Interim condensed consolidated financial statements

MPX International Corporation

Three and nine months ended June 30, 2021

(unaudited)

Notice of No Auditor Review of Interim Condensed Consolidated Financial Statements

In accordance with National Instrument 51-102, the Corporation discloses that its external auditors have not reviewed the accompanying interim condensed consolidated financial statements of MPX International Corporation.

Contents

MPX International Corporation
Interim condensed consolidated statements of financial position (unaudited)

(in Canadian dollars) **As at**	**June 30, 2021**	September 30, 2020
Assets		
Current		
Cash (Note 5)	**$ 5,553,383**	$ 1,308,811
Accounts receivable (Note 6)	**1,374,017**	1,380,090
Inventory (Note 7)	**4,348,633**	4,385,071
Biological assets (Note 8)	**363,374**	439,251
Prepaid expenses	**123,125**	124,437
Deposits	**684,551**	4,181
Total current assets	**12,447,083**	7,641,841
Non-current		
Restricted cash	**73,495**	118,155
Property, plant, and equipment (Note 10)	**9,442,450**	8,557,606
Right-of-use assets (Note 9)	**4,044,131**	3,678,583
Intangible assets (Note 11)	**24,208,306**	27,085,391
Goodwill (Note 12)	**4,904,204**	4,904,204
Deposits	**369,659**	384,078
Total non-current assets	**43,042,245**	44,728,017
Total assets	**$ 55,489,328**	$ 52,369,858
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 14)	**$ 5,847,671**	$ 6,206,389
Short-term loans	**343,370**	209,466
Right-of-use liabilities (Note 9)	**1,348,060**	1,164,879
Due to related party (Note 26)	**33,181**	89,786
Income taxes payable	**93,164**	71,664
Promissory note (Note 16)	**640,990**	666,950
Total current liabilities	**8,306,436**	8,409,134
Non-current		
Term loans - CEBA (Note 17)	**180,000**	120,000
Right-of-use liabilities (Note 9)	**4,310,331**	4,047,177
Convertible debentures (Note 18)	**10,069,580**	4,675,321
Option component of convertible debentures (Note 18)	**1,280,910**	774,650
Defined benefit obligation	**315,159**	323,459
Total non-current liabilities	**16,155,980**	9,940,607
Total liabilities	**24,462,416**	18,349,741
Equity		
Share capital (Note 19)	**66,403,003**	66,136,348
Other equity (Note 20)	**809,010**	512,705
Warrants (Note 22)	**12,843,473**	12,541,696
Contributed surplus (Note 5)	**6,796,459**	1,458,399
Accumulated other comprehensive income (loss)	**1,790,957**	837,332
Deficit	**(59,926,936)**	(47,529,291)
Equity attributable to shareholders of the Corporation	**28,715,966**	33,957,189
Non-controlling interests (Note 5)	**2,310,946**	62,928
Total equity	**31,026,912**	34,020,117
Total liabilities and equity	**$ 55,489,328**	$ 52,369,858

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 15) and Subsequent events (Note 29)

On Behalf of the Board:
Signed "W. Scott Boyes" Director   Signed "Robert Petch" Director

See accompanying notes to the unaudited interim condensed consolidated financial statements.

MPX International Corporation
Interim condensed consolidated statements of changes in equity (unaudited)
(in Canadian dollars)
Nine months ended June 30, 2021

	Share capital	Other equity	Warrants	Contributed surplus	Accumulated other comprehensive income	Non controlling interest	Deficit	Total
Balance, October 1, 2019	$ 63,604,342	$ -	$ 11,434,727	$ 1,278,436	$ (66,918)	$ (115,114)	$ (6,798,266)	$ 69,337,207
Acquisitions	1,402,547	-	765,945	-	-	-	-	2,168,492
Private placement	-	453,629	249,932	-	-	-	-	703,561
Cost of issuance	-	(32,977)	(15,246)	-	-	-	-	(48,223)
Consulting fees	-	-	-	95,818	-	-	-	95,818
Share-based compensation	-	-	-	91,304	-	-	-	91,304
Settlement of contingent consideration	1,129,459	-	-	-	-	-	-	1,129,459
Net loss and comprehensive loss for the period	-	-	-	-	1,360,763	(253,981)	(12,040,691)	(10,933,909)
Balance, June 30, 2020	$ 66,136,348	$ 420,652	$ 12,435,358	$ 1,465,558	$ 1,293,845	$ (369,095)	$ (18,838,957)	$ 62,543,709
Balance, October 1, 2020	$ 66,136,348	$ 512,705	$ 12,541,696	$ 1,458,399	$ 837,332	$ 62,928	$ (47,529,291)	$ 34,020,117
Acquisitions	-	106,501	-	4,306,227	-	2,583,736	-	6,996,464
Private placement	-	-	303,584	-	-	-	-	303,584
Cost of issuance	-	-	(3,163)	-	-	-	-	(3,163)
Consulting fees	-	189,804	-	-	-	-	-	189,804
Share-based compensation	-	-	-	1,031,833	-	-	-	1,031,833
Settlement of contingent consideration	46,143	-	1,356	-	-	-	-	47,499
Conversion of debenture	220,512	-	-	-	-	-	-	220,512
Net loss and comprehensive loss for the period	-	-	-	-	953,625	(335,718)	(12,397,645)	(11,779,738)
Balance, June 30, 2021	$ 66,403,003	$ 809,010	$ 12,843,473	$ 6,796,459	$ 1,790,957	$ 2,310,946	$ (59,926,936)	$ 31,026,912

See accompanying notes to the unaudited interim condensed consolidated financial statements.

MPX International Corporation
Interim condensed consolidated statements of net loss and comprehensive loss (unaudited)

(in Canadian dollars)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
Gross revenue	**$ 1,895,401**	$ 957,095	**$ 6,582,382**	$ 2,376,033
Excise taxes	**(118,578)**	(36,378)	**(709,800)**	(40,491)
Net revenue	**1,776,823**	920,717	**5,872,582**	2,335,542
Cost of sales (Note 7)	**560,906**	414,159	**2,084,366**	664,276
Gross profit before unrealized gain from changes in fair value of biological assets	**1,215,917**	506,558	**3,788,216**	1,671,266
Unrealized gain from changes in fair value of biological assets (Note 8)	**325,053**	789,683	**931,146**	2,035,119
Gross profit	**1,540,970**	1,296,241	**4,719,362**	3,706,385
Operating expenses				
General and administrative (Note 24)	**2,594,354**	2,652,866	**8,256,952**	9,889,046
Professional fees	**678,935**	285,244	**1,218,446**	1,574,511
Share-based compensation (Note 21)	**1,024,770**	21,002	**1,031,833**	91,304
Amortization and depreciation (Notes 9, 10 and 11)	**1,280,539**	1,177,906	**3,834,772**	3,576,705
Total operating expenses	**5,578,598**	4,137,018	**14,342,003**	15,131,566
Loss from operations	**(4,037,628)**	(2,840,777)	**(9,622,641)**	(11,425,181)
Other expenses/ (income)				
Foreign exchange	**(35,536)**	234,589	**1,222,247**	(421,662)
Interest income	**-**	453	**172**	(13,638)
Share of loss of equity accounted investees (Note 13)	**-**	-	**-**	33,470
Interest and financing charges	**103,386**	79,142	**379,301**	376,771
Accretion expense (Note 18)	**616,610**	8,598	**1,491,361**	79,954
Change in fair value of contingent consideration payable (Note 15)	**-**	(74,970)	**-**	(1,553,191)
Bad debt expense	**306,246**	28,197	**434,505**	28,197
Fair value change – option component (Note 18)	**(2,800,031)**	-	**(289,080)**	-
Recovery of taxes	**(408,351)**	-	**(526,984)**	-
Loss on disposal of property, plant, and equipment	**-**	2,117,930	**355**	2,226,347
Transaction costs	**55,107**	202,742	**292,003**	607,828
Total other expenses/ (income)	**(2,162,569)**	2,596,681	**3,003,880**	1,364,076
Net loss before income taxes	**$ (1,875,059)**	$ (5,437,458)	**$ (12,626,521)**	$ (12,789,257)
Deferred income tax expense (recovery)	**9,977**	(127,020)	**106,842**	(494,585)
Net loss	**$ (1,885,036)**	$ (5,310,438)	**$ (12,733,363)**	$ (12,294,672)
Other comprehensive income that may be reclassified to net profit or loss				
Exchange differences on translation of foreign operations	**$ 363,352**	$ (350,130)	**$ 953,625**	$ 1,360,763
Total comprehensive loss for the period	**$ (1,521,684)**	$ (5,660,568)	**$ (11,779,738)**	$ (10,933,909)
Total comprehensive loss attributable to:				
Owners of the Corporation	**(1,295,456)**	(5,612,148)	**(11,444,020)**	(10,679,928)
Non-controlling interests	**(226,228)**	(48,420)	**(335,718)**	(253,981)
Loss per share, basic and diluted	**$ (0.01)**	$ (0.04)	**$ (0.08)**	$ (0.08)
Basic and diluted weighted average number of shares outstanding	**143,578,242**	141,670,225	**142,736,552**	139,521,488

See accompanying notes to the unaudited interim condensed consolidated financial statements.

MPX International Corporation
Interim condensed consolidated statements of cash flows (unaudited)

(in Canadian dollars)

Nine months ended June 30,	2021	2020
Net loss	**$ (12,733,363)**	$ (12,294,672)
Items not affecting cash:		
Amortization and depreciation	**3,834,772**	3,576,705
Share-based compensation	**1,031,833**	91,304
Accretion expense	**1,491,361**	79,954
Interest and financing charges	**417,352**	360,007
Change in fair value of contingent consideration payable	**-**	(1,553,191)
Change in fair value of derivative liability	**(289,080)**	-
Share of loss of joint venture	**-**	33,470
Deferred income tax expense (recovery)	**90,000**	(494,585)
Consulting fees settled via equity instruments	**189,804**	95,818
Loss on disposal of property, plant, and equipment	**400**	2,226,347
Transaction costs settled via equity instruments	**106,501**	-
Change in other non-current liabilities	**-**	12,744
Unrealized foreign exchange loss (gain)	**(501,682)**	(772,071)
Unrealized gain from changes in fair value of biological assets	**(931,146)**	(2,035,119)
	(7,293,248)	(10,673,289)
Changes in non-cash working capital:		
Accounts receivable	**6,074**	44,464
Inventory and biological assets	**1,222,756**	(2,569,293)
Prepaid expenses and deposits	**(664,639)**	738,955
Accounts payable and accrued liabilities	**(622,200)**	2,631,935
Income tax payable	**(68,500)**	-
	(126,509)	846,061
Net cash used in operating activities	**(7,419,757)**	(9,827,228)
Investing activities		
Cash acquired through acquisition of subsidiaries	**-**	150,987
Asset acquisitions, net of cash acquired	**6,889,963**	-
Purchase of property, plant, and equipment	**(278,517)**	(2,139,317)
Restricted cash	**44,660**	-
Net cash provided by (used) in investing activities	**6,656,106**	(1,988,330)
Financing activities		
Proceeds from private placement	**6,659,599**	4,139,761
Share issuance costs on private placement	**(2,395)**	(48,223)
Lease payments	**(1,123,790)**	(962,084)
Financing provided to acquisition targets	**-**	(2,142,169)
Due to related parties	**19,384**	67,963
Proceeds from term loans	**60,000**	120,000
Proceeds from short term loans	**1,872,872**	-
Repayment of short-term loans	**(1,666,474)**	(945,111)
Interest paid	**(698,829)**	(63,255)
Net cash provided by financing activities	**5,120,367**	166,882
Increase (decrease) in cash	**4,356,716**	(11,648,676)
Cash, beginning of period	**1,308,811**	16,356,889
Effect of exchange rate fluctuations on cash held	**(112,144)**	459,676
Cash, end of period	**$ 5,553,383**	$ 5,167,889

See accompanying notes to the unaudited interim condensed consolidated financial statements.

1. Nature of operations and going concern

Background

2660528 Ontario Inc. was incorporated on October 17, 2018 and changed its name to MPX International Corporation ("MPXI" or the "Corporation") on November 13, 2018. On February 5, 2019, MPXI completed a spin-out transaction, pursuant to a plan of arrangement (the "Arrangement") with MPX Bioceutical Corporation ("MPX Bio") and iAnthus Capital Holdings Inc. ("iAnthus"). The Corporation's common shares (the "MPXI Shares") commenced trading on the Canadian Securities Exchange under the ticker symbol 'MPXI' on February 6, 2019.

Description of the business

MPXI is a multinational diversified cannabis company focused on developing and operating assets across the international cannabis industry with an emphasis on cultivating, manufacturing, and marketing products which include cannabinoids as their primary active ingredient. MPXI's registered office is located at 5255 Yonge Street, Suite 701, Toronto, ON, M2N 6P4, Canada.

