RADIENT

Radient Technologies Inc.

Consolidated Financial Statements

Years ended March 31, 2022 and 2021

Contents

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor’s Report

To the Shareholders of Radient Technologies Inc.

Opinion

We have audited the consolidated financial statements of Radient Technologies Inc. and its subsidiaries (the “Company”), which comprise the consolidated statements of financial position as at March 31, 2022, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in cash flows and consolidated statements of shareholders’ deficit for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2022and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

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 consolidated 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 consolidated financial statements in Canada. 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.

Other matter

The consolidated financial statements of the Company for the year ended March 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on September 30, 2021.

We have audited the restatement to the consolidated financial statements as at March 31, 2021, as described in note 3 (share-based payments) to the consolidated financial statements. In our opinion, such restatement is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the 2021 consolidated financial statements (restated) of the Company other than with respect to the restatement described above and accordingly, we do not express an opinion or any other form or assurance on the 2021 consolidated financial statements (restated) taken as a whole.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended March 31, 2022 and, as of that date, the Company’s current liabilities exceeded its current assets. The Company is also in breach of

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certain terms of its liabilities and has been provided with demand notices related to certain liabilities. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated financial statements

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

In preparing the consolidated 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 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 risks 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

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The engagement partner of the audit resulting in this independent auditor’s report is Glen McFarland.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
September 29, 2022

Radient Technologies Inc.
Consolidated statements of financial position

As at	March 31, 2022	March 31, 2021
		(Note 3)
Assets		
Current assets		
Cash	**$ 31,878**	$ 485,544
Lease receivable	**21,008**	48,612
Accounts receivable	**117,376**	445,872
Prepaid and deposits (Note 7)	**306,817**	646,965
Inventories (Note 4)	**2,121,536**	1,393,834
Total Current Assets	**2,598,615**	3,020,827
Non-current assets		
Lease receivable	**-**	21,008
Long-term prepaid and deposits (Note 7)	**147,651**	160,224
Lease assets (Note 5)	**380,434**	643,583
Plant and equipment (Note 6)	**22,251,567**	24,844,680
Intangible assets (Note 7)	**2,356,274**	604,349
Total Non-Current Assets	**25,135,926**	26,273,844
Total assets	**$ 27,734,541**	$ 29,294,671
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 18,192,063**	$ 15,358,022
Short-term borrowings (Note 10)	**1,245,000**	1,000,000
Facility construction liabilities	**6,015,277**	4,566,759
Current portion of long-term debt (Note 11)	**10,809,814**	9,582,593
Current portion of lease liabilities (Note 12)	**1,437,349**	947,815
Total Current Liabilities	**37,699,503**	31,455,189
Non-current liabilities		
Lease liabilities (Note 12)	**160,817**	369,355
Total Non-Current Liabilities	**160,817**	369,355
Total Liabilities	**37,860,320**	31,824,544
Shareholders' deficit		
Common shares (Note 13)	**131,900,808**	127,127,480
Contributed surplus	**12,073,403**	17,020,655
Deficit	**(154,099,990)**	(146,678,008)
Total Shareholders' Deficit	**(10,125,779)**	(2,529,873)
Total liabilities and shareholders' deficit	**$ 27,734,541**	$ 29,294,671

Commitments and contingencies (Notes 1, 14, and 21)

See accompanying notes to the consolidated financial statements

Approved by the Board of Directors:

Director (signed by) *"Harry Kaura"*

Director (signed by) *"Jocelyne Lafreniere"*

Radient Technologies Inc.
Consolidated statements of operations and comprehensive loss

For the year-ended March 31	2022	2021
Revenues		
Manufactured products	$ **3,621,781**	$ 2,408,503
Manufacturing services	**-**	80,880
Total Revenue	**3,621,781**	2,489,383
Cost of sales		
Manufactured products	**3,433,406**	2,958,653
Manufacturing services	**-**	26,341
Total Cost of sales	**3,433,406**	2,984,994
Income (loss) before expenses and other income (expenses)	**188,375**	(495,611)
Expenses		
General and administrative	**2,762,676**	5,900,445
Financing fees (Note 16)	**2,289,944**	2,944,539
Depreciation and amortization	**1,714,337**	2,156,009
Production plant	**1,440,239**	1,149,613
Engineering	**28,099**	1,106,528
Process development	**285,591**	670,952
Research and development	**60,722**	390,201
Quality control and assurance	**197,795**	239,407
Business development	**264,872**	141,561
Corporate development	**6,592**	44,025
Total Expenses	**9,050,867**	14,743,280
Loss before other expenses	**(8,862,492)**	(15,238,891)
Other income (expenses)		
Impairment of inventory (Note 4)	**155,921**	(7,428,465)
Impairment of lease assets (Note 5)	**-**	(619,551)
Impairment of long-term prepaid assets (Note 7)	**(477,751)**	(1,177,217)
Impairment of property and equipment (Note 6)	**(2,176,125)**	(15,295,801)
Impairment of intangible assets (Note 7)	**-**	(79,855)
Share-based payments (Note 13)	**(37,461)**	(1,570,954)
Gain on equity settled payables	**106,514**	(633,208)
Loss on modification of long-term debt (Note 11)	**(595,108)**	(477,810)
Loss on disposal of property and equipment (Note 6)	**(15,733)**	(416,980)
Loss on disposal of intangible assets (Note 7)	**(56,667)**	-
Forgiveness of short-term borrowings (Note 10)	**-**	219,937
Foreign exchange gain (loss)	**164,666**	255,093
Interest and other income	**(68,113)**	161,945
Rental income	**-**	35,927
Impairment on asset acquisition (Note 21)	**(1,688,000)**	-
Deconsolidation of subsidiaires	**1,075,685**	-
Loss on abandonment of lease (Note 5)	**(455,317)**	-
Total other income (expenses)	**(4,067,488)**	(27,026,939)
Net loss and comprehensive loss	$ **(12,929,980)**	$ (42,265,830)
Basic and diluted loss per common share (Note 20)	$ **(0.03)**	$ (0.13)
Weighted average number of common shares outstanding		
Basic and diluted	**452,591,046**	325,351,377

Radient Technologies Inc.
Consolidated statements of cash flows

For the year ended March 31,	2022	2021
Operating Activities		
Net loss	**$ (12,929,980)**	$ (42,265,830)
Adjustments for:		
(Impairment reversal) / impairment of inventory (Note 4)	**(155,921)**	7,428,465
Impairment of plant and equipment (Note 6)	**2,176,125**	15,295,801
Impairment of intangible assets (Note 7)	**-**	79,855
Impairment of long-term prepaid assets (Note 7)	**477,751**	1,177,217
Impairment on asset acquisition (Note 21)	**1,688,000**	-
Interest expense and pay-out penalties	**-**	2,737,721
Depreciation and amortization (Note 6)	**1,714,337**	2,156,009
Impairment of lease assets (Note 5)	**455,317**	619,551
Share-based payments (Note 13)	**37,461**	1,570,954
Loss on modification of long-term debt (Note 11)	**595,108**	477,810
Gain (loss) on equity settled payables	**(106,514)**	633,208
Forgiveness of short-term borrowings (Note 10)	**-**	(219,937)
Loss on disposal of property and equipment (Note 6)	**15,733**	416,980
Loss on disposal of intangible assets (Note 7)	**56,667**	-
Finance fee accretion and amortization	**-**	210,836
Accretion of loss on modification of long-term debt (Note 11)	**(323,435)**	(284,310)
	(6,299,351)	(9,965,670)
Change in non-cash operating working capital (Note 8)	**6,122,404**	2,997,537
Cash used in operating activities	**(176,947)**	(6,968,133)
Financing Activities		
Proceeds from brokered placement (Note 13)	-	5,750,000
Proceeds from private placement (Note 13)	**1,252,843**	2,995,500
At-the-market share issuance (Note 13)	**-**	880,605
Share issuance costs (Note 13)	**(48,488)**	(974,668)
Repayment of lease liabilities (Note 12)	**(124,717)**	(326,846)
Interest paid	**-**	(1,096,102)
Financing costs on long-term debt (Note 11)	**-**	51,794
Repayment of long-term debt (Note 11)	**(23,062)**	(157,500)
Promissory note repayment (Note 10)	**(300,033)**	-
Promissory note received (Note 10)	**545,033**	-
Change in restricted cash	**-**	200,000
Cash provided by financing activities	**1,301,576**	7,322,783
Investing Activities		
Purchase of plant and equipment (Note 6)	**(1,578,295)**	(119,827)
Decrease in long-term prepaids and deposits	**-**	89,367
Proceeds on disposal of plant and equipment (Note 6)	**-**	16,237
Cash used in investing activities	**(1,578,295)**	(14,223)
Net increase / (decrease) in cash	**(453,666)**	340,427
Cash, beginning of year	**485,544**	145,117
Cash, end of the year	**$ 31,878**	$ 485,544

Non-cash transactions (Note 8)

See accompanying notes to the consolidated financial statements

Radient Technologies Inc.
Consolidated statements of changes in shareholders' deficit

	Common Shares	Contributed Surplus (Note 3)	Deficit (Note 3)	Shareholders' Deficit
Balance March 31, 2020	$ 112,474,761	$ 26,115,585	$ (119,578,494)	$ 19,011,852
Shares issued for brokered placement	5,750,000	1,570,954	-	7,320,954
At-the-market issuance	880,605	-	-	880,605
Warrant issuance	(3,220,000)	3,220,000	-	-
Shares issued on private placement	2,995,500	-	-	2,995,500
Warrant extensions	(610,247)	610,247	-	-
Finders compensation	(384,745)	384,745	-	-
Shares issued for services	322,863	-	-	322,863
Shares for debt	8,787,087	-	-	8,787,087
Units for debt	1,208,924	285,440	-	1,494,364
Share issuance costs	(1,077,268)	-	-	(1,077,268)
Option and warrant expiry		(15,166,316)	15,166,316	
Net loss	-	-	(42,265,830)	(42,265,830)
Balance March 31, 2021	$ 127,127,480	$ 17,020,655	$ (146,678,008)	$ (2,529,873)

	Common Shares	Contributed Surplus (Note 3 and 13)	Deficit (Note 3)	Shareholders' Deficit
Balance March 31, 2021	$ 127,127,480	$ 17,020,655	$ (146,678,008)	$ (2,529,873)
Share-based payments	-	37,461	-	37,461
Shares issued for services	21,000	-	-	21,000
Shares for debt	436,258	-	-	436,258
Shares issued on private placement	1,029,558	223,285	-	1,252,843
Shares issued for asset acquisition	3,335,000	-	-	3,335,000
Share issuance costs	(48,488)	-	-	(48,488)
Warrant issuance	-	300,000	-	300,000
Option and warrant expiry	-	(5,507,998)	5,507,998	-
Net loss	-	-	(12,929,980)	(12,929,980)
Balance March 31, 2022	$ 131,900,808	$ 12,073,403	$ (154,099,990)	$ (10,125,779)

See accompanying notes to the consolidated financial statements

1. Nature of operations and going concern

Radient Technologies Inc. was incorporated on June 12, 2001. The principal activities of Radient Technologies Inc. and its subsidiaries, (collectively, the "Company") are research, development and commercialization of an efficient and environmentally responsible technology for the extraction, isolation and purification of soluble products from a wide range of materials using microwave technology and a customized hydrocarbon extraction platform. The Company is currently focused on the formulation, manufacturing and launching of unique value-added cannabis products. The ordinary shares are listed on the TSXV under the symbol "RTI" and on the OTC Pink, operated by OTC Markets Group under the ticker symbol "RDDTF". The address of the Company's head office is 4036 101 St NW, Edmonton, Alberta T6E 0A4 and its registered office is located at 2900 – 550 Burrard Street, Vancouver, British Columbia V6C 0A3.

These consolidated financial statements were prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due. The Company has a history of significant operating losses and expects to incur further losses in the development of its business. As such, the Company's status as a going concern is contingent on its ability to increase cash flows or to raise further funds through the issuance of equity or debt. If unsuccessful, the Company will not be able to continue as a going concern.

