Consolidated Financial Statements

SOLARVEST BIOENERGY INC.

October 31, 2020

(expressed in Canadian dollars)

(Unaudited)

Responsibility for Consolidated Interim Financial Statements

The accompanying consolidated interim financial statements for Solarvest BioEnergy Inc. have been prepared by management in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these unaudited interim financial statements have been fairly presented.

The auditor of Solarvest BioEnergy Inc. has not performed a review of the unaudited interim financial statements for the three months ended October 31, 2020.

SOLARVEST BIOENERGY INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	October 31 2020 Unaudited	July 31 2020 Audited
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 137,889**	$ 547,471
Accounts Receivables	**12,172**	20,284
Marketable Securities (Note 5)	**239,355**	603,415
Prepaid Expenses	**6,322**	6,065
Other Assets (Note 5)	-	956,786
Inventory, Work in Process	**94,637**	-
	490,375	2,134,021
Capital Assets (Note 6)	**683,893**	702,943
Intellectual Property (Note 7)	**223,525**	229,625
Total Assets	**$ 1,397,793**	$ 3,066,589
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	**$ 1,005,874**	$ 1,179,799
Due to Related Party (Note 18)	**929,518**	943,440
Promissory Note Payable (Note 9)	**167,923**	166,411
Current Portion of Long-Term Debt (Note 10)	**32,507**	32,507
Current Portion of Lease Liability (Note 12)	**38,377**	38,377
	2,174,199	2,360,534
Long-Term Debt, Less Current Portion (Note 10)	**263,869**	268,255
Lease Liability. Less Current Portion (Note 12)	**314,587**	328,087
Convertible Debenture (Note 11)	**2,488,767**	2,488,767
	3,067,223	3,085,109
Total Liabilities	**5,241,422**	5,445,643
Shareholders' Equity (Deficit)		
Share Capital (Note 13)	**7,501,201**	7,400,441
Contributed Surplus	**662,078**	631,726
Warrants (Note 15)	**1,011,193**	1,041,545
Deficit	**(13,018,101)**	(11,452,766)
	(3,843,629)	(2,379,054)
Total Equity and Liabilities	**$ 1,397,793**	$ 3,066,589

See accompanying note to the financial statement

SOLARVEST BIOENERGY INC.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

For the Three Months Ended October 31		2020		2019
Revenue	$	-	$	-
Expenses				
Amortization	$	26,000	$	22,589
Insurance		11,094		10,217
Interest Expense		6,376		23,339
Office and General		6,198		13,774
Professional Fees		53,228		34,440
Registration and Filings Fees		2,306		544
Rent and Utilities		8,562		23,162
Research and Development		123,967		257,376
Shareholder Costs		2,500		-
Transfer Agent		1,384		656
Travel		-		9,240
Foreign Exchange Loss		2,874		468
Loss on Marketable Securities		1,320,846		-
		1,565,335		395,805
Net Loss Before Other Comprehensive Loss	$	(1,565,335)	$	(395,805)
Basic and Diluted Loss per Share (Note 16)	$	(0.04)	$	(0.01)

See accompanying notes to the financial statements

SOLARVEST BIOENERGY INC.
Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

For the Three Months Ended October 31,	2020	2019
Operating Activities		
Income (Loss) from Operations	**$ (1,565,335)**	$ (395,805)
Adjustments to Reconcile Net Loss from Operating Activities		
Amortization	**26,000**	22,589
Loss on Marketable Securities	**1,320,846**	
(Increase) Decrease in Inventory, WIP	**(94,637)**	-
Interest on Promissory Note and Convertible Debenture	**1,512**	19,660
Issuance of Share Capital for Debt	**100,762**	-
Changes in Non-Cash Working Capital Items		
(Increase) Decrease in Receivables	**8,112**	(7,157)
(Increase) Decrease in Prepaid Expenses	**(257)**	671
Increase (Decrease) in Accounts Payable and Accrued Liabilities	**(173,925)**	3,110
Decrease in Due to Related Party	**(13,922)**	(17,587)
	(390,846)	(374,519)
Investing Activities		
Acquisition of Equipment	**(850)**	(9,060)
Proceeds from Sale of Marketable Securities	-	642,036
	(850)	632,976
Financing Activities		
		-
Repayment of Capital Improvements Loan	**(4,386)**	(47,751)
Payment on Lease Liability	**(13,500)**	-
Net Change in Cash	**(409,582)**	210,706
Cash, Beginning of Period	**547,471**	57,555
Cash, End of Period	**$ 137,889**	$ 268,261