Going concern

The Corporation's continued existence as a going concern is dependent upon, amongst other things, its ability to continue to obtain adequate ongoing debt and/or equity financing with creditors, officers, directors, and stakeholders. In addition, the Corporation must also ultimately become profitable. These consolidated financial statements have been prepared on the basis that the Corporation is a going concern and do not include adjustments that would be necessary should the Corporation be unable to continue as a going concern. Such adjustments may be material.

During the three and nine months ended June 30, 2021, the Corporation incurred a net loss of $1,658,808 (2020 – $5,262,018) and $12,397,645 (2020 – $12,040,691), respectively, and as at June 30, 2021, had an accumulated deficit of $59,926,936 (September 30, 2020 – $47,529,291) and a working capital surplus of $4,140,647 (September 30, 2020 – working capital deficit of $767,293). The ability of the Corporation to carry out its business plan rests with its ability to secure additional equity and other financing. Although the Corporation has been successful in obtaining financing from related parties and private placements in the past, the Corporation will likely require continued support. These material uncertainties cast significant doubt about the Corporation's ability to continue as a going concern.

COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic. The global impact of COVID-19 has contributed to a great deal of uncertainty as to the health of the global economy. The Corporation has implemented procedures and protocols at its facilities to mitigate the impact of COVID-19, including enhanced screening measures, enhanced cleaning and sanitation processes and frequency, encouraging social distancing measures, and directing employees to work from home if possible. The Corporation believes that it can maintain safe operations with these pandemic-related procedures and protocols in place.

Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, have caused global disruptions to businesses resulting in an economic slowdown. The long-term impact that COVID-19 will have on the Corporation's business or financial results cannot be reasonably estimated at this time. Additional shutdowns requested or mandated by government authorities in response to the outbreak of COVID-19 that affect the Corporation, its suppliers, distribution channels or customers may have a material impact to the Corporation's planned operations.

In addition, it is possible that estimates in the Corporation's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material. The Corporation is continuing to monitor the impact of the pandemic on all aspects of its business.

2. Basis of preparation

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Corporation's last annual consolidated financial statements as at and for the year ended September 30, 2020 ("Last Annual Financial Statements"). They do not include all information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Corporation's financial position and performance since the Last Annual Financial Statements.

These unaudited interim condensed consolidated financial statements were approved by the Board of Directors and authorized for issue by the Board of Directors on August 27, 2021.

3. Significant accounting policies

(a) Critical accounting judgements and estimates

In preparing these unaudited interim condensed financial statements, the Corporation's management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates. The significant judgements made by the Corporation's management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Fair value measurements

Certain of the Corporation's (financial) assets and liabilities are measured at fair value. In estimating fair value, the Corporation uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Corporation will engage third party qualified valuators to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of biological assets is disclosed in Note 8, option components of convertible debentures in Note 18 and financial instruments in Note 27.

4. Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

The changes in accounting policies are also expected to be reflected in the Corporation's consolidated financial statements as at and for the year ending September 30, 2021.

The Corporation has initially adopted several new standards beginning October 1, 2020, however they did not have a material effect on the Corporation's financial statements.

Amendments to IFRS 3 – Business combinations

In October 2018, the IASB issued *Definition of a Business* (Amendments to IFRS 3). The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments provide an assessment framework to determine when a series of integrated activities is not a business. The Corporation adopted these amendments as of October 1, 2020, with no resulting impact to the Corporation's consolidated financial statements.

4. Changes in significant accounting policies (continued)

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments revise the existing requirements for hedge accounting and are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as Interbank Offered Rates ("IBOR"). The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. The Corporation adopted these amendments as of October 1, 2020, with no resulting impact to the Corporation's consolidated financial statements.

Future Accounting Policies not yet Adopted

Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Corporation is currently evaluating the potential impact of these amendments on the Corporation's consolidated financial statements.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts and the cost of Fulfilling a Contract

The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Corporation is currently evaluating the potential impact of these amendments on the Corporation's consolidated financial statements.

5. Acquisitions

(a) Asset acquisitions completed in the year ended September 30, 2020

Acquisition of MCLN

On December 3, 2019, the Corporation completed the acquisition of all the remaining outstanding shares (80%) of MCLN (formerly 2702148 Ontario Inc. dba Kaajenga Cannabis ("Kaajenga")). On December 3, 2019, the Corporation obtained control of Kaajenga (the "Kaajenga Acquisition"), securing the exclusive rights to a turnkey video learning and engagement platform for the cannabis industry. At the date of acquisition, Kaajenga had developed and was in the process of commercializing a Cannabis Kiosk Solution using its proprietary video learning and engagement rewards platform to activate, educate, and engage audiences through a private social learning network.

The total purchase price for the Kaajenga Acquisition is paid through the issuance of 3,224,247 MPXI Shares and 3,224,247 common share purchase warrants of MPXI (the "KJ Warrants") to the shareholders of Kaajenga. Each KJ Warrant entitles the holder thereof, pursuant to and in accordance with the warrant certificates, to acquire one MPXI Share at a price of $0.61 per MPXI Share for a period of 5 years.

(in Canadian dollars)

5. Acquisitions (continued)

(a) Asset acquisitions completed in the year ended September 30, 2020 (continued)

Acquisition of MCLN (continued)

The Kaajenga Acquisition has been accounted for as an asset acquisition. The following table summarizes the assets acquired and liabilities assumed of Kaajenga on December 3, 2019, which have been recorded at their relative fair values:

Intangible asset (i)	$	3,048,092
Accounts payable and accrued liabilities		(80,903)
Net assets acquired	$	2,967,189
Previously held interest (carry-over basis) (Note 13)	$	245,467
MPXI Shares (Note 19)		1,402,547
Warrants (Note 22)		765,945
Short-term loan to acquisition target		494,285
Transaction costs		58,945
Total consideration paid for acquisition	$	2,967,189

(i) Intangible asset

The intangible asset is a platform that provides members with educational materials, connects them with select licensed producers, and facilitates the sales of cannabis products. The platform meets the criteria under IAS 38 to be recognized as an intangible asset.

Acquisition of First Growth

On February 19, 2020, the Corporation completed the acquisition of 80% of the issued and outstanding shares of First Growth, pursuant to the terms and conditions of an investment agreement dated February 19, 2020 and royalty agreement dated February 19, 2020 (the “First Growth Acquisition”).

The total purchase price for the First Growth Acquisition is paid through the settlement of the Company’s previous loans to First Growth and transaction costs incurred.

In addition, the Corporation will issue common share purchase warrants (the “FG Warrants”) with a total exercise price of up to US$5,000,000, for future services assisting First Growth in obtaining a cultivation and import/export license from South African Health Products Regulatory Authority. The FG warrants are for post-combination services and accounted for in accordance with IFRS 2 as further described in Note 20.

The Corporation will also make royalty payments, to be paid on a quarterly basis. The royalty payments are treated as executory payments and is excluded from the initial measurement of the asset acquisition. The Corporation also granted a put option on an outstanding note payable due from First Growth to Simonsberg Cannabis Proprietary Limited (“Simonsberg”), the 20% shareholder of First Growth. Transaction costs of $380,508 were incurred relating to the acquisition.

5. Acquisitions (continued)

(a) Asset acquisitions completed in the year ended September 30, 2020 (continued)

Acquisition of First Growth (continued)

The FG Warrants are to be issued in tranches upon the satisfaction of certain milestones to Simonsberg for a term of three years at an exercise price equal to the greater of (a) $0.35 with respect to FG Warrant B and C and $0.42 with respect to FG Warrant D, E and F; and (b) the 5-day volume average weighted price ("VWAP") on the day the respective milestone is met, unless otherwise indicated below:

1. FG Warrant A: Total exercise price of US$500,000 on receipt of a cultivation, import/export license (the "License") from the South African Health Products Regulatory Authority ("SAHPRA"). The FG Warrants will have an exercise price equal to $0.35 per MPXI Share.
2. FG Warrant B: Total exercise price of US$500,000 on receipt of the License.
3. FG Warrant C: Total exercise price of US$1,000,000 upon successful cultivation and processing of 1,000 kg of Good Agricultural and Collection Practices ("GACP") grade dried flower.
4. FG Warrant D: Total exercise price of US$1,500,000 upon successful cultivation and processing of a further 5,000 kg of GACP grade dried flower.
5. FG Warrant E: Total exercise price of US$500,000 on the earlier of (i) receipt of an extraction and manufacturing license from SAHPRA and (ii) 12 months from the date that First Growth receives the License, if MPXI has not approved plans to build and fund an EU-GMP compliant extraction and manufacturing facility.
6. FG Warrant F: Total exercise price of US$1,00,000 on the earlier of (i) delivery of 100 kg EU-GMP grade cannabis extract through First Growth's lab facility and (ii) 12 months from the date that First Growth receives the License, if MPXI has not approved plans to build and fund an EU-GMP compliant extraction and manufacturing facility.

The number of FG Warrants to be issued will be calculated using the currency of conversion exchange posted by the Bank of Canada as at the date of the achievement of the applicable milestone and dividing the total exercise price by the exercise price of the FG Warrants. See Note 19 for the accounting and underlying assumptions used in valuing the FG Warrants.

Royalty payments will be paid as follows:

1. Up to the February 19, 2022, quarterly royalty payments of US$0.10 per gram of shipped dried cannabis flower.
2. From February 20, 2022 until the termination of the agreement quarterly royalty payments of US$0.10 per gram shipped dried cannabis flower and US$0.10 per gram of dried cannabis flower held in the vault for 120 days after the period end.

The Corporation will have the option to buy out the royalty agreement 2 years after the successful cultivation and processing of 1,000 kg of GACP grade dried flower. The buy-out fee will be calculated as the greater of (i) US$1,500,000 or (ii) the royalty fee actually paid and received during the prior 12 months multiplied by an NPV factor of 3.5 years at 10% (2.844662). The payee will have the option to convert the buy-out fee into MPXI Shares converted at a price per share of the greater of (i) $0.35 per share or (ii) a 25% discount to the 5-day VWAP on the date of the buy-out. The number of MPXI shares to be issued will be calculated using the currency of conversion exchange posted by the Bank of Canada on the date of the buy-out. Any FG Warrants to be issued that have not vested or been satisfied will become fully vested on the effective date of the buy-out at an exercise price equal to the greater of (i) $0.35 or (ii) a 25% discount to the 5-day VWAP of the MPXI Shares on the effective date of the buy-out and will be calculated using the currency of conversion exchange posted by the Bank of Canada on the date of the buy-out.

(in Canadian dollars)

5. Acquisitions (continued)

(a) Asset acquisitions completed in the year ended September 30, 2020 (continued)

Acquisition of First Growth *(continued)*

Additionally, the Corporation granted a put option on an outstanding promissory note payable from First Growth to Simonsberg (see Note 16). The option gives Simonsberg the right to assign the promissory note to the Corporation in exchange for MPXI Shares. The number of MPXI shares shall be calculated as the aggregate amount due, including principal and interest, divided by $0.35, using the currency of conversion exchange posted by the Bank of Canada on

the date of exercise. The put option will be exercisable upon closing the First Growth Acquisition and the receipt of the License. The put option is a derivative liability and the fair value was estimated at $Nil.

The First Growth Acquisition has been accounted for as an asset acquisition. The following table summarizes the assets acquired and liabilities assumed of First Growth on February 19, 2020, which have been recorded at their relative fair values:

Cash	$	150,987
Amounts receivable		240,702
Property, plant, and equipment		2,858,532
ROU asset		354,066
Accounts payable and accrued liabilities		(82,081)
ROU liability		(354,066)
Promissory note		(661,550)
Loans from related parties		(46,305)
Non-controlling interest		(492,057)
Net assets acquired	$	1,968,228
Transaction costs	$	380,508
Short-term loan to acquisition target		1,587,720
Total consideration paid for acquisition	$	1,968,228

(b) Asset acquisitions completed in the period ended June 30, 2021

Acquisition of Blaze 420 Assets

On October 5, 2020, pursuant to an asset purchase agreement (the “Asset Purchase Agreement”) the Corporation, through its wholly owned subsidiary MPXI Alberta, acquired substantially all of the assets of Blaze 420 Today Inc. (“Blaze 420”), including the leasehold interests to three (3) locations across Alberta which each have received development permits to operate as retail cannabis stores (the “Assets”).

