TARGET CAPITAL INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE THREE MONTHS ENDED JUNE 30, 2020 AND 2019

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements of Target Capital Inc. ("**Target**" or the "**Corporation**") as at and for the three months ended June 30, 2020 have been prepared by and are the responsibility of the Corporation's management.

In accordance with National Instrument 51-102, the Corporation discloses that its independent auditor has not performed an audit or review of these unaudited condensed consolidated interim financial statements.

TARGET CAPITAL INC.

Condensed Consolidated Interim Statements of Financial Position

(expressed in Canadian dollars)

As at	Notes	**June 30, 2020 (Unaudited)**	March 31, 2020 Audited
ASSETS			
Current assets			
Cash		**21,556**	254,607
Short-term investments	4	**500,000**	1,000,000
Accounts receivable		**151,087**	281,193
Prepaid expenses		**-**	9,984
Total current assets		**672,643**	1,545,784
Non-current assets			
Investments in private companies	7	**8,950**	8,950
Other investments	8	**116,667**	116,667
Property and equipment	9	**4,519**	4,925
Total non-current assets		**130,136**	130,542
Total assets		**802,779**	1,676,326
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**200,011**	161,376
Total current liabilities		**200,011**	161,376
Total liabilities		**200,011**	161,376
EQUITY			
Share capital	10	**5,130,024**	5,130,024
Warrants	10	**1,844,165**	1,844,165
Contributed surplus		**2,420,045**	2,420,045
Accumulated other comprehensive income		**31,760**	31,760
Accumulated deficit		**(8,823,131)**	(7,910,949)
Equity attributable to owners of the Corporation		**602,863**	1,515,045
Non-controlling interest		**(95)**	(95)
Total equity		**602,768**	1,514,950
Total liabilities and equity		**802,779**	1,676,326

Going concern (note 2a)

Subsequent events (note 16)

APPROVED BY THE BOARD OF DIRECTORS:

/s/ Ron Hozjan
Director

/s/ Theo Zunich
Director

See accompanying notes to the condensed consolidated interim financial statements

TARGET CAPITAL INC.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
Unaudited *(expressed in Canadian dollars, except per share amounts)*

	Notes	Three months ended June 30, 2020	2019
REVENUE			
Private company investment fees		**17,333**	175,087
Interest and other income		**4,102**	-
		21,435	175,087
EXPENSES			
General and administration		**111,398**	112,268
Royalties		**1,813**	11,080
Provision of expected credit losses		**-**	72,095
Depreciation	9	**406**	406
		113,617	195,849
NET LOSS FROM OPERATIONS		**(92,182)**	(20,762)
Impairment	5	**(820,000)**	**-**
NET LOSS BEFORE TAX		**(912,182)**	(20,762)
Deferred income tax		**-**	-
NET LOSS		**(912,182)**	(20,762)
OTHER COMPREHENSIVE LOSS			
Fair value change	5	**(820,000)**	-
Impairment	5	**820,000**	-
Unrealized loss on other investments		**-**	(58,333)
NET LOSS AND COMPREHENSIVE LOSS		**(912,182)**	(79,095)
Net loss per share - basic and diluted	13	**(0.01)**	(0.00)

See accompanying notes to the condensed consolidated interim financial statements

TARGET CAPITAL INC.
Condensed Consolidated Interim Statements of Changes in Equity
Three months ended June 30, 2020 and 2019
Unaudited *(expressed in Canadian dollars)*

	Notes	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive income	Accumulated deficit	Non-controlling interest	Total equity
As at March 31, 2019		5,130,024	1,844,165	2,310,260	240,093	(6,150,939)	(95)	3,373,508
Unrealized loss on other investments		-	-	-	(58,333)	-	-	(58,333)
Net loss		-	-	-	-	(20,762)	-	(20,762)
As at June 30, 2019		**5,130,024**	**1,844,165**	**2,310,260**	**181,760**	**(6,171,701)**	**(95)**	**3,294,413**
As at March 31, 2020		5,130,024	1,844,165	2,420,045	31,760	(7,910,949)	(95)	1,514,950
Fair value change	5	-	-	-	(820,000)	-	-	(820,000)
Impairment	5	-	-	-	820,000	-	-	820,000
Net loss		-	-	-	-	(912,182)	-	(912,182)
As at June 30, 2020		**5,130,024**	**1,844,165**	**2,420,045**	**31,760**	**(8,823,131)**	**(95)**	**602,768**

