Radient Technologies Inc.

Interim Condensed Consolidated Financial Statements

Three months ended June 30, 2022 and 2021
(Unaudited)

Contents

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

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

Radient Technologies Inc.
Interim condensed consolidated statements of financial position

As at	June 30, 2022	March 31, 2022
Assets		
Current assets		
Cash	**$ 34,557**	$ 31,878
Lease receivable	**8,458**	21,008
Accounts receivable	**695,307**	117,376
Prepaids and deposits	**341,826**	306,817
Inventories	**2,336,610**	2,121,536
	3,416,758	2,598,615
Non-current assets		
Long-term prepaid and deposits	**147,651**	147,651
Lease assets	**310,785**	380,434
Plant and equipment	**21,848,414**	22,251,567
Intangible assets	**2,312,209**	2,356,274
	24,619,059	25,135,926
Total assets	**$ 28,035,817**	$ 27,734,541
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 19,908,356**	$ 18,192,063
Short-term borrowings (Note 5)	**1,280,000**	1,245,000
Facility construction liabilities	**6,139,757**	6,015,277
Current portion of long-term debt (Note 6)	**10,759,774**	10,809,814
Lease liabilities	**1,494,307**	1,437,349
	39,582,194	37,699,503
Non-current liabilities		
Lease liabilities	**87,543**	160,817
	87,543	160,817
	39,669,737	37,860,320
Shareholders' deficit		
Common shares (Note 7)	**131,900,808**	131,900,808
Contributed surplus	**10,155,569**	12,073,403
Deficit	**(153,690,297)**	(154,099,990)
	(11,633,920)	(10,125,779)
Total liabilities and shareholders' deficit	**$ 28,035,817**	$ 27,734,541

See accompanying notes to the interim condensed consolidated financial statements

Approved by the Board of Directors:

Director (signed by) "Harry Kaura"   Director (signed by) "Jocelyne Lafreniere"

Radient Technologies Inc.
Interim condensed consolidated statements of operations and comprehensive loss

	Three months ended June 30, 2022	2021
Revenues		
Manufactured products	$ **569,414**	$ 732,400
Manufacturing services	**-**	16,822
	569,414	749,222
Cost of sales		
Manufactured products	**563,257**	683,167
	563,257	683,167
	6,157	66,055
Expenses		
General and administrative	**398,201**	542,515
Financing fees	**552,183**	423,501
Depreciation and amortization	**453,611**	451,774
Production plant	**186,613**	407,703
Engineering	**1,097**	13,615
Process development	**2,307**	62,136
Research and development	**33,548**	59,779
Quality control and assurance	**31,126**	50,771
Business development	**77,582**	52,697
Corporate development	**-**	5,591
	1,736,268	2,070,082
Loss before other expenses	**(1,730,111)**	(2,004,027)
Other income (expenses)		
Share-based payments (Note 7)	**(4,567)**	(1,411)
Gain on modification of long-term debt (Note 6)	**248,412**	-
Loss on disposal of property and equipment	**-**	(85,272)
Foreign exchange (loss) gain	**(16,560)**	105,998
Interest and other income	**(9,882)**	(9,284)
	217,403	10,031
Net loss and comprehensive loss	$ **(1,512,708)**	$ (1,993,996)
Basic and diluted loss per common share	$ **-**	$ -
Weighted average number of common shares outstanding		
Basic and diluted	**530,868,021**	432,546,200

See accompanying notes to the interim condensed consolidated financial statements

Radient Technologies Inc.
Interim condensed consolidated statements of cash flows

For the three months ended June 30,	2022	2021
Operating Activities		
Net loss	$ (1,512,708)	$ (1,993,996)
Adjustments for:		
Interest expense and pay-out penalties	9,882	16,703
Depreciation and amortization	453,611	451,774
Share-based payments (Note 7)	4,567	1,411
Gain on modification of long-term debt (Note 6)	(248,412)	-
Loss on disposal of plant and equipment	-	85,272
Accretion of loss on modification of long-term debt (Note 6)	-	(81,759)
	(1,293,060)	(1,520,595)
Change in non-cash operating working capital (Note 4)	1,260,739	1,172,391
Cash used in operating activities	(32,321)	(348,204)
Financing Activities		
Repayment of long-term debt (Note 6)	-	13,016
Promissory note received (Note 5)	35,000	-
Cash provided by financing activities	35,000	13,016
Investing Activities		
Increase in long-term prepaids and deposits	-	(9,746)
Cash used in investing activities	-	(9,746)
Net increase / (decrease) in cash	2,679	(344,934)
Cash, beginning of period	31,878	485,544
Cash, end of the period	$ 34,557	$ 140,610