The total purchase price is paid through the settlement of the Company’s previous loans to Blaze 420 and contingent consideration based upon the achievement of certain milestones as set out below:

1. up to $283,333.00 as of the date of the official opening of the first (1st) retail store (“Milestone 1”) satisfied as follows: (a) $83,333 in cash; (b) $100,000 of MPXI Shares to be issued at a fixed price of $0.25 per MPXI Share; and (c) $100,000 through the issuance of a promissory note (“Blaze Note 1”), less any outstanding principal amount and any accrued and unpaid interest owing from Blaze 420 to MPXI as of October 1, 2020 pursuant to a promissory note between Blaze 420 and the Corporation dated June 27, 2019;

(in Canadian dollars)

5. Acquisitions (continued)

(b) Asset acquisitions completed in the period ended June 30, 2021 (continued)

Acquisition of Blaze 420 Assets (continued)

2. up to $183,333 as of the date of the official opening of the second (2nd) retail store ("Milestone 2") satisfied as follows: (a) $83,333 in cash; and (b) $100,000 through the through the issuance of a promissory note ("Blaze Note 2"); and
3. up to $283,333 as of the date of the official opening of the third (3rd) retail store ("Milestone 3") satisfied as follows: (a) $83,333 in cash; (b) $100,000 of MPXI Shares to be issued at a price per share equal to the ten (10) day volume weighted average price of the MPXI Shares on the CSE as of the day Milestone 3 is achieved; and (c) $100,000 through the through the issuance of a promissory note ("Blaze Note 3" together with Blaze Note 1 and Blaze Note 2, the "Blaze Notes").

The contingent consideration comprised of cash payments and Blaze Notes are treated as executory payments and excluded from the initial measurement of the asset acquisition.

The contingent consideration comprised of MPXI Shares is accounted for in accordance with IFRS 2 as further described in Note 20.

The acquisition of Blaze 420's assets has been accounted for as an asset acquisition. The following table summarizes the assets acquired and liabilities assumed on October 5, 2020, which have been recorded at their relative fair values:

Deposits	$	11,297
ROU asset		686,100
ROU liability		(686,100)
Net assets acquired	$	11,297
Short-term loan to acquisition target	$	50,000
Contingent consideration (Note 20)		106,501
Total consideration paid for acquisition	$	156,501
Excess consideration (i)		145,204

(i) The excess consideration has been expensed in transaction costs in the consolidated statements of net loss and comprehensive loss.

Acquisition of SIM and Salus Thailand Assets

On May 8, 2021, the Corporation, acquired substantially all of the assets of Salus International Management Ltd. ("SIM"), including all of the assets of Salus Bioceutical (Thailand) Co. Ltd. ("Salus Thailand"), a partially owned subsidiary of SIM, including leasehold interests to two (2) locations across Thailand (together, the "Thai Assets"). The Corporation completed this acquisition through the purchase of 10,000,000 common shares in SIM (each a "SIM Share") and 5,000,000 common share purchase warrants in SIM (each a "SIM Warrant"). Each SIM Warrant shall be exercisable for a period of twenty four (24) months from the date of issuance (May 8, 2021) and enable the holder thereof to purchase one common share in the capital of SIM at an exercise price equal to US$1.50.

Concurrently, SIM completed the first portion of a financing for total proceeds of US$5,995,570, issuing a total of 5,995,570 SIM Shares and 2,997,785 SIM Warrants. The proceeds will be used exclusively to fund operating costs and capital investment in Thailand. At June 30, 2021, the Corporation held 62.5% of share capital and 62.5% of voting rights in SIM, providing control over SIM. Therefore, SIM has been consolidated in these unaudited interim condensed consolidated financial statements.

(in Canadian dollars)

5. Acquisitions (continued)

(b) Asset acquisitions completed in the period ended June 30, 2021 (continued)

Acquisition of SIM and Salus Thailand Assets (continued)

Concurrently, the Corporation through SIM, entered into a management agreement (the "SIM Management Agreement") with Salus Thailand. The initial term of the SIM Management Agreement is twenty years and SIM shall have the right to renew for two further twenty-year terms. At June 30, 2021, SIM held 25% of share capital and 97% of voting rights in Salus Thailand. The SIM agreement and SIM's voting rights provide SIM control over Salus Thailand. Therefore, Salus Thailand has been consolidated in these unaudited interim condensed consolidated financial statements.

The total purchase price was cash paid of $122 (US$100).

The acquisition of the Thai Assets has been accounted for as an asset acquisition. The following table summarizes the assets acquired and liabilities assumed on May 8, 2021, which have been recorded at their relative fair values:

Cash	$ 6,527,225
Deposits	182,340
Leasehold improvements	180,520
ROU asset	537,925
ROU liability	(537,925)
Non-controlling interest	(2,583,736)
Net assets acquired	$ 4,306,349
Cash	$ 122
Total consideration paid for acquisition	$ 122
Excess fair value of assets over consideration paid (i)	$ 4,306,227

(i) The excess value of assets over consideration paid has been recorded in contributed surplus in the consolidated statements of financial position.

6. Accounts receivable

	June 30, 2021	September 30, 2020
Trade receivables	**$ 603,196**	$ 437,196
Other receivables	**50,528**	104,490
HST and VAT receivable	**720,293**	838,404
	$ 1,374,017	$ 1,380,090

(in Canadian dollars)

7. Inventory

	Capitalized cost	Biological asset fair value adjustment	June 30, 2021
Dry cannabis			
Finished goods	$ 147,629	$ 142,712	$ 290,341
Work-in-process	1,991,930	1,784,657	3,776,587
Products for resale	227,520	-	227,520
Seeds	54,185	-	54,185
	$ 2,421,264	$ 1,927,369	$ 4,348,633

	Capitalized, cost	Biological asset fair, value adjustment	September 30, 2020
Dry cannabis			
Finished goods	$ 54,195	$ 73,757	$ 127,952
Work-in-process	1,687,958	2,321,086	4,009,044
Products for resale	188,748	-	188,748
Seeds	59,327	-	59,327
	$ 1,990,228	$ 2,394,843	$ 4,385,071

As at June 30, 2021, the Corporation held 36,214,821 grams of dry cannabis (120,494 grams of finished goods, 36,094,327 grams of work-in-process) (September 30, 2020 – 96,172,826 grams of dry cannabis (65,163 grams of finished goods, 96,107,663 grams of work-in-process)).

Inventory expensed during the nine months ended June 30, 2021, was $2,084,366 (for the year ended September 30, 2020 – $569,742).

8. Biological assets

Biological assets consist of planted seeds and cannabis plants. The changes in the carrying value of biological assets for the period ended June 30, 2021 are as follows:

	June 30, 2021	September 30, 2020
Balance, beginning of period	**$ 439,251**	$ 6,404,755
Net increase in fair value less cost to sell due to biological transformation	**931,146**	2,032,120
Net increase in biological assets due to capitalized costs	**475,231**	965,489
Transferred to inventory upon harvest	**(1,482,254)**	(9,498,001)
Net foreign exchange differences	**-**	534,888
Balance, end of period	**$ 363,374**	$ 439,251

Management has made the following estimates in the cannabis plants model:

- Average number of days in the growing and processing cycle;
- Average harvest yield, which incorporates estimates around wastage;
- Average selling price, which varies depending on strains;
- Standard costs to grow and process, which varies depending on location; and
- Average costs to sell.

(in Canadian dollars)

8. Biological assets (continued)

The fair value of biological assets is determined based on a Level 3 valuation. In Management's view, the significant unobservable inputs and their range of values are noted in the table below. The sensitivity analysis for each significant input is performed by assuming a 5% decrease while assuming all other inputs remain constant:

Significant unobservable inputs	Range	Weighted Average	Sensitivity	Decrease in fair value of biological assets at June 30, 2021
Average harvest yield, which incorporates estimates around wastage	58 grams to 148 grams per plant	94 grams per plant	A 5% decrease in the expected yield per plant would result in a significant decrease in fair value, and vice versa.	$18,169
Average selling prices, which varies depending on strain	$1.85 to $3.47 per gram	$2.87per gram	A 5% decrease in the selling price per strain would result in a significant decrease in fair value, and vice versa.	$18,169
Standard costs	$0.91 per gram	$0.91 per gram	Standard costs are used to attribute fair value based on the plant's stage of growth. Changes to standard costs relative to the plant's stage of growth do not change the fair value.	N/A
Stage of growth	1 to 15 weeks	7.94 weeks	A decrease of 1 week in the stage of growth would result in a significant decrease in fair value, and vice versa.	$39,943

The Corporation estimates the harvest yields for the cannabis on plants at various stages of growth. As at June 30, 2021, it is expected that the Corporation's cannabis plants biological assets will yield approximately 267,082 grams (September 30, 2020 – 300,677 grams) of cannabis for processing when harvested. The Corporation's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

The effect of changes in the fair value of biological assets and inventory during the periods ended June 30, 2021 and September 30, 2020 is as follows:

	June 30, 2021	September 30, 2020
Unrealized change in fair value of biological assets	**$ 931,146**	$ 2,032,120
Realized fair value increments on inventory sold during the period	**(620,246)**	(210,468)
Net effect of changes in fair value of biological assets and inventory	**$ 310,900**	$ 1,821,652

(in Canadian dollars)

9. Leases

A continuity of right-of-use assets for the period ended June 30, 2021, is as follows:

		June 30, 2021
Right-of-use assets at October 1, 2020	$	3,678,583
Lease additions		1,224,026
Amortization for the period		(778,151)
Net foreign exchange differences		(80,327)
Right-of-use assets at June 30, 2021	$	4,044,131

A continuity of right-of-use liabilities for the period ended June 30, 2021, is as follows:

		June 30, 2021
Right-of-use liabilities at October 1, 2020	$	5,212,056
Lease additions		1,224,026
Lease payments		(1,123,789)
Interest expense on lease liabilities		350,454
Net foreign exchange differences		(4,356)
Right-of-use liabilities at June 30, 2021	$	5,658,391
Current portion – payable within 12 months	$	1,348,060
Non-current portion		4,310,331
Right-of-use liabilities at June 30, 2021	$	5,658,391

The maturity analysis of the undiscounted contractual balances of the lease liabilities is as follows:

Less than one year	$	1,612,992
One to five years		3,921,831
More than five years		1,652,058
Total undiscounted lease liabilities at June 30, 2021	$	7,186,881

(in Canadian dollars)

10. Property, plant, and equipment

The continuity of property, plant and equipment for the period ended June 30, 2021, is as follows:

Gross carrying amount	Leasehold improvements	Equipment	Furniture and Fixtures	Vehicle	Total
Balance, October 1, 2020	$ 6,576,483	$ 3,601,295	$ 83,929	$ 69,863	$ 10,331,570
Additions	1,391,541	229,883	42,221	-	1,663,645
Government Grant (i)	-	(118,274)	-	-	(118,274)
Disposal	-	(400)	-	-	(400)
Net foreign exchange	176,159	(167,533)	(611)	(5,225)	2,790
Balance, June 30, 2021	8,144,183	$ 3,544,971	$ 125,539	$ 64,638	$ 11,879,331
Depreciation					
Balance, October 1, 2020	$ (1,276,027)	$ (460,956)	$ (15,079)	$ (21,902)	$ (1,773,964)
Depreciation	(268,963)	(389,675)	(14,099)	(3,881)	(676,618)
Disposal	-	38	-	-	38
Net foreign exchange	226	11,342	307	1,788	13,663
Balance, June 30, 2021	$ (1,544,764)	$ (839,251)	$ (28,871)	$ (23,995)	$ (2,436,881)
Carrying amount, June 30, 2021	$ 6,599,419	$ 2,705,720	$ 96,668	$ 40,643	$ 9,442,450
Carrying amount, October 1, 2020	$ 5,300,456	$ 3,140,339	$ 68,850	$ 47,961	$ 8,557,606

(i) During the nine months ended June 30, 2021, the Corporation received a government grant of $118,274 (€80,464) from Malta Enterprise, representing a 30% subsidy of approved capital expenditures. The Corporation was approved up to a maximum of €200,000, leaving a balance of €119,536 of which it can draw down.

The continuity of property, plant and equipment for the year ended September 30, 2020, is as follows:

Gross carrying amount	Leasehold improvements	Equipment	Furniture and Fixtures	Vehicle	Total
Balance, October 1, 2019	$ 3,565,586	$ 1,790,205	$ 69,270	$ 41,733	$ 5,466,794
Asset acquisitions	2,858,532	-	-	-	2,858,532
Additions	1,933,142	2,270,761	14,659	24,410	4,242,972
Disposals	(1,545,019)	(493,336)	-	-	(2,038,355)
Net foreign exchange	(235,758)	33,665	-	3,720	(198,373)
Balance, September 30, 2020	$ 6,576,483	$ 3,601,295	$ 83,929	$ 69,863	$ 10,331,570
Depreciation					
Balance, October 1, 2019	$ (907,858)	$ (247,061)	$ (3,924)	$ (4,019)	$ (1,162,862)
Depreciation	(368,169)	(217,741)	(11,110)	(16,889)	(613,909)
Disposals	-	5,309	-	-	5,309
Net foreign exchange	-	(1,463)	(45)	(994)	(2,502)
Balance, September 30, 2020	$ (1,276,027)	$ (460,956)	$ (15,079)	$ (21,902)	$ (1,773,964)
Carrying amount, September 30, 2020	$ 5,330,456	$ 3,140,339	$ 68,850	$ 47,961	$ 8,557,606
Carrying amount, October 1, 2019	$ 2,657,728	$ 1,543,144	$ 65,346	$ 37,714	$ 4,303,932

* $179,295 of depreciation charged for the period has been capitalized in biological assets at June 30, 2021 ($218,188 at September 30, 2020).

