Naturally Splendid Enterprises Ltd.

Consolidated Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NATURALLY SPLENDID ENTERPRISES LTD.

Opinion

We have audited the consolidated financial statements of Naturally Splendid Enterprises Ltd. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity (deficiency) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $4,659,642 for the year ended December 31, 2020, and as at that date, the Company had a working capital deficiency of $2,444,661. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Hervé Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 30, 2021

Naturally Splendid Enterprises Ltd.
Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	2020	2019
ASSETS		
Current		
Cash	$ 202,334	$ 113,566
Trade and other receivables (Note 4)	350,699	410,860
Inventories (Note 5)	873,274	1,515,406
Advances, prepaids and deposit	72,397	290,025
Restricted cash (Note 6, 11)	-	45,080
Assets held for sale (Note 7)	-	214,000
	1,498,704	2,588,937
Long-term deposits	32,124	32,124
Restricted cash (Note 6)	34,500	34,500
Property and equipment (Note 7)	2,432,552	2,860,803
Technology license and other intangibles (Note 8)	55,583	84,583
Total	**$ 4,053,463**	**$ 5,600,947**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Liabilities		
Current		
Trade and other payables (Note 10, 11)	$ 2,612,845	$ 2,523,581
Government remittances	647,839	166,983
Loan from related party (Note 11)	55,000	55,000
Current portion of lease liabilities (Note 9)	427,681	276,899
Lease liabilities for assets held for sale (Note 9)	-	22,845
Short-term loans (Note 10)	200,000	525,000
	3,943,365	3,570,308
Lease liabilities (Note 9)	1,057,612	1,312,545
Total liabilities	5,000,977	4,882,853
Shareholders' equity (deficiency)		
Share capital (Note 13)	28,131,158	25,533,987
Reserves (Note 13)	1,874,681	2,487,575
Deficit	(30,953,353)	(27,303,468)
Total shareholders' equity (deficiency)	(947,514)	718,094
Total	**$ 4,053,463**	**$ 5,600,947**

Approved on April 30, 2021 on behalf of the Board:

"Craig Goodwin"
Director

"George Ragogna"
Director

The accompanying notes are an integral part of these consolidated financial statements.

Naturally Splendid Enterprises Ltd.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	2020	2019
Revenue	$ 1,576,408	$ 3,037,512
Cost of sales	1,460,279	2,114,712
Gross profit	**116,129**	**922,800**
Selling and distribution expenses		
Bad debts and inventory write-down (Note 5)	258,899	394,982
Facility	790,853	1,396,223
Freight and delivery	55,326	83,559
Product development, net of grants	-	14,801
Product promotion, net of grants	169,271	214,859
	1,274,349	**2,104,424**
Administrative expenses		
Accounting and audit	101,555	96,035
Amortization and depreciation (Note 7, 8)	642,795	910,889
Bank charges and interest	132,382	132,846
Corporate promotion	455,569	570,254
Directors' fees (Note 11)	39,166	57,457
Interest on lease liabilities (Note 9)	157,828	169,001
Legal	75,105	128,028
Management and consulting fees (Note 11)	640,570	1,063,648
Office, rent and salaries (Note 21)	828,050	1,476,126
Share-based payments (Notes 13 and 14)	375,847	66,852
Transfer agent and filing fees	68,088	86,971
Travel	17,352	72,964
	3,534,307	**4,831,071**
Loss before other items	**(4,692,527)**	**(6,012,695)**
Other items		
Foreign exchange gain (loss)	860	(6,792)
Gain on settlement of loan payable (Note 11)	-	200,000
Loss on settlement of loan receivable (Note 11)	-	(130,000)
Interest and other income	368	5,855
Revaluation of contingent consideration payable (Note 20)	-	965,000
Gain on sale of equipment (Notes 7)	31,657	-
Impairment of property and equipment (Note 7)	-	(407,088)
Impairment of technology license and other intangibles (Note 8)	-	(1,240,283)
Impairment of goodwill (Note 20)	-	(404,067)
Net loss and comprehensive loss for the year	**$(4,659,642)**	**$(7,030,070)**
Basic and diluted loss per common share	$ (0.03)	$ (0.06)
Weighted average number of shares outstanding	171,299,841	119,382,417

The accompanying notes are an integral part of these consolidated financial statements.