Non-cash transactions (Note 4)

See accompanying notes to the interim condensed consolidated financial statements

Radient Technologies Inc.
Interim condensed consolidated statements of changes in deficit

		Common Shares		Contributed Surplus		Deficit		Equity
Balance March 31, 2021	$	127,127,480	$	17,020,655	$	(146,678,008)	$	(2,529,873)
Share-based payments		-		1,411		-		1,411
Net loss		-		-		(1,993,996)		(1,993,996)
Balance March 31, 2022	$	127,127,480	$	17,022,066	$	(148,672,004)	$	(4,522,458)

		Common Shares (Note 7)		Contributed Surplus (Note 7)		Deficit		Deficit
Balance March 31, 2022	**$**	**131,900,808**	**$**	**12,073,403**	**$**	**(154,099,990)**	**$**	**(10,125,779)**
Share-based payments		**-**		**4,567**		**-**		**4,567**
Option and warrant expiry		**-**		**(1,922,401)**		**1,922,401**		**-**
Net loss		**-**		**-**		**(1,512,708)**		**(1,512,708)**
Balance June 30, 2022	**$**	**131,900,808**	**$**	**10,155,569**	**$**	**(153,690,297)**	**$**	**(11,633,920)**

See accompanying notes to the interim condensed consolidated financial statements

1. Nature of operations and going concern

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

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

The Company has incurred significant losses to date. The net loss for the three months ended June 30, 2022 totaled $1,512,708 (three months ended June 30, 2021 – $1,993,996) and as at June 30, 2022 the Company had a deficit of $153,690,297 (March 31, 2022 - $154,099,990).

In addition, at June 30, 2022, the Company's current liabilities exceeded its current assets by $36,165,436 (March 31, 2022 – $35,100,888). At June 30, 2022, the Company was in arrears with certain trade creditors, rent, wages, long-term debt, and lease liabilities. Certain of the Company's trade creditors are pursuing legal recourse for the amounts outstanding. The Company has been able thus far to negotiate settlements with the trade creditors on a case-by-case basis. Subsequent to June 30, 2022, the Company received a demand note from a creditor. On May 16, 2022, the Company received a demand letter from the CRA requesting payment of all outstanding excise tax owing. The Company was permitted to renew their cannabis license for an additional six months, from July 6, 2022 to January 5, 2023. These balances and the changes year over year indicate that there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

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

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

During the 2020, 2021 and 2022 calendar years, there continued to be a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations. Management has given consideration to the impact of COVID-19 on the Company and has concluded that the interim condensed consolidated financial statements appropriately reflect and disclose management's best estimate and uncertainty regarding the impact of COVID-19 on the Company's future operations and financial results.

These interim condensed consolidated financial statements, including comparatives, were authorized for issue by the Board of Directors of the Company on October 20, 2022.

2. Basis of presentation

a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34: "Interim Financial Reporting", as issued by the International Accounting Standards Board (IASB). The same accounting policies were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended March 31, 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

b) Basis of consolidation

The interim condensed consolidated financial statements of the Company include the financial statements of Radient Technologies Inc. and its wholly-owned subsidiaries Radient Technologies (Cannabis) Inc. ("RTC"), Radient Technologies Innovations Inc. ("RII"), and 1631807 Alberta Ltd.

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

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

c) Basis of measurement

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

d) Functional and presentation currency

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

3. Summary of significant accounting policies

Significant estimates

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

New accounting standards issued but not yet effective

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

4. Change in non-cash operating working capital

	June 30, 2022	June 30, 2021
Accounts receivable	$ (565,381)	$ (227,622)
Prepaids and deposits	(35,009)	(63,054)
Inventories	(215,074)	(153,704)
Facility construction liabilities	124,480	-
Accounts payable and accrued liabilities	1,951,723	1,616,771
Net change in non-cash operating working capital	$ 1,260,739	$ 1,172,391

5. Short-term borrowings

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

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

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

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

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

This loan was not repaid on June 1, 2021 and as such, an interest expense of $90,000 was recorded in the statement of operations for the three months ended June 30, 2022, (three months ended June 30, 2021 - $120,000).

