QUESTCAP

(formerly Copper One Inc.)

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended
June 30, 2020 and 2019

(unaudited)
(in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF**
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated 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 condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

# QuestCap Inc. (formerly Copper One Inc.)

Condensed Interim Consolidated Statements of Financial Position

Unaudited

(Expressed in Canadian dollars)

As at

| | Note | June 30, 2020 | December 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | $ 22,687 | $ 976 |
| Note and loans receivable | 3 | 335,426 | 1,001,930 |
| Public investments at fair value through profit and loss | 6 | 432,815 | 386,036 |
| Private investments at fair value through profit and loss | 6 | 12,586,126 | 380,000 |
| Amounts receivable | 4,14 | 470,443 | 313,695 |
| Prepaid expenses and advances | 5 | 11,227,053 | 217,837 |
| Total current assets | | $ 25,074,550 | $ 2,300,474 |
| **Other assets** | | | |
| Royalty interest | 7 | 1,500,000 | - |
| **TOTAL ASSETS** | | $ 26,574,550 | $ 2,300,474 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 8 | $ 725,841 | $ 315,996 |
| Loans payable | 9,14 | 12,773,082 | - |
| Other liabilities | 6,7 | 3,350,972 | - |
| Total liabilities | | $ 16,849,895 | $ 315,996 |
| **Shareholders' Equity** | | | |
| Share capital | 10 | $ 34,012,990 | $ 18,922,990 |
| Share-based payments reserves | 11 | 1,308,092 | 400,214 |
| Deficit | | (25,596,427) | (17,338,726) |
| Total shareholders' equity | | $ 9,724,655 | $ 1,984,478 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | $ 26,574,550 | $ 2,300,474 |

| | |
|---|---|
| Nature of operations and going concern | 1 |
| Commitments and contingencies | 15 |
| Subsequent events | 16 |

Approved on behalf of the Directors:

*"Douglas Sommerville"* — Director

*"Daniyal Baizak"* — Director



(The accompanying notes are an integral part of these condensed interim consolidated financial statements.)

# QuestCap Inc. (formerly Copper One Inc.)

Condensed Interim Consolidated Statements of Operations and Comprehensive (Loss)

Unaudited

(Expressed in Canadian dollars)

| | For the three months ended June 30, 2020 | For the three months ended June 30, 2019 | For the six months ended June 30, 2020 | For the six months ended June 30, 2019 |
|---|---|---|---|---|
| Net investment gain | | | | |
| Unrealized gain on investment | 209,525 | - | 46,713 | - |
| Total investment gain | 209,525 | - | 46,713 | - |
| Other revenue | | | | |
| Interest income | 8,614 | 7,032 | 22,651 | 9,981 |
| Total other revenue | 8,614 | 7,032 | 22,651 | 9,981 |
| Operating expenses | | | | |
| Management and consulting fees | $ 828,304 | $ 302,883 | $ 1,147,399 | $ 431,635 |
| Share-based payments | 567,895 | - | 935,448 | - |
| General office and administration expenses | 75,346 | 53,318 | 140,739 | 75,568 |
| Shareholder communications and filing fees | 122,189 | 14,460 | 197,130 | 36,107 |
| Travel and promotion | 790,681 | 250,233 | 975,681 | 412,364 |
| Accounting and legal | 135,018 | 41,926 | 163,156 | 63,786 |
| Other expenses | - | - | 125,000 | - |
| Exploration and evaluation expenses | - | 155,760 | - | 155,760 |
| Foreign exchange loss | 5,535 | 2,147 | 7,153 | 98,058 |
| Total operating expenses | $ 2,524,968 | $ 820,727 | $ 3,691,706 | $ 1,273,278 |
| Loss before other items | (2,306,829) | (813,695) | (3,622,342) | (1,263,297) |
| Financing costs | (4,598,300) | - | (4,598,300) | - |
| Accretion expense | (60,150) | - | (60,150) | - |
| Interest expense | (4,479) | - | (4,479) | - |
| Net loss and comprehensive loss for the period | $ (6,969,758) | $ (813,695) | $ (8,285,271) | $(1,263,297) |
| Loss per share | | | | |
| Basic and diluted | $ (0.08) | $ (0.02) | $ (0.13) | $ (0.04) |
| Weighted average number of shares outstanding: | | | | |
| Basic and diluted | 89,437,362 | 34,190,109 | 61,813,735 | 34,190,109 |



(The accompanying notes are an integral part of these condensed interim consolidated financial statements.)

# QuestCap Inc. (formerly Copper One Inc.)

Condensed Interim Consolidated Statements of Cash Flows

Unaudited

(Expressed in Canadian dollars)

| | Note | For the six months ended June 30, 2020 | 2019 |
|---|---|---|---|
| **Cash (used in) provided by operations:** | | | |
| **Loss for the period** | | $ (8,285,271) | $ (1,263,297) |
| Items not involving cash: | | | |
| Share-based payments | 11 | 935,448 | - |
| Interest expense | 9 | 1,776,120 | - |
| Shares issued for debt settlement | 10 | 2,915,000 | - |
| Unrealized gain on investments | 6 | (46,713) | - |
| Accretion expense | | 60,150 | |
| Interest earned | | (21,965) | - |
| | | (2,667,231) | (1,263,297) |
| Adjustments for: | | | |
| Loans receivable repaid | 3 | 688,469 | - |
| Purchase of investments and royalties | 6,7 | (920,370) | - |
| Disposal of investments | 6 | 300,000 | - |
| Return of capital on investment | 6 | 380,000 | - |
| Receivables | | (56,748) | (109,581) |
| Prepaid expenses and advances | | (11,009,216) | (508,187) |
| Accounts payable and accrued liabilities | | 409,845 | 35,918 |
| **Net cash (used in) operating activities** | | $ (12,875,251) | $ (1,845,147) |
| **Financing activities** | | | |
| Proceeds from issuance of shares | 10 | 2,000,000 | - |
| Subscriptions receivable | 4 | (100,000) | - |
| Proceeds from loans | | 10,996,962 | - |
| **Net cash provided by financing activities** | | 12,896,962 | - |
| Change in cash | | 21,711 | (1,845,147) |
| Cash, beginning of period | | 976 | 4,379,739 |
| **Cash, end of period** | | $ 22,687 | $ 2,534,592 |
| **Supplemental information:** | | | |
| Common shares issued for acquisitions | 6 | $ 10,175,000 | $ - |
| Common shares issued for debt and debt settlement | 9,10 | $ 2,915,000 | $ - |



(The accompanying notes are an integral part of these condensed interim consolidated financial statements.)

