



Global Cannabis Applications Corp.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended September 30, 2021 and 2020

(Stated in Canadian Dollars)  
(unaudited)

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of Global Cannabis Applications Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

**GLOBAL CANNABIS APPLICATIONS CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Stated in Canadian Dollars) (unaudited)

	<b>September 30, 2021</b>	June 30, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	589,949	1,016,931
GST and other receivables	11,457	29,985
Loan receivable (Note 7)	-	-
Prepaid expenses	38,988	45,100
	<b>640,394</b>	1,092,016
Equipment (Note 6)	1,628	1,763
Digital currencies (Note 5)	39,970	37,298
Intangible asset (Note 4)	392,888	330,770
	<b>1,074,880</b>	1,461,847
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable (Note 8)	666,122	719,491
Accrued liabilities	390,561	383,061
Deferred revenue - current (Note 10)	10,333	10,333
Loan payable (Note 9)	450,717	442,965
	<b>1,517,733</b>	1,555,850
Deferred revenue – long term (Note 10)	9,467	11,307
	<b>1,527,200</b>	1,567,157
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 11)	15,869,359	15,869,359
Subscriptions received (Note 11)	-	-
Share-based payment reserve (Note 11)	3,830,160	3,783,642
Deficit	(20,151,839)	(19,758,311)
	<b>(452,320)</b>	(105,310)
	<b>1,074,880</b>	1,461,847

Going concern (Note 1)  
Subsequent events (Note 13)

**Approved on behalf of the Board:**

*"Bradley Moore"*

*"Alexander Helmel"*

Bradley Moore

Alexander Helmel

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

**GLOBAL CANNABIS APPLICATIONS CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(Stated in Canadian Dollars) (unaudited)

	<b>Three months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenue:</b>		
Software licencing revenue	\$ 1,840	\$ -
<b>Expenses:</b>		
Accounting and audit fees	7,500	5,500
Amortization of intangible assets (Note 4)	20,673	-
Interest charges (Note 9)	7,752	7,503
Consulting fees (Note 8)	186,239	155,500
Licences and Permits	10,299	-
Depreciation of equipment (Note 6)	135	-
Foreign exchange	1,225	-
IT costs	15,513	4,050
Legal fees	-	-
Marketing	68,500	-
Office and miscellaneous	2,839	-
Research and development costs (Note 4)	18,403	-
Share based compensation (Notes 8 and 11)	46,518	-
Transfer agent, listing, and filing fees	6,148	4,443
Travel	3,624	-
	<b>(393,528)</b>	<b>(176,997)</b>
<b>Other items:</b>		
Change in fair value of loan receivable (Note 7)	-	68,182
Gain on debt settlement (Note 11)	-	(919,248)
<b>Net and comprehensive income (loss)</b>	<b>\$ (393,528)</b>	<b>\$ (1,028,063)</b>
<b>Basic and diluted income (loss) per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>179,145,424</b>	<b>114,712,001</b>

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

**GLOBAL CANNABIS APPLICATIONS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Stated in Canadian Dollars) (unaudited)

	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Net income (loss)	\$ (393,528)	\$ (1,028,063)
<b>Items not affecting cash:</b>		
Amortization of intangible assets	20,673	-
Change in fair value of note receivable	-	(68,182)
Depreciation	135	-
Accrued interest	7,752	7,233
Gain from debt settlement	-	919,248
Share based compensation	46,518	-
<b>Changes in non-cash working capital items:</b>		
GST and other receivables	18,528	(1,419)
Prepaid expenses	6,112	-
Accounts payable and accrued liabilities	(45,869)	168,024
Deferred revenue	(1,840)	-
<b>Cash used in operating activities</b>	<b>(341,519)</b>	<b>(3,159)</b>
<b>Financing Activities</b>		
Shares subscriptions received (used), net	-	(17,000)
Shares issued for cash, net of issue costs	-	17,000
<b>Cash provided by financing activities</b>	<b>-</b>	<b>-</b>
<b>Investing Activities</b>		
Purchase of digital currencies	(2,672)	-
Purchase of intangible assets	(82,791)	-
<b>Cash used in investing activities</b>	<b>(85,463)</b>	<b>-</b>
<b>Increase (decrease) in cash</b>	<b>(426,982)</b>	<b>(3,159)</b>
<b>Cash, beginning</b>	<b>1,016,931</b>	<b>3,171</b>
<b>Cash, ending</b>	<b>\$ 589,949</b>	<b>\$ 12</b>
<b>Other Non-Cash Transactions:</b>		
Shares issued for debt	\$ -	\$ 463,250