The Company entered into $545,033 in promissory notes during the year ended March 31, 2022 and repaid $300,033 of the promissory notes. The promissory notes matured six months from the date of the promissory note issuance. The outstanding promissory notes matured on February 10, 2022, February 21, 2022 and March 20, 2022. The remaining promissory notes were not repaid as of June 30, 2022.

The Company entered into a $35,000 promissory note during the three months ended June 30, 2022. The promissory note mature six months from the date of the promissory note issuance. The promissory note matures on December 22, 2022.

6. Long-term debt

	June 30, 2022	March 31, 2022
Loan payable bearing interest at 5.80% with monthly payments of $9,327 maturing October 1, 2021 (Note 11(a))	**$ 84,395**	$ 141,990
Loan payable bearing interest at 4.55% with monthly payments of $2,586 maturing March 1, 2023 (Note 11(a))	**81,482**	81,482
Loan payable bearing interest at Bank of Canada policy interest rate plus 3% with variable payments maturing June 1, 2025 (Note 11(b))	**657,266**	657,266
Mortgage payable bearing interest at the greater of 9.99% or Bank of Nova Scotia prime rate plus 7.54% per annum with monthly interest only payments required and principal maturing on November 1, 2022 (Note 11(c))	**9,929,076**	9,929,076
	10,752,219	10,809,814
Current portion	**(10,752,219)**	(10,809,814)
	$ -	$ -

For the three months ended June 30, 2022, total interest expense related to long-term debt was $281,817 ($331,851 for the three months ended June 30, 2021).

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

As at June 30, 2022, the Company was 28 months in arrears on these loans. Arrears interest and penalties owing are $2,847 (March 31, 2022 - $10,833) and are included in accounts payable and accrued liabilities. AFSC had provided the Company until February 15, 2021 to cure the payments in arrears as well as the additional arrears interest and penalties. The Company did not pay these arrears to the AFSC by February 15, 2021. On October 27, 2021, the Company received a notice of intention to enforce security in relation to the AFSC loans. Attempts to negotiate a forbearance agreement with AFSC have not been successful and AFSC has indicated its intention to collect Company assets to satisfy the liability. The Company has been working with AFSC to secure an orderly sale of non-core assets to satisfy its obligation to AFSC, however, in June 2022, AFSC indicated that they would no longer accept partial payments of the loan and were in the process of securing an auctioneer to assist with the sale of select assets of the Company.

The Company repaid $57,595 of the AFSC loan during the three months ended June 30, 2022.

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

As at June 30, 2022, the Company was 25 months in arrears on the AAFC loan with arrears interest owing of $57,834 (March 31, 2022 - $51,576) which is included in accounts payable and accrued liabilities.

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

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

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

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

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

On November 1, 2021, the Company's loan with Moskowitz matured. The Company negotiated a loan renewal with Moskowitz. Under the renewal, outstanding interest of $1,429,076 was added to the outstanding principal of $8,500,000 for total principal of $9,929,076, with an interest rate of the greater of 9.99% or Bank of Nova Scotia prime rate plus 7.54% per annum, and a maturity date of November 1, 2022. The renewal agreement included a renewal fee of $99,929, payable in three installments of $33,309 on February 1, 2022, March 1, 2022 and April 1, 2022. Further, the Company will pay bonus interest of 10,000,000 common share purchase warrants, entitling the mortgage holder to purchase one common share of the Company for each warrant. at a price of $0.085, expiring December 1, 2023 as part of the renewal agreement. The value of the warrants has been estimated to be $200,148 using the Black-Scholes model with the following assumptions: share price of $0.05, volatility of 99.93% based on the Company's historical volatility, risk-free rate of $1.35%, 0% dividend yield and time to maturity of 1 years, and has been included in accounts payable and accrued liabilities as at June 30, 2022.