The Company has incurred significant losses to date. The net loss for the year ended March 31, 2022 totaled $12,929,980 (2021 – $42,265,830) and as at March 31, 2022 the Company had a deficit of $154,099,990 (March 31, 2021 - $169,549,239).

In addition, at March 31, 2022, the Company's current liabilities exceeded its current assets by $35,100,888 (March 31, 2021 – $28,434,362). At March 31, 2022, the Company was in arrears with certain trade creditors, rent, wages, long-term debt, and lease liabilities. Certain of the Company's trade creditors are pursuing legal recourse for the amounts outstanding. The Company has been able thus far to negotiate settlements with the trade creditors on a case-by-case basis. Subsequent to March 31, 2022, the Company received a demand note from a creditor. Subsequent to March 31, 2022, the Company received a demand letter from the CRA requesting payment of all outstanding excise tax owing. The Company was permitted to renew their cannabis license for an additional six months, from July 6, 2022 to January 5, 2023. These matters indicate that there are material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

Management has been able to finance operations through debt and equity financings and will continue, as appropriate, to seek financing from these and other sources; however, there are no assurances that any such financings can be obtained on favourable terms, if at all. There can be no assurance that the steps management is taking will be successful.

The consolidated financial statements for the years presented do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business as a going concern and that such adjustments could be material.

During the 2021 and 2022 calendar years, there continued to be a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations. Management has given consideration to the impact of COVID-19 on the Company and has concluded that the consolidated financial statements appropriately reflect and disclose management's best estimate and uncertainty regarding the impact of COVID-19 on the Company's future operations and financial results. The Company has recorded wage subsidies and rent subsidies from the Canadian government's COVID-19 programs in the year ended March 31, 2022. The rent subsidies were recorded in the general and administrative expense on the consolidated statement of operations and the

wage subsidies were recorded proportionately to the salary expenses allocated to each of the cost of sales, general and administrative, production plant, research and process development, engineering, quality control and assurance, and business and corporate development on the consolidated statement of operations.
These consolidated financial statements, including comparatives, were authorized for issue by the Board of Directors of the Company on September 29, 2022.

2. Basis of presentation

a) Statement of compliance

These consolidated financial statements and the notes hereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

b) Basis of consolidation

The consolidated financial statements of the Company include the financial statements of Radient Technologies Inc. and its wholly-owned subsidiaries Radient Technologies (Cannabis) Inc. ("RTC"), Radient Technologies Innovations Inc. ("RII"), Radient Technologies (Switzerland) Inc. ("RTS") up to the date of its dissolution, 1631807 Alberta Ltd, MAG Innovation GmbH ("MAG") up to its date of dissolution, which is a wholly-owned subsidiary of RTS, and Tunaaaaroom Xtracts Inc. ("Tunaaaa"), from the date of acquisition on January 28, 2022.

The Company had a 50% interest in Natac Solutions S.L. which was incorporated during the year ended March 31, 2020. In February 2021, the Company terminated its joint arrangement with Grupo Natac S.L. through the sale of the shares for nominal consideration.

In July 2021, the Company announced that it was winding up its German operations at MAG. As a wholly owned subsidiary of RTS, MAG was fully consolidated at March 31, 2021. The Company deconsolidated MAG once the insolvency process had concluded.

In October 2021, RTS filed for insolvency in Switzerland. The Company deconsolidated RTS once the insolvency process was closed.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. If accounted for as a business combination, any excess of the cost over the fair values of the identifiable net assets acquired is recognized as goodwill. If accounted for as a purchase of assets, any excess of the cost over fair value of the identifiable net assets is allocated to the assets purchased.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All transactions and balances between the Company and its subsidiaries are eliminated upon consolidation.

c) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, unless otherwise indicated.

d) Functional and presentation currency

Amounts presented in these consolidated financial statements and the notes hereto are in Canadian dollars, the parent Company's functional currency, unless otherwise stated.

The Company's German operation's functional currency is Canadian dollars. All other subsidiaries have a Canadian functional currency. Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3. Summary of significant accounting policies

Use of management critical judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses recorded during the reporting period. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Actual results may differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Management critical judgments, estimates and assumptions

Impairment assessment of non-financial assets
Judgement is required to identify the cash generating units ("CGU") of the Company for purposes of testing non-financial assets for impairment. The assessment of any impairment of the Company's long-lived assets is dependent upon estimate of the recoverable amounts of these assets. The process to calculate the recoverable amount of each CGU requires use of valuation methods such as a market approach or discounted cash flow method which uses assumption of key variables including estimated cash flows, discount rates and terminal value growth rates. The Company applies judgement when determining which methods are most appropriate to estimate the value in use and fair value less costs of disposal for each CGU.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Impairment is reversed when the recoverable amount exceeds the carrying value.

The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

Determination of purchase price paid and allocation of purchase price related to business combination or asset acquisition
Determination of whether a set of assets acquired and liabilities assumed constitute a business requires the Company to make certain judgments, taking into account all facts and circumstances. Applying the acquisition method requires the consideration paid and each identifiable asset and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration paid over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition-date

fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of net identifiable assets acquired generally require a high degree of judgment, and include estimates of future reserves and resources, sales levels and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of the consideration paid and the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

Considerable judgment is applied in assessing indicators of impairment or impairment reversal and concluding whether impairment or reversal of impairment would subsequently be recorded. Many of the indicators used in these assessments are outside of management's control and inherently uncertain. As a result, it is reasonably likely that assumptions and estimates could change in future periods that could have a significant impact on the recoverable amount of the non-financial assets in future periods.

Inventories

Inventories are valued at the lower of cost and net realizable value. There is judgment in determining the net realizable value. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Provisions

The Company records provision for matters where a legal or constructive obligation exists at the date of the consolidated statement of financial position as a result of a past event and where a reliable estimate can be made of the obligation. These matters might include restructuring projects, legal matters, disputed issues, indirect taxes and other items. These obligations may not be settled for several years and a reliable estimate must be made of the likely outcome of each of these matters. These provisions represent our best estimate of the costs that will be incurred but actual experience may differ from the estimates made and therefore affect future financial results. The effects would be recognized in profit or loss.

Sales return allowance

The Company has agreements with customers that allow them to return products for a full refund in circumstances were the products are defective, below an acceptable quality level or in instances where the customer is unable to sell the product. An expected value method is used to estimate such returns at the time of sale. The Company has limited history in selling its products in the market, and as such, there is significant judgment required in estimated returns for products sold. The Company reviews actual returns during the reporting period, combined with remaining inventory levels of its products with customers at each period end and estimates returns based on this information. The validity of these assumptions and estimated returns are reassessed at each reporting period and adjusted, as necessary, to estimate returns for sold products.

Depreciation and amortization

The Company provides for depreciation expense on property and equipment at rates designed to amortize the cost of individual items and their material components over their estimated useful lives as well as provides for amortization expense on intangible assets over the life of the intangible. Management makes estimates of future useful life based on patterns of benefit consumption and impairments based on experience and market conditions. Impairment losses, depreciation and amortization expense are presented in profit or loss of the current period.

Available for use

Management uses judgment in determining when items of plant and equipment are available for use. An item is determined to be available for use when it is in the location and condition necessary for it to operate in the manner which management intended.

Income taxes

The Company makes estimates in respect of tax liabilities and tax assets. Full provision is made for future and current taxation at the rates of tax prevailing at the year end unless future rates have been substantively enacted. These calculations represent the Company's best estimate of the costs that will be incurred and recovered but actual experience may differ from the estimates made and therefore effect future financial results. The effects would be recognized in profit or loss, primarily through taxation.

The Company recognizes the deferred tax benefit related to deferred tax assets to the amount that is probable to be realized. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets.

Common shares, purchase warrants and options

The fair value of share-based payments is determined using the Black Scholes Option Pricing Model based on estimated fair values at the date of grant. The Black Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the award. Changes in these assumptions can significantly affect the fair value estimate. There is also judgement in the allocation of proceeds on private placements between the share and warrant components of the units issued.

Functional currency

The functional currency for the Company and each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Certain judgements must be made in order to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Going concern

The Company regularly reviews and makes an assessment of its ability to continue as a going concern. This assessment relies on significant judgements and assumptions, taking into account all known future information.

Revenue recognition

The Company enters into agreements with customers for the provision of manufacturing services. There is judgement in determining whether the Company is a principal or agent under the terms of the agreements, and therefore whether the Company records revenue on a gross or net basis. The Company reviews the terms of the agreements to assess whether it controls the specified good or services before transferring those goods or services to the customers including whether it has inventory risk and is primarily responsible for fulfilling the promise to provide the specified goods or services.

Plant and equipment

Plant and equipment is recorded at cost less accumulated depreciation and impairment losses. Depreciation is calculated as cost less the residual value and provided on a straight-line basis over the expected useful life of the asset.

The following is a summary of estimated useful lives of the assets:

Equipment	5 to 20 years
Leasehold improvements	Term of the lease
Buildings and improvements	10 to 35 years
Land and improvements	10 to 15 years
Computer hardware	3 years
Office furniture	5 years

Cost for plant and equipment includes the purchase price, import duties, non-refundable taxes and any other costs directly attributable to bringing the asset into the location and condition to be capable of operating. Significant parts of an item of plant and equipment with different useful lives are recognized and depreciated separately. Depreciation commences when the asset is available for use. The asset's residual values, useful lives and method of depreciation are reviewed at each financial year end and adjustments are accounted for prospectively if appropriate. An item of plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of an asset is included in profit or loss in the period the asset is derecognized.

Intangible assets

Acquired

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination are their fair values at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. The estimated useful lives are as follows:

Patents	Life of the patent
Licenses	80 to 120 months
ERP	Term of the contract plus one renewal term (6 years)
Website	Expected life of the site (5 years)
Software	Expected life of the software (5 years)
Customer relationships	Expected life of customer relationship (30 years)
Brand name	Expected life of brand name (20 years)

Intangible assets with finite lives are amortized over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method of amortization is reviewed at least annually. The licenses are location specific with amortization calculated over the remaining term of the leased location including any likely renewal periods or 10 years for licenses in Company owned facilities.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Research and development costs

Research costs are charged as an expense in the year in which they are incurred. Development costs are charged as an expense in the period incurred unless the Company believes a development project meets generally accepted criteria for deferral and amortization.

To determine when a development project meets the criteria for deferral and amortization, the Company regularly reviews costs associated with activities related to the development of internally generated assets to support the capitalization criteria. Management utilizes judgement in determining which costs qualify under the criteria for deferral and amortization.

Inventories

Inventories consist of raw materials, supplies and finished goods. Raw material cost includes the purchase price, transport/handling costs, any currency exchange differences and any import duties or other taxes. Cost is determined on a weighted average basis. Finished goods include direct materials, supplies and labour. Inventories are measured at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price less cost to complete the goods used in production and estimated selling cost.

Revenue from contracts with customers

To determine the amount and timing of revenue recognized, the Company followed the five-step model framework:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue recognition

Revenue is recognized at the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration the Company receives in exchange for transferring promised goods or services to a customer. The Company's payment terms require payment from the customer between 15 days and 60 days after delivery and as such, the Company does not adjust any of the transaction prices for the time value of money.

The Company generates revenue primarily from the sale of manufactured products and from extraction services for its customers.

Manufactured Products: Revenue is recognized when the finished products, such as vape cartridges or dabs, are delivered and accepted by the customers. For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probably that a significant reversal of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for expected returns, which are estimated based on actual returns combined with the Company's inventory on hand with customers at the end of each period. For the year ended March 31, 2022, $97,871 of returns relating to sales were recorded (year ended March 31, 2021: $nil).

Where excise tax has been billed to customers, the Company has reflected the excise tax as part of revenue in accordance with IFRS 15. Revenues presented on the consolidated statement of operations and comprehensive loss represents revenue from the sale of goods less applicable excise taxes.

Manufacturing Services: The Company provides extraction services to some customers. Under extraction services agreements, the customers supply the direct material to the Company for extracting cannabis oil (processed biomass) from the direct material. Revenue for extraction services is recognized when the processed biomass has been tested and the customer obtains notification of satisfactory third-party testing of the processed biomass.