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

**GLOBAL CANNABIS APPLICATIONS CORP.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Stated in Canadian Dollars) (unaudited)

	Share capital					
	Number of Shares	Amount				
<b>Balance, June 30, 2020</b>	<b>114,712,001</b>	<b>15,066,447</b>	<b>17,000</b>	<b>3,139,131</b>	<b>(20,080,164)</b>	<b>(1,857,586)</b>
Shares issued for cash, net of costs (Note 9)	772,727	17,000	(17,000)	-	-	-
Shares issued for debt (Note 9)	21,056,818	777,498	-	605,000	-	1,382,498
Shares issued for intangible (Notes 4 and 10)	18,224,250	400,934	-	-	-	400,934
Net and comprehensive income (loss)	-	-	-	-	(1,028,063)	(1,028,063)
<b>Balance, September 30, 2020</b>	<b>154,765,796</b>	<b>16,261,879</b>	<b>-</b>	<b>3,744,131</b>	<b>(21,108,227)</b>	<b>(1,102,217)</b>
<b>Balance, June 30, 2021</b>	<b>179,145,424</b>	<b>15,869,359</b>	<b>-</b>	<b>3,783,642</b>	<b>(19,758,311)</b>	<b>(105,310)</b>
Share based compensation (Note 9)	-	-	-	46,518	-	46,518
Net and comprehensive income (loss)	-	-	-	-	(393,528)	(393,528)
<b>Balance, September 30, 2021</b>	<b>179,145,424</b>	<b>15,869,359</b>	<b>-</b>	<b>3,830,160</b>	<b>(20,151,839)</b>	<b>(452,320)</b>

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

## **GLOBAL CANNABIS APPLICATIONS CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2021

(Stated in Canadian Dollars) (unaudited)

### **1. Nature and Continuance of Operations**

Global Cannabis Applications Corp. (the “Company” or “Global Cannabis”) was incorporated on July 14, 2014, under the *Business Corporations Act* (British Columbia). The Company’s shares trade on the Canadian Securities Exchange (“CSE”) under the trading symbol “APP”. The head office of the Company is Suite 830, 1100 Melville Street, Vancouver, BC V6E 4A6. The registered and records office of the Company is Suite 1500, 1055 West Georgia Street, Vancouver, BC V6E 4N7. The Company designs and develops data technologies and applications for the medical cannabis industry.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2021, the Company has not generated significant revenues from operations and has an accumulated deficit of \$20,151,839 (June 30, 2021: \$19,758,311). The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These adjustments could be material. Management intends to finance operating costs over the next twelve months with private placements of common shares and loans from directors. While management has been successful in obtaining sufficient funding for its operating and capital requirements from the inception of the Company to date, there is no assurance that additional funding will be available to the Company, when required, or on terms which are acceptable to management.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (“COVID-19”). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations, cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in the future.

### **2. Statement of Compliance**

These financial statements were authorized for issue on November 29, 2021, by the directors of the Company.

#### *Statement of Compliance*

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”).

These unaudited condensed interim consolidated financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended June 30, 2021.