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

On April 4, 2022, the Company amended the mortgage with Moskowitz adjusting the exercise period of the 10 million common share purchase warrants to one year, down from a two-year exercise period under the original agreement. The value of the warrants has been estimated to be $200,148 using the Black-Scholes model with the following assumptions: share price of $0.05, volatility of 99.93% based on the Company's historical volatility, risk-free rate of $1.35%, 0% dividend yield and time to maturity of 1 years, and has been included in accounts payable and accrued liabilities as at June 30, 2022. As a result of this change, the Company recorded a gain on modification of the loan of $248,412 on the consolidated statement of operations.

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

7. Share capital

a) Common shares

i) Authorized

Unlimited number of common shares without par value

i) Issued and outstanding common shares

	Shares		Amount
Balance, March 31, 2021	432,546,200	$	127,127,480
Shares issued for debt	7,179,974		417,770
Shares issued for services	261,133		21,000
Private placement	20,880,714		1,029,558
Tunaaaa acquisition	70,000,000		3,305,000
Balance, March 31, 2022 and June 30, 2022	530,868,021	$	131,900,808

Finder's options

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

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

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

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

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

	Three months ended June 30, 2022		Year ended March 31, 2022	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of year	**1,630,275**	**$ 0.20**	**1,630,275**	**$ 0.20**
Outstanding, end of year	**1,630,275**	**$ 0.20**	**1,630,275**	**$ 0.20**

There were no finders' options exercised during the three months ended June 30, 2022 and year ended March 31, 2022.

If exercised, the options outstanding at June 30, 2022 of 1,630,275 would include 1,630,275 common shares and 1,630,275 common share purchase warrants.

Shares and units issued for debt

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

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

During the year ended March 31, 2022, the Company recognized a gain on equity settled payables of $36,139. Shares issued for debt with related parties are recorded at the value of the debt settled with no gain or loss recorded through the consolidated statement of operations.

Shares for services

There were 261,133 common shares of the Company issued during the year ended March 31, 2022 with a net value allocated to common shares of $21,000 related to the shares for service agreement described above. There were no shares issued for services in the three months ended June 30, 2022.

Warrants

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

	Three months ended June 30, 2022			Year ended March 31, 2022		
	Number of warrants		**Weighted average exercise price**	Number of warrants		Weighted average exercise price
Outstanding, beginning of year	**67,988,841**	**$**	**0.21**	42,683,781	$	0.29
Warrants issued	**-**		**0.12**	35,880,714		0.12
Warrants expired	**(3,358,127)**		**0.25**	(10,575,654)		0.25
Outstanding, end of year	**64,630,714**	**$**	**0.21**	67,988,841	$	0.21

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

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

The following table summarizes information about warrants outstanding as at June 30, 2022 and March 31, 2022.

June 30, 2022				March 31, 2022			
	Exercise price	**Number of warrants**	**Remaining contractual life (years)**		Exercise Price	Number of warrants	Remaining contractual life (years)
	-	**-**	**-**		0.30	3,358,127	0.2
	0.30	**28,750,000**	**1.4**		0.30	28,750,000	1.4
	0.10	**20,884,714**	**1.5**		0.10	20,884,714	1.5
	0.15	**15,000,000**	**1.8**		0.15	15,000,000	1.8
$	**0.21**	**64,630,714**	**1.1**	$	0.21	67,988,841	1.3

d) Stock option plan

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

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

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

	Three months ended June 30, 2022			Year ended March 31, 2022		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Outstanding, beginning of period	**18,230,772**	**$**	**0.58**	29,838,447	$	0.58
Options granted	**-**		**-**	-		-
Options expired	**(3,967,772)**		**0.58**	(10,317,050)		0.58
Options forfeited	**-**		**0.12**	(1,290,625)		0.12
Outstanding, end of period	**14,263,000**	**$**	**0.62**	18,230,772	$	0.62
Exercisable, end of period	**13,986,360**	**$**	**0.64**	17,797,062	$	0.64

There were no stock options granted during the three months ended June 30, 2022 and the year ended March 31, 2022.

The Company issued 2,000,000 options to a director of the Company on February 11, 2021 that will vest based on performance milestones. The milestones for these options had not been defined as at June 30, 2022 and therefore, the options are not considered to be granted.