Naturally Splendid Enterprises Ltd.
Consolidated Statements of Changes in Cash Flows
For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	2020	2019
Operating activities		
Net loss for the year	$(4,659,642)	$ (7,030,070)
Items not affecting cash:		
Amortization and depreciation	642,795	910,889
Shares issued for services	65,000	81,500
Interest on lease liabilities	157,828	169,001
Interest on short-term loan	24,801	18,740
Bad debts and inventory write-down	258,899	394,982
Share-based payments	375,847	66,852
Gain on sale of equipment	(31,657)	-
Gain on settlement of loan payable	-	(200,000)
Loss on settlement of loan receivable	-	130,000
Revaluation of contingent consideration payable	-	(965,000)
Impairment of property and equipment	-	407,088
Impairment of technology license and other intangibles	-	1,240,283
Impairment of goodwill	-	404,067
	(3,166,129)	(4,371,668)
Changes in non-cash working capital:		
Trade and other receivables	21,727	(65,090)
Inventories	421,667	(309,088)
Advances, prepaids and deposits	217,628	(201,073)
Restricted cash	45,080	(45,080)
Trade and other payables	223,670	1,086,135
Government remittances	480,856	152,058
Cash used in operating activities	(1,755,501)	(3,753,806)
Investing activities		
Purchase of property and equipment	(123,501)	(494,534)
Purchase of intangible assets	(6,000)	-
Proceeds on disposal of equipment	85,412	-
Cash used in investing activities	(44,089)	(494,534)
Financing activities		
Lease liabilities	(284,824)	(394,927)
Loan receivable	-	70,780
Proceeds on issuances of loans	300,000	525,000
Proceeds on issuance of shares, net of costs	1,763,182	3,972,239
Proceeds from options and warrants exercised	110,000	-
Cash provided by financing activities	1,888,358	4,173,092
Net change in cash	88,768	(75,248)
Cash, beginning of year	113,566	188,814
Cash, end of year	$ 202,334	$ 113,566

Supplemental Cash Flow Information (Note 17)

The accompanying notes are an integral part of these consolidated financial statements.

Naturally Splendid Enterprises Ltd.
Consolidated Statements of Changes in Equity (Deficiency)
For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Common shares	Share capital	Option reserves	Warrant reserves	Deficit	Total equity (deficiency)
Balance at December 31, 2018	**104,047,454**	**$ 22,022,666**	**$ 2,134,381**	**$ 147,769**	**$(20,677,243)**	**$ 3,627,573**
Private placement, net of costs	36,791,059	3,429,821	-	542,418	-	3,972,239
Share-based payments	-	-	66,852	-	-	66,852
Shares issued for services	600,000	81,500	-	-	-	81,500
Options expired or forfeited	-	-	(344,773)	-	344,773	-
Warrants expired or cancelled	-	-	-	(59,072)	59,072	-
Net loss for the year	-	-	-	-	(7,030,070)	(7,030,070)
Balance at December 31, 2019	**141,438,513**	**$ 25,533,987**	**$ 1,856,460**	**$ 631,115**	**$(27,303,468)**	**$ 718,094**
Private placement, net of costs	39,740,257	1,827,263	-	-	-	1,827,263
Finder's fee - cash	-	(26,710)	-	-	-	(26,710)
Finder's fee - warrants	-	(21,016)	-	21,016	-	-
Share issue costs		(37,371)	-	-	-	(37,371)
Shares issued for services	1,857,142	65,000	-	-	-	65,000
Shares for debt	19,131,095	680,005	-	-	-	680,005
Share-based payments	-	-	375,847	-	-	375,847
Options expired or forfeited	-	-	(965,407)	-	965,407	-
Warrants exercised	2,000,000	110,000	-	-	-	110,000
Warrants expired or cancelled	-	-	-	(44,350)	44,350	-
Net loss for the year	-	-	-	-	(4,659,642)	(4,659,642)
Balance at December 31, 2020	**204,167,007**	**$ 28,131,158**	**$ 1,266,900**	**$ 607,781**	**$(30,953,353)**	**$ (947,514)**

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations and Going Concern

Naturally Splendid Enterprises Ltd. ("Naturally Splendid" or the "Company") was incorporated under the laws of the province of British Columbia on December 21, 2010.