### **3. Significant Accounting Policies and Basis of Preparation**

#### *Basis of Measurement*

These consolidated financial statements have been prepared on an accrual basis except for certain financial instruments, and are based on historical costs. These financial statements are presented in Canadian dollars which is also the Company’s functional currency.

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2020

(Stated in Canadian Dollars) (unaudited)

### *Consolidation*

These consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		Sept. 30, 2021	June 30, 2021
Antisocial Holdings Ltd. **	Canada	100%	100%
FORO Technologies Inc. **	Canada	100%	100%
GCAC Europe UAB **	Lithuania	100%	100%
Citizen Green OU **	Estonia	45.8%	45.8%
GCAC Australia Pty Ltd. **	Australia	61%	61%
OPINIT LLC **	USA	100%	100%

\* Percentage of voting power is in proportion to ownership.

\*\* These companies are dormant.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

### *Significant Estimates and Assumptions*

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

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, impairment of intangible assets, expected life of intangible assets, and estimating the fair value for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

### *Significant Judgements*

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

- Evaluating whether or not costs incurred by the Company in developing its data technologies and applications meet the criteria for capitalizing as intangible assets. Management determined that as at September 30, 2021, it was not able to demonstrate with sufficient certainty that it is probable the economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed.
- Evaluating whether or not there are indicators of impairment relating to the costs capitalized as intangibles by the Company for its data technologies and applications are assessed for indicators of impairment.
- Judgement and estimation is involved with respect to the assessment of whether digital currencies that are not traded in active markets are impaired. Management uses all possible evidence in determining if the digital currencies are impaired. Judgement is also required in determining if a digital currency is traded in an active market.
- Management applies judgment in assessing revenue recognition related to software licenses, subscriptions, support and maintenance, and other services and involves an assessment of whether the deliverable is a distinct performance obligation that provides a benefit to the customer that is not dependent upon other components of the arrangement.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1) and the classification of its financial instruments.



## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2020

(Stated in Canadian Dollars) (unaudited)

### *Foreign currency translation*

The functional currency of each entity is measured 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 presentation currency of the Company. The functional currency of the Company's subsidiaries is as follows:

<b>Subsidiary</b>	<b>Functional Currency</b>
Foro Technologies Inc.	Canadian dollars
Antisocial Holdings Ltd	Canadian dollars
GCAC Europe UAB	Euro
Citizen Green OU	Euro
GCAC Australia Pty	AUD
Opinit LLC	USD

The assets and liabilities of subsidiaries with non-Canadian functional currencies are translated from functional currency to the Company's presentation currency using the exchange rates at period end. Income, expenses, and cash flow items included in these consolidated financial statements are translated from functional currency to the Company's presentation currency using the exchange rate that approximates the exchange rates at the date of the transactions (i.e., the average rate for the period). The differences arising upon translation from the functional currency to the reporting currency are recorded as foreign currency translation adjustment in the other comprehensive income and remain in the other comprehensive income until a subsidiary is partially or fully disposed of, or until the Company determines that it is abandoning all of the non-financial assets which are held by that subsidiary. Upon disposal, the corresponding foreign currency translation adjustment is removed from other comprehensive income as is recognized as realized foreign exchange gain or loss in net income.

### Transactions and balances:

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

### *Significant accounting policies*

The accounting policies adopted in these condensed consolidated interim financial statements are consistent with the accounting policies adopted in the Company's consolidated financial statements for the years ended June 30, 2021, and 2020, and as such, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the years ended June 30, 2021, and 2020.