# QuestCap Inc. (formerly Copper One Inc.)

Condensed Interim Consolidated Statements of Changes in Equity

Unaudited

(Expressed in Canadian dollars)

| | Note | Number of Shares | Share Capital | Share-based payments reserve | Deficit | Total |
|---|---|---|---|---|---|---|
| Balance, December 31, 2018 | | 34,190,109 | $ 18,922,990 | $ 520,999 | $(14,898,166) | $ 4,545,823 |
| Expiry of options | 11 | - | - | (208,822) | 208,822 | - |
| Net loss for the period | | - | - | - | (1,263,297) | (1,263,297) |
| **Balance, June 30, 2019** | | **34,190,109** | **$ 18,922,990** | **$ 312,177** | **$(15,952,641)** | **$ 3,282,526** |
| | | | | | | |
| Balance, December 31, 2019 | | 34,190,109 | $ 18,922,990 | $ 400,214 | $(17,338,726) | $ 1,984,478 |
| Shares issued through private placement | 10 | 20,000,000 | 2,000,000 | - | - | 2,000,000 |
| Shares issued for acquisitions | 6,10 | 41,000,000 | 10,175,000 | - | - | 10,175,000 |
| Shares issued for debt settlement | 10 | 7,250,000 | 2,915,000 | - | - | 2,915,000 |
| Stock options granted | 11 | - | - | 935,448 | - | 935,448 |
| Expiry of options | 10 | - | - | (27,570) | 27,570 | - |
| Net loss for the period | | - | - | - | (8,285,271) | (8,285,271) |
| **Balance, June 30, 2020** | | **102,440,109** | **$ 34,012,990** | **$ 1,308,092** | **$(25,596,427)** | **$ 9,724,655** |



(The accompanying notes are an integral part of these condensed interim consolidated financial statements.)

## 1. Nature of operations and going concern

QuestCap Inc. (the "Company") operates under the *Canada Business Corporations Act*. The Company completed a change of business to an investment issuer under the rules of the Canadian Securities Exchange ("CSE") on September 4, 2019. The Company makes use of the experience, expertise and opportunity flow of its management and board of directors to opportunistically make investments that the Company believes will provide superior returns. Such investments may include the acquisition of equity, debt or other securities of publicly traded or private companies or other entities. The Company's common shares commenced trading on the CSE under the symbol "QSC" on September 5, 2019 and were delisted from the TSX Venture Exchange effective August 13, 2019. The Company announced the change of its name from "Copper One Inc." to "QuestCap Inc.", following approval by the Company's shareholders on September 25, 2019.

These condensed interim consolidated financial statements were prepared on a going concern basis of presentation, which contemplates the realization of assets and settlement of liabilities as they become due in the normal course of operations for the next fiscal year. The Company has an accumulated deficit of $25,596,427 and working capital of $8,224,655 as at June 30, 2020, and incurred a net loss totaling $8,285,271 during the six months ended June 30, 2020. The Company's current source of operating cash flow is dependent on the marketability of its investments, and there can be no assurances that sufficient funding, including adequate financing, will be available to cover the general and administrative expenses necessary for the maintenance of a public company. The Company's status as a going concern is contingent upon raising the necessary funds through the sale of investments and issuance of equity or debt. Management believes its working capital will be sufficient to support activities for the next 12 months and expects to raise additional funds when required and available. There can be no assurance that funds will be available to the Company under acceptable terms or at all.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

The condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2020 were reviewed, approved and authorized for issue by the Board of Directors on August 28, 2020. The head office and principal address of the Company is at Suite 805, 65 Queen Street West, Toronto, Ontario M5H 2M5.

## 2. Significant accounting policies

### *Basis of preparation*

The condensed interim consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, and have been prepared in accordance with accounting policies based on the IFRS standards International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The policies set out in the Company's annual consolidated financial statements for the year ended December 31, 2019 were consistently applied to all of the periods presented, unless otherwise noted.

The preparation of condensed interim consolidated financial statements in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Certain disclosures included in annual financial statements have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2019.

These condensed interim consolidated financial statements have been prepared using the historical cost convention except for certain financial instruments, which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### Royalty interests

The Company holds royalty interests in certain research stage projects. Royalty interests are recorded at cost and capitalized as tangible assets with finite lives. Royalty interests on research stage projects, where there are no cash inflows, are not amortized.

The Company evaluates its royalty interests for impairment whenever events or changes in circumstances, which may include significant changes in publicly available information from operators of the assets, indicate that the related carrying value of the royalty interests may not be recoverable. The recoverability of royalty interests is evaluated based future undiscounted net cash flows from each royalty interest. Impairments in the carrying value of each royalty are measured and recorded to the extent the carrying value of each royalty exceeds its recoverable amount, which is the higher of fair value less costs to sell or value in use, which is generally calculated using estimated discounted future cash flows.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in profit (loss) to the extent that the carrying amount of the royalty interest at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Estimates related to the royalty interests are subject to certain risks and uncertainties which may affect the recoverability of the Company's investment in these royalty interests. Although the Company has made its best assessment of these factors based on current conditions, it is possible that changes could occur, which could adversely affect the net cash flows expected to be generated from these royalty interests.

## 2. Significant accounting policies (continued)

***New and future accounting pronouncements***

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The adoption of this standard on January 1, 2020 did not have any effect on the Company's financial statements.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2021 or later. Updates that are not applicable or are not consequential to the Company have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the financial statements.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however, early adoption is permitted.

***Significant accounting judgments, estimates and assumptions***

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- *Fair value of investments not quoted in an active market or private company investments*
  Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to Notes 6 and 13 for further details.

(Unaudited, expressed in Canadian dollars)

## 2. Significant accounting policies (continued)

### *Significant accounting judgments, estimates and assumptions (continued)*

- *Fair value of financial derivatives*
  Investments in options and warrants which are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants and options are observed at intrinsic value. Refer to Notes 6 and 13 for further details.