See accompanying notes to the financial statements

SOLARVEST BIOENERGY INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital		Reserves			
	Number of shares	Amount $	Contributed Surplus $	Warrants $	Deficit $	Total
Balance July 31, 2019	**39,304,625**	**7,000,691**	**509,074**	**1,164,197**	**(9,876,735)**	**(1,202,773)**
Adjustment for the adoption of IFRS 16 (Note 3(o))	-	-	-	-	**(34,619)**	**(34,619)**
Comprehensive Loss for the Period	-	-	-	-	**(395,805)**	**(395,805)**
Balance October 31, 2019	**39,304,625**	**7,000,691**	**509,074**	**1,164,197**	**(10,307,159)**	**(1,633,197)**
Shares for Debt	**2,997,500**	**399,750**	-	-	-	**399,750**
Expiry of Warrants	-	-	**122,652**	**(122,652)**	-	-
Comprehensive Loss for the Period	-	-	-	-	**(1,145,607)**	**(1,145,607)**
Balance July 31, 2020	**42,302,125**	**7,400,441**	**631,726**	**1,041,545**	**(11,452,766)**	**(2,379,054)**
Shares for Debt	**1,007,600**	**100,760**	-	-	-	**100,760**
Expiry of Warrants	-	-	**30,352**	**(30,352)**	-	-
Comprehensive Lost for the Period	-	-	-	-	**(1,565,335)**	**(1,565,335)**
Balance October 31, 2020	**43,309,725**	**7,501,201**	**662,078**	**1,011,193**	**(13,018,101)**	**(3,843,629)**

See accompanying notes to the financial statements

1 Nature of Operations and Continuance of Operations

The Company was incorporated under the Business Corporations Act (BC) on November 9, 2005. The principal business of the Company is the development of its algal-based production systems to produce natural based "green" commercial projects. The address of the Company's registered office is 439 Helmcken Street, Vancouver B.C. V6B 2E6. To date the Company has not earned significant revenues and is considered to be in the development stage.

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Phycobiologics (Europe) Limited, Eversea America Inc., and Eversea Inc. (formerly Solarvest (P.E.I.) Inc). All significant inter company accounts and transactions have been eliminated upon consolidation.

The Company has financed its activities to date through the issuance of common shares and continues to seek capital through various means including the issuance of equity and/or debt.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has had net losses since inception, has a working capital deficiency and a deficit, as follows:

	October 31 2020	July 31 2020
Working Capital	(1,683,824)	(226,513)
Deficit	(13,018,101)	(11,452,766)

The continuing operations of the Company are dependent upon its ability to continue to secure adequate financing and to commence profitable operations in the future.

2 Basis of Presentation

(a) Statement of compliance

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Phycobiologics (Europe) Limited ("Phyco Europe"), Eversea America Inc. ("EAI"), and Eversea Inc. ("PEI"). All significant inter company accounts and transactions have been eliminated upon consolidation.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting.

(c) Functional currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses during the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Estimates and underlying 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.

The judgments that have the most significant effect on the amounts recognized in the consolidated financial statements are detailed in note 4.

3 Significant accounting policies

These consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, they do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended July 31, 2020. The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. Furthermore, the information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements. These consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries, and were approved by the Board of Directors on December 21, 2020.

4 Critical Accounting Estimates and Judgments

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

(a) Significant judgments

The significant judgments attributed to the Company's consolidated financial statements are:

(i) Going Concern

The Company reviews its operations periodically to ensure that it has the potential to be an economic viable entity.