The Company is in the natural food industry and sells food and ingredients to commercial processors and consumers by distribution through grocery stores, health and nutrition stores and online. Materials are sourced in bulk and repackaged at the Company's facility with its unique branding under the Company's name. Current products are hemp-based food items that are both conventional and organic, including whole grains and protein powders. Product sales are supported through a combination of direct and online sales and distribution channels.

The head office, principal address, and registered and records office is located at 108-19100 Airport Way Pitt Meadows, British Columbia, Canada V3Y 0E2.

The Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. For the year ended December 31, 2020, the Company had a net loss and comprehensive loss of $4,659,642 (2019 - $7,030,070) and working capital deficit of $2,444,661 (2019 - $981,371). The Company remains reliant on external sources of financing to fund operations and meet the Company's obligations.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or positive cash flow. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and raise additional capital. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and consolidated statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. Such adjustments could be material.

Since March 2020, COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. The Company's production processes halted during government-imposed lockdowns, resulting in decline in sales. The full extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. There can be no assurance that the Company will not be further impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce share prices and financial liquidity, thereby severely limit the financing capital available.

During the year ended December 31, 2020, the Canadian government offered the Canada Emergency Wage Subsidy ("CEWS") to assist businesses that were impacted by COVID-19. The Company was eligible to receive the government assistance and received $496,062.

2. Basis of Presentation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on the date noted on the consolidated statements of financial position.

b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in Note 12. These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency. These consolidated financial statements include the accounts of the following entities:

	Relationship	Percentage
Naturally Splendid Enterprises Ltd.	Parent	100%
Naturally Splendid Enterprises 2013 Ltd.	Subsidiary	100%
Naturally Splendid Extracts Ltd. ("Extracts")	Subsidiary	100%
Naturally Splendid USA Ltd.	Subsidiary	100%
Chi Hemp Industries Inc. ("Chi")	Subsidiary	100%
Prosnack Natural Foods Inc. ("Prosnack")	Subsidiary	100%
Naturally Splendid Hemp Processors Ltd. ("NSHP")	Subsidiary	100%

All the entities above are incorporated in Canada, with the exception of Naturally Splendid USA Ltd., which is incorporated in the United States of America. The consolidated financial statements include the operating results of subsidiaries from the date of acquisition. All intercompany balances and transactions are eliminated on consolidation. Control is based on whether an investor has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of returns.

3. Significant Accounting Policies

a) Inventories

Inventories are stated at the lower of production cost and net realizable value. Production costs include direct and indirect labour, operating materials and supplies, transportation costs, and an appropriate portion of fixed and variable overhead expenses. Inventories are accounted for on a first-in, first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Supplies used in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

3. Significant Accounting Policies (Continued)

b) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write-off the cost of property and equipment, less their estimated residual value, using the declining-balance or straight-line method at the following annual rates:

Computer equipment	55% declining-balance
Computer software	30% declining-balance
Furniture and equipment	20% declining-balance
Manufacturing facility	Straight-line over lease term of 8-10 years
Leasehold improvements	Straight-line over 5 years
Manufacturing equipment	20% declining-balance
Vehicle	Straight-line over 1 year

Manufacturing facility includes the Company's operating premise leases which were capitalized in accordance with IFRS 16 *Leases* ("IFRS 16") (Note 9). These leases are depreciated over the term of the lease agreements.

Property and equipment are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

c) Revenue recognition

The Company generates its revenue from sales to retailers, online web sales, bulk sales, and co-packing revenues. Revenues from sale of goods via retailers, online web sales, bulk sales and co-packing have a single performance obligation and are recognized at the point in time when control transfers and the obligation has been fulfilled, which is upon shipment of goods to the customer. The amount of revenue recognized is based on a contractual price and is recorded net of sales discounts, if any.

d) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued at the grant date and recognized over the vesting periods using the graded vesting method. Share-based payments to non-employees are measured at the fair value of goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based expense is measured at the fair value of the equity instruments issued. For both employees and non-employees, the fair value of share-based expense is measured using the Black-Scholes option pricing model and is recognized in profit or loss, with a corresponding increase in reserves. When options expire unexercised or are cancelled, these amounts are reclassified into deficit.