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2020

(Stated in Canadian Dollars) (unaudited)

### 4. Intangible Assets

	<b>Tracelocker</b>
<b>Cost:</b>	
Balance June 30, 2020	\$ -
Additions	400,934
Balance June 30, 2021	\$ 400,934
Additions	82,791
<b>Balance, September 30, 2021</b>	<b>483,725</b>
<b>Accumulated amortization:</b>	
Balance June 30, 2020	-
Amortization	70,164
Balance June 30, 2021	70,164
Amortization	20,673
<b>Balance, September 30, 2021</b>	<b>90,837</b>
<b>Carrying amount:</b>	
Balance June 30, 2020	\$ -
Balance June 30, 2021	\$ 330,770
<b>Balance, September 30, 2021</b>	<b>\$ 392,888</b>

During the year ended June 30, 2021, costs incurred of \$174,314 (2020: \$13,918) have been expensed as research and development as these costs do not meet capitalization criteria. During the three months ending September 30, 2021, costs incurred of \$18,403 were expensed as research and development as these costs do not meet capitalization criteria.

On August 30, 2020, the Company entered a software license and support agreement with Abbey Technology GmbH to licence the use of the TraceLocker App in Canada, EU, and Israel. TraceLocker is an Ethereum blockchain powered compliance platform that provides binding attestations of regulated goods' chain of custody. Under the terms of the agreement, the Company agreed to pay a one-time fee of \$400,934 (USD\$302,500) which was settled with 18,224,250 units consisting of one common share and one share purchase warrant with a fair value of \$400,934 on September 25, 2020 (Note 11). The initial term of the agreement ends on August 12, 2021, and annual renewal fees are USD\$42,000 thereafter. During the period ended September 30, 2021, the Company spent \$82,791 in development costs associated with the TraceLocker App platform.

### 5. Digital Currencies

During the year ended June 30, 2021 and the period ended September 30, 2021 the Company acquired GCAC tokens, an Ethereum ERC-20 token listed on Uniswap.org, as follows:

	<b>GCAC Token</b>
Balance June 30, 2020	\$ -
Digital currencies purchased *	37,298

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2020

(Stated in Canadian Dollars) (unaudited)

Balance June 30, 2021	\$	37,298
Digital currencies purchased *		2,672
<b>Balance September 30, 2021</b>	<b>\$</b>	<b>39,970</b>

\* On April 8, 2021 the Company purchased 100,000 GCAC tokens for CAD 24,798

On June 1, 2021 the Company purchased 550.8239 GCAC tokens for CAD 12,500

On September, 2021 The Company purchased 349.0397 GCAC tokens for CAD 2,100

### 6. Equipment

<b>Cost:</b>		
Balance, June 30, 2020 and 2021	\$	8,851
Additions		
<b>Balance, September 30, 2021</b>	<b>\$</b>	<b>8,851</b>

<b>Accumulated depreciation:</b>		
Balance June 30, 2020	\$	7,067
Depreciation		21
Balance June 30, 2021	\$	7,088
Depreciation		135
<b>Balance, September 30, 2021</b>	<b>\$</b>	<b>7,223</b>

<b>Carrying amount:</b>		
As at June 30, 2020		-
As at June 30, 2021		1,763
<b>Balance, September 30, 2021</b>	<b>\$</b>	<b>1,628</b>

### 7. Loan Receivable

During the year ended June 30, 2018, the Company entered into a loan agreement whereby it was committed to loan an arm's-length party (the "Borrower") \$4,000,000. The loan was to be used to support the marketing and listing of the Company's proposed crypto currency token which, as of June 30, 2019, the Company is no longer pursuing. By June 30, 2019, the Company had advanced \$3,500,000 to the Borrower. The term of the loan was one year, and the loan bore no interest prior to the maturity date and 12% per annum after the maturity date of April 6, 2019. The loan was secured by 13,636,363 shares of the Company owned by a significant shareholder.

Upon the adoption of IFRS 9, the Company classified the loan receivable as FVTPL as it is not held solely for purposes of principal and interest. At June 30, 2020, the fair value of the loan was estimated to be \$340,909, based on the fair value of the underlying security. During the year ended June 30, 2021 the Company called its security and at that point the fair value of the loan was estimated to be \$3,409,089 resulting in a gain on change in fair value of \$3,068,182. On April 14, 2021, the 13,636,363 shares of the Company held as security were returned to treasury and a reduction in share capital of \$3,409,091 was recognized.