(ii) Impairment and valuation of intellectual property

In making this judgment, Company evaluates, among other factors, market capitalization in addition to the milestone progress in its research and development program.

(iii) Determination of cash generating units (CGU)

Judgment is required in determining the aggregation of the Company's assets into CGUs. Based on economic and commercial influences as well as the interdependence of cash flows of the Company's operating facility, the Company determined that its operations comprise a single CGU.

(iv) Extension options for leases

When the company has the option to extend a lease, management uses its judgment to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

(b) Significant estimates

Reported amounts and note disclosures reflect the overall economic conditions that management estimates are most likely to occur and anticipated measures management intends to take. Actual results could differ materially from those estimates. Estimates and assumptions are reviewed quarterly. All revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to:

(i) Impairment of property and equipment and intellectual property

Whether an asset is impaired requires management to determine whether there is an indication of impairment based on the consideration of external and internal indicators. If an indication of impairment exists, management must determine if the carrying value of the asset exceeds its recoverable amount. The estimation of future cash flows requires assumptions to be made by management. Therefore, the determination of a recoverable amount requires estimates which may affect the amount of an impairment loss, if any.

(ii) Valuation of share-based compensation and warrants

Management measures the costs for share-based compensation and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in Applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, expected risk-free interest rate, future employee turnover rates, future exercise behaviours and corporate performance. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of the share-based payments and warrants.

(iii) COVID-19

Since January 31, 2020, the outbreak of COVID-19 (coronavirus) has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown, and global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the outcome of government and central bank interventions.

In management's estimation, these events have not had a material unrecorded impact on the carrying value of assets and liabilities reported in these financial statements as at October 31, 2020. The duration and impact of the COVID-19 pandemic remains unclear at this time. Therefore, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the company for future periods.

The Company reviewed its previous assumptions and concluded that no changes were required.

5 Marketable Securities

On May 7, 2019, the Company entered into a collaborative research and development agreement with FSD Pharma Inc. ("FSD"), an unrelated company. Pursuant to the agreement, the Company received 10,000,000 class B subordinate voting shares in the capital of FSD at a deemed price of $0.30 per share. Per the agreement, if the value realized on liquidation of these shares, within 8 months of acquisition, falls below $0.30 (the "minimum value"), then FSD shall issue additional shares such that the company will be able to realize the minimum value.

On receipt of the FSD common shares referenced above, the Company issued 3,000,000 units to FSD at a price of $0.20 per unit. Each unit is comprised of one common share and one warrant, with each warrant exercisable in exchange for one additional share at an exercise price of $0.25 for a period of two years following the issuance. In addition to the 3,000,000 common shares and warrants, the company issued a five-year term convertible debenture in the principal amount of $2,400,000 at an interest rate of 3% per annum convertible into common shares at a conversion price of $1.00 per share, provided that FSD will be required to convert the debenture should the Company's shares close at a price of at least $1.20 for a period of 20 consecutive trading days.

(Expressed in Canadian Dollars)

6 Capital Assets

	Land	Buildings	Equipment	Computer	Leasehold Improvements	Total
	$	$	$	$	$	$
Cost						
Balance – July 31, 2020	10,000	473,822	1,072,934	31,602	520,255	2,108,613
Additions	-	-	850	-	-	850
Balance – October 31, 2020	10,000	473,822	1,073,784	31,602	520,255	2,109,463
Accumulated Amortization						
Balance – July 31, 2020		38,807	824,818	21,790	520,255	1,405,670
Current period amortization	-	4,400	15,000	500	-	19,900
Balance October 31, 2020	-	43,207	839,818	22,290	520,255	1,425,570
Carrying Value						
July 31, 2020	10,000	435,015	248,116	9,812	-	702,943
October 31, 2020	10,000	430,615	233,966	9,312	-	683,893

Included in the above line items are right-of-use assets of the following:

	$
Buildings	350,230

7 Intellectual Property

The Intellectual property consists of the acquisition costs of worldwide exclusive rights, subject to limited exceptions, to an Inducible Chloroplast Gene Expression System, through the acquisition of the shares of Phyco Europe, the issuance of Class B common shares of EAI, the subsequent repurchase of the Class B common shares of EAI and patent acquisition costs. Component costs have been summarized below:

	October 31, 2020	July 31, 2020
Acquisition of Shares of Phyco Europe	$ 146,886	$ 146,886
Issuance of Class B Common Shares of EAI	10	10
Acquired Pursuant to Acquisition of Shares of EAI	144,426	144,426
Patent Acquisition Costs	95,011	95,011
Kohilo Bio Inc.’s Patent Acquisitions Costs	102,643	102,643
	488,976	488,976
Accumulated Amortization	265,451	259,351
Net Book Value	$ 223,525	$ 229,625

(Expressed in Canadian Dollars)

8 Accounts payable and accrued liabilities

	October 31, 2020	July 31, 2020
Trade and Accruals	$ 994,414	$ 1,166,589
Payroll Withholding Taxes	11,460	13,210
	$ 1,005,874	$ 1,179,799

9 Promissory Note Payable

The Company received $100,000 by issuing a promissory note to a director of the Company. The promissory note is unsecured and was issued on July 15, 2009 bearing an interest rate of 6% compounded annually. The note is due on demand. Interest of $67,923 has been accrued to October 31, 2020 (July 31, 2020 - $66,411).

10 Long-Term Debt

	October 31, 2020	July 31, 2020
0% ACOA loan, due April 1, 2026, repayable in monthly instalments of $1,200	73,200	73,200
7 % Promissory note, due December 2028, repayable in monthly instalments of $2,613, including principal and interest	193,176	197,562
0% loan, maturing December 2022, after such time the loan will automatically be converted to a 5% term loan, due December 31, 2025, with interest payments due monthly, unsecured	40,000	40,000
Less: Government assistance portion	(10,000)	(10,000)
	296,376	300,762
Less: Current portion	32,507	32,507
	263,869	268,255

On January 23, 2013, the Company entered into an agreement with Atlantic Canada Opportunities Agency (ACOA) whereby ACOA agreed to loan 50% of the value of eligible capital assets incurred on the newly leased premises estimated to be $789,000. On March 25, 2015, the loan agreement was amended under same terms and conditions except that the monthly repayment amount is changed to $1,200 per month commencing May 1, 2015. This loan is unsecured.

On July 29, 2018, the Company entered into a loan agreement with Active Communities Lending Inc. ("ACLI"), a PEI corporation. The loan is secured by land, building and a Model P1 pulse dryer system with a net book value of $192,085, and bears interest at 7% per annum, calculated daily, not in advance and has a term of 9.5 years maturing on February 28, 2027.

The aggregate amount of principal payments estimated to be required in each of the next five years to meet retirement provisions is as follows:

	$
Year ending July 31, 2021	32,507
2022	33,799
2023	65,201
2024	36,694
2025	38,326

(Expressed in Canadian Dollars)

11 Convertible Debenture

3% Convertible debenture due May 7, 2024

As referred to in note 5, the Company issued a five-year term convertible debenture in the principal amount of $2,400,000 at an interest rate of 3% per annum which is convertible into common shares at a price of $1.00 per share. Interest accrued to July 31, 2020 aggregates $88,767 and is payable on each anniversary date.

12 Lease Liability

	Building $
At July 31, 2020	366,464
Lease Payments	13,500
At October 31, 2020	352,964
Less: Current Portion	38,377
	314,587

The lease liability is based on one lease the company has for the building it is using for operations. The remaining lease term is three years with an option to renew for an additional five years. The imputed finance costs of the liability was determined based on an incremental borrowing rate of 5%.

The minimum lease payments for the next five years is as follows:

	Lease Liability $	Finance Charge $	Total $
Year ending July 31, 2021	38,377	15,623	54,000
2022	40,296	13,704	54,000
2023	42,310	11,690	54,000
2024	44,426	9,574	54,000
2025	46,647	7,353	54,000

13 Share capital

Authorized and issued share capital

At October 31, 2020, the authorized share capital consisted of unlimited number of common shares and the issued share capital amounted to $7,501,201. The common shares do not have a par value. All issued shares are fully paid.