Consideration received in advance of revenue being recognized is deferred until the conditions are met.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of the interest can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and the applicable effective interest rate.

Impairment of long-lived assets

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Plant and equipment and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of measuring recoverable cash flows, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units or CGUs). If such indication exists, the Company estimates the recoverable amount of the assets, which is the higher of its fair value less costs of disposal and its value in use. Value in use is estimated as the present value of future cash flows generated by the asset or CGU including eventual disposal. If the recoverable amount of an asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount, and an impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimated recoverable amount and the carrying amount that would have been recorded, had no impairment loss been recognized previously. Any such recovery is recognized immediately in profit or loss.

Leases

For leases entered into or modified on or after April 1, 2019, a contract is a lease or contains a lease if it conveys the right to control the use of an asset for a time period in exchange for consideration. To identify a lease, the Company considers whether an explicit or implicit asset is specified in the contract and determines whether the Company obtains substantially all the economic benefits from the use of the underlying asset by assessing numerous factors, including but not limited to substitution rights and the right to determine how and for what purpose the asset is used.

At the commencement of a lease, the Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend or an option to terminate if it is reasonably certain to exercise an extension option or to not exercise a termination option. Management considers all facts and circumstances that create an economic incentive to exercise and extension option or to not exercise a termination option. This judgement is based on factors such as contract rates compared to market rates, economic reasons, significance of leasehold improvements, termination and relocation costs, installation of specialized assets, residual value guarantees, and any sublease term. The Company reassesses this when a significant event or significant change in circumstances within the Company's control has occurred.

The Company recognizes lease assets and lease liabilities for all leases, except for leases of low-value assets and short-term leases with a term of 12 months or less. The lease payments associated with those exempted leases are recognized in general and administrative expenses on a straight-line basis over the lease term.

The lease liability is recognized at the commencement date of the lease and is initially measured at the present value of the lease payments that are not paid. The Company elected to separate non-lease components from lease components and account for non-lease components separately.

The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of a change in the lease term, a change in the assessment of an option to purchase the leased asset, changes in the future lease payments as a result of a change in an index or rate used to determine the lease payments, and changes in estimated payments for residual value guarantees.

The lease asset is recognized at the commencement date of the lease and is initially measured at cost, comprised of the amount of the initial measurement of the lease liability less any incentives received from the lessor. Added to the lease asset are any initial direct costs incurred, lease payments made before the commencement date, and estimated restoration costs. The lease asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the lease asset or the end of the lease term. The lease asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

All other leases are accounted for as operating leases, wherein payments are expensed on a straight-line basis over the term of the lease.

Government assistance

Government grants are recognized where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants are recognized as an offset to expenses over the periods in which the Company recognizes expenses which the grants are intended to compensate. Government grants related to assets are recognized as a cost reduction of the assets and reduce depreciation over the expected useful life of the related assets.

Foreign currency translation

The individual financial statements of each entity are recorded in their functional currency which is the currency of the primary economic environment in which the entity operates.

In preparing the financial statements of the individual entities, foreign currency transactions are translated into the functional currency of the respective entity using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses arising from the settlement of such transactions and from remeasurement of monetary items at period-end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are translated using exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Loss per common share

Basic loss per common share is computed by dividing the loss by the weighted average number of common shares outstanding during the year. Diluted per share amounts reflect the potential dilution that could occur if the Company's convertible securities were converted to common shares. Diluted loss per common share is calculated by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effect of all dilutive potential common shares. Convertible securities are converted using the "treasury stock" method. When the Company is in a net loss position, the conversion of convertible securities is considered to be anti-dilutive.

Deferred taxes

The Company accounts for income taxes using the liability method of tax allocation. Deferred taxes are recognized for the deferred tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Deferred tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in rates is included in profit and loss in the period that includes the enactment date. Deferred tax assets are recorded in the consolidated financial statements if realization is considered probable.

Share issue costs

Share issuance costs relating to the issuance of share capital that has not occurred prior to year end are deferred in prepaids and netted against the proceeds when the related shares are issued.

Share-based payments

The Company issues equity-settled share-based awards to eligible employees, directors, officers and consultants. Share-based payments are accounted for using the fair value method whereby compensation expense related to these programs is recorded in profit or loss with a corresponding increase to contributed surplus. The fair value of options granted is determined using Black-Scholes Option Pricing Model at the grant date and expensed over the vesting period. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates estimated forfeitures will change.

Upon the exercise of the stock options or warrants, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. On expiry, any amount related to the stock options or warrants previously recognized in contributed surplus is recorded to deficit with a corresponding decrease to contributed surplus.

During the year ended March 31, 2022, the Company changed its accounting policy on treatment of expired stock options and warrants. Prior to the year ended March 31, 2022, the amounts related to expired stock options and warrants remained in contributed surplus. With the change in accounting policy, amounts related to expired stock options and warrants are recorded to deficit with a corresponding decrease to contributed surplus. As a result of the change in accounting policy, the contributed surplus account balance as at March 31, 2020 and 2021 has been reduced by $7,704,915 and the deficit account balance as at March 31, 2020 and 2021 has been increased by $7,704,915.

Had the accounting policy been in effect in prior years, the contributed surplus and deficit balances would have been as follows:

	March 31, 2020	March 31,2021
Deficit	(119,578,494)	(146,678,008)
Contributed Surplus	26,115,585	17,020,655

Employee Share Purchase Plan

The Company contributes to an Employee Share Purchase Plan (”ESPP”) for employees and certain contractors. The plan is based on the amount of an individual’s contribution and is subject to maximum limits per individual. The Company accounts for this plan as an expense in the period in which the contributions are made.

Financial instruments

Financial assets

Financial assets are initially recognized at fair value plus directly attributable transaction costs. The classification is based on the Company’s business approach for managing the financial assets and whether the instruments’ contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (SPPI test). The business approach considers whether a Company’s objective is to receive cash flows from holding assets, from selling assets in a portfolio, or a combination of both.

Subsequent measurement of financial assets is at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

Assets held only for the collection of contractual cash flows and that meet the SPPI test, are classified and subsequently measured at amortized cost using the effective interest rate method. Cash, accounts receivables, lease receivable and deposits have been included in this category.

Assets held within a business approach to both collect cash flows and sell the assets and that meet the SPPI test are classified and subsequently measured at FVOCI. Assets that do not meet the criteria for amortized cost or FVOCI are classified and subsequently measured at FVTPL with realized and unrealized gains and losses reported in other income (expense). The Company currently does not hold any assets at FVOCI or FVTPL.

Financial liabilities

Financial liabilities are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. The Company's financial liabilities include short term borrowings, facility construction liabilities, accounts payable and accrued liabilities, long-term debt, and lease liabilities.

Fair value

Financial instruments are initially measured at fair value. The Company categorizes its fair value measurements for financial assets and financial liabilities measured at fair value according to a three-level hierarchy which prioritizes the inputs used in the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the overall fair value measurement. The three levels of the fair value hierarchy based on the reliability of inputs are as follows:

> Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
>
> Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
>
> Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment

Under IFRS 9, the Company reviews the carrying amount of assets at the end of each reporting period to determine whether there is an indication of impairment. An asset may be impaired when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial of the asset and if these events have an impact on the estimated future cash flows of the financial asset.

Credit Loss

The Company recognizes an allowance for expected credit loss ("ECL") based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Company expects to receive, discounted at an approximation of the original effective interest rate.

The ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

The Company applies the simplified approach to trades receivables and calculates based on lifetime expected credit losses at each reporting date, taking into considerations historical credit loss experience and general economic conditions. When the carrying amount of financial assets are reduced through an ECL allowance, this is recognized in the consolidated statements of operations.

New accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current year and have not been early adopted. These standards are not expected to have a material effect on the Company in the current of future reporting periods.

IAS 1 – In February 2021, the IASB issued ‘Disclosure of Accounting Policies’ with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 8 – In February 2021, the IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 12 – In May 2021, the IASB issued ‘Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction’ that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

4. Inventories

Inventories were comprised of the following:

		March 31, 2022		March 31, 2021
Direct materials	**$**	**1,053,670**	$	76,635
Supplies and materials		**182,996**		696,039
Work in progress		**-**		119,377
Spare parts		**250,117**		250,117
Finished goods		**634,753**		251,666
	$	**2,121,536**	$	1,393,834

The valuation of the inventory is carried at cost as at March 31, 2022 and 2021. During the year ended March 31, 2022, the Company reviewed the carrying value of its inventories for indicators of impairment. Management determined that indicators of impairment existed and conducted an impairment assessment. As a result of the impairment assessment, the Company recognized an inventory impairment reversal of $155,921 during the year ended March 31, 2022 (March 31, 2021 – impairment of $7,428,465). The Company included $nil of inventory impairment in cost of sales during the year ended March 31, 2022 (2021 - $63,691).

Inventory expensed to cost of sales during the year ended March 31, 2022 was $2,347,339 (2021 - $2,068,301). Inventories expensed to operating expenses during the year ended March 31, 2022 were $nil (2021 - $28,686).

5. Lease assets

Cost		Equipment		Buildings and Improvements		Total
Balance March 31, 2020		576,728		2,021,928		2,598,656
Disposals		-		(605,804)		(605,804)
Impairment		-		(728,884)		(728,884)
Balance March 31, 2021		576,728		687,240		1,263,968
Additions		**326,499**		**-**		**326,499**
Disposals		**-**		**(687,240)**		**(687,240)**
Balance March 31, 2022		**903,227**		**-**		**903,227**
Accumulated Depreciation and Impairment						
Balance March 31, 2020		266,586		262,495		529,081
Depreciation expense		100,049		327,702		427,751
Disposals		-		(227,114)		(227,114)
Impairment		-		(109,333)		(109,333)
Balance March 31, 2021		**366,635**		**253,750**		**620,385**
Depreciation expense		**156,158**		**63,438**		**219,596**
Disposals		**-**		**(317,188)**		**(317,188)**
Balance March 31, 2022		**522,793**		**-**		**522,793**
NBV Balance March 31, 2021	$	210,093	$	433,490	$	643,583
NBV Balance March 31, 2022	**$**	**380,434**	**$**	**-**	**$**	**380,434**

During the year ended March 31, 2021, the Company sublet a property included in buildings and improvements. The sublease resulted in a derecognition of $165,756 related to cost and $47,536 related to accumulated amortization. The net investment in the new sublease of $80,688 was recorded as a lease receivable. At March 31, 2022, the outstanding balance under the lease receivable was $21,008 (2021 - $69,020).

The Company reviews the carrying value of its lease assets at each reporting period for indicators of impairment. It was determined there were indicators of impairment relating to specifically identified leased assets, as follows:

During the year ended March 31, 2022, the Company vacated a leased property included in buildings and improvements. The Company was not able to re-enter the property. The Company has recorded impairment of lease assets of $370,053 related to this lease comprised of $687,241 related to cost and $317,188 related to accumulated amortization. The Company recorded a further impairment of $85,264 of leasehold improvements related to the lease. Additionally, the Company had five months of unpaid operating costs owing of $27,923 at March 31, 2022 which was included in accounts payable and accrued liabilities.

During the year ended March 31, 2021, the Company vacated a leased property included in buildings and improvements. The Company was not able to re-enter the property. The Company has recorded impairment of lease assets of $619,551 related to this lease comprised of $728,884 offset by $109,333 related to accumulated amortization. Additionally, the Company had six months of unpaid operating costs owing of $152,536 at March 31, 2021 which was included in accounts payable and accrued liabilities. In addition, the Company vacated and received releases for two properties in Germany during the year ended March 31, 2021. The Company has recorded a gain on termination of lease assets of $21,248 related to these properties comprised of $440,048 related to cost which related to the cost offset by the $179,578 related to accumulated amortization and $281,718 related to extinguishment of the related liabilities.

At March 31, 2022 and 2021, the carrying value of the lease assets of $380,434 was allocated to the cannabis production CGU. Refer to Note 6 for further analysis.

At March 31, 2022, there was equipment included in leased assets with a carrying value of $380,434 (March 31, 2021 - $210,093) where the underlying asset title has been provided to the lessor as security on the lease. Total lease liabilities of $381,882 (March 31, 2021 - $55,383) related to these assets.