(in Canadian dollars)

11. Intangible assets

A continuity of intangible assets for the period ended June 30, 2021, is as follows:

Gross carrying amount	Licenses	Trademarks	Customers lists	Platform	Lease & Other	Total
Balance, October 1, 2020	$ 24,280,380	$1,749,305	$ 758,274	$3,048,092	$3,141,888	$32,977,939
Net foreign exchange	(31,787)	(130,826)	(56,710)	-	(190,271)	(409,594)
Balance, June 30, 2021	$ 24,248,593	$1,618,479	$ 701,564	$3,048,092	$2,951,617	$32,568,345
Amortization						
Balance, October 1, 2020	$ (4,818,137)	$ (233,239)	$ (102,829)		$ (738,343)	$(5,892,548)
Amortization	(1,919,892)	(126,459)	(49,833)	-	(463,152)	(2,559,336)
Net foreign exchange	-	22,517	9,690	-	59,638	91,845
Balance, June 30, 2021	$ (6,738,029)	$(337,181)	$ (142,972)	$ -	$(1,141,857)	$(8,360,039)
Carrying amount, June 30, 2021	$17,510,564	$1,281,298	$ 558,592	$3,048,092	$1,809,760	$24,208,306
Carrying amount, October 1, 2020	$19,462,243	$1,516,066	$655,445	$3,048,092	$2,403,545	$27,085,391

A continuity of intangible assets for the year ended September 30, 2020, is as follows:

Gross carrying amount	Licenses	Trademarks	Customers lists	Platform	Lease & Other	Total
Balance, October 1, 2019	$ 23,066,749	$1,603,741	$ 1,025,438	$ -	$2,900,786	$28,596,714
Asset acquisitions	-	-	-	3,048,092	-	3,048,092
Additions	1,129,459	-	-	-	-	1,129,459
Write-off (i)	-	-	(380,661)	-	-	(380,661)
Net foreign exchange	84,172	145,564	113,497	-	241,102	584,335
Balance, September 30, 2020	$24,280,380	$1,749,305	$ 758,274	$3,048,092	$3,141,888	$32,977,939
Amortization						
Balance, October 1, 2019	$(2,258,282)	$ (53,458)	$ (31,074)	$ -	$ (91,900)	$(2,434,714)
Amortization	(2,559,855)	(169,446)	(98,495)	-	(615,963)	(3,443,759)
Write-off (i)	-	-	31,722	-	-	31,722
Net foreign exchange	-	(10,335)	(4,982)	-	(30,480)	(45,797)
Balance, September 30, 2020	$(4,818,137)	$(233,239)	$ (102,829)	$ -	$(738,343)	$(5,892,548)
Carrying amount, September 30, 2020	$19,462,243	$1,516,066	$ 655,445	$3,048,092	$2,403,545	$27,085,391
Carrying amount, October 1, 2019	$20,808,467	$1,550,283	$994,364	$ -	$2,808,886	$26,162,000

(i) The write-off related to a customer that was lost during the year ended September 30, 2020.

(in Canadian dollars)

12. Goodwill

The effect of changes in the goodwill is as follows:

	June 30, 2021	September 30, 2020
Balance, beginning of period	**$ 4,904,204**	$ 18,270,892
Impairment	**-**	(14,122,604)
Net foreign exchange differences	**-**	755,916
Balance, end of period	**$ 4,904,204**	$ 4,904,204

Goodwill is allocated to CGU's or groups of CGU's for impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. Management does not monitor goodwill for reporting purposes. Goodwill is tested impairment at the operating segment level.

Canada

The Corporation tested the Spartan goodwill for impairment in the fourth quarter of the year ended September 30, 2020. Management estimated the recoverable amount of the Canada operating segment to which Spartan goodwill has been allocated based on its fair values less costs of disposal and determined that the carrying value of the good will was not impaired. The fair value less costs of disposal were estimated using the discounted future cash flows for a period of up to 10 years. The fair value measurements were categorized as Level 3 fair value based on the inputs in the valuation technique used. The key assumptions used in the estimation of the fair value less costs of disposal relate to discount rates (25% - 30%) and the terminal value growth rate (2%). The cash flow projections included specific estimates for 5 years and a terminal growth rate thereafter up to 10 years. The values assigned to the key assumption represent management's assessment of future trends in the industry.

Europe/Africa

The Corporation tested the HolyWeed goodwill for impairment in the fourth quarter of the year ended September 30, 2020. Management estimated the recoverable amount of the Europe/Africa operating segment to which HolyWeed goodwill has been allocated based on its fair values less costs of disposal and determined that the carrying value of the goodwill was impaired. The fair value less costs of disposal were estimated using the discounted future cash flows for a period of up to 10 years. The fair value measurements were categorized as Level 3 fair value based on the inputs in the valuation technique used. The key assumptions used in the estimation of the fair value less costs of disposal relate to discount rates (25% - 30%) and the terminal value growth rate (2%). The cash flow projections included specific estimates for 5 years and a terminal growth rate thereafter up to 10 years. The values assigned to the key assumption represent management's assessment of future trends in the industry.

During the period ended June 30, 2021, the Corporation recorded impairment to goodwill of $Nil (year ended September 30, 2020 – $14,122,604 relating to HolyWeed).

(in Canadian dollars)

13. Investments in equity method investees

The following table outlines the Corporation's investment in an associate (Kaajenga) that was accounted for using the equity method during the year ended September 30, 2020. On December 3, 2019, the Corporation completed the Kaajenga Acquisition of all of the remaining shares of Kaajenga (see Note 5). The Kaajenga Acquisition was accounted for as an asset acquisition and the value of the Corporation's previously held equity interest has been included on a carry-over basis.

		Effective ownership and voting rights held	
Name of associate	Principal place of business	June 30, 2021	September 30, 2020
Kaajenga	Canada	100%	100%

The effect of changes in the Corporations associate for the nine months ended June 30, 2021 and the year ended September 30, 2020 is as follows:

	June 30, 2021	September 30, 2020
Balance, beginning of period	**$ -**	$ 278,937
Share of losses	**-**	(33,470)
Derecognition	**-**	(245,467)
Balance, end of period	**$ -**	$ -

14. Accounts payable and accrued liabilities

	June 30, 2021	September 30, 2020
Trade payables	**$ 3,777,064**	$ 4,542,844
Accrued liabilities	**1,627,923**	1,610,405
Interest payable	**282,966**	-
Sales tax payable	**159,718**	53,140
	$ 5,847,671	$ 6,206,389

15. Contingent consideration payable

	June 30, 2021	September 30, 2020
Balance, beginning of period	**$ -**	$ 1,920,600
Accretion of contingent consideration payable	**-**	79,954
Shares and warrants to be issued (included in accrued liabilities in Note 14)	**-**	(105,939)
Remeasurement of contingent consideration payable at fair value	**-**	(1,894,615)
Balance, end of period	**$ -**	$ -

Pursuant to the terms of the acquisition of 100% of the issued and outstanding shares of Spartan (the "Spartan Acquisition"), the Corporation committed to providing the Sellers of Spartan (the "Sellers") with MPX Bio Shares and MPX Bio Warrants based on the achievement of certain agreed sales milestones.

As at June 30, 2021, the Corporation does not expect the remaining milestones to be achieved.

15. Contingent consideration payable (continued)

Following the closing of the Spartan Acquisition, one of the Sellers, Veteran Grown Corporation, and the Corporation entered into a substituted consideration agreement (the "Substituted Consideration Agreement") dated July 29, 2019. Pursuant to the Substituted Consideration Agreement, the Corporation issued 439,453 MPXI Shares and 64,935 common share purchase warrants exercisable at a price of $0.77 per MPXI Share for a period of three (3) years from the date of issue. The substituted consideration agreement also reduces the cumulative sales milestones.

The Corporation was also served with a statement of claim on or about August 7, 2019 and amended on or about August 21, 2019 from the other seller of Spartan, Ninth Square Capital Corporation ("Ninth Square"). The Claim was commenced in the Ontario Superior Court of Justice and seeks damages from MPXI and co-defendants iAnthus and MPX Bioceutical ULC (formerly MPX Bio), alleging that the Arrangement was unfairly prejudicial to and unfairly disregarded the interest of Ninth Square, in the amount of $3,000,000.

On September 30, 2019, the Corporation issued a counterclaim seeking damages in the amount of $1 million from Ninth Square. The counterclaim alleges, among other things, that Ninth Square breached their contract with MPXI. Ninth Square served the Corporation with its defence to the Counterclaim on November 4, 2019 requesting that the counterclaim of the Corporation be dismissed.

The litigation has not progressed beyond the pleadings stage. Discoveries have not yet taken place. Accordingly, the outcome is uncertain. However, the Corporation currently believes that it is unlikely to be directed to pay anything beyond the value of the earn-outs that it has already contractually agreed to.

The impact of (the outcome of) these discussion/negotiations on the fair value of the contingent consideration is not considered to be a measurement period adjustment as it does not relate to additional information about the facts and circumstances that existed at the date of acquisition. Therefore, the impact of these discussion/negotiations on the fair value of the contingent consideration, if any, is recognized in profit or loss.

The Corporation has measured the contingent consideration payable based on all milestones being achieved in advance of the expiry of the agreement in October 2022. As at June 30, 2021, the Corporation has estimated the liability at $Nil (September 30, 2020 - $Nil) on the consolidated statement of financial position.

16. Promissory note

In connection with the First Growth Acquisition (see Note 5), the Corporation acquired a promissory note, with a principal balance of $661,550 (US$500,000), payable to Simonsberg (the "Note"). The Note bears interest at a rate equal to U.S. LIBOR plus 3% per annum (payable quarterly) beginning August 18, 2020. The initial maturity due date of February 18, 2021 has been extended and the Corporation is currently in discussions with Simonsberg. As at June 30, 2021, the principal balance of $628,750 (US$500,000) and accrued interest of $12,240 (US$9,529) is recorded on the consolidated statement of financial position.

The Note may, at the option of Simonsberg, be assigned, transferred, sold, and conveyed in full (and not in part) to the Corporation (such option, the "Put Option") from and after (i) the date of closing the First Growth Acquisition and (ii) the date of receipt of the License. Payment for the Note by MPXI following the exercise of the Put Option by the Simonsberg shall be made and satisfied by MPXI through the delivery of MPXI Shares. The number of MPXI shares shall be calculated as the aggregate amount due, including principal and interest, divided by $0.35, using the currency of conversion exchange posted by the Bank of Canada on the date of exercise.

(in Canadian dollars)

16. Promissory note (continued)

At June 30, 2021, the Corporation's expected principal and interest repayments is as follows:

	Principal repayments	Interest	Net amount
2021	$ 628,750	$ 12,240	$ 640,990
	$ 628,750	$ 12,240	$ 640,990

17. Term loans - CEBA

During the year ended September 30, 2020, the Corporation received $120,000 interest-free loans from the Canada Emergency Business Account ("CEBA") to cover operating costs as a result of the COVID-19 pandemic. In the period ended June 30, 2021, the Corporation received an additional $60,000. Repaying the balance of the loan on or before December 31, 2022 will result in a loan forgiveness of $45,000. The loans can be extended after the initial period to December 31, 2025 at an interest rate of 5% per annum.

18. Convertible debentures

Private Placement

The Corporation closed eight tranches of a private placement offering (the "Offering") of units (the "Units") of the Corporation on the dates listed in the table below (the "Closing Dates"). Details of each tranche are as follows:

Tranche	Closing Date	Number of Units	Price per Unit (US$)	Gross Proceeds (US$)	Gross Proceeds (CA$)
1	June 30, 2020	3,348	1,000	3,348,000	4,559,869
2	July 31, 2020	346	1,000	346,000	467,448
3	September 17, 2020	800	1,000	800,000	1,056,000
4	October 20, 2020	506	1,000	506,000	665,582
5	December 24, 2020	2,229	1,000	2,229,000	2,860,922
6	December 31, 2020	146	1,000	146,000	185,887
7	February 11, 2021	125	1,000	125,000	158,575
8	June 30, 2021	248	1,000	248,000	307,371

Each Unit consists of one 12% secured convertible debenture of the Corporation (a "Debenture") in the principal amount of US$1,000 (the "Principal Amount") and 7,000 common share purchase warrants (each, a "Unit Warrant"). Each Debentures will have a maturity date of twenty-four (24) months from its respective date of issuance (the "Maturity Date").

