareholders

The Company is very likely to further issue common stock to raise additional capital. The issuance of additional equity securities by the Company could result in a significant dilution in the equity interests of existing shareholders.

#### Reliance on Management's Expertise

GHG strongly depends on the expertise of its management team and there is little possibility that this dependence will decrease in the near term. The loss of the services of any member of such team could have a material adverse effect on the Company. GHG does not have any key person insurance in place for management.

#### Permits and Licenses

The hemp and cannabis industries may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that are required to carry out the Company's hemp and cannabis business.

#### Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies in similar line of business. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision

made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

### **Financial and Disclosure Controls and Procedures**

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under National Instrument ("NI 52-109") (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

### **Directors and Officers**

Curt Huber	Director, Interim President & CEO
Yousef Kamhiyah	CFO
Aurelio Useche	Director
Ramsey Douglas	Director