6. Plant and equipment

	Equipment	Building and Improvements	Land and Improvements	Assets under Construction	Leasehold Improvements	Other[1]	Total
Cost							
March 31, 2020	**12,606,497**	**11,313,396**	**3,837,529**	**26,137,815**	**367,706**	**635,609**	**54,898,552**
Additions	118,707	-	-	145,246	-	-	263,953
Transfers	20,277	-	-	(20,277)	-	-	-
Disposals	(79,233)	-	-	(309,714)	(82,542)	(103,615)	(575,104)
March 31, 2021	**12,666,248**	**11,313,396**	**3,837,529**	**25,953,070**	**285,164**	**531,994**	**54,587,401**
Additions	**-**	**100,844**	**-**	**1,477,451**	**-**	**-**	**1,578,295**
Disposals	**(961,074)**	**-**	**-**	**(128,336)**	**(285,164)**	**(49,073)**	**(1,423,647)**
March 31, 2022	**11,705,174**	**11,414,240**	**3,837,529**	**27,302,185**	**-**	**482,921**	**54,742,049**
Accumulated Depreciation and Impairment							
March 31, 2020	**4,569,245**	**7,968,080**	**39,224**	**-**	**118,277**	**310,882**	**13,005,708**
Depreciation	1,272,384	70,992	23,881	-	93,934	116,897	1,578,088
Impairment	1,007,123	171,900	747,698	13,369,080	-	-	15,295,801
Disposals	(3,059)	-	-	-	(25,629)	(108,188)	(136,876)
March 31, 2021	**6,845,693**	**8,210,972**	**810,803**	**13,369,080**	**186,582**	**319,591**	**29,742,721**
Depreciation	**1,069,326**	**188,711**	**731**	**-**	**14,193**	**83,372**	**1,356,333**
Impairment	**26,584**	**17,182**	**460,835**	**1,671,523**	**-**	**-**	**2,176,124**
Disposals	**(374,533)**	**-**	**-**	**(161,619)**	**(200,775)**	**(47,769)**	**(784,696)**
March 31, 2022	**7,567,070**	**8,416,865**	**1,272,369**	**14,878,984**	**-**	**355,194**	**32,490,482**
Carrying Value							
March 31, 2021	5,820,555	3,102,424	3,026,726	12,583,990	98,582	212,403	24,844,680
March 31, 2022	**4,138,104**	**2,997,375**	**2,565,160**	**12,423,201**	**-**	**127,727**	**22,251,567**

Notes: (1) Other includes computer hardware and office furniture

Assets under construction consists of machinery in the installation process and costs incurred related to one of the Company's plants. Since these assets were not available for use at March 31, 2022 and 2021, no depreciation was recognized for these assets during these years.

At March 31, 2022, advance payments on the purchase of various pieces of equipment of $100,000 (March 31, 2021 - $392,032) are included in prepaids and deposits. Delivery is expected in fiscal 2023.

At March 31, 2022, capitalized borrowing costs of $nil (2021 - $144,126 at the greater of 8.5% or the Bank of Nova Scotia prime rate plus 10.05%) were included in additions to assets under construction. The Company ceased the capitalization of borrowing costs in September 2020, as the construction project was suspended.

Impairment for the year ended March 31, 2022

The Company performs impairment tests on its cash generating units ("CGUs") when there are indicators of impairment. The Company has two CGUs: Cannabis Production and Edmonton Facility III. The CGUs are separate geographical areas and represent specific product groupings for the Company. In 2021, the Company had a third CGU for Germany (MAG). This CGU no longer exists as the Company deconsolidated MAG during the year ended March 31, 2022.

As at March 31, 2022, the Company identified impairment indicators related to the Cannabis Production CGU including underperforming operating results and excess production capacity in the facilities. As at March 31, 2022, the carrying value of the Cannabis Production CGU was $15,179,847, prior to the impact of any impairment in the current year.

As at March 31, 2022, the Company identified impairment indicators related to the Edmonton Facility III CGU related to the fact that the Edmonton Facility III CGU consists of redundant assets. These assets are considered redundant due to a change in the Company's strategic direction from the production of bulk cannabis oil to other cannabis products in the recreational cannabis market. As at March 31, 2022, Edmonton Facility III had a carrying value of $9,837,566, prior to the impact of any impairment in the current year.

In accordance with the Company's accounting policies, management evaluated the recoverability of each of its CGUs. The Company determined the fair value less cost of disposal ("FVLCD") was greater than the value in use for each of the CGUs.

As a result, the Company has recorded property and equipment impairment of $98,559 related to the Cannabis Production CGU, and $2,077,566 for the Edmonton Facility III CGU.

The FVLCD calculation for the equipment included in the Cannabis Production CGU was based on third party appraisals and other unobservable inputs (Level 3 of the fair value hierarchy) using primarily the sales comparison approach. The key assumptions in determining the FVLCD were the comparability of the assets used in the sales comparison approach to the related equipment held by the Company, any adjustments made to take into account differences between the equipment, as well as the estimated costs of disposal.

For the building and building improvements in the Cannabis Production CGU, the FVLCD was based on third party appraisals and other unobservable inputs (Level 3 of the fair value hierarchy) and based on a capitalization of forecasted normalized net operating income approach. The Company determined the forecasted normalized net earnings for each facility based on market rental rates. Capitalization rates used to estimate fair market value considered many factors including but not limited to; the location of the facility, the size of the land parcel, site coverage and type and use of the property, the age of the building and special use characteristics of the facility. The key assumptions in determining the FVLCD were the expected lease rental rates and the capitalization percentage applied. The capitalization rates used were 15%.

The FVLCD calculation for the Edmonton Facility III CGU was based on third party appraisals and other unobservable inputs (Level 3 of the fair value hierarchy) using primarily the sales comparison approach. The key assumptions in determining the FVLCD were the comparability of the assets used in the sales comparison approach. This includes any adjustments made to take into account differences between these assets, the estimated costs of disposal, and the estimated costs to complete the facility to a comparable state as the buildings utilized in the sales comparison.

Impairment for the year ended March 31, 2021

The Company performs impairment tests on its cash generating units ("CGUs") when there are indicators of impairment. The Company has three CGUs: Cannabis Production, Edmonton Facility III and Germany (MAG). The CGUs are separate geographical areas and represent specific product groupings for the Company.

As at March 31, 2021, the Company identified impairment indicators related to the Cannabis Production CGU including underperforming operating results and excess production capacity in the facilities. As at March 31, 2021, the carrying value of the Cannabis Production CGU was $17,853,327, prior to the impact of impairment.

As at March 31, 2021, the Company identified impairment indicators related to the Edmonton Facility III CGU related to the fact that the Edmonton Facility III CGU consists of redundant assets. These assets are considered redundant due to a change in the Company's strategic direction from the production of bulk cannabis oil to other cannabis products in the recreational cannabis market. As at March 31, 2021, Edmonton Facility III had a carrying value of $20,628,236, prior to the impact of impairment.

As at March 31, 2021, the Company identified impairment indicators relating to the MAG CGU including a decline in the value of the worldwide cannabis market and a change in the Company's strategic direction to no longer pursue the German market and to discontinue any German operations. As at March 31, 2021, the carrying value of the MAG CGU was $2,422,932, prior to the impact of impairment.

In accordance with the Company's accounting policies, management evaluated the recoverability of each of its CGUs. The Company determined the fair value less cost of disposal ("FVLCD") was greater than the value in use for each of the CGUs.

As a result, the Company recorded property and equipment impairment of $2,138,633 related to the Cannabis Production CGU, $10,734,236 for the Edmonton Facility III CGU and $2,422,932 related to the MAG CGU, and the Cannabis Production CGU has also recorded impairment of $79,855 on intangible assets.

The FVLCD calculation for the equipment included in the Cannabis Production CGU was based on third party appraisals and other unobservable inputs (Level 3 of the fair value hierarchy) using primarily the sales comparison approach. The key assumptions in determining the FVLCD were the comparability of the assets used in the sales comparison approach to the related equipment held by the Company, any adjustments made to take into account differences between the equipment, as well as the estimated costs of disposal.

For the building and building improvements in the Cannabis Production CGU, the FVLCD was based on third party appraisals and other unobservable inputs (Level 3 of the fair value hierarchy) and based on a capitalization of forecasted normalized net operating income approach. The Company determined the forecasted normalized net earnings for each facility based on market rental rates. Capitalization rates used to estimate fair market value considered many factors including but not limited to; the location of the facility, the size of the land parcel, site coverage and type and use of the property, the age of the building and special use characteristics of the facility. The key assumptions in determining the FVLCD were the expected lease rental rates and the capitalization percentage applied. The capitalization rates used were 15%.

The FVLCD calculation for the Edmonton Facility III CGU was based on third party appraisals and other unobservable inputs (Level 3 of the fair value hierarchy) using primarily the sales comparison approach. The key assumptions in determining the FVLCD were the comparability of the assets used in the sales comparison approach. This includes any adjustments made to take into account differences between these assets, the estimated costs of disposal, and the estimated costs to complete the facility to a comparable state as the buildings utilized in the sales comparison.

The FVLCD calculation for the MAG CGU was based on management's assessment of the market, and determination that the construction of the facility, and subsequent bankruptcy of the MAG operations resulted in a $nil FVLCD. The key assumption in determining FVLCD was that the assets could not be resold to an arms-length third party for proceeds.

7. Intangible assets

	Patent	License	ERP[1]	Brand Name	Customer Relationships	Other[2]	Total
Cost							
March 31, 2020	$ 100,000	$ 459,993	$ 248,395	$ -	$ -	$ 331,693	$ 1,140,081
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(33,521)	(33,521)
March 31, 2021	**100,000**	**459,993**	**248,395**	**-**	**-**	**298,172**	**1,106,560**
Additions	**-**	**-**	**-**	**805,000**	**1,142,000**	**-**	**1,947,000**
Disposals	**(100,000)**	**-**	**-**	**-**	**-**	**(258,015)**	**(358,015)**
March 31, 2022	**$ -**	**$ 459,993**	**$ 248,395**	**$ 805,000**	**$ 1,142,000**	**$ 40,157**	**$ 2,695,545**
Accumulated Depreciation and Impairment							
March 31, 2020	$ 100,000	$ 65,280	$ 53,206	$ -	$ -	$ 53,700	$ 272,186
Depreciation	-	48,351	42,185	-	-	59,634	150,170
Disposals & Impairment	-	-	-	-	-	79,855	79,855
March 31, 2021	**100,000**	**113,631**	**95,391**	**-**	**-**	**193,189**	**502,211**
Depreciation	**-**	**48,351**	**41,728**	**6,709**	**6,344**	**35,276**	**138,408**
Disposals & Impairment	**(100,000)**	**-**	**-**	**-**	**-**	**(201,348)**	**(301,348)**
March 31, 2022	**$ -**	**$ 161,982**	**$ 137,119**	**$ 6,709**	**$ 6,344**	**$ 27,117**	**$ 339,271**
Carrying Value							
March 31, 2021	$ -	$ 346,362	$ 153,004	$ -	$ -	$ 104,983	$ 604,349
March 31, 2022	**$ -**	**$ 298,011**	**$ 111,276**	**$ 798,291**	**$ 1,135,656**	**$ 13,040**	**$ 2,356,274**

Notes: (1) Enterprise resource planning system (“ERP”)
(2) Other includes computer software and the Company’s website
(3) See Note 21.

At March 31, 2022, there was $nil included in long-term prepaids and deposits (March 31, 2021 - $1,177,217) related to patent applications that are expected to be recorded to intangible assets as patents are granted. It was determined at March 31, 2022 and 2021 that there were indicators of impairment of these patents as a result of the reduced ability of the Company to fund the required filings to continue the patent process. In accordance with the Company’s accounting policies, management evaluated the recoverability of the individual assets. The Company determined the fair value less cost of disposal (“FVLCD”) was equal to the value in use for the individual assets. The Company completed an impairment assessment of the patents assets on an individual basis and as a result of that assessment, the Company recorded impairment on all of the patents of $85,720 for the year ended March 31, 2022 (2021 - $1,177,217).