Each Debenture shall bear interest at a rate of 12% per annum from the date of issue, payable quarterly in arrears on the last day of March, June, September, and December in each year (each, a "Coupon Date"), commencing on December 31, 2020 for the first four tranches, on March 31, 2021 for the fifth, sixth and seventh tranches, and on September 30, 2021 for the eighth tranche. For the first four tranches, the amount of interest payable on December 31, 2020 represents accrued interest for the period from the respective Closing Dates to December 31, 2020. For the fifth, sixth and seventh tranche, the amount of interest payable on March 31, 2021 represents accrued interest for the period from the respective Closing Dates to March 31, 2021. For the eighth tranche, the amount of interest that will become payable on September 30, 2021 represents accrued interest for the period from the respective Closing Date to September 30, 2021. All accrued but unpaid interest as of each Coupon Date shall be payable by the Corporation in cash and shall accrue interest at a rate of 12% per annum. The Corporation has the right to pre-pay, without penalty, the Principal Amount, and any accrued and unpaid interest thereon at any time before the Maturity Date (the "Call Option"). The Debentures are secured against assets of the Corporation.

The Principal Amount shall be convertible, into MPXI Shares at the option of the holder at any time prior to the earlier of: (i) 6:00 p.m. (Eastern Standard Time) on the Maturity Date; or (ii) the business day immediately preceding the date specified by MPXI for redemption of the Debentures at a conversion price equal to $0.12 per MPXI Share translated at an exchange rate of 1.36 (the "Conversion Option").

18. Convertible debentures (continued)

Private Placement (continued)

Each Warrant entitles the holder thereof to purchase one MPXI Share (each, an “Unit Warrant Share”) at an exercise price of $0.20 (the “Exercise Price”) for a period of twenty-four (24) months from its respective Closing Date (the “Expiry Date”).

In connection with services related to the first tranche the Offering, the Corporation paid cash fees and commissions of $291,470 (US$213,876) and issued an aggregate of 989,999 compensation warrants (the “T1 Compensation Warrants”). Each T1 Compensation Warrant entitles the holder to acquire one MPXI Share at an exercise price of $0.20 per MPXI Share until the Maturity Date of the first tranche the Offering. The T1 Compensation Warrants have been valued at $40,216 (US$29,510) using the Black Scholes option pricing model with the following weighted average assumptions: share price of $0.11; expected dividend yield of 0%; expected volatility of 98.36%; risk free interest rate of 0.28%; and an expected life of 2 years. The expected volatility is based on the historical trading prices of similar companies.

In connection with services related to the third tranche of the Offering, the Corporation paid cash fees and commissions of $6,600 (US$5,000) and issued an aggregate of 91,666 compensation warrants (the “T3 Compensation Warrants”). Each T3 Compensation Warrant entitles the holder to acquire one MPXI Share at an exercise price of $0.20 per Commons Share until the Maturity Date of the third tranche of the Offering. The T3 Compensation Warrants have been valued at $3,794 (US$2,874) using the Black Scholes option pricing model with the following weighted average assumptions: share price of $0.11; expected dividend yield of 0%; expected volatility of 99.66%; risk free interest rate of 0.26%; and an expected life of 2 years. The expected volatility is based on the historical trading prices of similar companies.

In connection with services related to the fifth tranche of the Offering, the Corporation paid cash fees and commissions of $24,387 (US$19,000) and issued an aggregate of 348,333 compensation warrants (the “T5 Compensation Warrants”). Each T5 Compensation Warrant entitles the holder to acquire one MPXI Share at an exercise price of $0.20 per Commons Share until the Maturity Date of the fifth tranche of the Offering. The T5 Compensation Warrants have been valued at $7,952 (US$6,196) using the Black Scholes option pricing model with the following weighted average assumptions: share price of $0.07; expected dividend yield of 0%; expected volatility of 108.79%; risk free interest rate of 0.22%; and an expected life of 2 years. The expected volatility is based on the historical trading prices of similar companies.

In connection with services related to the sixth tranche of the Offering, the Corporation paid cash fees and commissions of $3,628 (US$2,850) and issued an aggregate of 52,250 compensation warrants (the “T6 Compensation Warrants”). Each T6 Compensation Warrant entitles the holder to acquire one MPXI Share at an exercise price of $0.20 per Commons Share until the Maturity Date of the sixth tranche of the Offering. The T6 Compensation Warrants have been valued at $1,047 (US$822) using the Black Scholes option pricing model with the following weighted average assumptions: share price of $0.065; expected dividend yield of 0%; expected volatility of 108.37%; risk free interest rate of 0.20%; and an expected life of 2 years. The expected volatility is based on the historical trading prices of similar companies.

The Corporation used the residual value method to allocate the proceeds of the first eight tranches of the Offering between the liability components of the Debentures, the Call Options, the Conversion Options, and the Unit Warrants. The liability components of the Debentures are measured at fair value. For each Debenture, the Call Option and the Conversion Option are considered a combined derivative liability (each a “Conversion Feature”). The Conversion Features are also measured at fair value. The value of the Unit Warrants is measured as the difference between the face value of the Debentures, the fair value of the liability components of the Debentures, and the fair value of the Conversion Features.

18. Convertible debentures (continued)

Private Placement (continued)

Tranche 1:

The Corporation estimated the fair value of the liability components of the Debentures determined using a binomial lattice model with a risk adjusted interest rate of 26.00%. The liability components have been subsequently measured at amortized cost using an effective interest rate of 31.40%, which takes into consideration transaction costs. The Corporation estimated the fair value of the Conversion Features using a binomial lattice model with the following assumptions: risk free interest rate of 0.25%; share price of $0.11; expected dividend yield of 0% and expected volatility of 100%. Based on these estimates, the liability components of the Debentures were $3,530,959 (US$2,590,959), the Conversion Features were $796,574 (US$584,513), and the Unit Warrants were $235,121 (US$172,528) on issuance. On June 30, 2021, the fair value of the Conversion Features is estimated at $345,449 (September 30, 2020 – $553,410) using a binomial lattice model with the following assumptions: risk free interest rate of 0.07% (September 30, 2020 – 0.22%); share price of $0.11 (September 30, 2020 – $0.10); expected dividend yield of 0% and expected volatility of 40% (September 30, 2020 – 90%). The Corporation recorded an unrealized gain on the change in fair value of derivative liability for the three and nine months ended June 30, 2021 of $1,087,644 (2020 – $Nil) and $100,938 (2020 – $Nil), respectively, in the consolidated statements of loss and comprehensive loss. During the period ended June 30, 2021, the Corporation issued 1,258,000 MPXI Shares resulting from the exercise of the Conversion Features of Debentures with an aggregate principal amount of US$111,000 (See Note 19).

On initial recognition, the Corporation recorded financing fees as follows. Financing fees of $256,686 (US$188,352) were allocated to the liability components of the Debentures and were recorded in the consolidated statements of financial position. Financing fees of $57,908 (US$42,492) were allocated to the Conversion Features and were recorded in the consolidated statements of loss and comprehensive loss. Financing fees of $17,092 (US$12,542) were allocated to the Unit Warrants and were recorded in the consolidated statements of financial position.

Tranche 2:

The Corporation estimated the fair value of the liability components of the Debentures determined using a binomial lattice model with a risk adjusted interest rate of 24.91%. The liability components have been subsequently measured at amortized cost using an effective interest rate of 25.65%, which takes into consideration transaction costs. The Corporation estimated the fair value of the Conversion Features using a binomial lattice model with the following assumptions: risk free interest rate of 0.23%; share price of $0.105; expected dividend yield of 0% and expected volatility of 95%. Based on these estimates, the liability components of the Debentures were $366,400 (US$273,351), the Conversion Features were $71,870 (US$53,618), and the Unit Warrants were $25,508 (US$19,030) on issuance. On June 30, 2021, the fair value of the Conversion Features is estimated at $39,651 (September 30, 2020 – $61,769) using a binomial lattice model with the following assumptions: risk free interest rate of 0.09% (September 30, 2020 – 0.22%); share price of $0.11 (September 30, 2020 – $0.10); expected dividend yield of 0% and expected volatility of 40% (September 30, 2020 – 90%). The Corporation recorded an unrealized gain on the change in fair value of derivative liability for the three and nine months ended June 30, 2021 of $115,824 (2020 – $Nil) and $22,118 (2020 – $Nil), respectively, in the consolidated statements of loss and comprehensive loss.

There were no financing fees recorded in connection with the second tranche of the Offering.

18. Convertible debentures (continued)

Private Placement (continued)

Tranche 3:

The Corporation estimated the fair value of the liability components of the Debentures determined using a binomial lattice model with a risk adjusted interest rate of 25.37%. The liability components have been subsequently measured at amortized cost using an effective interest rate of 26.78%, which takes into consideration transaction costs. The Corporation estimated the fair value of the Conversion Features using a binomial lattice model with the following assumptions: risk free interest rate of 0.24%; share price of $0.11; expected dividend yield of 0% and expected volatility of 90%. Based on these estimates, the liability components of the Debentures were $828,237 (US$627,452), the Conversion Features were $173,753 (US$131,632), and the Unit Warrants were $54,009 (US$40,916) on issuance. On June 30, 2021, the fair value of the Conversion Features is estimated at $100,797 (September 30, 2020 – $159,471) using a binomial lattice model with the following assumptions: risk free interest rate of 0.11% (September 30, 2020 – 0.22%); share price of $0.11 (September 30, 2020 – $0.10); expected dividend yield of 0% and expected volatility of 40% (September 30, 2020 – 90%). The Corporation recorded an unrealized gain on the change in fair value of derivative liability for the three and nine months ended June 30, 2021 of $267,163 (2020 – $Nil) and $58,674 (2020 – $Nil), respectively, in the consolidated statements of loss and comprehensive loss.

On initial recognition, the Corporation recorded financing fees as follows. Financing fees of $8,152 (US$6,176) were allocated to the liability components of the Debentures and were recorded in the consolidated statements of financial position. Financing fees of $1,710 (US$1,296) were allocated to the Conversion Features and were recorded in the consolidated statements of loss and comprehensive loss. Financing fees of $532 (US$402) were allocated to the Unit Warrants and were recorded in the consolidated statements of financial position.

Tranche 4:

The Corporation estimated the fair value of the liability components of the Debentures determined using a binomial lattice model with a risk adjusted interest rate of 28.10%. The liability components have been subsequently measured at amortized cost using an effective interest rate of 25.51%, which takes into consideration transaction costs. The Corporation estimated the fair value of the Conversion Features using a binomial lattice model with the following assumptions: risk free interest rate of 0.14%; share price of $0.10; expected dividend yield of 0% and expected volatility of 40%. Based on these estimates, the liability components of the Debentures were $527,401 (US$401,432), the Conversion Features were $101,642 (US$77,365), and the Unit Warrants were $35,740 (US$27,203) on issuance. On June 30, 2021, the fair value of the Conversion Features is estimated at $67,687 using a binomial lattice model with the following assumptions: risk free interest rate of 0.13%; share price of $0.11; expected dividend yield of 0% and expected volatility of 40%. The Corporation recorded an unrealized gain on the change in fair value of derivative liability for the three and nine months ended June 30, 2021 of $168,313 and $33,955, respectively, in the consolidated statements of loss and comprehensive loss.

There were no financing fees recorded in connection with the fourth tranche of the Offering.

Tranche 5:

The Corporation estimated the fair value of the liability components of the Debentures determined using a binomial lattice model with a risk adjusted interest rate of 20.50%. The liability components have been subsequently measured at amortized cost using an effective interest rate of 19.73%, which takes into consideration transaction costs. The Corporation estimated the fair value of the Conversion Features using a binomial lattice model with the following assumptions: risk free interest rate of 0.13%; share price of $0.07; expected dividend yield of 0% and expected volatility of 40%. Based on these estimates, the liability components of the Debentures were $2,529,762 (US$1,970,987), the Conversion Features were $89,433 (US$69,679), and the Unit Warrants were $241,727 (US$188,334) on issuance. On June 30, 2021, the fair value of the Conversion Features is estimated at $330,472 using a binomial lattice model with the following assumptions: risk free interest rate of 0.16%; share price of $0.11; expected dividend yield of 0% and expected volatility of 40%. The Corporation recorded an unrealized gain (loss) on the change in fair value of derivative liability for the three and nine months ended June 30, 2021 of $739,105 and ($241,039), respectively, in the consolidated statements of loss and comprehensive loss.