- *Fair value/impairment of loans receivable*
  The recoverability of loans receivable is assessed when events occur indicating impairment. Recoverability is based on factors such as failure to pay interest on time and failure to pay the principal. An impairment loss is recognized in the period when it is determined that the carrying amount of the assets will not be recoverable. Convertible debentures and convertible notes issued to publicly traded companies are carried at the higher of the loan receivable value or the fair value of the common shares or units receivable from the conversion assuming the conversion can be done at the Company's option. Refer to Notes 3 and 13 for further details.

- *Share-based payments*
  The Company uses the Black-Scholes option pricing model to fair value options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price of the Company's shares at date of issue, expected dividend yield, expected life, and expected volatility. Certain inputs are estimates which involve considerable judgment and are, or could be, affected by factors that are out of the Company's control. Refer to Note 11 for further details.

- *Investment entity*
  Management has determined that the Company qualifies for the exemption from consolidation given that the Company has the following typical characteristics of an investment entity:
  a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
  b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
  c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

- *Contingencies*
  See Note 15.

## 3. Notes and loans receivable

| | | | June 30, 2020 | | December 31, 2019 |
|---|---|---|---|---|---|
| Newdene Gold Inc. | Unsecured & convertible | | 324,438 | | 308,721 |
| Blue Sky Energy Inc. | Unsecured | | 10,988 | | 10,353 |
| Flora Growth Corp. | Unsecured | $ | - | | 682,856 |
| | | $ | 335,426 | $ | 1,001,930 |

(Unaudited, expressed in Canadian dollars)

### 3. Notes and loans receivable (continued)

On November 12, 2019, the Company entered into a loan agreement with Newdene Gold Inc., whereby the Company agreed to lend $300,000. Interest is accrued and calculated at a rate of 10% per annum, and the loan matures on November 12, 2021. The Company has the option to require that the unpaid principal, together with any unpaid interest, be satisfied by the transfer of 3,000,000 common shares of Routemaster Capital Inc. upon maturity. As at June 30, 2020, the Routemaster Capital Inc. common shares were trading at $0.04 per share, and therefore the fair value of the conversion feature was not greater than the loan balance.

On September 16, 2019, the Company entered into a loan agreement with Blue Sky Energy Inc. ("Blue Sky") whereby the Company agreed to lend Blue Sky $10,000. Interest is accrued and calculated at 12% per annum and is due and payable on demand by the Company. Scott Moore, a former director of the Company, is a former director of Blue Sky.

On August 5, 2019, the Company entered into a loan agreement with Flora Growth Corp. ("Flora") whereby the Company agreed to lend Flora up to US$500,000 ($709,350). Interest was accrued and calculated at a rate of 10% per annum on the drawn down principal, plus any unpaid interest. The principal and accrued interest was due and payable on demand by the Company. On February 3, 2020, Flora paid the Company $688,469 in full satisfaction of the debt.

Deborah Battiston, CFO of the Company, is the CFO of Flora, Stan Bharti, a former director of the Company, is a director of Flora, and Fred Leigh, a former director of the Company, is a director of Flora.

### 4. Amounts receivable

| | | June 30, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Receivable from MTJR Inc. | $ | 56,748 | $ | - |
| Subscriptions receivable (Note 10) | | 100,000 | | - |
| Other (Note 14) | | 313,695 | | 313,695 |
| | $ | 470,443 | $ | 313,695 |

### 5. Prepaid expenses and advances

| | | June 30, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Prepaid insurance | $ | 10,739 | $ | 23,432 |
| Prepaid expenses | | 630,969 | | 194,405 |
| Advances (i) | | 10,585,345 | | - |
| | $ | 11,227,053 | $ | 217,837 |

(Unaudited, expressed in Canadian dollars)

### 5. Prepaid expenses and advances (continued)

(i) On April 7, 2020, the Company entered into a profit-sharing agreement with More Than Just Rice, Inc. ("MTJR"), for MTJR to exclusively distribute, market and sell COVID-19 antibody tests in North and South America. The transaction is structured as a profit-sharing agreement between the Company and MTJR. MTJR is an arms-length, California-based company involved in importing, exporting and distributing various products. Per the profit -sharing agreement, the Company will receive 40% of any net profits earned from the sale of the tests.

As part of the MTJR profit-sharing agreement, the Company agreed to help finance the purchase of antibody tests for distribution in the Americas.

On April 21, 2020, the Company issued a promissory note to an arm's length third party lender (refer to Note 9) and advanced the funds to PCL Inc. ("PCL"), for the acquisition of the antibody tests on behalf of MTJR.

MJTR will return the funds advanced on its behalf to the Company prior to making any payments from the gross proceeds received from the sale of the tests excluding costs incurred related to the tests and the implementation of the supply agreement

On April 5, 2020 the Company paid $30,000 USD ($41,361) to Spectral Analytics Inc. to complete in-vitro studies to test the efficacy of a combination of two US Food and Drug Administration ("FDA") approved drugs to treat COVID-19. If these trials are successful, the Company has the option to acquire a 40% equity interest in Spectral Analytics Inc. See Note 16.

### 6. Investments at fair value through profit and loss

At June 30, 2020, the Company's investment portfolio consisted of two publicly held investments and four privately held investments, for a total fair value of $13,018,941 (December 31, 2019: $766,036).

***Public investments***

At June 30, 2020, the Company's two publicly traded investments had a total fair value of $432,815 (December 31, 2019: $386,036).

| Public Issuer | Security description | | Cost | | Estimated Fair Value | % of FV |
|---|---|---|---|---|---|---|
| Sulliden Mining Capital Inc. | 5,740,605 common shares | $ | 300,067 | $ | 401,842 | 92.8% |
| Last Mile Holdings Inc. (form. OjO Electric Corp.) | 172,071 common shares | $ | 86,035 | $ | 30,973 | 7.2% |
| Public investments- June 30, 2020 | | $ | 386,102 | $ | 432,815 | 100.0% |

| Public Issuer | Security description | | Cost | | Estimated Fair Value | % of FV |
|---|---|---|---|---|---|---|
| Last Mile Holdings Inc. (form. OjO Electric Corp.) | 772,071 common shares | $ | 386,036 | $ | 386,036 | 100.0% |
| Public investments- December 31, 2019 | | $ | 386,036 | $ | 386,036 | 100.0% |

(Unaudited, expressed in Canadian dollars)

## 6. Investments at fair value through profit and loss (continued)

### *Public investments (continued)*

On July 24, 2019, the Company entered into a convertible promissory note with OjO Electric LLC, a California limited liability company, for US$400,000 ($523,960). On October 16, 2019, the note was converted to 772,071 common shares of Last Mile Holdings Ltd. (formerly, OjO Electric Corp.) upon the closing of its equity financing and listing on the TSX Venture Exchange under the symbol "OJO" (currently, "MILE"). The conversion price included all principal, accrued interest and withholding taxes owed to the Company at the time of conversion.