The Company reviews the carrying value of the intangible assets at each reporting period for indicators of impairment. The Company determined that its intangible assets were part of its cannabis production CGU (Note 6). It was determined that at March 31, 2021, there were indicators of impairment for this CGU. The Company completed an impairment assessment of this CGU and as a result of that assessment, the Company recorded impairment of its intangible assets of $79,855 for the year ended March 31, 2021.

8. Change in non-cash operating working capital

		March 31, 2022		March 31, 2021
Accounts receivable	$	**377,108**	$	331,407
Prepaids and deposits		**(102,624)**		944,814
Inventories		**(571,781)**		68,478
Facility construction liabilities		**1,448,518**		(3,002,581)
Accounts payable and accrued liabilities		**4,971,183**		4,655,419
Net change in non-cash operating working capital	$	**6,122,404**	$	2,997,537

Non-cash transactions				
Settlement of debt through issuance of shares	$	**436,258**	$	7,349,347
Settlement of debt through issuance of units		**-**		1,494,364
Settlement of services payables through issuance of shares		**21,000**		322,863
Settlement of debenture and interest payable through issuance of shares		**-**		1,318,632
Lease disposal		**370,053**		619,551

9. Capital management

The primary objectives of the Company's capital management strategy are to:

1 Provide an adequate return to its shareholders;
2 Provide adequate and efficient funding for operations;
3 Finance growth; and
4 Preserve financial flexibility to benefit from potential opportunities as they arise.

The Company has historically financed operations and capital expansions mainly by receiving funds borrowed from creditors and obtained from investors by issuing convertible promissory notes and common shares. If so required and available, the Company will continue this practice in the future.

The capital structure of the Company consists of long-term debt, lease liabilities, and deficit as follows:

	March 31, 2022	March 31, 2021
Long-term debt	**$ 10,809,814**	$ 9,582,593
Lease liabilities	**1,598,166**	1,317,170
Total debt	**12,407,980**	10,899,763
Shareholders' deficit	**(10,125,779)**	(2,529,873)
	$ 2,282,201	$ 8,369,890

The Company is not subject to externally imposed capital requirements. There has been no change with respect to the overall capital risk management strategy during the year ended March 31, 2022.

10. Short-term borrowings

On January 31, 2020, the Company entered into a loan agreement with Akaura Holdings Inc. ("Akaura", a related party as the Company shares a director with Akaura, Note 15) to assist the Company with working capital requirements. The amount funded under the loan agreement was $2,500,000 and beared interest at 21.0% per annum. $200,000 was held back by the lender and was recorded as long-term restricted cash. Interest was accrued monthly with the principal balance due on February 28, 2020. With the loan unpaid at February 28, 2020, an additional penalty of $60,000 was due immediately with a further per diem penalty of $2,000 per day accruing from February 15, 2020 until all principal, interest and penalties were repaid in full.

At February 2, 2021, the Company owed the original principal of $2,500,000 less the $200,000 holdback, and $981,664 of accrued interest and default fees related to the loan. The Company renegotiated the terms of the loan with Akaura in February 2021. As a result of the renegotiation, the Company issued 20,952,381 shares of the Company to Akaura to settle $2,200,000 of the Company's outstanding debt with Akaura. Akaura extended $1,000,000 of the outstanding liability under a new agreement with the Company and forgave $219,937 of the Company's existing debt. The Company reimbursed Akaura for legal and financing fees of $138,273 relating to the renegotiation.

The new loan agreement allowed an interest free period on the loan until June 1, 2021, at which time the $1,000,000 was to be paid in full. If the loan was not repaid on June 1, 2021, interest in the amount of 3% per month, retroactive to March 2021 would be charged until payment was received in full.

The Company concluded that the terms of the new agreement were substantially modified from the terms of the original agreement and as such, the renegotiation of the loan was treated as an extinguishment of the original debt and the modified loan was recorded as new debt.

The loan is secured through a mortgage on land and building as well as a general security agreement between Akaura Holdings Inc. and two of the Company's subsidiaries. Akaura retained all rights and security pertaining to the second mortgage under the new debt agreement.

This loan was not repaid on June 1, 2021 and as such, an interest expense of $390,000 was recorded in the consolidated statement of operations for the year ended March 31, 2022 (2021 - $1,258,168).

During the year ended March 31, 2022, the Company received $45,000 in advances from directors of the Company and $125,000 from a related company controlled by a director and officer of the Company. The Company repaid $125,000 to the related party during the year ended March 31, 2022. These advances are non-interest bearing, have no fixed repayment terms and are payable on demand. (Note 15.)

The Company entered into $545,033 in promissory notes during the year ended March 31, 2022 and repaid $300,033 of the promissory notes. At March 31, 2022, the promissory note balance was $245,000. The promissory notes matured six months from the date of the promissory note issuance. The outstanding promissory notes matured on February 10, 2022, February 21, 2022 and March 20, 2022. The remaining promissory notes were not repaid as of March 31, 2022.

11. Long-term debt

	March 31, 2022	March 31, 2021
Loan payable bearing interest at 5.80% with monthly payments of $9,327 maturing October 1, 2021 (Note 11(a))	**$ 141,990**	$ 175,644
Loan payable bearing interest at 4.55% with monthly payments of $2,586 maturing March 1, 2023 (Note 11(a))	**81,482**	89,239
Loan payable bearing interest at Bank of Canada policy interest rate plus 3% with variable payments maturing June 1, 2025 (Note 11(b))	**657,266**	657,266
Mortgage payable bearing interest at the greater of 9.99% or Bank of Nova Scotia prime rate plus 7.54% per annum with monthly interest only payments required and principal maturing on November 1, 2022 (Note 11(c))	**9,929,076**	-
Mortgage payable bearing interest at the greater of 15% or Bank of Nova Scotia prime rate plus 12.55% per annum with monthly interest only payments required and principal maturing on November 1, 2021 (Note 11(c))	**-**	8,693,500
Financing costs	**-**	(33,056)
	10,809,814	9,582,593
Current portion	**(10,809,814)**	(9,582,593)
	$ -	$ -

For the year ended March 31, 2022, total interest expense related to long-term debt was $1,309,190 ($1,520,386 for the year ended March 31, 2021).

The Company is not in compliance with terms and conditions of its long-term debt agreements and therefore, has presented the amounts as current.

(a) Agriculture Financial Services Corporation ("AFSC") loans payable

On September 2, 2011, the Company entered into a loan agreement with AFSC to assist the Company to purchase equipment. The amount funded under the loan agreement was $750,000, and bears interest at 5.8% per annum. Monthly payments of $9,327 are payable to October 1, 2021. The loan is secured by the Company's equipment.

On December 11, 2012, the Company entered into a second loan agreement with AFSC to assist the Company to purchase equipment. The amount funded under this agreement was $250,000 and bears interest at 4.55% per annum, monthly installments of $2,586 are payable to March 1, 2023. The loan is secured by the Company's equipment.

As at March 31, 2022, the Company was 25 months in arrears on these loans. Arrears interest and penalties owing are $10,833 (March 31, 2021 - $5,213) and are included in accounts payable and accrued liabilities. AFSC had provided the Company until February 15, 2021 to cure the payments in arrears as well as the additional arrears interest and penalties. The Company did not pay these arrears to the AFSC by February 15, 2021. On October 27, 2021, the Company received a notice of intention to enforce security in relation to the AFSC loans. Attempts to negotiate a forbearance agreement with AFSC have not been successful and AFSC has indicated its intention to collect Company assets to satisfy the liability. The Company has been working with AFSC to secure an orderly sale of non-core assets to satisfy its obligation to AFSC, however, in June 2022, AFSC indicated that they would no longer accept partial payments of the loan and were in the process of securing an auctioneer to assist with the sale of select assets of the Company.

(b) Ministry of Agriculture and Agri-Foods Canada ("AAFC") loan payable

On May 18, 2017, the Company restructured it's AAFC debt obligation which was accounted for as an extinguishment with $883,493 included in long-term debt.

The new long-term debt agreement includes an initial payment of $92,000 which was made during the three months ended June 30, 2017 and a repayment schedule commencing July 1, 2017 which results in the remaining balance being repaid over 8 years. Monthly payments are $6,500 in years 1 and 2, $8,500 in year 3 and $8,000 for the remaining 5 years with the full remaining balance due June 1, 2025. Interest is compounded monthly at the Bank of Canada policy interest rate plus 3%. The long-term debt is unsecured.

As at March 31, 2022, the Company was 22 months in arrears on the AAFC loan with arrears interest owing of $51,576 (March 31, 2021 - $26,939) which is included in accounts payable and accrued liabilities.

(c) Moskowitz Capital Mortgage Fund II Inc. ("Moskowitz")

On May 3, 2018, the Company acquired the remaining 50% interest in 1631807 Alberta Ltd. and the Adjacent Lands from Amnor Group Inc. In conjunction with these transactions, the Company entered into a $5,500,000 mortgage with Moskowitz to discharge the previous mortgage loans on these properties. The mortgage bore interest at the greater of 8.5% or Bank of Nova Scotia prime rate plus 5.05%. Monthly interest only payments commenced May 1, 2018 and were required until the loan was due in full on November 1, 2020. The mortgage was secured by the Company's production facility and the adjacent lands. On August 14, 2019, the Company amended the mortgage with Moskowitz, by increasing the amount borrowed from $5,500,000 to $8,500,000 and extending the due date from November 1, 2020 to November 1, 2021. Interest rates remained the same. As the terms of the amendment to the mortgage were substantially different from the terms of the previously existing mortgage, the amendment was determined to be an extinguishment of debt. As a result, a loss on extinguishment of long-term debt totalling $440,513 was recognized, which consisted of $90,264 of the remaining unamortized financing fees related to the original debt and fees and costs of $350,249 related to the amendment.

A new loan was recognized at a fair value of $8,500,000. Monthly interest only payments related to the new loan commenced July 25, 2019 and are required until the loan is due in full on November 1, 2021. Remaining amendment fees of $197,500 were added to the loan balance outstanding. Monthly amendment fee payments of $10,000 commenced August 1, 2019 and were required until February 1, 2021. A final payment of $7,500 was due on March 1, 2021. Subsequent to March 31, 2020, there was increase in the interest rate to the greater of 12.5% or Bank of Nova Scotia prime rate plus 10.05% per annum.

On April 29, 2020, the Company amended the mortgage with Moskowitz increasing the interest rate to the greater of 12.5% or Bank of Nova Scotia prime rate plus 10.05% per annum revised from the greater of 8.5% or Bank of Nova Scotia prime rate plus 5.05% per annum. As the terms of the amendment to the mortgage were not substantially different from the terms of the previously existing mortgage, the amendment was determined to be a modification of debt. As a result, a loss on modification of long-term debt with corresponding increase to the value of the debt totalling $477,810 was recognized. This adjustment is amortized back to the debt over the remaining term of the mortgage. Deferred financing charges of $85,000 related to the loan amendment fee were recorded and are amortized over the remaining term of the mortgage.

On October 2, 2020, Moskowitz agreed to defer arrears payments owing related to interest and non-interest bearing amendment fees payable to December 31, 2020 for a fee of $90,000.

On January 15, 2021, the deferral agreement was extended to February 28, 2021 for an additional fee of $50,000 and 550,000 shares of Radient. The shares were issued to Moskowitz on February 1, 2021.

On May 3, 2021, the Company amended the mortgage with Moskowitz increasing the interest rate to the greater of 15% or Bank of Nova Scotia prime rate plus 12.55% per annum revised from the greater of 12.5% or Bank of Nova Scotia prime rate plus 10.05% per annum. As the terms of the amendment to the mortgage were not substantially different from the terms of the previously existing mortgage, the amendment was determined to be a modification of debt. As a result, a loss on modification of long-term debt with corresponding increase to the value of the debt totalling $129,935 was recognized. This adjustment is amortized back to the debt over the remaining term of the mortgage. This amendment also included bonus standby interest of $35,000, to be paid in shares of the Company.