18. Convertible debentures (continued)

Private Placement (continued)

Tranche 5: (continued)

On initial recognition, the Corporation recorded financing fees as follows. Financing fees of $28,595 (US$22,279) were allocated to the liability components of the Debentures and were recorded in the consolidated statements of financial position. Financing fees of $1,011 (US$788) were allocated to the Conversion Features and were recorded in the consolidated statements of loss and comprehensive loss. Financing fees of $2,732 (US$2,129) were allocated to the Unit Warrants and were recorded in the consolidated statements of financial position.

Tranche 6:

The Corporation estimated the fair value of the liability components of the Debentures determined using a binomial lattice model with a risk adjusted interest rate of 20.82%. The liability components have been subsequently measured at amortized cost using an effective interest rate of 20.82%, which takes into consideration transaction costs. The Corporation estimated the fair value of the Conversion Features using a binomial lattice model with the following assumptions: risk free interest rate of 0.13%; share price of $0.065; expected dividend yield of 0% and expected volatility of 40%. Based on these estimates, the liability components of the Debentures were $163,600 (US$128,495), the Conversion Features were $5,169 (US$4,060), and the Unit Warrants were $17,118 (US$13,445) on issuance. On June 30, 2021, the fair value of the Conversion Features is estimated at $21,918 using a binomial lattice model with the following assumptions: risk free interest rate of 0.16%; share price of $0.11; expected dividend yield of 0% and expected volatility of 40%. The Corporation recorded an unrealized gain (loss) on the change in fair value of derivative liability for the three and nine months ended June 30, 2021 of $48,326 and ($16,749), respectively, in the consolidated statements of loss and comprehensive loss.

On initial recognition, the Corporation recorded financing fees as follows. Financing fees of $4,115 (US$3,232) were allocated to the liability components of the Debentures and were recorded in the consolidated statements of financial position. Financing fees of $130 (US$102) were allocated to the Conversion Features and were recorded in the consolidated statements of loss and comprehensive loss. Financing fees of $431 (US$338) were allocated to the Unit Warrants and were recorded in the consolidated statements of financial position.

Tranche 7:

The Corporation estimated the fair value of the liability components of the Debentures determined using a binomial lattice model with a risk adjusted interest rate of 20.7%. The liability components have been subsequently measured at amortized cost using an effective interest rate of 20.7%. The Corporation estimated the fair value of the Conversion Features using a binomial lattice model with the following assumptions: risk free interest rate of 0.13%; share price of $0.12; expected dividend yield of 0% and expected volatility of 40%. Based on these estimates, the liability components of the Debentures were $139,857 (US$110,245), the Conversion Features were $18,718 (US$14,755), and the Unit Warrants were $Nil (US$Nil) on issuance. On June 30, 2021, the fair value of the Conversion Features is estimated at $19,956 using a binomial lattice model with the following assumptions: risk free interest rate of 0.18%; share price of $0.11; expected dividend yield of 0% and expected volatility of 40%. The Corporation recorded an unrealized gain (loss) on the change in fair value of derivative liability for the three and nine months ended June 30, 2021, of $41,234 and ($1,238), respectively, in the consolidated statements of loss and comprehensive loss.

There were no financing fees recorded in connection with the seventh tranche of the Offering.

Tranche 8:

The Corporation estimated the fair value of the liability components of the Debentures determined using a binomial lattice model with a risk adjusted interest rate of 22.8%. The liability components have been subsequently measured at amortized cost using an effective interest rate of 22.8%. The Corporation estimated the fair value of the Conversion Features using a binomial lattice model with the following assumptions: risk free interest rate of 0.25%; share price of $0.11; expected dividend yield of 0% and expected volatility of 40%. Based on these estimates, the liability components of the Debentures were $262,628 (US$211,899), the Conversion Features were $44,744 (US$36,101), and the Unit Warrants were $Nil (US$Nil) on issuance. On June 30, 2021, the fair value of the Conversion Features is estimated at $44,744 using a binomial lattice model with the following assumptions: risk free interest rate of 0.25%; share price of $0.11; expected dividend yield of 0% and expected volatility of 40%.

There were no financing fees recorded in connection with the eighth tranche of the Offering.

(in Canadian dollars)

18. Convertible debentures (continued)

Private Placement (continued)

Tranche 8: (continued)

As at June 30, 2021, the Corporation was subject to the following covenant: The Corporation shall achieve positive EBITDA of no less than $350,000 for each quarter commencing with the quarter ended December 31, 2020. While the Corporation did not achieve the above mentioned EBITDA covenant for the three months ended December 31, 2020, the three months ended March 31, 2021, or the three months ended June 30, 2021, the debenture indenture, dated June 30, 2020 as amended, (the “Debenture Indenture”) and pursuant to which the Debentures were issued, provides for a force majeure provision whereby no party shall be liable to the other, or held in breach of the Debenture Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained therein by reason of, inter alia, an epidemic or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under the Debenture Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable thereunder.

The business interruption created by the global shutdowns and travel restrictions following the emergence of the COVID-19 pandemic has had a negative impact on the progress of the multiple domestic and international projects initiated by the Corporation in late 2019 and early 2020 resulting in performance delays that prevented the Corporation from achieving the EBITDA target. As a result, performance of the EBITDA covenant shall be extended pursuant to the force majeure provision.

Bridge Loan

The Corporation completed two drawdowns (each a “Drawdown”) of short-term loan financing (the “Bridge Loan”) on the dates listed in the table below (the “BL Closing Dates”). Details of each drawdown are as follows:

Drawdown	BL Closing Date	Gross Proceeds (US$)	Gross Proceeds (CA$)	Net Proceeds (US$)	Net Proceeds (CA$)
1	April 21, 2021	1,050,000	1,314,916	1,019,417	1,276,616
2	April 30, 2021	1,010,000	1,240,785	980,583	1,204,646

The first two Drawdowns of the Bridge Loan shall bear interest at a rate of 12% and the Bridge Loan lenders (the “Lenders”) received an aggregate of $74,428 (US$60,000) in cash origination fees and 23,420,000 common share purchase warrants (the “BL Bonus Warrants”). Each BL Bonus Warrant shall be exercisable for a period of sixty (60) months from the date of issuance and enable the holder thereof to purchase one common share in the capital of the Corporation at an exercise price equal to $0.20. The Lenders also received options to purchase an aggregate of 1,500,000 units relating to a subsidiary of the Corporation (the “MPXI SIM Options”) on a pro-rata basis. Each MPXI SIM Option enables the holder to purchase a unit (each an “MPXI SIM Unit”) from the Corporation’s equity holdings in SIM which were acquired on May 8, 2021 (see Note 5), for a period of 5 years at an exercise price of US$1 per MPXI SIM Unit. Each MPXI SIM Unit consists of one SIM Share and one half of one SIM Warrant.

Each Drawdown will have a maturity date of three (3) months from its respective BL Closing Date (the “BL Maturity Date”) and bear interest at a rate of 12% per annum calculated in arrears and payable in cash on the earlier of the BL Maturity Date or concurrently with the conversion of the Bridge Loan into the Offering. The principal amount of the Bridge Loan shall automatically convert into units of the Offering at a conversion premium equal to ten percent (10%) of their principal amount. Each Unit of the Offering will be issued on the same terms of the Offering, subject to any amendments, at a price of $1,360 (US$1,000) per Unit with each Unit consisting of one Debenture in the principal amount of $1,360 US$1,000 convertible at a deemed price of $0.13 per share and 7,000 Warrants.

No finder fees have been paid in connection with the Bridge Loan.

18. Convertible debentures (continued)

Bridge Loan (continued)

The Corporation used a model based on the residual value method and using relative fair values to allocate the proceeds of the first two Drawdowns of the Bridge Loan between the liability components of the Bridge Loan, the BL Bonus Warrants, the MPXI SIM Options, Unit Warrants, and the Conversion Features, which assumes conversion of the principal into units of the Offering on the BL Closing Dates. The liability components of the Bridge Loan are measured at fair value and the Conversion Features are also measured at fair value. The aggregate value of the BL Bonus Warrants, the MPXI SIM Options, and the Unit Warrants (the "Residual Components") are measured as the difference between the face value of the Drawdowns, the fair value of the liability components of the Drawdowns, and the fair value of the Conversion Features and is allocated to each Residual Component based on its relative fair value.

<u>Drawdown 1:</u>

The Corporation estimated the fair value of the liability components of Drawdown 1 determined using a binomial lattice model with a risk adjusted interest rate of 23.82%. The liability components have been subsequently measured at amortized cost using an effective interest rate of 34.43%, which takes into consideration loss on initial recognition. The Corporation estimated the fair value of the Conversion Features using a binomial lattice model with the following assumptions: risk free interest rate of 0.15%; share price of $0.12; expected dividend yield of 0% and expected volatility of 40%. Based on these estimates, the liability components of the Debentures were $1,218,410 (US$972,938), the Conversion Features were $352,390 (US$281,394), the BL Bonus Warrants were $Nil (US$Nil), the MPXI SIM Options were (US$Nil), and the Unit Warrants were $Nil (US$Nil) on issuance.

The fair value of the Drawdown 1 components is $1,570,800 (US$1,254,332), which exceeds the transaction price of $1,276,616 (US$1,019,417) giving rise to a loss on initial recognition of $294,184 (US$234,915). The loss on initial recognition has been deferred and will be recognized in income over the expected term of the instrument.

On June 30, 2021, the fair value of the Conversion Features is estimated at $157,416 using a binomial lattice model with the following assumptions: risk free interest rate of 0.22%; share price of $0.11; expected dividend yield of 0% and expected volatility of 40%. The Corporation recorded an unrealized gain on the change in fair value of derivative liability for the three and nine months ended June 30, 2021, of $128,976 in the consolidated statements of loss and comprehensive loss.

On initial recognition, the Corporation recorded loss on initial recognition as follows. Loss on initial recognition of $228,187 (US$182,214) was allocated to the liability components of the Drawdown and was recorded in the consolidated statements of financial position. Loss on initial recognition of $65,997 (US$52,701) was allocated to the Conversion Features and was recorded in the consolidated statements of financial position.

<u>Drawdown 2:</u>

The Corporation estimated the fair value of the liability components of Drawdown 2 determined using a binomial lattice model with a risk adjusted interest rate of 23.63%. The liability components have been subsequently measured at amortized cost using an effective interest rate of 40.43%, which takes into consideration loss on initial recognition. The Corporation estimated the fair value of the Conversion Features using a binomial lattice model with the following assumptions: risk free interest rate of 0.16%; share price of $0.13; expected dividend yield of 0% and expected volatility of 40%. Based on these estimates, the liability components of the Drawdown were $1,152,780 (US$938,364), the Conversion Features were $484,142 (US$394,092), the BL Bonus Warrants were $Nil (US$Nil), the MPXI SIM Options were (US$Nil), and the Unit Warrants were $Nil (US$Nil) on issuance.

The fair value of the Drawdown 2 components is $1,636,922 (US$1,332,456), which exceeds the transaction price of $1,204,646 (US$980,583) giving rise to a loss on initial recognition of $432,276 (US$351,873). The loss on initial recognition has been deferred and will be recognized in income over the expected term of the instrument.

On June 30, 2021, the fair value of the Conversion Features is estimated at $152,820 using a binomial lattice model with the following assumptions: risk free interest rate of 0.22%; share price of $0.11; expected dividend yield of 0% and expected volatility of 40%. The Corporation recorded an unrealized gain on the change in fair value of derivative liability for the three and nine months ended June 30, 2021, of $203,445 in the consolidated statements of loss and comprehensive loss.

(in Canadian dollars)

18. Convertible debentures (continued)

Bridge Loan (continued)

Drawdown 2: (continued)

On initial recognition, the Corporation recorded loss on initial recognition as follows. Loss on initial recognition of $304,399 (US$247,781) was allocated to the liability components of the Drawdown and was recorded in the consolidated statements of financial position. Loss on initial recognition of $127,877 (US$104,092) was allocated to the Conversion Features and was recorded in the consolidated statements of financial position.

19. Share capital

a) Authorized

Unlimited number of common shares without par value

b) Common shares issued

	Number of common shares	Value
Balance, September 30, 2019	135,144,187	$ 63,604,342
Kaajenga Acquisition (Note 5) (i)	3,224,247	1,402,547
Australian Milestone (ii)	2,689,189	1,129,459
Exercise of Warrants	612,602	-
Balance, June 30, 2020	141,670,225	$ 66,136,348
Balance, September 30, 2020	141,670,225	$ 66,136,348
Spartan Milestone (iii)	461,425	46,143
Conversion of debentures (iv)	1,258,000	220,512
Exercise of Warrants	471,479	-
Balance, June 30, 2021	143,861,129	$ 66,403,003

(i) On December 3, 2019, the Corporation acquired the remaining 80% of Kaajenga (Note 5) and issued 3,224,247 MPXI Shares as part of the consideration. The shares were measured at fair value using the quoted share price of $0.435 on December 3, 2019.