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2020

(Stated in Canadian Dollars) (unaudited)

### 8. Related Party Transactions

#### *Key management compensation*

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. The Company considers its Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer, and directors of the Company to be key management. The Company has incurred charges during the three months ended September 30, 2021 from directors and senior management, or companies controlled by them, for consulting fees in the amount of \$110,215 (2021: \$121,500).

During the three months ended September 30, 2021, share based compensation for key management totaled \$Nil (2020: \$Nil).

At September 30, 2021, a balance of \$33,000 (June 30, 2021: \$75,243) was owing to related parties and included in accounts payable. These amounts are unsecured, non-interest bearing and due on demand.

### 9. Loan Payable

The Company has a loan payable of \$310,716 which is unsecured and bears interest at 7% per annum. The loan was originally due December 31, 2019 but was renewed during the year ended June 30, 2019 and again during the year ended June 30, 2020. The loan is currently due on December 31, 2021.

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Balance June 30, 2020	\$ 310,716	102,552	413,268
Interest	-	29,697	29,697
Balance June 30, 2021	310,716	132,249	442,965
Interest	-	7,752	7,752
<b>Balance September 30, 2021</b>	<b>\$ 310,716</b>	<b>\$ 140,001</b>	<b>\$ 450,717</b>

### 10. Deferred Revenue

Total deferred revenue received	19,800
Less: current portion	10,333
<b>Long term portion</b>	<b>\$ 9,467</b>

### 11. Share Capital

#### a) Authorized

Unlimited common shares, without par value.

#### b) Issued

During the three months ended September 30, 2021 the Company not issued any common shares.

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2020

(Stated in Canadian Dollars) (unaudited)

### During the year ended June 30, 2021

On May 5, 2021, the Company closed a non-brokered private placement and issued 2,760,439 units at a price of \$0.195 per unit for gross proceeds of \$538,286 and 645,076 units at a fair value of \$0.195 per unit to settle an aggregate of \$125,790 in debt to various creditors of the Company. Each unit consisted of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of three years from closing at an exercise price of \$0.26 per common share. Under the residual method, a value of \$102,165 was allocated to the warrants. In connection with the private placement, the Company paid finder's fees in the amount of \$9,105, issued 14,000 finder's warrants with each finder's warrant having the same terms as the warrants. The fair value of the finder's warrants was determined to be \$1,200 using the Black Scholes Option Pricing Model (expected life: 1.5 years, bond equivalent yield: 0.508%, volatility: 143%).

On February 22, 2021, the Company closed the final tranche of a non-brokered private placement. Pursuant to the private placement, the Company issued 6,184,490 units at a price of \$0.105 per unit for gross proceeds of \$649,371 and 1,087,618 units at a fair value of \$0.105 per unit to settle an aggregate of \$114,200 in debt to various creditors of the company. Each unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the company for a period of three years from closing at an exercise price of \$0.17 per common share. In connection with the private placement, the Company paid finder's fees in the amount of \$23,885, issued 44,755 finders' units with a fair value of \$4,699 and 195,192 finder's warrants with each finders' unit having the same terms as the financing units and each finder's warrant having the same terms as the warrants. The fair value of the finder's warrants was determined to be \$46,400 using the Black Scholes Option Pricing Model (expected life: 1.5 years, bond equivalent yield: 0.305%, volatility: 139%).

On February 3, 2021, the Company closed its first tranche of a non-brokered private placement. Pursuant to the private placement, the Company issued 3,288,571 units at a price of \$0.105 per unit for gross proceeds of \$345,299 and 1,360,000 units at a fair value of \$0.105 per unit to settle an aggregate of \$142,800 in debt to various creditors of the Company. Each unit consist of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of three years from closing at an exercise price of \$0.17 per common share. In connection with the private placement, the Company issued 223,919 finders' units. Each finder's unit consists of one common share and one common share purchase warrant, having the same terms as the warrants. The fair value of the finder's warrants was determined to be \$19,850 using the Black Scholes Option Pricing Model (expected life: 1.5 years, bond equivalent yield: 0.229%, volatility: 111%).