On January 31, 2020, the Company sold 600,000 common shares of its investment in OjO Electric Corp. (currently, Last Mile Holdings Ltd.). for gross proceeds of $300,000 to Sulliden Mining Capital Inc. ("Sulliden").

On January 31, 2020, the Company purchased 3,133,333 common shares and 2,607,272 flow-through shares of Sulliden. Deborah Battiston, CFO of the Company, is the CFO of Sulliden, and Stan Bharti, a former director of the Company, is CEO and a director of Sulliden.

### *Private investments*

As at June 30, 2020, the Company's four privately held investments had a total fair value of $12,586,126 (December 31, 2019: $380,000).

| Private Issuer | Security description | Cost | Estimated Fair Value | % of FV |
|---|---|---|---|---|
| Amino Therapeutics | 40% of common shares | $ 6,986,126 | $ 6,986,126 | 55.5% |
| Athletics & Health Solutions | 49% of common shares | 2,820,000 | 2,820,000 | 22.4% |
| Glenco Medical | 30% of common shares | 2,220,000 | 2,220,000 | 17.6% |
| Eco Capital Growth Corp. | 100% of common shares | 560,000 | 560,000 | 4.4% |
| Private investments- June 30, 2020 | | $ 12,586,126 | $ 12,586,126 | 100.0% |

| Private Issuer | Security description | Cost | Estimated Fair Value | % of FV |
|---|---|---|---|---|
| Varianz Corp. | 12,666,667 common shares | $ 266,000 | $ 266,000 | 70.0% |
| | 12,666,667 warrants | $ 114,000 | $ 114,000 | 30.0% |
| Private investments- December 31, 2019 | | $ 380,000 | $ 380,000 | 100.0% |

On March 23, 2020, the Company acquired all the issued and outstanding common shares of Eco Capital Growth Corp. ("Eco Capital"). In consideration, the Company issued 8,000,000 of its common shares, resulting in the former shareholders of Eco Capital owning 12.6% of the Company on an undiluted basis. At the closing date of the transaction, the Company's common shares were trading at a price of $0.07 per common share. As a result, the total consideration paid to acquire the investment in Eco Capital is $560,000.

On April 13, 2020, the Company acquired 40% of the issued and outstanding shares of Amino Therapeutics Inc. ("Amino") by issuing 15,000,000 of the Company's common shares. At the closing date of the transaction, the Company's common shares were trading at a price of $0.305 per common share consequently the estimated fair value of the shares is $4,575,000.

## 6. Investments at fair value through profit and loss (continued)

***Private investments (continued)***

Additional terms of the agreement are as follows:

• The Company injected $100,000 USD of cash on the closing date, and agreed to make additional payments of

- $200,000 USD on July 30, 2020, ($80,000 paid)
- $200,000 USD on September 15, 2020,
- $200,000 USD on December 15, 2020,
- $250,000 USD on March 15, 2021,
- $250,000 USD on June 15, 2021,
- $250,000 USD on September 15, 2021, and
- $550,000 USD on December 15, 2021
-

• Amino agreed to issue a warrant entitling the Company to purchase an additional 9% equity in Amino for $2 million with an expiry of 24 months from the closing date; The estimated fair value of the warrant was assessed and determined to be $nil.

• Amino's parent company, Exponential Genomics Inc. ("Exponential"), agreed to issue a warrant entitling the Company to acquire up to a 9.9% equity in Exponential for $2 million USD for a period of 12 months from the closing date. The estimated fair value of the warrant was assessed and determined to be $nil.

As a result, the total consideration paid to acquire the investment in Amino is $7,300,600. The remaining cash payments due to Amino have been discounted at a rate of 12% and an amount of $2,225,971 has been included in other liabilities.

On April 16, 2020, the Company acquired 49 percent of the issued and outstanding shares of Athletics and Health Solutions Inc. ("A&H"), a recently incorporated private Ontario corporation.

On April 21, 2020, the Company issued 6,000,000 common shares to four arm's length vendors of the A&H common shares at an estimated fair value of $2,820,000 based on the April 15, 2020 closing price of $0.47 on the Canadian Securities Exchange.

On June 22, 2020, the Company acquired 30% of the issued and outstanding shares of Glenco Medical Corp. ("Glenco Medical") by issuing 12,000,000 of the Company's common shares. At the closing date of the transaction, the Company's common shares were trading at a price of $0.185 per common share. As a result, the estimated fair value of the consideration paid to acquire the investment in Glenco Medical is $2,220,000. Glenco Medical is an injury treatment company providing effective remedies to alleviate musculoskeletal and inflammatory pain using wearable therapeutic technologies.

On July 29, 2019, The Company purchased 12,666,667 subscription receipts ("Subscription Receipts") of Varianz Corp., ("Varianz") at a price of $0.03 per Subscription Receipt. Each Subscription Receipt entitled the Company to receive one unit of Varianz. Each unit was comprised of one common share of Varianz and one common share purchase warrant exercisable for a period of 24 months from the date of issue, at a price of $0.06 per warrant.

(Unaudited, expressed in Canadian dollars)

## 6. Investments at fair value through profit and loss (continued)

***Private investments (continued)***

Varianz entered into a binding letter of intent with Savanna Capital Corp. ("Savanna"), a company listed on the TSX Venture Exchange, to complete a reverse takeover of Savanna ("RTO") such that the common shares and warrants of Varianz would be converted into free trading shares and warrants of such publicly listed entity upon the completion of the RTO. Deborah Battiston, CFO of the Company, is CFO of Savanna and Fred Leigh, a former director of the Company, is a director of Savanna.