See accompanying notes to the condensed consolidated interim financial statements

TARGET CAPITAL INC.
Condensed Consolidated Interim Statements of Cash Flows
Unaudited *(expressed in Canadian dollars)*

	Notes	Three months ended June 30, 2020	2019
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES			
Net loss		**(912,182)**	(20,762)
Items not involving cash:			
Depreciation	9	**406**	406
Impairment	5	**820,000**	-
Change in non-cash operating working capital	14	**178,725**	5,976
		86,949	(14,380)
CASH FLOW FROM FINANCING ACTIVITIES		**-**	-
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES			
Short-term investments		**500,000**	-
Related party advances	5	**(820,000)**	-
		(320,000)	-
Net increase (decrease) in cash		**(233,051)**	(14,380)
Cash, beginning of period		**254,607**	2,767,824
Cash, end of period		**21,556**	2,753,444

See accompanying notes to the condensed consolidated interim financial statements

1. REPORTING ENTITY AND NATURE OF OPERATIONS

Target Capital Inc. ("**Target**" or the "**Corporation**") was incorporated under the Business Corporations Act of Alberta, Canada. The Corporation's registered office is located at Suite 4300, 888 – 3rd Street SW, Calgary, Alberta, T2P 5C5.

The Corporation's shares ("**Target Shares**") were listed on the TSX Venture Exchange ("**TSXV**") between December 19, 2008 and April 14, 2021 and listed on the Canadian Securities Exchange ("**CSE**") between July 8, 2014 and April 15, 2021 under the symbol "**TCI**".

On November 4, 2020, the Alberta Securities Commission issued a cease trade order for failure to file the Corporation's audited consolidated financial statements and management's discussion and analysis for the financial year ended March 31, 2020 and unaudited condensed consolidated interim financial statements and management's discussion and analysis for the quarter ended June 30, 2020. The Corporation has not filed consolidated financial statements and management's discussion and analysis for all periods subsequent to December 31, 2019. In connection with the delay in filing continuous disclosure documents, the listing of the Target Shares was transferred from the TSXV to the NEX board of the TSXV on April 14, 2021 and the Target Shares were delisted from the Canadian Securities Exchange. The trading symbol of the Target Shares was also changed from TCI to TCI.H.

During the reporting period, Target's principal activities included the administration of its portfolio of private company investments as well as the continued sourcing and evaluation of strategic alternative investments to enhance shareholder value. The nature of the Corporation's investments in the private companies enables the debt securities of the private companies to be eligible for registered retirement savings plans, registered education savings plans, registered retirement income funds, locked-in retirement accounts or tax-free savings accounts ("**Deferred Plans**"). The promoters managing these companies use the capital raised at their own discretion, without reliance on management or resources of the Corporation. Target's management and capital are not committed to these private companies.

Target earns annual fees enabling these companies to raise funds from Deferred Plans. The annual fee is generally the greater of $2,500 or 0.5% of the total capital raised by each private company from Deferred Plans.

Subsequent to the delisting of Target's shares on the TSXV and CSE in April 2021, the private company investees have terminated the relationship with the Corporation and Target does not anticipate any revenue to be earned from the private company investments subsequent to the delisting of the Target Shares.