On December 31, 2020, the Company closed a non-brokered private placement and issued 8,400,000 units at a price of \$0.05 per unit for gross proceeds of \$420,000 and 3,160,000 units at a fair value of \$0.05 per unit to settle an aggregate of \$158,000 in debt to various creditors of the Company. Each unit consisted of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.10 per common share. The Company paid finders fees of \$18,000 cash and issued 360,000 finders warrants with the same terms as the warrants above. The fair value of the finder's warrants issued was determined to be \$25,843 using the Black Scholes Option Pricing Model (expected life: 1 year, bond equivalent yield: 0.203%, volatility: 132%).

On September 25, 2020, the Company closed a non-brokered private placement and issued 772,727 units at a price of \$0.022 per unit for gross proceeds of \$17,000 (received prior to June 30, 2020) and 39,281,068 units at a fair value of \$0.022 per unit to settle an aggregate of \$864,184 in debt to various creditors of the Company, including the vendors of the software license (Note 4). Each unit consisted of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of three years from closing at an exercise price of \$0.05 per common share. No finders' fees were paid in connection with the private placement.

The Company received a gross amount of \$1,066,440 in connection with the exercise of 10,761,133 warrants and a gross amount of \$10,000 in connection with the exercise of 100,000 stock options during the year ended June 30, 2021. In connection with the exercise of stock options, \$7,050 was allocated from the option reserve to share capital.

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

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On April 14, 2021, 13,636,363 shares of the Company held as security were returned to treasury (Note 7).

### During the year ended June 30, 2020

On November 22, 2019, the Company issued 3,205,000 units at a price of \$0.05 per unit for gross proceeds of \$160,250. Each unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the company for a period of two years from closing at an exercise price of \$0.085 per common share. The value allocated to the warrants was \$64,100 using the residual method.

On November 22, 2019, the Company settled an aggregate of \$544,375 in debt through the issuance of 10,887,500 common shares, each issued with a fair value of \$0.03, to various creditors of the Company. The Company recognized a gain on debt settlement of \$217,750 in connection with the debt settlement.

### c) Warrants

The continuity schedule of the Company's warrants is as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price (\$)</b>
Balance, June 30, 2020	24,658,729	0.24
Issued	67,777,845	0.09
Exercised	(10,761,133)	0.11
Expired	(15,145,663)	0.28
Balance, June 30, 2021	66,529,778	0.09
Issued	-	-
Exercised	-	-
Expired	-	-
<b>Balance, September 30, 2021</b>	<b>66,529,778</b>	<b>0.09</b>

The following table details the warrants outstanding and exercisable at September 30, 2021:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
535,000	\$0.10	August 11, 2022
2,032,059	\$0.085	November 22, 2021
37,781,069	\$0.05	September 25, 2023
10,377,600	\$0.10	December 31, 2022
4,872,480	\$0.17	February 3, 2024
7,512,055	\$0.17	February 22, 2024
3,419,515	\$0.26	May 5, 2024
<b>66,529,778</b>	<b>\$0.09</b>	

At September 30, 2021, the weighted average remaining contractual life of all warrants outstanding was 1.91 years.

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### d) Share-based compensation

The Company has a stock option plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant, subject to a minimum exercise price of \$0.10, and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

During the three months ended September 30, 2021, the Company granted 750,000 stock options to consultants, of the Company. The stock options are exercisable at \$0.14 per share for a period of five years. The fair value of the options was determined to be \$46,518 using the Black Scholes Stock Option Pricing model (expected life: 5 years, bond equivalent yield: (0.939%), volatility: 135%).