On November 1, 2021, the Company's loan with Moskowitz matured. The Company negotiated a loan renewal with Moskowitz. Under the renewal, outstanding interest of $1,429,076 was added to the outstanding principal of $8,500,000 for total principal of $9,929,076, with an interest rate of the greater of 9.99% or Bank of Nova Scotia prime rate plus 7.54% per annum, and a maturity date of November 1, 2022. The renewal agreement included a renewal fee of $99,929, payable in three installments of $33,309 on February 1, 2022, March 1, 2022 and April 1, 2022. Further, the Company will pay bonus interest of 10,000,000 common share purchase warrants, entitling the mortgage holder to purchase one common share of the Company for each warrant at a price of $0.085, expiring December 1, 2026 as part of the renewal agreement. The value of the warrants has been estimated to be $365,244 using the Black-Scholes model with the following assumptions: share price of $0.05, volatility of 99.93% based on the Company's historical volatility, risk-free rate of $1.35%, 0% dividend yield and time to maturity of 5 years, and has been included in accounts payable and accrued liabilities as at March 31, 2022 (as such warrants have not been issued).

The mortgage is secured by the Company's production facility and the adjacent lands.

On April 4, 2022, the Company amended the mortgage with Moskowitz adjusting the exercise period of the 10 million common share purchase warrants to one year, down from a five-year exercise period under the original agreement. If the warrants are not issued before the maturity of the loan, the Company will issue two consecutive one-year term warrants at an exercise price of $0.085.

On August 26, 2022, Moskowitz issued a demand notice to the Company for payment of this loan, plus accrued costs and interest pursuant to the terms of the loan. The Company is evaluating its options with respect to this demand notice.

(d) Debenture

On March 4, 2020, the Company issued an aggregate of $1,162,500 of unsecured debentures that would mature on March 4, 2022. The debentures bore interest at 15%, payable quarterly. On March 3, 2021, the Company issued 12,485,086 shares to settle the $1,162,500 face value of the debentures and $86,009 of accrued interest relating to the debentures.

12. Lease liabilities

Lease liabilities, March 31, 2020	$ 1,961,311
Interest expense	79,499
Lease payments	(326,846)
Foreign exchange	(33,781)
Lease termination	(363,013)
Lease liabilities, March 31, 2021	$ 1,317,170
Lease addition	326,498
Interest expense	79,215
Lease payments	(124,717)
Lease liabilities, March 31, 2022	**$ 1,598,166**

	March 31, 2022	March 31, 2021
Current	**$ 1,437,349**	$ 947,815
Non-current	**160,817**	369,355
	$ 1,598,166	$ 1,317,170

Lease liabilities relate to leases for office and warehouse space with lease terms between 1 and 5 years and for equipment between 1 and 2 years. In determining the lease term, the Company assesses whether it is reasonably certain it will exercise the lease extension options or not exercise a termination option. Future undiscounted cash outflows for lease liabilities are disclosed as part of total commitments in Note 14.

Excluded from the calculation of the lease liabilities are variable lease payments that do not depend on an index or a rate, which include utilities, common area maintenance costs, property tax, or any additional service payments. Total variable lease payments recognized as an expense are $27,925 for the year ended March 31, 2022 (2021 - $195,768).

13. Share capital

a) Common shares

i) Authorized

Unlimited number of common shares without par value

ii) Issued and outstanding common shares

	Shares		Amount
Balance, March 31, 2020	277,529,336	$	112,474,761
Shares issued under private placement	29,955,000		2,995,500
Shares issued under brokered placement	28,750,000		5,750,000
Shares issued for services	1,798,359		322,863
Shares issued for debt	88,931,105		8,787,087
Units for debt	-		1,208,924
Shares issued under At-the-Market facility	5,582,400		880,605
Finder's units	-		(384,745)
Warrant issuance	-		(3,220,000)
Share issue costs	-		(1,077,268)
Warrant extension	-		(610,247)
Balance, March 31, 2021	432,546,200	$	127,127,480
Shares issued for debt	**7,179,974**		**417,770**
Shares issued for services	**261,133**		**21,000**
Private placement	**20,880,714**		**1,029,558**
Shares issued for asset acquisition (Note 21)	**70,000,000**		**3,305,000**
Balance, March 31, 2022	**530,868,021**	**$**	**131,900,808**

b) Placements

The Company completed a private placement on December 31, 2021. The placement consisted of a unit offering with each unit consisting of one common share and one common share purchase warrants. Each common share purchase warrant is exercisable for one common share.

The Company completed a non-brokered private placement on March 16, 2021 consisting of the issuance of common shares.

The Company completed a brokered placement on May 26, 2020. The placement consisted of a unit offering with each unit consisting of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable for one common share.

Details of all placements and the number of units issued during the years ended March 31, 2022 and 2021, are shown below:

Placement closing date	May 26, 2020	March 16, 2021	December 31, 2021
Issue price per unit	$ 0.20	$ 0.10	$ 0.06
Common shares issued	28,750,000	29,955,000	20,880,714
Warrants issued	28,750,000	-	20,880,714
Warrant exercise price	$ 0.30	$ -	$ 0.10
Warrant term in months	36	-	18
Cash proceeds summary:			
Gross proceeds	$ 5,750,000	$ 2,995,500	$ 1,252,843
Cash issuance costs	(785,837)	(199,915)	-
Net cash proceeds on issuance	$ 4,964,163	$ 2,795,585	$ 1,252,843
Fair value of finders' options	(384,745)	-	-
Fair value on warrant issuance	(3,220,000)	-	(223,285)
Net value allocated to common shares	$ 1,359,418	$ 2,795,585	$ 1,029,558

A summary of the assumptions used for the brokered and private placement is set out below:

Placement closing date	May 26, 2020	December 31, 2021
Common share purchase warrants		
Common share market price	$ 0.30	$ 0.05
Risk free interest rate	1.75%	0.99%
Expected dividend yield	-	-
Estimated common share price volatility	114%	87%
Estimated life in months	36	18

Finder's options

As part of the brokered placement on May 26, 2020, the Company also issued finder's options to certain finders that entitled them to acquire 1,630,275 units at an exercise price of $0.20 for a period of 36 months following the completion of the offering. If exercised, these units would include 1,630,275 common shares and 1,630,275 common share purchase warrants entitling the holder to subscribe for additional common shares at a price of $0.30 per common share for a period of 36 months.

The common share finders' options were allocated a portion of the gross proceeds based upon their relative fair value at the date of issuance. A total of $384,745 was recorded as share issue costs as of March 31, 2021 ($202,154 allocated to common shares and $182,591 to common share purchase warrants). The Black-Scholes option pricing valuation model was utilized to value the finder's options.

A summary of the assumptions used for each component of the finder's options is set out below:

		Common Shares		Common Share Purchase Warrants
Finder's Options				
Common share market price	$	0.20	$	0.30
Risk free interest rate		1.75%		1.75%
Expected dividend yield		-		-
Estimated common share price volatility		114%		114%
Estimated life in years		3		3

The continuity of the Company's outstanding finders' options is as follows:

	Year ended March 31, 2022			Year ended March 31, 2021		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Outstanding, beginning of year	**1,630,275**	**$**	**0.20**	1,624,290	$	1.20
Finders' options issued	**-**		**-**	1,630,275		0.20
Finders' options expired	**-**		**-**	(1,624,290)		1.20
Outstanding, end of year	**1,630,275**	**$**	**0.20**	1,630,275	$	0.20

There were no finders' options exercised during the years ended March 31, 2022 and 2021.

During the year ended March 31, 2021, 1,624,290 finders' options expired that if exercised would have included 1,624,290 common shares and 812,145 common share purchase warrants.

If exercised, the options outstanding at March 31, 2022 of 1,630,275 would include 1,630,275 common shares and 1,630,275 common share purchase warrants. The option is exercisable at $0.20 per common share until May 23, 2023, and the warrant is exercisable at $0.30 per common share for a period of 3 years.

Shares and units issued for debt

During the year ended March 31, 2022, the Company issued common shares of the Company to settle amounts owing to certain third-party creditors as well as some directors and officers. Specific details for the transactions are summarized as follows:

Share issue date		July 28, 2021		January 28, 2022
Issue price per unit / share	$	0.105	$	0.06
Common shares issued		2.488,306		4,691,667
Debt amount settled	$	261,272	$	281,500
Gain on settlement of debt		(36,139)		(70,375)
Cash issuance costs		(2,306)		(2,408)
Net value allocated to common shares	$	222,827	$	208,717

During the year ended March 31, 2021, the Company issued both common shares and units of the Company to settle amounts owing to certain third-party creditors as well as some directors and officers. Specific details for each transaction are summarized in the table below. Each unit issued consisted of one common share and one-half common share purchase warrant exercisable for one-half common share.

In each of the unit transactions, the common share purchase warrants were allocated a portion of the total amount payable based upon their relative fair value at the date of issuance. The fair values of the common share purchase warrants were determined using a Black-Scholes option pricing valuation model.

Shares issued for debt with an arms length third party were recorded at fair value on the date of issuance. Any difference between the fair value of these shares issued to an arms length third party and the carrying value of the debt is recorded through the consolidated statement of operations.

Share issue date	(1)Jun 8, 2020	(2)Jun 8, 2020	(5)December 16, 2020 & March 16, 2021	(4)March 31, 2021	Total
Issue price per unit / share	$ 0.165	$ 0.165	$ 0.10	$ 0.105	
Common shares issued	6,716,252	1,224,276	33,190,406	47,800,171	88,931,105
Warrants issued	3,358,126	-	-	-	3,358,126
Warrants exercise price	$ 0.30	N/A	N/A	N/A	
Warrant term in months	24	N/A	N/A	N/A	
Debt amount settled	$ 1,108,182	$ 202,005	$ 3,319,040	$ 5,019,017	$ 9,648,244
Market differential	100,744	18,364	111,762	116,897	347,767
Cash issuance costs	(6,240)	(1,138)	(17,896)	(25,595)	(50,869)
Net value allocated to common shares	$ 1,202,686	$ 219,231	$ 3,412,906	$ 5,110,319	$ 9,945,142
Market differential	$ 100,744	$ 18,364	$ 111,762	$ 116,897	$ 347,767
				-	
Fair value on warrant issuance	285,441	-	-	-	285,441
Loss on settlement of debt(3)	$ 386,185	$ 18,364	$ 111,762	$ 116,897	$ 633,208

Notes:

(1) 6,716,252 units and shares issued to third party creditors.

(2) Common shares issued include 841,585 common shares issued to certain officers and directors in exchange for debt settlement of $138,861 owed by the Company to such individuals. The remainder is for debt settlement of $63,144 owed to a third-party creditor.

(3) Loss on settlement of debt includes the market differential plus the fair value of the warrants as deemed price of the unit and shares were below the market price on the date they were issued.

(4) Common shares issued include 24,162,500 common shares issued to a creditor controlled by an officer in exchange for debt settlement of $2,537,062. The remainder is for debt settlement of $2,481,955 owed to third-parties.

(5) Common shares issued include 4,326,376 common shares issued to certain officers and directors in exchange for debt settlement of $432,636 owed by the Company to such individuals. The remainder is for debt settlement of $2,886,403 owed to a third-party creditor.

A summary of the assumptions used to value the warrants issued on June 8, 2020 is set out below:

		June 8, 2020
Common share purchase warrants		
Common share market price	$	0.30
Risk free interest rate		0.25%
Expected dividend yield		0%
Estimated common share price volatility		114%
Estimated life in years		2

During the year ended March 31, 2022, the Company recognized a gain on equity settled payables of $106,514 (year ended March 31, 2021 – loss of $633,208). Shares issued for debt with related parties are recorded at the value of the debt settled with no gain or loss recorded through the consolidated statement of operations.

Shares for services

The Company had approved a shares for service agreement with a third party in exchange for consulting services. Pursuant to the terms of the agreement the Company will issue common shares in exchange for a maximum amount of services provided of $3,000 per month. Per the terms of the agreement on March 4, 2021, the issue price of these shares will be the closing price on the last business day of the month. The agreement was approved by the TSXV and is subject to approval for each successive 2-year renewal term.