Current Operating Environment and COVID-19

In January 2020, the World Health Organization declared the novel Coronavirus disease ("**COVID-19**") outbreak a public health emergency of international concern and in March 2020, declared it to be a pandemic. Responses to the spread of COVID-19 resulted in a significant disruption to business operations and resulted in a significant increase in economic uncertainty. These events have resulted in a volatile and challenging economic climate which have adversely affected the Corporation's operational results and financial position. As such, the Corporation is subject to significant risk as it is dependent on the success of raising funds, the completion of a material transaction, the monetization of investments, the repayment of outstanding loan amounts, or an alternative transaction that improves the cash and working capital position of the Corporation.

The COVID-19 pandemic remains an evolving situation that has had, and may continue to have, a significant impact on the Corporation's results of operations, financial condition and the environment in which it operates. Economic conditions remain uncertain due to the potential impact of recent COVID-19 variants of concern, which have the potential to delay the recovery of global economic conditions and therefore the situation remains dynamic and the ultimate duration and magnitude of the impact on the economy and the capital and financial markets is not known at this time.

2. BASIS OF PRESENTATION

a) Going Concern

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("**IAS 34**") pursuant to International Financial Reporting Standards ("**IFRS**") on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

During the three months ended June 30, 2020, the Corporation incurred a net loss and comprehensive loss of $912,182 (2019 - $79,095) and as at June 30, 2020 had an accumulated deficit of $8,823,131 (March 31, 2020 - $7,910,949).

Subsequent to the reporting period, the private company investees have terminated all relationships with the Corporation and the Corporation does not anticipate any revenue to be earned from the private company investments. As such, the continued operation of the Corporation is dependent on its ability to obtain additional financing and there is no assurance that the Corporation will be successful in obtaining such funding from its ongoing business activities.

Management is currently exploring various options that, if successful, will enable the Corporation to have access to sufficient funds to commence commercial operations, generate operating cash flows and be able to settle liabilities as and when they fall due. These include but are not limited to the success of raising funds, the completion of a material transaction, the monetization of investments, the repayment of outstanding loan amounts, or an alternative transaction that improves the cash and working capital position of the Corporation. There is no assurance that the Corporation will be successful in sufficiently financing the Corporation's ongoing business activities.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Corporation's ability to continue as a going concern.

These unaudited condensed consolidated interim financial statements do not reflect the adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the expenses and the statement of financial position classifications used. Such adjustments could be material.

b) Basis of Accounting

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34. These unaudited condensed consolidated interim financial statements contain disclosures that are supplemental to the Corporation's annual audited consolidated financial statements, following the same accounting policies as the audited consolidated financial statements of the Corporation as of March 31, 2020. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Corporation's audited consolidated financial statements and notes thereto for the year ended March 31, 2020.

These unaudited condensed consolidated interim financial statements have been approved and authorized for issuance by the Board of Directors as of April 18, 2022.

c) Basis of Measurement and Principles of Consolidation

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

These unaudited condensed consolidated interim financial statements include the accounts of Target and its 95% owned inactive subsidiary Industrial Avenue Development Corp.

d) Functional and Presentation Currency

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Corporation's and its subsidiary's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

e) Use of Estimates and Judgement

In preparing these unaudited condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual consolidated financial statements of the Corporation as of March 31, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended March 31, 2020.

Certain prior period figures may have been reclassified to conform to the current period's presentation

4. SHORT-TERM INVESTMENTS

Short-term investments consist of guaranteed investment certificates held at a Canadian financial institution bearing an interest rate of 2.0% and a maturity date of September 5, 2020.

5. RELATED PARTY ADVANCES

As at	**June 30, 2020**	March 31, 2020
Balance, beginning of the period	-	-
Related party advances	820,000	809,440
Fair value change	(820,000)	(809,440)
Balance, end of the period	-	-

During the period ended June 30, 2020, the Corporation advanced $820,000 (March 31, 2020 - $809,440) to Performance CBD Brands Corp. ("**Performance CBD**"), which operates as Champions + Legends Corp., a premium sports supplements brand with 11 unique products that are custom formulated and manufactured using hemp-extracted cannabidiol ("**CBD**") as the primary ingredient. As at June 30, 2020, the CEO and CFO of the Corporation were also the CEO and CFO of Performance CBD, respectively.