On March 29, 2020, the RTO was cancelled, and the full amount of the Subscription Receipts was returned to the Company.

## 7. Royalty interest

On April 2, 2020, the Company announced an investment commitment in the Sunnybrook Research Institute's ("Sunnybrook") COVID-19 research. The Company will receive a 3.5% royalty on any revenues earned by Sunnybrook from the commercialization of its COVID-19 research. Under the agreement, the Company has agreed to provide $1,000,000 in funding to the program. The Company paid the first installment of $250,000 on April 2, 2020 and will pay the remaining amounts in three equal installments of $250,000 within the next twelve months. The remaining commitment of $750,000 is included in other liabilities.

On April 9, 2020, the Company announced an investment commitment with Sinai Health Foundation to support the development of a diagnostic test for COVID-19. Under the agreement, the Company has agreed to provide $500,000 in funding to the program. The Company paid the first installment of $125,000 on May 8, 2020 and will pay the remaining amounts in three equal installments of $125,000 within the next twelve months. The remaining commitment of $375,000 is included in other liabilities.

## 8. Accounts payable and accrued liabilities

| | | June 30, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Trade payables | $ | 705,591 | $ | 258,011 |
| Accrued exenses | | 20,250 | | 57,985 |
| | **$** | **725,841** | **$** | **315,996** |

## 9. Loans payable

On April 21, 2020, the Company issued a promissory note in the amount of USD$7,700,000 ($10,493,560) to an arm's length, third party lender. No interest is payable under the terms of the note. As additional consideration, the Company paid an origination fee of US$1,300,000 ($1,771,640) and issued 6,000,000 of the Company's common shares to the lender, with an estimated fair value of $2,790,000 ($0.465 per share) based on the closing price of the shares on the date of issuance. These amounts are shown as financing costs on the statement of operations. The origination fee forms part of the principal owing under the note, consequently USD$9,000,000 ($12,265,200) is due at maturity.

(Unaudited, expressed in Canadian dollars)

## 9. Loans payable (continued)

The note provides for security over all the assets of the Company and was due within 60 days from the date of issuance. On June 21, 2020, the Lender granted the Company a 60-day extension on the note. The note was secured as part of the profit sharing agreement with MTJR in order to finance the purchase of 1 million COVID-19 antibody testing kits from South Korean diagnostic testing company PCL Inc., to be distributed in the North and South American markets. See Note 5.

On May 29, 2020, the Company entered into a loan agreement with Sulliden Mining Capital Inc., whereby Sulliden agreed to lend the Company $503,403. Interest is accrued and calculated at 12% per annum and is due and payable on demand by the Company. The total amount owed to Sulliden, including principal and accrued interest, is $507,882 at June 30, 2020. Deborah Battiston, CFO of the Company, is the CFO of Sulliden, and Stan Bharti, a former director of the Company, is CEO and a director of Sulliden.

## 10. Share capital

### *Authorized*

At June 30, 2020, the authorized share capital consisted of an unlimited number of common shares without par value.

### *Common shares issued*

| | | | |
|---|---|---|---|
| **Balance, December 31, 2018 and 2019** | **34,190,109** | **$** | **18,922,990** |
| Shares issued through private placement | 20,000,000 | | 2,000,000 |
| Shares issued for acquisitions (Note 6) | 41,000,000 | | 10,175,000 |
| Shares issued for debt settlement | 7,250,000 | | 2,915,000 |
| **Balance, June 30, 2020** | **102,440,109** | **$** | **34,012,990** |

On March 23, 2020, the Company completed a non-brokered private placement financing of 20,000,000 common shares, at a price of $0.10 per common share, for gross proceeds of $2,000,000.

On March 30, 2020, the Company issued 8,000,000 common shares of the Company to acquire 100% of the outstanding shares of Eco Capital. See Note 6.

On April 13, 2020, the Company issued 15,000,000 common shares of the Company as part of the agreement to acquire 40% of the outstanding shares of Amino Therapeutics. See Note 6.

On April 21, 2020, the Company issued 6,000,000 common shares of the Company to indirectly acquire 49% of the outstanding shares of Athletic & Health Solutions. See Note 6.

On June 22, 2020, the Company issued 12,000,000 common shares of the Company to acquire 30% of the outstanding shares of Glenco Medical. See Note 6.

On January 8, 2020, the Company issued 1,250,000 common shares to a private company owned by Fred Leigh, a former director of the Company, to settle $125,000 of debt.

On April 23, 2020, the Company issued 6,000,000 common shares of the Company to an arms-length, third party lender in relation to a promissory note agreement. See Note 9.

(Unaudited, expressed in Canadian dollars)

## 11. Share-based payments reserve

The Company has a stock-option plan whereby the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the plan will be for a term not to exceed 5 years.

The share-based payments transactions for the six months ended June 30, 2020 and year ended December 31, 2019 are summarized below:

| | Options | | |
|---|---|---|---|
| | Number of options | Weighted average exercise price | Estimated grant date fair value of options |
| **December 31, 2018** | **1,941,800** | **$ 0.25** | **$ 520,999** |
| Granted | 1,700,000 | 0.12 | 156,900 |
| Expired | (618,000) | 0.39 | (277,685) |
| **December 31, 2019** | **3,023,800** | **$ 0.15** | **$ 400,214** |
| Granted | 5,490,000 | 0.28 | 935,448 |
| Expired | (150,000) | 0.19 | (27,570) |
| **June 30, 2020** | **8,363,800** | **$ 0.23** | **$ 1,308,092** |

During the six months ended June 30, 2020, the Company recorded expired unexercised stock options of $27,570 (six months ended June 30, 2019: $208,822).