During the year ended June 30, 2021, the Company granted 10,125,000 stock options to consultants, management, and directors of the company. The stock options are exercisable between \$0.10 and \$0.25 per share for a period of five years. The fair value of the options was determined to be \$456,103 using the Black Scholes Stock Option Pricing model (expected life: 2.5 years, bond equivalent yield: (0.423% - 0.957%), volatility: 127-135%).

During the year ended June 30, 2020, the Company did not grant any incentive stock options.

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

Balance June 30, 2020	6,805,000	0.18
Granted	10,125,000	0.11
Exercised	(100,000)	0.10
Expired/forfeited/cancelled	(2,065,000)	0.26
Balance June 30, 2021	14,765,000	0.13
Granted	750,000	0.14
Exercised	-	-
Expired/forfeited/cancelled	-	-
<b>Balance September 30, 2021</b>	<b>15,515,000</b>	<b>0.13</b>

Details of the Company's outstanding and exercisable stock options at September 30, 2021, is as follows:

<b>Exercise price</b>	<b>Remaining contractual life (years)</b>	<b>Number of options outstanding</b>	<b>Expiry Dates</b>
\$0.15	0.07	200,000	October 24, 2021
\$0.10	0.43	300,000	March 7, 2022
\$0.395	1.15	500,000	November 24, 2022
\$0.64	1.34	50,000	January 31, 2023
\$0.37	1.41	100,000	February 27, 2023
\$0.265	1.51	25,000	April 3, 2023
\$0.365	1.62	75,000	May 14, 2023
\$0.225	1.99	450,000	September 28, 2023
\$0.17	2.07	140,000	October 26, 2023
\$0.12	2.20	500,000	December 13, 2023
\$0.10	2.25	175,000	January 1, 2024
\$0.13	2.27	400,000	January 8, 2024
\$0.105	2.30	700,000	January 17, 2024

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\$0.10	2.62	1,025,000	May 13, 2024
\$0.10	4.13	8,950,000	November 16, 2025
\$0.17	4.33	175,000	January 21, 2026
\$0.25	4.54	150,000	Apr 14, 2026
\$0.15	4.61	850,000	May 10, 2026
\$0.14	4.77	750,000	July 7, 2021
<b>\$0.13</b>	<b>3.54 years</b>	<b>15,515,000</b>	

### e) Share based payment reserve

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

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and 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 nil carrying amount is assigned to the warrants. During the year ended June 30, 2021, an amount of \$nil (2020 - \$64,100) was allocated to warrants under this method.

### f) Loss per share

The calculation of basic and diluted income (loss) per share for the three months ended September 30, 2021, was based on the income (loss) attributable to common shareholders of \$393,528 (2020: loss of \$1,028,063) and the weighted average number of common shares outstanding of \$179,145,424 (2020: 114,712,001).

## 12. Financial Risk and Capital Management

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

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk was on its cash. Management believes that the credit risk with respect to cash is minimal as balances are held with a high-credit quality financial institution.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

### *Interest rate risk*

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not believe the Company is exposed to significant interest rate risk as cash is non interest bearing and liabilities bear interest at a fixed rate as at September 30, 2021.

### *Foreign exchange risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.



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### *Fair value*

The carrying value of cash, accounts payable and loan payable approximate their fair value due to the relatively short-term nature of these instruments.

### *Capital Risk Management*

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue the development of mobile applications. As the Company is in the preliminary stages of operations, its principal source of funds is from the issuance of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to externally imposed capital requirements. There were no changes in management's approach to managing capital.

### **13. Subsequent Events**

- On October 24, 2021, 200,000 stock options with an exercise price of \$0.15 expired unexercised.
- An aggregate of 1,007,059 warrants were exercised at an exercise price of \$0.085.
- An aggregate of 905,000 warrants with an exercise price of \$0.085 expired unexercised.
- An aggregate of 1,700,000 stock options with exercise prices between \$0.10 and \$0.105 were cancelled.