Unaudited (In Canadian dollars)

As at the date of approving these unaudited condensed consolidated interim financial statements, the Corporation advanced a total of $2,283,440 to Performance CBD and the Corporation collected $110,000 from Performance CBD, as partial repayment of advanced funds. The advances to Performance CBD have been securitized pursuant to a secured loan agreement with Performance CBD as disclosed in note 16. The net balance of funds advanced to Performance CBD is $2,173,440.

Fair value change

As at June 30, 2020, the Corporation determined that the related party advances was credit impaired as Performance CBD required additional financing to proceed with its business plan. The fair value of the related party advances was determined to be $NIL and Target recognized a fair value decrease of $820,000 (March 31, 2020 - $809,440), which was recognized in other comprehensive income and an impairment of $820,000 (March 31, 2020 - $809,440) was recognized on the consolidated statement of loss and comprehensive loss for the period ended June 30, 2020. See note 16 for more information regarding Performance CBD.

6. CONVERTIBLE NOTES RECEIVABLE

	JAEB Designs, Inc.	Intev Technologies, LLC	Total
As at March 31, 2019	117,513	-	117,513
Acquisition of US$ convertible notes	-	395,880	395,880
Unrealized foreign exchange gain	10,170	29,730	39,900
Fair value change	(127,683)	(425,610)	(553,293)
As at March 31, 2020 and June 30, 2020	**-**	**-**	**-**

In 2018, the Corporation made a US$90,000 (CAD$117,513) investment in JAEB Designs, Inc. ("**JAEB**"). JAEB is a Denver-based, early-stage engineering company focused on designing and manufacturing cannabis accessories. The investment was structured as a convertible note maturing on May 31, 2020 and accruing interest at a rate of 8.0% per annum. On May 31, 2020, the convertible note, together with all accrued and unpaid interest was converted into 78,946 common shares of JAEB at $1.33 per share.

In 2019, the Corporation made a US$300,000 (CAD$395,880) investment in Intev Technologies, LLC ("**Intev**"). Intev is a Brooklyn-based hardware technology company focused on designing and manufacturing luxury personal vaporizing devices. The investment was structured as a convertible note which maturing on September 9, 2021 and accruing interest at a rate of 7.0% per annum.

The accrued interest receivable for the JAEB and Intev convertible notes as at June 30, 2020 amounted to $NIL, as the notes had a fair value of $NIL as at March 31, 2020.

Fair value change

As at March 31, 2020 and June 30, 2020, the Corporation determined that JAEB and Intev required additional financing to proceed with its business plan. The fair value of both investments was determined to be $NIL and Target recognized a fair value change and an impairment of $553,293 (March 31, 2019 - $NIL), which was recognized on the statement of loss and comprehensive loss for the year ended March 31, 2020.

Unaudited (In Canadian dollars)

7. INVESTMENTS IN PRIVATE COMPANIES

As at	**June 30, 2020**	March 31, 2020
Balance, beginning of the period	**8,950**	16,032
Fair value change	**-**	(7,082)
Balance, end of the period	**8,950**	8,950

In accordance with its principal activities, the Corporation holds a majority of the voting shares in various private companies as at June 30, 2020. The Corporation's maximum exposure to losses is limited to its initial investment in each private company.

Fair value change

As at June 30, 2020, there were no indicators of fair value change.

8. OTHER INVESTMENTS

	YSS Corp.	**Total**
As at March 31, 2019	325,000	325,000
Unrealized loss on other investments	(208,333)	(208,333)
As at March 31, 2020 and June 30, 2020	**116,667**	**116,667**

On June 28, 2018, the Corporation acquired 5,000,000 common shares of YSS Corp. (formerly Solo Growth Corp.) ("**YSS**") for $250,000. Prior to a reverse takeover transaction in 2021 to form Nova Cannabis Inc., YSS was a publicly listed cannabis retail operator executing on a vision to become a premier retailer in Canada. On June 4, 2019, Solo Growth Corp. completed a name change to YSS Corp. and a 1:6 share consolidation and as such the Corporation held 833,333 shares of YSS. On March 31, 2020, the common shares had a market value of $0.14 per share (post consolidation) resulting in an unrealized loss of $208,333 recorded through other comprehensive income and there was no change in market value as at June 30, 2020. The Corporation disposed of the YSS shares subsequent to June 30, 2020 as indicated in note 16.