The following options were in existence at June 30, 2020:

| Number outstanding | Number exercisable | Grant date | Expiry date | Exercise price ($) | Fair value at grant date ($) | Grant date share price ($) | Expected volatility | Expected life (years) | Expected dividend yield | Risk-free interest rate |
|---|---|---|---|---|---|---|---|---|---|---|
| 1,173,800 | 1,173,800 | 11-Oct-2016 | 11-Oct-2021 | 0.19 | 215,744 | 0.19 | 190% | 5 | 0 | 0.76% |
| 100,000 | 100,000 | 26-Sep-2019 | 26-Sep-2024 | 0.05 | 3,620 | 0.05 | 95% | 5 | 0 | 1.40% |
| 1,600,000 | 1,600,000 | 11-Oct-2019 | 11-Oct-2024 | 0.125 | 153,280 | 0.125 | 104% | 5 | 0 | 1.52% |
| 2,490,000 | 2,115,000 | 30-Mar-2020 | 30-Mar-2025 | 0.16 | 415,727 | 0.23 | 105% | 5 | 0 | 0.62% |
| 500,000 | - | 02-Apr-2020 | 02-Apr-2025 | 0.305 | 122,850 | 0.58 | 106% | 5 | 0 | 0.59% |
| 1,000,000 | - | 15-Apr-2020 | 15-Apr-2025 | 0.59 | 151,470 | 0.47 | 107% | 5 | 0 | 0.44% |
| 500,000 | 500,000 | 20-Apr-2020 | 20-Apr-2025 | 0.47 | 179,100 | 0.465 | 107% | 5 | 0 | 0.44% |
| 1,000,000 | 500,000 | 19-Jun-2020 | 19-Jun-2020 | 0.16 | 66,302 | 0.16 | 109% | 5 | 0 | 0.38% |
| 8,363,800 | 5,988,800 | | | | 1,308,092 | | | | | |

## 11. Share-based payments reserve (continued)

Options issued by the Company are priced using the Black-Scholes option-pricing model. Where relevant, the expected life used in the model is adjusted based on managements' best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. The expected life of the option is calculated based on the history of option exercises. The weighted average remaining contractual life of the options exercisable at June 30, 2020 was 4.2 years (December 31, 2019 – 3.5 years).

On March 30, 2020, the Company granted 2,490,000 stock options to certain directors, officers, and consultants of the Company. 1,990,000 of the stock options vested immediately and the remaining 500,000 stock options vest in four equal quarterly installments ending on March 30, 2021. The vested options have an estimated value of $415,727 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 105.0%; risk-free interest rate of 0.62%; and an expected average life of 5 years.

On April 2, 2020, the Company granted 500,000 stock options to a consultant of the Company. The stock options vest in four equal quarterly installments ending on April 2, 2021. The vested options have an estimated value of $122,850 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 106.0%; risk-free interest rate of 0.58%; and an expected average life of 5 years.

On April 15, 2020, the Company granted 1,000,000 stock options to certain consultants of the Company. The stock options vest in four equal quarterly installments ending on April 15, 2021. The vested options have an estimated value of $151,470 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 107.0%; risk-free interest rate of 0.44%; and an expected average life of 5 years.

On April 20, 2020, the Company granted 500,000 stock options to a consultant of the Company. The stock options vested immediately and have an estimated value of $179,100 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 107.0%; risk-free interest rate of 0.44%; and an expected average life of 5 years.

On June 19, 2020, the Company granted 1,000,000 stock options to certain consultants of the Company. 500,000 of the stock options vested immediately and the remaining 500,000 stock options vest in four equal quarterly installments ending on June 19, 2021. The vested options have an estimated value of $66,302 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 109.0%; risk-free interest rate of 0.38%; and an expected average life of 5 years.

## 12. Capital management

The Company considers its capital structure to consist of share capital and share purchase options. The Company manages its capital structure and makes adjustments based on the funds available to support its capital management objectives:

a) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
b) to give shareholders sustained growth in value by increasing shareholders' equity; while
c) taking a conservative approach towards financial leverage and management of financial risks

(Unaudited, expressed in Canadian dollars)

### 12. Capital management (continued)

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. The Company is not subject to externally imposed capital requirements other than those of the Canadian Securities Exchange, where investment entities must have minimum net assets of $2,000,000, at least 50% of which has been allocated to at least 2 specific investments.

### 13. Financial instruments

Financial assets and financial liabilities at June 30, 2020 and December 31, 2019 are as follows:

| **June 30, 2020** | **Financial assets at amortized cost** | **Assets at fair value through profit and loss** | **Financial liabilities at amortized cost** | **Total** |
|---|---|---|---|---|
| Cash | $ 22,687 | $ - | $ - | $ 22,687 |
| Amounts receivable | 470,443 | - | - | 470,443 |
| Public investments | - | 432,815 | - | 432,815 |
| Private investments | - | 12,586,126 | - | 12,586,126 |
| Note and loans receivable | 10,988 | 324,438 | - | 335,426 |
| Accounts payable and accrued liabilities | - | - | (725,841) | (725,841) |
| Loans payable | | | (12,773,082) | (12,773,082) |

| **December 31, 2019** | **Financial assets at amortized cost** | **Assets at fair value through profit and loss** | **Financial liabilities at amortized cost** | **Total** |
|---|---|---|---|---|
| Cash | $ 976 | $ - | $ - | $ 976 |
| Amounts receivable | 313,695 | - | - | 313,695 |
| Public investments | - | 386,036 | - | 386,036 |
| Private investments | - | 380,000 | - | 380,000 |
| Note and loans receivable | 693,209 | 308,721 | - | 1,001,930 |
| Accounts payable and accrued liabilities | - | - | (315,996) | (315,996) |

The Company's operations involve the purchase and sale of securities. In addition, the Company may have loans receivable outstanding. Accordingly, the majority of the Company's assets are currently comprised of financial instruments which can expose it to several risks, including liquidity, credit, and market risks. A discussion of the Company's use of financial instruments and their associated risks is provided below:

*Credit risk*

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money or securities will not perform their underlying obligations. The total carrying value of these financial instruments at June 30, 2020 was $805,869 (December 31, 2019 - $1,315,625).

(Unaudited, expressed in Canadian dollars)

### 13. Financial instruments (continued)

*Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. In addition, some of the investments the Company holds are lightly traded public corporations or not publicly traded and may not be easily liquidated.

The Company generates cash flow from proceeds from the disposition of its investments. There can be no assurances that sufficient funding, including adequate financing, will be available to cover the general and administrative expenses necessary for the maintenance of a public company. With the exception of the liabilities associated with Amino (see note 6) all of the Company's assets, liabilities and obligations are due within one year.