(ii) On February 3, 2020, the Corporation granted 2,689,189 MPXI Shares after receiving a medicinal cannabis license (cultivation and production) in Australia. The shares were measured at fair value using the quoted share price of $0.42 on February 3, 2020.

(iii) On October 22, 2020, the Corporation issued 461,425 MPXI Shares to settle a portion of contingent consideration related to the acquisition of Spartan (Notes 14 and 15). The shares were measured at fair value using the quoted share price of $0.10 on October 22, 2020.

(in Canadian dollars)

19. Share capital (continued)

b) Common shares issued (continued)

(iv) On February 25, 2021, the Corporation issued 1,258,000 MPXI Shares resulting from the exercise of the conversion features of certain convertible debentures (Note 18). The shares were measured at the aggregate amount of $220,512 (US $175,663), consisting of the principal amount of the debentures of $139,582 (US $111,000) and a share premium of $80,930 (US $64,663).

20. Other equity

Balance, September 30, 2020	$ 512,705
Warrants to be issued (i)	189,804
Shares to be issued (ii)	106,501
Balance, June 30, 2021	$ 809,010

(i) Pursuant to the investment agreement in connection to the First Growth Acquisition, the Corporation will issue common share purchase warrants (the "FG Warrants") with a total exercise price of up to US$5,000,000 upon achievement of certain milestones (see Note 5). The Corporation considers the warrants to be consideration for future services to assist First Growth in obtaining a cultivation and import/export license from South African Health Products Regulatory Authority. The FG Warrants are accounted for as an equity-settled share-based payment award in accordance with IFRS 2. The warrants include service conditions with non-market performance conditions and non-vesting conditions. The non-vesting conditions are reflected in determining the warrants' fair value, which is attributed to profit or loss over the requisite service period. At each reporting date, the Corporation measures share-based payment expense at the fair value of the underlying instruments expected to vest, and attributes it to profit or loss over time as services are rendered. The service period ended on February 28, 2021.

At February 28, 2021, the fair value of Warrant A has been estimated at $93,701, using the Black Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 100%; (iii) risk free interest rate of 0.40%; (iv) share price of $0.13; and (v) expected life of 3 years. The expected volatility is based on the historical trading prices of similar companies.

At February 28, 2021, the fair value of Warrant B has been estimated at $93,701, using the Black Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 100%; (iii) risk free interest rate of 0.40%; (iv) share price of $0.13; and (v) expected life of 3 years. The expected volatility is based on the historical trading prices of similar companies.

At February 28, 2021, the fair value of Warrant C has been estimated at $144,092, using a Monte Carlo Simulation with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 100%; (iii) risk free interest rate of 0.78%; (iv) share price of $0.13; and (v) expected life of 3 years. The expected volatility is based on the historical trading prices of similar companies.

At February 28, 2021, the fair value of Warrant D has been estimated at $124,156, using a Monte Carlo Simulation with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 100%; (iii) risk free interest rate of 0.78%; (iv) share price of $0.13; and (v) expected life of 3 years. The expected volatility is based on the historical trading prices of similar companies.

At February 28, 2021, the fair value of Warrant E has been estimated at $42,457, using a Monte Carlo Simulation with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 100%; (iii) risk free interest rate of 0.78%; (iv) share price of $0.13; and (v) expected life of 3 years. The expected volatility is based on the historical trading prices of similar companies.

(in Canadian dollars)

20. Other equity (continued)

At February 28, 2021, the fair value of Warrant F has been estimated at $86,103, using a Monte Carlo Simulation with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 100%; (iii) risk free interest rate of 0.78%; (iv) share price of $0.13; and (v) expected life of 3 years. The expected volatility is based on the historical trading prices of similar companies.

The fair value of these FG Warrants is expensed over the expected service period which ended with the Corporation obtaining the import/export license in February 2021. The amount expensed for the three months and nine months ended June 30, 2021 is $Nil (2020 – $Nil) and $189,804 (2020 – $Nil), respectively.

(ii) Pursuant to the Asset Purchase Agreement in connection to the purchase of assets from Blaze 420, the Corporation will issue common shares (the “Blaze Shares”) upon achievement of certain milestones (see Note 5). The Corporation considers the shares to be consideration for the assets acquired. The Blaze Shares are accounted for as an equity-settled share-based payment in accordance with IFRS 2. They include non-vesting conditions which are reflected in determining the shares’ fair value, which is attributed to the timing of the opening of retails stores. The Corporation measured the share-based payment at the fair value of the underlying instruments expected to vest and recorded it as an expense at the date of acquisition.

The fair value of shares relating to Milestone 1 has been estimated at $30,429, using the following assumptions: (i) future value of consideration of $40,000; (ii) discount rate of 23.93%; and (iii) expected delivery date of April 15, 2021. The fair value of shares relating to Milestone 2 has been estimated at $76,072, using the following assumptions: (i) future value of consideration of $100,000; (ii) discount rate of 23.93%; and (iii) expected delivery date of August 15, 2021. As at June 30, 2021 the Milestones have not been met.

21. Stock options

The Corporation has a stock option plan (the “Plan”) under which the directors of the Corporation may grant options to acquire MPXI Shares of the Corporation to qualified directors, officers, employees, and consultants of the Corporation. The maximum number of MPXI Shares allocated to be made available to be issued under the Plan shall not exceed 10% of the issued and outstanding MPXI Shares at the time of grant. Exercise prices cannot be less than the closing price of the MPXI Shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years.
The following table shows the continuity of options:

	Number of options		Weighted average exercise price
Balance, September 30, 2019	3,775,000	$	0.58
Expired	(125,000)		0.59
Granted (d)	87,180		0.365
Balance, June 30, 2020	3,737,180	$	0.57
Balance, September 30, 2020	3,687,180	$	0.58
Granted (e) (f) (g)	11,050,000		0.20
Expired	(1,027,500)		0.58
Balance, June 30, 2021	13,709,680	$	0.28

21. Stock options (continued)

(a) On February 26, 2019, the Corporation granted 3,175,000 stock options to employees, directors and consultants that provide services similar to employees of the Corporation at an exercise price of $0.59 per MPXI Share and expiring on February 26, 2024. The fair value of the options has been estimated at $1,332,962 at the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 92.36%; (iii) risk-free interest rate of 1.77%; (iv) share price of $0.59; forfeiture rate of 5%; and (v) expected life of 5 years. The expected volatility is based on the historical trading prices of similar companies. 2,950,000 of the stock options vested immediately and the remaining 225,000 stock options vested on February 26, 2020. For the three and nine months ended June 30, 2021, the Corporation recorded $Nil (2020 - $Nil and $19,495, respectively) of share-based compensation and $Nil (2020 - $Nil and $17,138, respectively), of consulting fees in the consolidated statements of net loss and comprehensive loss.

(b) On May 29, 2019, the Corporation granted 285,000 stock options to employees and consultants of the Corporation at an exercise price of $0.60 per MPXI Share and expiring on May 29, 2024. The fair value of the options has been estimated at $111,270 at the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0% at May 29,2019; (ii) expected volatility of 83.44%; (iii) risk-free interest rate of 1.77%; (iv) share price of $0.59; forfeiture rate of 5%; and (v) expected life of 5 years. The expected volatility is based on the historical trading prices of similar companies. The stock options vested on May 29, 2020. For the three and nine months ended June 30, 2021, the Corporation recorded $Nil (2020 - $7,491 and $31,127, respectively) of share-based compensation and $Nil (2020 - $9,306 and $38,668, respectively) of consulting fees in the consolidated statements of net loss and comprehensive loss.

(c) On September 19, 2019, the Corporation granted 315,000 stock options to employees and consultants of the Corporation at an exercise price of $0.45 per MPXI Share and expiring on September 19, 2024. The fair value of the options has been estimated at $92,151 at the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0% at September 19, 2019; (ii) expected volatility of 82.97%; (iii) risk-free interest rate of 1.46%; (iv) share price of $0.45; forfeiture rate of 5%; and (v) expected life of 5 years. The expected volatility is based on the historical trading prices of similar companies. 20,000 of the stock options vested immediately and the remaining 295,000 stock options vested on September 19, 2020. For the three and nine months ended June 30, 2021, the Corporation recorded $Nil (2020 - $13,511 and $40,682, respectively) of share-based compensation and $Nil (2020 - $6,929 and $20,863, respectively) of consulting fees in the consolidated statements of net loss and comprehensive loss.

(d) On February 11, 2020, the Corporation granted 87,180 stock options to consultants of the Corporation at an exercise price of $0.50 per MPXI Share and expiring on February 11, 2025. The fair value of the options has been estimated at $19,149 at the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0% at February 11, 2020; (ii) expected volatility of 78.95%; (iii) risk-free interest rate of 1.35%; (iv) share price of $0.35; forfeiture rate of 0%; and (v) expected life of 5 years. The expected volatility is based on the historical trading prices of similar companies. The stock options vested immediately. For the three and nine months ended June 30, 2021, the Corporation recorded $Nil (2020 - $Nil and $19,149, respectively) of consulting fees in the consolidated statements of net loss and comprehensive loss.

(e) On October 15, 2020, the Corporation granted 250,000 stock options to an officer of the Corporation at an exercise price of $0.25 per MPXI Share and expiring on October 15, 2025. The fair value of the options has been estimated at $11,251 at the date of grant using the Black Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0% at October 15, 2019; (ii) expected volatility of 93.34%; (iii) risk free interest rate of 0.34%; (iv) share price of $0.09; forfeiture rate of 5%; and (v) expected life of 5 years. The expected volatility is based on the historical trading prices of similar companies. The stock options will vest on October 5, 2021. For the three and nine months ended June 30, 2021, the Corporation recorded $2,665 and $7,555, respectively, of share-based compensation in the consolidated statements of net loss and comprehensive loss.

(in Canadian dollars)

21. Stock options (continued)

(f) On October 15, 2020, the Corporation granted 250,000 stock options to an officer of the Corporation at an exercise price of $0.35 per MPXI Share and expiring on October 15, 2025. The fair value of the options has been estimated at $9,998 at the date of grant using the Black Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0% at October 15, 2020; (ii) expected volatility of 93.34%; (iii) risk free interest rate of 0.34%; (iv) share price of $0.09; forfeiture rate of 5%; and (v) expected life of 5 years. The expected volatility is based on the historical trading prices of similar companies. The stock options will vest on October 5, 2022. For the three and nine months ended June 30, 2021, the Corporation recorded $1,184 and $3,357, respectively, of share-based compensation in the consolidated statements of net loss and comprehensive loss.

(g) On April 14, 2021, the Corporation granted 10,550,000 stock options to employees, officers, and directors of the Corporation at an exercise price of $0.20 per MPXI Share and expiring on April 14, 2026. The fair value of the options has been estimated at $1,020,920 at the date of grant using the Black Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0% at April 14, 2021; (ii) expected volatility of 99.46%; (iii) risk free interest rate of 0.95%; (iv) share price of $0.14; forfeiture rate of 5%; and (v) expected life of 5 years. The expected volatility is based on the historical trading prices of similar companies. The stock options vested immediately. For the three and nine months ended June 30, 2021, the Corporation recorded $1,020,920 of share-based compensation in the consolidated statements of net loss and comprehensive loss.

The following table reflects the outstanding stock options as at June 30, 2021:

Number of exercisable options	Number of options	Remaining life (years)	Average exercise price	Expiry date
2,112,500	2,112,500	2.66	$ 0.59	Feb 26, 2024
240,000	240,000	2.92	0.60	May 29, 2024
220,000	220,000	3.22	0.45	Sep 19, 2024
87,180	87,180	3.62	0.50	Feb 11, 2025
-	500,000	4.30	0.30	Oct 15, 2025
10,550,000	10,550,000	4.79	0.20	Apr 14, 2026
13,209,680	13,709,680	4.38	$ 0.28	

22. Warrants

	Number of Warrants	Amount
Balance, September 30, 2019	59,944,574	$ 11,434,727
Kaajenga Acquisition (a) (Note 5)	3,224,247	765,945
Granted (b)	8,560	-
Private placement	24,425,999	249,932
Cost of issuance	-	(15,246)
Exercised	(612,602)	-
Expired	(774,009)	-
Balance, June 30, 2020	86,216,769	$ 12,435,358
Balance, September 30, 2020	94,330,435	$ 12,541,696
Granted (c) (d)	136,307	1,356
Private placement (Note 18)	46,598,583	303,584
Cost of issuance	-	(3,163)
Exercised	(471,479)	-
Expired	(4,381)	-
Balance, June 30, 2021	140,589,465	$ 12,843,473

(in Canadian dollars)

22. Warrants (continued)

(a) On December 3, 2019, the Corporation acquired the remaining 80% of Kaajenga (Note 5) and issued 3,224,247 KJ Warrants as part of the consideration. Each KJ Warrant entitles the holder thereof, pursuant to and in accordance with the warrant certificates, to acquire one MPXI Share at a price of $0.61 per MPXI Share for a period of 5 years. The fair value of the KJ Warrants has been estimated at $765,945 at the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 75.23%; (iii) risk-free interest rate of 1.48%; (iv) share price of $0.435; forfeiture rate of 0; and (v) expected life of 5 years. The expected volatility is based on the historical trading prices of similar companies.