Fair value change

As at June 30, 2020, there were no indicators of fair value change.

Unaudited (In Canadian dollars)

9. PROPERTY AND EQUIPMENT

	Computer Equipment	Total
Costs		
As at March 31, 2019 and 2020 and June 30, 2020	8,122	8,122
Accumulated depreciation		
As at March 31, 2019	1,573	1,573
Depreciation	1,624	1,624
As at March 31, 2020	3,197	3,197
Depreciation	406	406
As at June 30, 2020	3,603	3,603
Net book value		
As at March 31, 2020	4,925	4,925
As at June 30, 2020	4,519	4,519

10. SHARE CAPITAL AND WARRANTS

Share capital

Authorized:

Unlimited number of common voting shares.

Issued and outstanding common shares and warrants:

	Common shares		Warrants	
	Number	Amount	Number	Amount
As at March 31, 2020 and June 30, 2020	**106,715,629**	**5,130,024**	**59,159,504**	**1,844,165**

Warrants

A summary of the changes in the Corporation's share purchase warrants is as follows:

	Number	Weighted Average Exercise Price
As at March 31, 2020 and June 30, 2020	**59,159,504**	**0.10**

Exercisable warrants of 53,950,020 expire on December 15, 2022 and 5,209,484 expire on June 26, 2023.

Unaudited (In Canadian dollars)

11. SHARE-BASED COMPENSATION

On November 27, 2019, the Corporation issued a total of 5,500,000 stock options with an exercise price of $0.05 to various directors, officers and advisors of the Corporation which were fully vested on the date of issuance. The fair value of the options issued of $109,785 was recognized in the three-month period ended December 31, 2019 and was determined using the Black Scholes option pricing model with the following assumptions: a risk-free interest rate of 1.5%, an expected life of 5 years, expected volatility of 288% and an expected forfeiture rate of nil.

There is a total of 5,500,000 outstanding and exercisable stock options as at June 30, 2020, which were terminated subsequent to the period end as indicated in note 16.

12. RELATED PARTY TRANSACTIONS

Operating transactions

Key management compensation

Key management personnel are the individuals responsible for planning, directing and controlling the activities of the Corporation and includes both executive and non-executive directors. The Corporation considers all of its directors and executive officers to be key management personnel.

Key management personnel compensation during the three months ended June 30, 2020 and 2019 are as follows:

	Three months ended June 30,	
	2020	2019
Salaries, bonuses and other benefits	**43,100**	57,766
Share-based compensation	**-**	-
	43,100	57,766

As at June 30, 2020 and 2019 there were no amounts payable to related parties.

Financing activities

During the three months ended June 30, 2020, the Corporation had advanced $820,000 to Performance CBD, a corporation with common management as disclosed in notes 5 and 16.

13. NET LOSS PER SHARE

The calculation of net loss per share are as follows:

For the three months ended June 30,	**2020**			2019		
	Net loss	**Weighted average common shares**	**Net loss per share**	Net loss	Weighted average common shares	Net loss per share
Basic and diluted	(912,182)	106,715,629	(0.01)	(20,762)	106,715,629	(0.00)

As the Corporation reported a net loss for the three months ended June 30, 2020 and 2019, the basic and diluted weighted average shares outstanding are the same for those periods.