As at June 30, 2020, the Company had working capital of $8,224,655 (December 31, 2019- working capital of $1,984,478), which included cash of $22,687 (December 31, 2019- $976), investments of $13,018,941 (December 31, 2019- $766,036), note and loans receivable of $335,426 (December 31, 2019- $1,001,930), amounts receivable of $470,443 (December 31, 2019- $313,695) and prepaid expenses and advances of $11,227,053 (December 31, 2019- $217,837), offset by current liabilities of $16,849,895 (December 31, 2019- $315,996). The Company expects to raise additional net working capital to finance its planned activities.

The following table shows the Company's sources of liquidity by asset as at June 30, 2020 and December 31, 2019:

**June 30, 2020**

| | Total | Less than 1 year | 1-3 years |
|---|---|---|---|
| Cash | $ 22,687 | $ 22,687 | $ - |
| Note and loans receivable | 335,426 | 10,988 | 324,438 |
| Amounts receivable | 470,443 | 470,443 | - |
| Prepaid expenses | 11,227,053 | 11,227,053 | - |
| Public investments | 432,815 | 432,815 | - |
| Private investments | 12,586,126 | 12,586,126 | - |
| Royalty interest | 1,500,000 | - | 1,500,000 |
| Total assets - June 30, 2020 | $ 26,574,550 | $ 24,750,112 | $ 1,824,438 |

**December 31, 2019**

| | Total | Less than 1 year | 1-3 years |
|---|---|---|---|
| Cash | $ 976 | $ 976 | $ - |
| Note and loans receivable | 1,001,930 | 693,209 | 308,721 |
| Amounts receivable | 313,695 | 313,695 | - |
| Prepaid expenses | 217,837 | 217,837 | - |
| Public investments | 386,036 | 386,036 | - |
| Private investments | 380,000 | 380,000 | - |
| Total assets - December 31, 2019 | $ 2,300,474 | $ 1,991,753 | $ 308,721 |

### 13. Financial instruments (continued)

*Market risk*

a) Currency risk
Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and its functional currency is the Canadian dollar. The Company's foreign currency risk arises primarily with respect to the United States dollar. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not engage in hedging activities to mitigate this risk. The Company reduces its currency risk by maintaining minimal cash balances held in foreign currency.

As at June 30, 2020, the Company had the following financial assets and liabilities denominated in foreign currencies (amounts posted in United States dollars):

| June 30, 2020 | | United States dollars |
|---|---|---|
| Cash | $ | 7,910 |
| Loan receivable | | 40,000 |
| Trade and other payables | | (14,083) |
| Loan payable | | (9,000,000) |
| | $ | (8,966,173) |

A 10% increase in the value of the Canadian dollar against all foreign currencies in which the Company held financial instruments as of June 30, 2020 would result in an estimated increase (decrease) in income of approximately $1,100,000 (December 31, 2019 - $62,000).

b) Interest rate risk
A 10% increase in interest rates based on the balance of cash and cash equivalents at June 30, 2020, would result in a negligible increase in annual interest income.

c) Price and concentration risk
The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at unfavourable prices.

Three investments at fair value through profit and loss make up approximately 48% of the Company's assets. The unknown risks related to COVID-19 could affect the value of these financial instruments.

*Fair value hierarchy*

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2- Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3- Inputs that are not based on observable market data.

(Unaudited, expressed in Canadian dollars)

## 13. Financial instruments (continued)

*Fair value hierarchy (continued)*

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at June 30, 2020:

| | Level 1 | Level 2 | Level 3 | TOTAL |
|---|---|---|---|---|
| **As at June 30, 2020** | | | | |
| Public investments | $ 401,842 | $ 30,973 | $ - | $ 432,815 |
| Private investments | - | - | 12,586,126 | 12,586,126 |
| Loans receivable | - | 324,438 | - | 324,438 |
| Total | $ 401,842 | $ 355,411 | $ 12,586,126 | $ 13,343,379 |

Level 1 Hierarchy

On May 1, 2020, the 5,740,605 common shares of Sulliden Mining Capital were released from escrow, and therefore the full value of the investment of $401,842 was moved from Level 2 to Level 1 of the fair value hierarchy.

Level 2 Hierarchy

At June 30, 2020, the 172,071 common shares of Last Mile Holdings Ltd. (formerly OjO Electric Corp.) were held in escrow, and therefore the full value of the investment of $30,973 has been recorded at Level 2 of the fair value hierarchy.

The loan receivable from Newdene Gold Inc. has a conversion feature as disclosed in Note 3. As of June 30, 2020, the fair value of the conversion feature was assessed to be less than the fair value of the loan receivable based on the market price of the underlying security to be received upon conversion. The loan receivable balance of $324,438 has been recorded at Level 2 of the fair value hierarchy.

Level 3 Hierarchy

Within Level 3, the Company includes private company investments that are not quoted on an exchange. The key assumptions used in the valuation of these investments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly traded companies.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at June 30, 2020:

(Unaudited, expressed in Canadian dollars)

### 13. Financial instruments (continued)

*Fair value hierarchy (continued)*

| *Description* | | *Fair vaue* | *Valuation technique* | *Significant unobservable input(s)* | *Range of significant unobservable input(s)* |
|---|---|---|---|---|---|
| Amino Therapeutics | $ | 4,575,000 | Recent financing | Marketability of shares | 0% discount |
| Athletic & Health Solutions | $ | 2,820,000 | Recent financing | Marketability of shares | 0% discount |
| Glenco Medical | $ | 2,220,000 | Recent financing | Marketability of shares | 0% discount |
| Eco Capital Growth Corp. | $ | 560,000 | Recent financing | Marketability of shares | 0% discount |

Amino Therapeutics

The valuation as at June 30, 2020 was based on the fair value of the Company's common shares issued in the acquisition. Management has determined that there are no reasonable possible alternative assumptions that would change the fair value significantly as at June 30, 2020. A 10% change in fair value would result in a change of income of approximately $457,500 at June 30, 2020. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately $229,000 in income.

Athletic and Health Solutions

The valuation as at June 30, 2020 was based on the fair value of the Company's common shares issued in the acquisition. Management has determined that there are no reasonable possible alternative assumptions that would change the fair value significantly as at June 30, 2020. A 10% change in fair value would result in a change of income of approximately $282,000 at June 30, 2020. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately $181,000 in income.