(b) During the nine months ended June 30, 2020, the Corporation granted 8,560 common share purchase warrants. Each warrant entitles the holder thereof, pursuant to and in accordance with the warrant certificates, to acquire one MPXI Share at a price of $Nil per MPXI Share and expire on December 22, 2019. This grant was recorded at $Nil. All of these warrants were exercised immediately.

(c) On October 22, 2020, the Corporation granted 68,181 common share purchase warrants to settle a portion of contingent consideration related to the acquisition of Spartan (Notes 14 and 15). Each warrant entitles the holder thereof, pursuant to and in accordance with the warrant certificates, to acquire one MPXI Share at a price of $0.77 per MPXI Share and expire on October 22, 2023. The fair value of the warrants has been estimated at $1,356 at the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 96.60%; (iii) risk-free interest rate of 0.26%; (iv) share price of $0.10; forfeiture rate of 0; and (v) expected life of 3 years. The expected volatility is based on the historical trading prices of similar companies.

(d) On May 25, 2021, the Corporation granted 68,126 common share purchase warrants. Each warrant entitles the holder thereof, pursuant to and in accordance with the warrant certificates, to acquire one MPXI Share at a price of $Nil per MPXI Share and expire on May 25, 2021. This grant was recorded at $Nil. All of these warrants were exercised immediately.

The following table reflects the outstanding warrants as at June 30, 2021:

Number of Warrants	Exercise price	Expiry date
11,411	$ -	October 1, 2021
234,262	-	January 19, 2022
588	-	May 5, 2022
24,425,999	0.20	June 30, 2022
2,422,000	0.20	July 31, 2022
68,181	0.77	August 6, 2022
5,691,666	0.20	September 17, 2022
3,542,000	0.20	October 20, 2022
180,000	-	October 30, 2022
15,951,333	0.20	December 24, 2022
1,074,250	0.20	December 31, 2022
875,000	0.20	February 11, 2023
470,000	-	March 2, 2023
596,828	-	June 8, 2023
1,736,000	0.20	June 30, 2023
68,181	0.77	October 22, 2023
56,052,421	0.60	March 21, 2024
245,098	0.61	July 16, 2024
300,000	0.63	August 6, 2024
3,224,247	0.61	December 3, 2024
11,937,379	0.20	April 21, 2026
11,482,621	0.20	April 30, 2026
140,589,465	$ 0.37	

(in Canadian dollars)

23. Revenue

The Corporation's revenue is derived from contracts with customers.

In the following tables, revenue is disaggregated by primary geographical market and major products.

Disaggregation of revenues

Revenue from external customers for products and services

	Three months Ended June 30, 2021	Three months Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
Sale of goods	**$ 1,299,091**	$ 342,616	**$ 4,827,249**	$ 745,248
Referral revenues [i]	**596,310**	614,479	**1,755,133**	1,630,785
Gross Revenue	**$ 1,895,401**	$ 957,095	**$ 6,582,382**	$ 2,376,033

[i] Revenue from referring customers to certain Licensed Producers.

Revenue from external customers by geographic areas

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
Canada	**$ 1,184,954**	$ 819,671	**$ 4,873,720**	$ 1,960,466
Switzerland	**710,447**	137,424	**1,708,662**	415,567
Gross revenue	**1,895,401**	957,095	**6,582,382**	2,376,033
Excise taxes	**(118,578)**	(36,378)	**(709,800)**	(40,491)
Net revenue	**$ 1,776,823**	$ 920,717	**$ 5,872,582**	$ 2,335,542

24. General and administrative

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
Occupancy costs	**$ -**	$ 132,570	$ **82,078**	$ 383,755
Consulting fees	**255,836**	605,683	**1,175,403**	2,419,949
Office and general	**933,653**	500,002	**2,599,586**	2,347,351
Repairs and maintenance	**4,047**	1,978	**17,287**	34,580
Salaries and benefits	**1,214,185**	1,303,927	**3,964,412**	4,124,441
Sales and marketing	**167,147**	56,737	**301,448**	391,928
Regulatory expenses	**19,486**	51,969	**116,738**	187,042
	$ 2,594,354	$ 2,652,866	$ **8,256,952**	$ 9,889,046

(in Canadian dollars)

25. Income taxes

The Company's combined Canadian federal and provincial statutory income tax rate is 26.5% for the periods ended June 30, 2021 and 2020. The rate is expected to apply for the full year and is applied to the pre-tax income for the three-month period.

The changes in the net deferred tax liability are provided below:

	Nine months ended June 30, 2021	June 30, 2020
Balance, beginning of period	**$ 71,664**	$ 735,333
Income tax expense (recovery)	**21,500**	(494,585)
Net foreign exchange difference	**-**	18,770
Balance, end of period	**$ 93,164**	$ 259,518

The tax rate above is computed using the statutory Canadian tax rate based on Federal and Ontario rates.

26. Related party transactions

During the nine months ended June 30, 2021, an officer and director participated in the sixth and eighth tranches of the Offering for an aggregate of 9 Units for gross proceeds of $11,324 (US$9,000) and advanced funds to the Corporation pursuant to the Bridge Loan for an aggregate amount of $62,615 (US$50,000).

Subsequent to June 30, 2021, an officer and director participated in the ninth tranche of the Offering for an aggregate of 59 Units for gross proceeds of $80,240 (US$59,000) and advanced funds to the Corporation pursuant to the Bridge Loan for an aggregate amount of $4,045 (US$3,236).

During the nine months ended June 30, 2021, a director participated in the fourth, fifth, sixth, and eighth tranches of the Offering for an aggregate of 359 Units for gross proceeds of $464,153 (US$359,000) and advanced funds to the Corporation pursuant to the Bridge Loan for an aggregate amount of $500,920 (US$400,000).

Subsequent to June 30, 2021, a director participated in the ninth tranche of the Offering for an aggregate of 653 Units for gross proceeds of $771,120 (US$653,000) and advanced funds to the Corporation pursuant to the Bridge Loan for an aggregate amount of $240,089 (US$192,071).

On May 25, 2021, the Corporation issued 81,739 MPXI Shares, pursuant to the exercise of warrants, to a director of the Corporation.

Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Corporation. Remuneration of directors and key management personnel of the Corporation was as follows:

	Three Months Ended June 30, 2021	June 30, 2020	Nine Months Ended June 30, 2021	June 30, 2020
Salaries and benefits	**$ 137,576**	$ 191,328	**$ 507,454**	$ 739,872
Share-based compensation	**642,529**	-	**649,592**	-
	$ 780,105	$ 191,328	**$ 1,157,046**	$ 739,872

Related party transactions not disclosed elsewhere are summarized below:

At June 30, 2021, the Corporation has an outstanding balance of $30,281 (ZAR 349,100) (September 30, 2020 – $88,052 (ZAR 1,104,932)) due to Simonsberg who is a 20% shareholder of First Growth. This balance is non-interest bearing and due on demand.

(in Canadian dollars)

26. Related party transactions (continued)

The above noted transactions are agreed to by the parties and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

At June 30, 2021, each of the officers and directors of the Corporation with control of less than 10% of the SIM Shares collectively control 150,200 SIM Shares or approximately 0.94% of the total SIM Shares outstanding.

At June 30, 2021, each of the officers and directors of the Corporation with control of less than 10% of the MPXI Shares collectively control 16,494,527 MPXI Shares or approximately 11.47% of the total MPXI Shares outstanding.

27. Financial instruments - Fair values

Fair values

The carrying values of cash, restricted cash, accounts receivable, accounts payable, accrued liabilities, short-term loans, due to/from related parties and promissory note are a reasonable approximation of their fair values due to their short-term to maturity.

The option component of convertible debentures is estimated at fair value using a binomial lattice model using the following inputs: stock price (Level 1 input); risk-free rates (Level 1 input); credit spread (Level 3 input); volatility (Level 3 input).

28. Segmented information and entity-wide disclosures

(a) ***Operating Segments***

	Canada	Europe/Africa	Asia-Pacific	Total [(1)]
Nine months ended June 30, 2021				
Net revenue	$ 4,163,920	$ 1,708,662	$ -	$ 5,872,582
Gross profit	$ 3,413,926	$ 1,305,436	$ -	$ 4,719,362
Interest and financing charges	$ 206,178	$ 173,123	$ -	$ 379,301
Depreciation and Amortization	$ 2,390,198	$ 1,444,574	$ -	$ 3,834,772
Loss on disposal of assets	$ -	$ 355	$ -	$ 355
Net loss before taxes	$ (9,853,966)	$ (2,226,567)	$ (545,988)	$ (12,626,521)
Income tax (recovery) expense	$ 90,000	$ 662	$ 16,180	$ 106,842
Nine months ended June 30, 2020				
Net revenue	$ 1,905,599	$ 429,943	$ -	$ 2,335,542
Gross profit	$ 3,243,895	$ 462,490	$ -	$ 3,706,385
Interest and financing charges	$ 158,074	$ 218,697	$ -	$ 376,771
Depreciation and Amortization	$ 2,398,472	$ 1,178,233	$ -	$ 3,576,705
Loss on disposal of assets	$ 1,126,795	$ 242,355	$ 857,197	$ 2,226,347
Net Profit (loss) before taxes	$ (5,996,405)	$ (5,681,826)	$ (1,111,026)	$ (12,789,257)
Income tax (recovery) expense	$ -	$ (494,585)	$ -	$ (494,585)

The Corporation's business is organized into the following three operating segments: Canada, Europe/Africa, and Asia-Pacific. The Canada operating segment's principal business activities consist of production and sale of cannabis, video learning and engagement, and patient counselling and referral services. The Europe/Africa operating segment's principal business activities consist of production and sale of cannabis and hemp related products. The Asia-Pacific operating segment's principal business activities consist of production and sale of cannabis.

(in Canadian dollars)

28. Segmented information and entity-wide disclosures (continued)

(b) *Geographical Segments*

	Canada	Europe/Africa	Asia-Pacific	Total
Non-current assets				
June 30, 2021	$ 28,066,151	$ 11,989,592	$ 2,986,502	$ 43,042,245
September 30, 2020	$ 29,858,596	$ 13,655,789	$ 1,213,632	$ 44,728,017
Period ended June 30, 2021				
Net revenue	$ 4,163,920	$ 1,708,662	$ -	$ 5,872,582
Gross profit	$ 3,413,926	$ 1,305,436	$ -	$ 4,719,362
Period ended June 30, 2020				
Net revenue	$ 1,905,599	$ 429,943	$ -	$ 2,335,542
Gross profit	$ 3,243,895	$ 462,490	$ -	$ 3,706,385

29. Subsequent events

(a) In July and August 2021, the Corporation drew down on the Bridge Loan in the aggregate amount of $1,404,691 (US$1,123,753) and issued 7,886,047 Bonus Warrants (the “Subsequent BL Drawdowns”).

The Bridge Loan bears interest at a rate of 12% per annum calculated in arrears and payable in cash on the earlier of the BL Maturity Date or concurrently with the conversion of the Bridge Loan principal into Units of the Offering.

Each Unit of the Offering will be issued on the same terms as the Offering, subject to certain amendments, at a price of C$1,360 (US$1,000) per Unit with each Unit consisting of one Debenture in the principal amount of C$1,360 US$1,000) convertible at a deemed price of $0.13 per share and 7,000 Warrants.

No finder fees have been paid in connection with the Subsequent BL Drawdowns.

(b) On August 27, 2021, pursuant to the automatic conversion of the Bridge Loan into Units, the Corporation issued a total of 3,543 Debentures convertible into 37,065,208 MPXI Shares at a deemed conversion price of $0.13 per MPXI Share and issued a total of 24,801,000 Debenture Warrants entitling the holder to acquire one additional MPXI Share at an exercise price of $0.20 per MPXI Share for a period of five (5) years from the date of issuance.