Unaudited (In Canadian dollars)

14. SUPPLEMENTARY CASH FLOW INFORMATION

The following table details the components of non-cash operating working capital:

	Three months ended June 30,	
	2020	2019
Source (use) of cash:		
Accounts receivable	**130,106**	(3,722)
Prepaid expenses	**9,984**	3,392
Accounts payable and accrued liabilities	**38,635**	6,306
Net change in non-cash working capital	**178,725**	5,976

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments consist of cash, short-term investments, accounts receivable, related party advances, convertible notes receivable, investments in private companies, other investments and accounts payable and accrued liabilities.

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's financial risk management framework. The Board of Directors reviews, with management, the risks faced by the Corporation and the systems that have been put in place to manage these risks.

Fair value

Financial assets and liabilities measured at fair value at the reporting date are categorized using a three-level hierarchy based on the inputs used in making their fair value measurements. Level 1 fair values are determined in reference to quoted prices in active markets for identical assets and liabilities. Level 2 fair values are based on inputs other than Level 1 quoted prices that are observable either directly as prices or indirectly as derived from prices. Level 3 fair values are not based on observable market data.

Other investments represent level 1 fair values and investments in private companies, related party advances and convertible notes receivable represent level 3 fair values. The Corporation uses valuation techniques and significant inputs, such as discounted cash flows, recent market prices, market volatility, discount rates and the general economic conditions to determine the fair value of level 3 investments. The Corporation determines the fair value of level 3 financial instruments based on management's judgement of the likelihood of receiving the initial investments from the counterparties.

The Corporation is exposed to credit, liquidity, foreign currency and capital management risk as part of its normal course of business. As of the date hereof, the risk management policy is established by the Board of Directors and is monitored by management. Management identifies and analyzes the risks faced by the Corporation, sets appropriate risk limits and controls and monitors risks, market conditions and the Corporation's activities.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its contractual obligations and arises principally from the Corporation's accounts receivable from private company investments fees, related party advances and convertible notes receivable. The carrying amount of cash, short-term investments, accounts receivable, related party advances and convertible notes receivable represents the maximum credit exposure.

Unaudited (In Canadian dollars)

The credit risk is influenced mainly by the individual credit characteristics of each investment. Geographically, there is a concentration of risk in both the Province of Alberta and in the United States. As at June 30, 2020, the Corporation determined that the fair value of the related party advances were credit impaired as disclosed in note 5 and the Corporation recognized a fair value change of $820,000.

At June 30, 2020, the Corporation had $118,943 (March 31, 2020 - $172,595) in accounts receivable outstanding for more than 91 days, totalling 79% (March 31, 2020 – 61%) of outstanding accounts receivable.

As at	**June 30, 2020**	March 31, 2020
Current	**11,972**	18,309
31 to 60 days past due	**15,599**	85,162
61 to 90 days past due	**4,573**	5,127
91 days or more past due	**118,943**	172,595
	151,087	281,193
Provision of expected credit losses	**-**	-
	151,087	281,193

During the three months ended June 30, 2020, the Corporation had bad debt expenses amounting to $NIL.

The Corporation's provision of expected credit losses is as follows:

As at	**June 30, 2020**	March 31, 2020
Balance, beginning of the period	-	(180,948)
Provision of expected credit losses	-	(69,331)
Provision utilized to write-off accounts receivable	-	250,279
Balance, end of the period	-	-

The accounts receivable balance of $151,087 was collected in full subsequent to June 30, 2020.

The Corporation's cash and short-term investments are held at financial institutions and it is management's view that the risk of loss is minimal.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation has in place a planning and forecasting process which helps determine the funds required to ensure the Corporation has the appropriate liquidity to meet its operational requirements. The accounts payable and accrued liabilities are due within a year.

As at June 30, 2020, the Corporation had working capital of $472,632 (March 31, 2020 - $1,384,408).

Foreign currency risk

Foreign currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The exchange rate effect cannot be quantified, but in general an increase in the value of the Canadian dollar as compared to the US dollar will reduce any amounts received by the Corporation for the US$ convertible notes receivable. The Corporation had no risk management contracts that would be affected by foreign currency changes in place as at June 30, 2020.