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

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

There were no stock options exercised during the three months ended June 30, 2022 or the year ended March 31, 2022.

The following table summarizes information about stock options outstanding as at June 30, 2022 and March 31, 2022:

June 30, 2022				March 31, 2022		
Exercise price	**Number of options**	**Remaining contractual life (years)**		Exercise price	Number of options	Remaining Contractual life (years)
$ -	**-**	**-**	$	0.66	2,267,772	0.0
1.82	**518,000**	**0.4**		1.82	518,000	0.7
1.20	**50,000**	**0.9**		1.20	50,000	1.2
1.82	**2,600,000**	**1.3**		1.82	2,600,000	1.5
0.87	**2,225,000**	**1.4**		0.87	2,425,000	1.7
0.93	**20,000**	**1.9**		0.93	20,000	2.2
0.75	**300,000**	**2.0**		0.75	400,000	2.2
0.58	**150,000**	**2.3**		0.58	150,000	2.6
0.37	**250,000**	**2.7**		0.37	500,000	2.9
0.175	**250,000**	**2.9**		0.175	400,000	3.2
0.10	**750,000**	**3.3**		0.10	1,000,000	3.5
0.15	**7,150,000**	**3.6**		0.15	7,900,000	3.9
$ 0.58	**14,263,000**	**2.6**	$	0.58	18,230,772	2.5

The total share-based payments recognized during the three months ended June 30, 2022 of $4,567 ($1,411 for the three months ended June 30, 2021) were recorded as an expense.

8. Commitments and contingencies

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

		June 30, 2022		March 31, 2022
Capital expansion projects	**$**	**1,340,542**	$	1,340,542
Leases not yet commenced		**130,500**		130,500
Variable lease payments for lease liabilities		**1,066,488**		1,183,003
Network services contracts		**36,342**		7,568
Purchase and retrofitting of equipment		**89,083**		89,083
Maintenance contracts		**-**		12,567
Direct materials		**570,000**		570,000
	$	**3,232,955**	$	3,333,263

9. Financing fees

	Three months ended	June 30,
	2023	2022
Amortization of financing costs on long-term debt	**$ -**	$ 51,859
Interest on long-term debt	**281,817**	331,851
Interest on lease liabilities	**6,886**	-
Interest on short-term borrowings	**108,480**	120,000
Accretion of interest	**-**	(81,759)
Other	**155,000**	1,550
	$ 552,183	$ 423,501

10. Related party transactions

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

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

a) Key management personnel and director remuneration

The remuneration of directors and key management personnel follows:

Three months ended June 30,	**2022**	2021
Compensation	**$ 64,875**	$ 73,875
Short-term benefits	**-**	-
	$ 64,875	$ 73,875

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

As at June 30, 2022, $816,290 (March 31, 2022 - $621,680) was included in accounts payable and accrued expenses for amounts owing to key management personnel, directors and companies controlled by key management personnel or directors.

b) Loans and cash advances

i) During the three months ended June 30, 2022

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

11. Financial instruments

Liquidity risk

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

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

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

	< 1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	$19,908,356	$ -	$ -	$ -	$19,908,356
Facility construction liabilities	6,139,757	-	-	-	6,139,757
Short-term borrowings	1,280,000	-	-	-	1,280,000
Long-term debt	10,759,774	-	-	-	10,759,774
Lease liabilities	1,494,307	87,543	-	-	1,581,850
Balance June 30, 2022	$39,582,194	$ 87,543	$ -	$ -	$39,669,737
Accounts payable and accrued liabilities	$18,192,063	$ -	$ -	$ -	$18,192,063
Facility construction liabilities	6,015,277	-	-	-	6,015,277
Short-term borrowings	1,245,000	-	-	-	1,245,000
Long-term debt	10,809,814	-	-	-	10,809,814
Lease liabilities	1,437,349	160,817	-	-	1,598,166
Balance March 31, 2022	$37,699,503	$ 160,817	$ -	$ -	$37,860,320

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

12. Employee salaries and benefits

13. Subsequent Events

Private placement

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

Moskowitz Capital Mortgage Fund II Inc.

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