Glenco Medical

The valuation as at June 30, 2020 was based on the fair value of the Company's common shares issued in the acquisition. Management has determined that there are no reasonable possible alternative assumptions that would change the fair value significantly as at June 30, 2020. A 10% change in fair value would result in a change of income of approximately $222,000 at June 30, 2020. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately $111,000 in income.

Eco Capital Growth Corp.

The valuation as at June 30, 2020 was based on the fair value of the Company's common shares issued in the transaction. Management has determined that there are no reasonable possible alternative assumptions that would change the fair value significantly as at June 30, 2020. A 10% change in fair value would result in a change of income of approximately $56,000 at June 30, 2020. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately $28,000 in income.

(Unaudited, expressed in Canadian dollars)

## 13. Financial instruments (continued)

*Fair value hierarchy (continued)*

While the changes in unobservable inputs by set percentages illustrate the overall effect of those changes, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

As valuations of investments for which market quotations are not readily available are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. Such changes may have a significant impact on the Company's financial condition or operating results.

## 14. Related party transactions and balances

*Related Party Disclosures*

Refer to Notes 3, 6, and 9.

*Related Party Transactions*

During the three and six months ended June 30, 2020 and 2019, the Company entered into the following transactions in the ordinary course of business with related parties from an accounting perspective that are not subsidiaries of the Company.

| | Purchase of goods and services | | | |
|---|---|---|---|---|
| | Three months ended December 31, | | Six months ended June 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Forbes & Manhattan, Inc. | $ 56,500 | $ - | $ 56,500 | $ 30,000 |
| 2227929 Ontario Inc. | $ 101,700 | $ 60,000 | $ 203,400 | $ 90,000 |

Mr. Stan Bharti is the Executive Chairman of Forbes. The Company is part of the Forbes Group of Companies and continues to receive the benefits of such membership, including access to various professionals, and strategic advice from the Forbes Board of Advisors. An administration fee of $10,000 per month through April 2019 and $25,000 per month from May 2019 was charged by Forbes pursuant to a consulting agreement. From April 2019 through April 2020, Mr. Bharti served as President, CEO, and director of the Company. As a result, amounts paid to Forbes from April 1, 2019 to April 30, 2020 are included as part of compensation of key management, directors and officers. As at June 30, 2020, receivables included $125,000 (December 31, 2019: $210,195) owing from Forbes. These receivables are unsecured, non-interest bearing and due on demand.

At June 30, 2020, the Company had an amount receivable of $103,500 from Aberdeen International Inc. (December 31, 2019: $103,500). The receivable is unsecured, non-interest bearing and due on demand. Stan Bharti, a former director and officer of the Company, is a director and officer of Aberdeen.

The Company shares office space with other corporations who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment, supplies, and certain other services are administered by 2227929 Ontario Inc., to whom the Company pays a monthly fee. For the six months ended June 30, 2020, the Company was charged $203,400 for these services (six months ended June 30, 2019: $90,000). Fred Leigh, a former director of the Company, is a director of 2227929 Ontario Inc.

(Unaudited, expressed in Canadian dollars)

## 14. Related party transactions and balances (continued)

*Compensation of Key Management, Directors and Officers*

The remuneration of directors and other members of key management personnel during the three and six months ended June 30, 2020 and 2019 were as follows:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Short-term benefits | $ 185,319 | $ 150,250 | $ 341,823 | $ 210,250 |
| Share-based payments | - | - | 209,635 | - |

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

During the six months ended June 30, 2020, the Company granted a total of 1,135,000 stock options to key management, directors, and officers of the Company (six months ended June 30, 2019: nil).

## 15. Commitments and contingencies

*Management contracts*

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately $3,300,000 to be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements. Additional minimum management contract commitments remaining under these contracts approximate $370,000 due within one year.

*Legal Proceedings*

The Company is from time to time named in various legal proceedings. The Company has not estimated or accrued any amounts related to such proceedings as they are believed to be without merit.

## 16. Subsequent events

On July 2, 2020, the Company granted 1,700,000 stock options to a consultant of the Company pursuant to the Company's stock option plan. The stock options vest immediately and may be exercised at a price of $0.135 per option for a period of five years from the date of grant.

On July 28, 2020, the Company entered into a binding agreement with Latin-Pharma Inc. (Canada) to acquire a 28% indirect equity interest in Sanaty IPS S.A.S ("Sanaty"), a full-service medical clinic in Columbia. The Company issued 12,000,000 of the Company's common shares as part of the acquisition.

On August 4, 2020, the Company entered into an arms-length agreement to acquire a 40% equity interest in Spectral Analytics Inc. ("Spectral") by issuing 10,000,000 of the Company's common shares and $470,000 USD. The transaction is conditional upon Spectral receiving Institutional Review Board (IRB) approval for human trials and the completion of a successful in-vitro study of a combination of two FDA drugs to treat COVID-19. See Note 6.

**16. Subsequent events (continued)**

On August 17, 2020, the Company closed the first tranche of a private placement financing by issuing 7,755,500 units at a price of $0.20 per unit for aggregate gross proceeds of $1,551,100. Each unit consists of one common share of the Company and one common share purchase warrant entitling the holder thereof to acquire one common share at a price of $0.25 for a period of 24 months following the closing date.

On August 20, 2020, the Company announced that it increased the size of its previously announced private placement financing from $2.5 million to up to $4.5 million. The Company will now issue up to 22,500,000 units of the Company at a purchase price of $0.20 per unit. Each unit consists of one common share of the Company (a “Share”) and one common share purchase warrant (a “Warrant”). Each Warrant entitles the holder thereof to acquire one Share at a price of $0.25 for a period of 24 months following the closing date.

On August 25, 2020, the Company closed it previously announced agreement to acquire 100% of Las Vegas-based Collection Sites, LLC for 20,000,000 of the Company’s common shares.

On August 25, 2020, the Company announced it granted a total of 1,500,000 stock options to Doug Sommerville, President and CEO of the Company pursuant to the Company’s stock option plan. The options vest 50% in three months and 50% after six months and may be exercised at a price of $0.19 per option for a period of five years from the date of grant. The grant of options also remains subject to the approval of the Canadian Securities Exchange.