There were 261,133 common shares of the Company issued during the year ended March 31, 2022 with a net value allocated to common shares of $21,000 (no common shares issued as at March 31, 2021) related to the shares for service agreement described above.

The Company had previously approved a shares for service agreement with a third party in exchange for consulting services. Pursuant to the terms of the agreement the Company issued common shares in exchange for a maximum amount of services provided. Per the terms of the agreement on January 1, 2019, the number of shares were issued monthly and the issue price of these shares was the greater of (i) the 15-day VWAP share trading price of the shares on the TSXV on the last financial trading day of the relevant month; (ii) the “Discounted Market Price” (as defined in the policies of the TSXV) on the last financial trading day of the relevant month. The agreements were approved by the TSXV and were subject to approval for each successive 2-year renewal term.

As of March 31, 2021, the Company no longer has services provided under the January 1, 2019 agreement, as the agreement was terminated.

Details of the agreements and the number of shares issued during the year ended March 31, 2021 are shown below:

Shares issued for the year ended March 31, 2021

Agreement issue date		Jan 1, 2019
Maximum services amount	$	585,000 GBP
Common shares issued		1,798,359
Value of services (contract currency)	$	186,250 GBP
Value of services (CAD)	$	322,863 CAD
Weighted average issue price per common share	$	0.18 CAD
Balance included in accounts payable and accrued liabilities		
Contract currency	$	nil GBP
CAD	$	nil CAD

There were no share issue costs recorded in relation to the shares for services during the year ended March 31, 2022 ($nil during the year ended March 31, 2021).

At-the-Market (ATM) Facility

Previously, the Company entered into a Controlled Equity Offering Sales Agreement with National Bank Financial Inc. (National Bank) pursuant to which the Company sold common shares through ATM offerings with National Bank acting as sales agent. Pursuant to Canadian securities rules, the Company is limited to raising $9,400,000 under this specific ATM offering.

The ATM is no longer active and no transactions were recorded during the year ended March 31, 2022. Activity during the year ended March 31, 2021 is as follows:

		Year ended March 31, 2021
Common shares issued		**5,582,400**
Gross proceeds	**$**	**880,605**
Share issue costs		
2% commission	**$**	**17,612**
Professional and filing fees	**$**	**22,265**
Total share issue costs	**$**	**39,877**

Warrants

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

	Year ended March 31, 2022			Year ended March 31, 2021		
	Number of warrants		**Weighted average exercise price**	Number of warrants		Weighted average exercise price
Outstanding, beginning of year	**42,683,781**	**$**	**0.29**	24,826,803	$	0.98
Warrants issued	**35,880,714**		**0.12**	32,108,127		0.30
Warrants expired	**(10,575,654)**		**0.27**	(14,251,149)		1.50
Outstanding, end of year	**67,988,841**	**$**	**0.21**	42,683,781	$	0.29

Warrants issued during the year ended March 31, 2021 relate to the May 26, 2020 placement and units issued for debt on June 8, 2020.

20,880,714 warrants issued during the year ended March 31, 2022 relate to the December 31, 2021 placement. The warrants have an exercise price of $0.10 and are exercisable any time prior to June 30, 2023.

15,000,000 warrants issued during the year ended March 31, 2022 relate to the Tunaaaa Xtracts Inc. acquisition. These warrants have an exercise price of $0.15 and are exercisable any time prior to January 28, 2024.

Extension of Warrants

During the year ended March 31, 2021, the Company extended the expiry date of certain warrants by an additional 12 months. The Black-Scholes Option Pricing model was used to determine the fair value immediately prior to and immediately after the extension. This resulted in a change in fair value of $610,247 which is reflected in equity. A summary of the assumptions used as follows:

Immediately prior to extension		**1,070,712 warrants expiring April 14, 2020**		**3,051,310 warrants expiring June 2, 2020**		**5,872,382 warrants expiring June 22, 2020**
Common share price	$	0.17	$	0.19	$	0.19
Exercise price		0.25		0.25		0.25
Expected term		0.04		0.082		0.082
Risk free interest rate		1.50%		1.50%		1.50%
Expected dividend yield		-		-		-
Estimated common share price volatility		109%		109%		109%
Immediately after extension						
Common share price	$	0.17	$	0.19	$	0.19
Exercise price		0.25		0.25		0.25
Expected term		1.04		1.082		1.082
Risk free interest rate		1.50%		1.50%		1.50%
Expected dividend yield		-		-		-
Estimated common share price volatility		109%		109%		109%

Issuance of Warrants on Debenture

Previously, the Company issued 581,250 warrants as part of a debenture financing. These warrants remain outstanding as at March 31, 2022 following the settlement of the debentures in March 2021. The fair value of the warrants of $90,675 was determined using a Black-Scholes option pricing valuation model with the following assumptions:

		March 4, 2020
Warrants		
Common share market price	$	0.34
Risk free interest rate		1.5%
Expected dividend yield		0%
Estimated common share price volatility		119.7%
Estimated life in years		2

The following table summarizes information about warrants outstanding as at March 31, 2022 and 2021.

March 31, 2022				March 31, 2021			
	Exercise price	**Number of warrants**	**Remaining contractual life (years)**		Exercise Price	Number of warrants	Remaining contractual life (years)
	-	**-**	**-**		0.25	1,070,712	0.0
	-	**-**	**-**		0.25	3,051,310	0.2
	-	**-**	**-**		0.25	5,872,382	0.2
	-	**-**	**-**		0.70	581,250	0.9
	0.30	**3,358,127**	**0.2**		0.30	3,358,127	1.2
	0.30	**28,750,000**	**1.1**		0.30	28,750,000	2.1
	0.10	**20,884,714**	**1.2**		-	-	-
	0.15	**15,000,000**	**1.8**		-	-	-
$	**0.21**	**67,988,841**	**1.3**	$	0.29	42,683,781	1.6

d) Stock option plan

The Company's stock option plan (the "Stock Option Plan") provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years.

In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the TSXV. Options have been issued with vesting periods of immediate to 4 years with terms between 2 and 10 years.

The continuity of the Company's outstanding and exercisable stock options is as follows:

	Year ended March 31, 2022			Year ended March 31, 2021		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Outstanding, beginning of period	**29,838,447**	**$**	**0.58**	24,417,025	$	1.00
Options granted	**-**		**-**	16,125,000		0.13
Options expired	**(10,317,050)**		**0.58**	-		-
Options forfeited	**(1,290,625)**		**0.12**	(10,703,578)		0.86
Outstanding, end of period	**18,230,772**	**$**	**0.62**	29,838,447	$	0.58
Exercisable, end of period	**17,797,062**	**$**	**0.64**	26,962,205	$	0.63

There were no stock options granted during the year ended March 31, 2022.

The following tables summarize information about stock options granted during the year ended March 31, 2021. The weighted average grant date fair value was estimated using the Black Scholes option pricing model using the following grant date assumptions:

Options granted for the year ended March 31, 2021

Original grant date		**May 28, 2020**		**October 9, 2020**		**February 11, 2021**	**Total**
Options granted:							
Options granted		2,125,000		6,100,000		7,900,000	16,125,000
Exercise price	$	0.175	$	0.10	$	0.15	
Weighted average grant date fair value	$	0.137	$	0.077	$	0.115	
Assumptions used:							
Grant date stock price	$	0.175	$	0.10	$	0.15	
Risk free interest rate		0.5%		0.5%		0.25%	
Expected dividend yield		-		-		-	
Estimated common share price volatility		109%		107%		106%	
Estimated forfeiture rate		3.33%		8.19%		0%	
Estimated life in years		5		5		5	

The Company issued an additional 2,000,000 options to a director of the Company on February 11, 2021 that will vest based on performance milestones. The milestones for these options have not yet been finalized and approved by the Board as at March 31, 2022 and therefore, the options are not considered to be granted.

For stock options granted, the Company records compensation expense using the fair value method. Fair values are determined using the Black-Scholes Option pricing model. Compensation costs are recognized over the vesting period as an increase to share based payments expense and contributed surplus. When stock options are subsequently exercised, the fair-value of such stock options in contributed surplus is credited to share capital. When stock options expire, unexercised or are cancelled, the fair-value of such stock options in contributed surplus is transferred to deficit.

The estimated volatility is based on the Company's historic volatility since May 22, 2014.

There were no stock options exercised during the years ended March 31, 2022 and 2021.
The following table summarizes information about stock options outstanding as at March 31, 2022 and 2021:

March 31, 2022			March 31, 2021		
Exercise price	**Number of options**	**Remaining contractual life (years)**	Exercise price	Number of options	Remaining Contractual life (years)
$ -	**-**	**-**	$ 1.00	51,428	0.6
0.66	**2,267,772**	**0.0**	0.66	3,392,769	1.0
-	**-**	**-**	0.50	150,000	1.4
1.82	**518,000**	**0.7**	1.82	778,000	1.7
1.20	**50,000**	**1.2**	1.20	750,000	2.2
1.82	**2,600,000**	**1.5**	1.82	2,600,000	2.5
0.87	**2,425,000**	**1.7**	0.87	5,215,000	2.7
-	**-**	**-**	0.93	525,000	2.9
0.93	**20,000**	**2.2**	0.93	370,000	3.2
0.75	**400,000**	**2.2**	0.75	550,000	3.2
0.58	**150,000**	**2.6**	0.58	150,000	3.6
0.37	**500,000**	**2.9**	0.37	500,000	3.9
0.175	**400,000**	**3.2**	0.175	1,350,000	4.2
0.10	**1,000,000**	**3.5**	0.10	5,556,250	4.5
0.15	**7,900,000**	**3.9**	0.15	7,900,000	4.9
$ 0.62	**18,230,772**	**2.6**	$ 0.58	29,838,447	3.5

The total share-based payments recognized during the year ended March 31, 2022 of $37,461 ($1,570,954 for the year ended March 31, 2021) were recorded as an expense.

14. Commitments and contingencies

The Company has entered into various non-cancellable commitments with contract terms ranging between one and five years as follows:

	March 31, 2022	March 31, 2021
Capital expansion projects	**$ 1,340,542**	$ 1,340,542
Leases not yet commenced	**130,500**	130,500
Variable lease payments for lease liabilities	**1,183,003**	1,496,297
Network services contracts	**7,568**	143,108
Purchase and retrofitting of equipment	**89,083**	89,083
Maintenance contracts	**12,567**	12,567
Direct materials	**570,000**	570,000
	$ 3,333,263	$ 3,782,097

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity. As at March 31, 2022, the Company had received statement of claims from various vendors in the total amount of $1,341,458, which has not been accrued by the Company as at March 31, 2022, as a reliable estimate cannot be determined at this time.

15. Related party transactions

The Company's related parties are its Board of Directors, and key management personnel (President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Technology Officer), as well as any companies controlled by key management personnel or directors. Transactions conducted with related parties took place in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

a) Key management personnel and director remuneration

The remuneration of directors and key management personnel follows:

	Year ended March 31, 2022	2021
Compensation	**$ 271,319**	$ 1,133,135
Short-term benefits	**5,000**	29,155
Share-based compensation	**-**	1,091,151
	$ 276,319	$ 2,253,441

Compensation includes key management salaries, consulting fees and director's fees.

As at March 31, 2022, $621,680 (March 31, 2021 - $562,083) was included in accounts payable and accrued expenses for amounts owing to key management personnel, directors and companies controlled by key management personnel or directors.

b) Loans and cash advances

See note 10.

c) Services provided

A property management company owned by a director earned $141,575 during the year ended March 31, 2022 ($223,920 during the year ended March 31, 2021), for rental lease payments and operating costs associated with the rental of a warehouse required by the Company.

d) Equity transactions

During the year ended March 31, 2022

Certain directors and officers were issued 12,014,988 units as part of the December 31, 2021 private placement for gross proceeds of $720,899. All securities issued in connection with the private placement are subject to a statutory hold period expiring on May 1, 2022.

During the year ended March 31, 2021

A company with a shared director received 24,162,500 shares to settle $2,537,063 of the Company's outstanding debt and outstanding rent.