Fiscal year ended July 31, 2020

Debt settlement

On April 21, 2020, the Company arranged to settle a portion of an amount due to a related party, a principal of the Company, in the amount of $300,000 through the issuance of common shares. The advance was settled through the issuance of 2,000,000 common shares at a deemed price of $0.15 per share.

On April 21, 2020, the Company arranged to settle consulting and advisory services provided by two companies totaling $99,750 through the issuance of common shares. The debt was settled through the issuance of 997,500 common shares at a deemed price of $0.10 per share.

(Expressed in Canadian Dollars)

Fiscal year ending July 31, 2021

Debt settlement

On August 27, 2020, the Company issued 1,007,600 common shares valued at $0.10 per share to settle debt to a supplier aggregating $100,760.

14 Share Options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The Company records a charge to the statement of comprehensive loss and a corresponding increase to contributed surplus using the Black Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk-free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. The level of share volatility is calculated with reference to the historic traded daily closing share price at the date of issue. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

The following table reflects the actual share options issued and outstanding as at October 31, 2020:

No. of Options Outstanding and Exercisable	Average Exercise Price $	Expiry Date
700,000	0.30	February 18, 2021

15 Warrants

In connection with the private placement between December 4, 2015 and April 6, 2016, the Company issued 600,000 warrants to subscribers. These warrants expired between June 4, 2017 and October 5, 2017 respectively and had a fair value of $40,336 using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 1.25%; dividend yield - 0%; expected stock volatility - 72% to 87% and an expected life of 1.5 years.

On May 19, 2017, these 600,000 warrants were extended for an additional twelve (12) months and were to expire between June 4, 2018 to October 5, 2018 with all other terms and conditions, including the exercise price of $0.35 per share remaining unchanged. On May 18, 2018, these warrants were further extended for another period of two years with all other terms remaining unchanged.

In connection with the convertible debenture financing on March 26, 2018, the Company issued 5,000,000 warrants to subscribers and 400,000 finders' warrants. These 5,400,000 warrants expire on March 26, 2021 and have a fair value of $442,528 assigned using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 1.25%; dividend yield - 0%; expected stock volatility - 60% and an expected life of 3 years.

As explained in note 13, in connection with the private placements between July 17, 2018 and July 27, 2018, the Company issued 1,310,000 warrants to subscribers. These warrants expire between July 7, 2021 and July 27, 2021 and have a fair value of $72,400 assigned using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 1.25%; dividend yield - 0%; expected stock volatility - 57.69% and an expected life of 3 years.

(Expressed in Canadian Dollars)

As explained in note 13, in connection with the private placements between November 13, 2018 and January 22, 2019, the Company issued 5,477,500 warrants to subscribers. These warrants expire between November 13, 2021 and January 22, 2022 and have a fair value of $275,800 assigned using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 1.50%; dividend yield - 0%; expected stock volatility - 70% and an expected life of 3 years. The value ascribed to the 419,200 broker warrants is $34,765 using the same assumptions as noted above.

As explained in note 5, in connection with the May 7, 2019 mutual investments with FSD Pharma, the Company issued 3,000,000 warrants with an expiry date of 2 years from date of issuance and have a fair value of $164,300 assigned using the Black Scholes model for pricing options under the following assumptions: risk free interest rate - 1.50%; dividend yield - 0%; expected stock volatility - 73% and an expected life of 2 years.

As explained in note 13, in connection with the private placement on June 13, 2019 the Company issued 400,000 warrants with an expiry date of three years from date of issuance. These warrants have a fair value of $21,400 assigned using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 1.50%; dividend yield - 0%; expected stock volatility - 70% and an expected life of 3 years.

The value ascribed to the 8,000 broker warrants is $600 using the same assumptions as noted above.