Capital risk management

The Corporation's current objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Corporation currently manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Corporation may issue new shares, issue new debt, or acquire or dispose of assets. The Corporation is not subject to externally imposed capital requirements.

Current management reviews its capital risk management approach on an ongoing basis and believes the approach is reasonable given the relative size of the Corporation.

16. SUBSEQUENT EVENTS

Performance CBD

As at the date of approving these unaudited condensed consolidated interim financial statements, the Corporation has advanced a total of $2,283,440 to Performance CBD and the Corporation has received $110,000 from Performance CBD, as partial repayment of advanced funds. As at the date of approving these unaudited condensed consolidated interim financial statements, the net balance of funds advanced to Performance CBD is $2,173,440. At the time of the advances, the CEO and CFO of the Corporation were also the CEO and CFO of Performance CBD, respectively.

On June 16, 2021 the Corporation entered into a $2,233,440 principal value secured note, bearing an interest rate of 8.0% per annum, with Performance CBD ("**Secured Note**"). The Secured Note is repayable on demand at the sole discretion of Target. The Secured Note is also convertible into common shares of Performance CBD at a 10% discount to the issue price of a future equity financing for Performance CBD of not less than $2.0 million, subject to the sole discretion of Target.

The Secured Note is secured through corporate, personal and limited recourse guarantees with Performance CBD, the subsidiaries of Performance CBD, and the CEO and CFO of Performance CBD.

In conjunction with the Secured Note financing, the Corporation was granted 369,555 Performance CBD common shares and 144,640 Performance CBD performance warrants, representing approximately 25% of the basic and fully diluted shares outstanding of Performance CBD. In addition, the Corporation is party to a shareholder rights agreement with Performance CBD that provides, among other covenants, corporate rights, board nomination rights, veto rights and negative covenants, in favour of the Corporation.

Investment in YSS Corp.

Between October 29, 2020 and November 27, 2020, the Corporation sold 833,333 shares of YSS Corp. for net proceeds of $90,750.

Stock Options

On October 16, 2020, 2,000,000 stock options were terminated and on November 27, 2020, the remaining 3,500,000 stock options were terminated.

Canadian Emergency Business Account ("CEBA") Loan

In July 2021, the Corporation obtained a $60,000 bank loan with a chartered bank through CEBA funding provided by the Government of Canada. The loan has no interest or annual fee until December 31, 2022. The balance of the loan as at December 31, 2022 will convert to a 3-year term loan, funded by the

Government of Canada with an interest rate of 5% per annum and a maturity date of December 31, 2025. The funds are used for eligible non-deferrable expenses in accordance with the Government of Canada CEBA program. Repayment of the balance of the loan on or before December 31, 2022 will result in a loan forgiveness of $20,000. On January 12, 2022, the Government of Canada announced that the repayment deadline for CEBA loans to qualify for partial forgiveness is being extended from December 31, 2022 to December 31, 2023, for all eligible borrowers in good standing.

Dissolution of Subsidiary

The Corporation's 95% owned inactive subsidiary Industrial Avenue Development Corp. was struck from the corporate registry and dissolved on September 2, 2021.

Termination of Reverse Takeover Transaction

On July 22, 2021, the Corporation entered into a confidentiality agreement with a private technology company (the "**RTO Counterparty**"). Concurrent to the preparation and audit of Target's financial statements, the Corporation and the RTO Counterparty negotiated and advanced a business combination transaction by way of a reverse takeover ("**RTO Transaction**"). On April 7, 2022, the Corporation and the RTO Counterparty mutually agreed to terminate the RTO Transaction ("**RTO Termination**"). Pursuant to the RTO Termination, the RTO Counterparty agreed to pay the Corporation a reimbursement fee of $250,000 ("**Reimbursement Fee**"). As at the date of approving these unaudited condensed consolidated interim financial statements, the Corporation has received $61,825 as partial payment of the Reimbursement Fee, with the remainder due on or before June 30, 2022.