The Company settled $134,411 in outstanding wages, consulting fees and expense reimbursements owed to various directors of the Company with 1,344,114 common shares of the Company.

e) Aurora Cannabis Inc. "Aurora"

On November 6, 2017, the Company entered into a Master Services Agreement (MSA) with Aurora. The term of the MSA is 5 years, with an option for Aurora to extend an additional 5 years. The terms of the MSA include certain requirements around pricing for extraction services related to cannabis to parties other than Aurora, within a specified geographic territory. Additionally, it provides Aurora with priority for extraction services, and certain first right of refusal to acquire certain cannabis related intellectual property and sets pricing for the extraction services currently provided to Aurora. In addition to the MSA, the Company and Aurora entered into an Investor Rights Agreement on the same date, that provides Aurora with certain rights to participate in future offerings up to 19.99% and appoint one director to the board of directors of the Company.

As at March 31, 2020, Aurora held 33,101,542 shares in the Company resulting in a effective ownership of 11.9 % of all issued and outstanding shares. Aurora had representation on the Company's board of directors and accounted for 98% of all revenue for the year ended March 31, 2020. The Company determined that a related party relationship with Aurora existed at March 31, 2020 through their ability to exert significant influence over the Company.

In December 2020, Aurora's share ownership fell to 8.7%. Further, Aurora did not have representation on the Company's board of directors after December 2020. Based on these facts, the Company determined that Aurora ceased to be a related party of the Company in December 2020 and that Aurora no longer had significant influence over the Company. There were no revenue or inventory transactions with Aurora during the year ended March 31, 2021.

16. Financing fees

	Year ended March 31, 2022	2021
Amortization of financing costs on short-term borrowings	**$ -**	$ 210,614
Amortization of financing costs on long-term debt	**33,056**	51,944
Interest on long-term debt	**1,309,190**	1,268,260
Interest on lease liabilities	**79,215**	71,932
Interest on short-term borrowings	**480,144**	1,258,168
Accretion of interest	**(323,435)**	(284,310)
Other	**711,774**	367,931
	$ 2,289,944	$ 2,944,539

17. Financial instruments

Cash, accounts receivable and deposits are classified as financial assets at amortized cost. Financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. The Company's financial liabilities include short-term borrowings, facility construction liabilities, accounts payable and accrued liabilities, long-term debt, and lease liabilities.

The fair value of cash, accounts receivable, deposits, short-term borrowings and accounts payable and accrued liabilities approximate their carrying amount due to their short-term nature. The fair values of long-term debt, facility construction liabilities, and lease liabilities are estimated to approximate their carrying value because the interest rates do not differ significantly from current interest rates for similar types of borrowing arrangements.

The Company has exposure to credit, interest rate, liquidity, foreign exchange and credit risk as follows:

Credit Risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in the Company incurring a financial loss. The Company is exposed to credit risk on its cash, accounts receivable and deposits and to a maximum of the carrying value of the items at the reporting date.

The Company mitigates its exposure to credit risk related to its cash by holding funds with reputable financial institutions.

The Company's trade receivables are monitored on an ongoing basis for impairment.

As at March 31, 2022, the Company had $117,925 (March 31, 2021 - $315,120) of trade accounts receivable balances. Credit risk is limited with respect to trade accounts receivable and all amounts receivable from customers were received subsequent to March 31, 2022.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest rate risk in respect of its variable rate long-term debt. As at March 31, 2022, the increase or decrease in annual net income for each one percent change in interest rate on the variable rate long-term debt would amount to $99,291 (March 31, 2021 - $92,732).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations.

The Company manages its liquidity risk by forecasting cash flow requirements for its planned development, production and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. The Company has disclosed (Note 1) that continuation as a going concern is dependent on obtaining sufficient funds to discharge contractual liabilities as well as funding continuing operations.

The Company's contractual liabilities and obligations are as follows:

	< 1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	$ 18,192,063	$ -	$ -	$ -	$ 18,192,063
Facility construction liabilities	6,015,277	-	-	-	6,015,277
Short-term borrowings	1,245,000	-	-	-	1,245,000
Long-term debt	10,809,814	-	-	-	10,809,814
Lease liabilities	1,437,349	160,817	-	-	1,598,166
Balance March 31, 2022	$ 37,699,503	$ 160,817	$ -	$ -	$ 37,860,320
Accounts payable and accrued liabilities	$ 15,358,022	$ -	$ -	$ -	$ 15,358,022
Facility construction liabilities	4,566,759	-	-	-	4,566,759
Short-term borrowings	1,000,000	-	-	-	1,000,000
Long-term debt	9,582,593	-	-	-	9,582,593
Lease liabilities	259,224	1,336,974	-	-	1,596,198
Balance March 31, 2021	$ 30,766,598	$ 1,336,974	$ -	$ -	$ 32,103,572

The contractual liabilities and obligations included in the tables above include both principal and interest cash flows.

18. Employee salaries and benefits

	Year ended March 31, 2022	2021
Included in:		
Cost of revenues	**$339,453**	$293,684
General and administrative	**350,426**	811,990
Production plant	**516,801**	183,806
Research and process development	**192,318**	589,265
Engineering	**9,588**	763,608
Quality control and assurance	**76,163**	160,618
Business and corporate development	**221,263**	124,445
Total employee salaries and benefits	**$1,706,012**	$2,927,416

19. Segmented reporting

Operating segments are identified based on internal reports that are regularly reviewed by the Company's chief operating decision maker, the Chief Executive Officer. For the year ended March 31, 2022 and 2021, the Company had a single reporting segment which is the production and sale of cannabis related retail products.

a) Information about geographic areas

The Company's non-current assets are all located in Canada as at March 3, 2022 and 2021.

b) Information about major customers

During the year ended March 31, 2022, the Company earned 87% of its revenue from three customers (2021– 74% of revenue from two customers).

20. Loss per share

Diluted net income per common share is calculated by dividing the applicable net income by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period. As at March 31, 2022 and 2021, all instruments were anti-dilutive based on having a net loss attributable to common shareholders for the period.

21. Tunaaaaroom Xtracts ("Tunaaaa") acquisition

On January 28, 2022, completed a transaction that resulted in the acquisition of 100% of Tunaaaa Xtracts Inc. ("Tunaaaa") shares. The Company accounted for the transaction as an asset acquisition.

As consideration for the assets acquired, the Company provided the following:

- Radient issued 70,000,000 common shares of the Company, the shares issued had a statutory hold period of four months plus one day; and
- Radient issued 15,000,000 common share purchase warrants, exercisable for one common share of the Company for $0.15 for a period of two years.

The Company also provided the following contingent consideration:

- Radient will issue 10,000,000 common shares to the sellers of Tunaaaa if sales generated by Tunaaaa products exceed $1,000,000 per month for any three months in a trailing 24-month period, or if the gross revenue of Tunaaaa exceeds $1,500,000 in any two months in a trailing 24-month period following closing of the asset acquisition (these shares were not issued, recognized or accrued as at March 31, 2022);
- Radient will issue 10,000,000 common shares to the sellers of Tunaaaa if gross revenue generated by Tunaaaa products exceeds $1,500,000 per month for any two months in a trailing 24-month period, or if the gross revenue of Tunaaaa exceeds $1,500,000 in any two months in a trailing 24-month period following closing of the asset acquisition (these shares were not issued, recognized or accrued as at March 31, 2022); and
- Radient will issue 5,000,000 common shares to the sellers of Tunaaaa if gross revenue generated by Tunaaaa products exceeds $2,000,000 per month for a 3-year period following closing of the asset acquisition (these shares were not issued, recognized or accrued as at March 31, 2022).

Purchase Price Allocation

The acquisition is being treated as an asset acquisition for accounting purposes as Tunaaaa does not meet the definition of a business, as defined in IFRS 3, Business Combinations. The assets acquired were recorded at their estimated fair market values, which are based on management estimates.

Purchase price:		
Common shares	$	3,335,000
Common share purchase warrants		300,000
	$	3,635,000
Fair value of assets acquired and liabilities assumed:		
Brand name	$	805,000
Customer relationships		1,142,000
	$	1,947,000
Excess of purchase price over fair value of assets acquired expensed	$	1,688,000

The common shares were valued using a share price of $0.048. The value of the warrants has been estimated to be $300,000 using the Black-Scholes valuation method, with the following assumptions: share price of $0.06, volatility of 104.99% based on the Company's historical volatility, risk-free rate of $1.25%, 0% dividend yield and time to maturity of 2 years. The contingent consideration has been estimated to have a value of $nil based on projections at the acquisition date and March 31, 2022.

22. Deconsolidation of subsidiaries

MAG

In July 2021, the Company's subsidiary, MAG announced that it was winding up its German operations at MAG. In November 2021, the insolvency proceedings over the assets of MAG were opened and an insolvency administrator was appointed by the court. As a wholly owned subsidiary of RTS, MAG was fully consolidated at March 31, 2021. The Company deconsolidated MAG once the insolvency process had commenced. Once the insolvency proceedings commenced, the Company no longer has control over the

MAG subsidiary or its assets. As a result of this loss of control, the Company deconsolidated MAG during the year ended March 31, 2022.

The following assets and liabilities of MAG have been deconsolidated from the consolidated statement of financial position:

	March 31, 2022
Assets	
Accounts receivable	$ 95,461
Liabilities	
Accounts payable and accrued liabilities	(1,171,146)
Gain on deconsolidation	$ (1,075,685)

The Company recognized a gain on deconsolidation of $1,075,685 in the consolidated statement of operations for the year ended March 31, 2022 related to the deconsolidation of MAG.

RTS

In October 2021, RTS was placed into liquidation under Swiss insolvency law. The insolvency proceedings have been closed and as such, the Company no longer has control of the RTS subsidiary. As a result of this loss of control, the Company deconsolidated RTS during the year ended March 31, 2022.

RTS had no assets or liabilities as at March 31, 2022. The Company did not recognize a gain or loss on deconsolidation of RTS during the year ended March 31, 2022.

23. Income taxes

a) Provision for Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 23% (2021 - 23%) to the effective tax rate is as follows:

	2022 $	2021 $
(Loss) before income taxes	(12,929,980)	(42,265,830)
Expected income tax recovery based on statutory rate	(2,974,000)	(9,721,000)
Adjustment to expected income tax recovery:		
Share based compensation	9,000	-
Expenses not deductible for tax purposes	(151,000)	408,000
Change in tax rates	-	(211,000)
Change in benefit of tax assets not recognized	3,116,000	9,524,000
Deferred income tax provision (recovery)	-	-

b) Deferred Income Tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying

	2022 $	2021 $
Recognized deferred tax assets and liabilities:		
Non-capital loss carry-forwards	87,000	248,000
Investment tax credits	-	(84,000)
Other	-	(16,000)
Leased assets	(87,000)	(148,000)
Deferred income tax asset (liability)	-	-

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

	2022 $	2021 $
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Non-capital loss carry-forwards	106,393,000	98,513,000
Share issue costs	2,459,000	-
Property, Plant and Equipment	28,344,000	31,030,000
Total	137,196,000	129,543,000

As at March 31, 2022, the Company had estimated non-capital losses for Canadian income tax purposes of approximately $106,393,000 (2021 - $98,513,000) available to use against future taxable income. The non-capital losses expire between 2026 and 2042.

24. Subsequent Events

Private placement

On July 6, 2022, the Company closed its first tranche of a private placement. Under the first tranche, the Company issued 9 units at a price of $40,000 per unit for gross proceeds of $360,000. Each unit consists of 1,000,000 common shares of the Company and 500,000 common share purchase warrants, with each warrant entitling the holder to purchase one common share of the Company at $0.07 per share for 36 months after closing. The Company paid finder's fees of $28,800 in cash and issued 0.72 units in relation to the private placement.

Moskowitz Capital Mortgage Fund II Inc.

On August 26, 2022, Moskowitz issued a demand notice to the Company for payment of this loan, plus accrued costs and interest pursuant to the terms of the loan totalling $10,515,557. The Company is evaluating its options with respect to this demand notice.

Related party transactions

Subsequent to March 31, 2022, a director of the Company advanced $116,110 to the Company. This advance is non-interest bearing, has no fixed repayment terms and is payable on demand.