The warrants outstanding as at October 31, 2020 are summarized below:

No. of Warrants Outstanding and Exercisable	Exercise Price $	Expiry Date
5,400,000	0.25	March 26, 2021
960,000	0.25	July 17, 2021
350,000	0.25	July 27, 2021
2,376,000	0.25	November 13, 2021
3,520,700	0.25	January 22, 2022
3,000,000	0.25	May 7, 2021
408,000	0.25	June 13, 2022
16,014,700		

During the current period 300,000 warrants have expired.

16 Loss per share

Basic and diluted loss per share

The calculations of basic and diluted loss per share for the three months ended October 31, 2020 and 2019 were based on the following losses attributable to common shareholders and weighted average number of common shares outstanding:

For the Three Months Ended October 31,	2020	2019
Loss	$ (1,565,335)	$ (395,805)
Weighted Average Number of Common Shares Outstanding for the Period	43,309,725	39,304,625
Loss Per Share	$ (0.04)	$ (0.01)

17 Financial instruments

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk, and liquidity risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the balance sheet and arises from the Company's cash and accounts receivable and other assets.

The Company's cash and cash equivalents is held with high credit quality financial institutions. Accounts receivable and other assets mainly consist of goods and services tax due from the Federal Government of Canada, funding receivables from SkillsPEI, a governmental agency, and a mutual investment receivable with FSD Pharma Inc. pursuant to an agreement.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations, selling shares, and anticipating investing and financing activities. As at October 31, 2020, the Company had cash of $137,889 which is insufficient to settle current liabilities of $2,174,199, which have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market prices, such as interest rates and foreign exchange rates.

i) Interest rate risk

The Company has cash and has a fixed interest rate bearing promissory note payable as a debt instrument. The Company's current policy is to invest excess cash in investment grade short term certificates of deposit issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

ii) Foreign exchange rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations and administrative activities in United States by using US dollar currency from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Sensitivity analysis

The carrying values of cash and cash equivalents, accounts receivable, other assets, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be affected by credit risk, liquidity risk or market risk.

18 Related party transactions

The Company entered into the following transactions with related parties during the three months ended October 31, 2020 and 2019.

(a) Repaid $13,922 (2019 - $17,587) to a director of the Company.

(b) Accrued interest of $1,512, (2019 - $1,512) due on the promissory note held by a director of the Company.

(c) Incurred and accrued $0 (2019 - $548) of legal fees to a legal firm where a principal is a director of the Company.

(d) In 2019 accrued accounting fees of $6,000 to the CFO of the Company for accounting services.

Included in accounts payable and accrued liabilities is $312,973 due to companies controlled by a director and $154,552 due to directors of the Company.

Included within the due to a related party balance is **$**718,934 due to Gerri Greenham (a control person of the Company), $86,745 due to another shareholder and $60,061 owed to Kohilo Bio Inc., a company controlled by an employee and a director within the consolidated group of companies of Solarvest BioEnergy Inc.

The unsecured promissory note payable in the amount of $167,923 is also due to Gerri Greenham. The note bears interest at 6% compounded annually and is due on demand.

19 Capital management

The objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders, benefits to other stakeholders and to have sufficient funds on hand to ensure the Company's on-going growth of the business.

The Company considers the promissory note payable and accrued interest payable and the items in the shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares through private placements, sell assets, incur debts, or return capital to shareholders. As at October 31, 2020, the Company has an unsecured promissory note payable (see note 9) and is not subject to externally imposed capital requirements.

20 Research and development and Contingent liabilities

Atlantic Innovation Fund

As at October 31, 2020, the Company received funding of $1,999,775 from ACOA through the Atlantic Innovation Fund. Under terms of the agreement, these funds are contingently repayable on a royalty basis of 5% of gross revenue from the above project beginning March 31, 2015. The Company did not meet the repayment conditions in 2020 or prior years.

Business Development Program

As at October 31, 2020, the Company has received funding of $377,927 from ACOA through the Business Development Program. Under the terms of the agreement, these funds are contingently repayable on a royalty basis of 2.5% of gross revenue from the above project beginning March 31, 2015. The Company did not meet the repayment conditions in 2020 or prior years.