3. Significant Accounting Policies (Continued)

e) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. The calculation of diluted earnings per share assumes that outstanding options and warrants are exercised, and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. Diluted loss per share is not presented if the effects are anti-dilutive.

f) Accounting for equity units

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares, and any excess is allocated to warrants. Share issue costs are deducted against share proceeds.

g) Research and development

Research costs are expensed as incurred. Product development expenditures are expensed as incurred until such time that they meet certain specific criteria for deferral and amortization. Management assesses whether it has met such criteria at each reporting date. In making the assessment, management considers status of the product development, regulatory submissions, marketing and finance plans. The Company has not deferred any product development expenditures to date. Research and development expenses are included in product promotion costs under selling and distribution expenses.

h) Technology license and other intangibles

The Company's intangible assets include Exclusive License IP ("Licensed IP") acquired with the acquisition of POS BPC Manufacturing Corp., website, technology and non-compete clauses acquired with the acquisition of Chi; technology license agreements acquired from Full Spectrum Laboratories Limited ("FSL") (the "Technology License") (Note 8) and trademarks, customer lists and non-compete clauses related to the acquisition of Prosnack. Intangible assets acquired are recorded at cost less accumulated amortization and any impairment losses. Intangible assets are assessed for indicators of impairment at each reporting date, or more frequently if changes in circumstances indicate that the carrying value may be impaired. In addition to impairment indicator assessments, indefinite life intangibles must be tested annually for impairment. Amortization for intangible assets with finite lives is calculated on a straight-line basis over the life of the asset less its residual value. The Company's amortization policy for intangible assets with finite lives is as follows:

Technology License – 15 years
Non-compete clauses – 2 years
Licensed IP – 10 years
Brands and trademarks – 5 years
Customer lists – 5 years

3. Significant Accounting Policies (Continued)

i) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset (the ROU), the Company assesses whether the contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights, the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and whether the Company has the right to direct the use of the asset.

The Company applies the exemption not to recognize right-of-use assets and lease liabilities for leases relating to low-value assets. The ROU asset is initially measured based on the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received. The ROU asset is depreciated to the end-of-the-useful-life or the lease term, whichever comes earlier, using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise the option. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and remeasured when there is a change in future lease payments.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

j) Government assistance

Government assistance, including government assistance under COVID-19 response programs, are recorded as a reduction to administrative salaries, fees and benefits as they are received provided there is reasonable assurance that the assistance will not be repayable, otherwise they are recorded as a liability.

k) Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and reported amounts of revenue and expenses during the reporting period. 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 results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

3. Significant Accounting Policies (Continued)

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Recoverability of receivables

Provisions are made against accounts that, in the estimation of management, may be uncollectible. The recoverability assessment of trade and other receivables is based on a range of factors, including the age of the receivable and the creditworthiness of the customer. The provision is assessed monthly with a detailed formal review of balances and security being conducted annually. Determining the recoverability of an account involves estimation and judgment as to the likely financial condition of the customer and their ability to subsequently make payments. To the extent that future events impact the financial condition of the customers these provisions could vary significantly.

Valuation of inventory

Management makes estimates of future customer demand for products when establishing appropriate provisions for inventory obsolescence. In making these estimates, management considers the shelf-life of inventory and profitability of recent sales.

Useful lives of property, equipment and intangibles

Depreciation and amortization of the Company's equipment and intangible assets incorporate estimates of useful lives and residual values. These estimates may change as market conditions change and the future economic benefits from the use of the asset changes, thereby impacting the useful life and residual value of the equipment or intangible asset. Any revisions to useful life are accounted for prospectively.

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. As the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the expected volatility of the Company’s share prices and expected forfeiture rates, changes in subjective input assumptions can materially affect the fair value estimate.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its tax assets and liabilities and applies tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

3. Significant Accounting Policies (Continued)

Determination of cash-generating units ("CGU")

CGUs are defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash flows of other assets or groups of assets. The classification of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users and the way in which management monitors the Company's operations.

Impairment of property and equipment, technology license and other intangibles and goodwill

Judgment is required in determining whether property and equipment, technology license and other intangibles have indicators of impairment. Determining the amount of impairment of property and equipment, technology license and other intangibles and goodwill requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Leases

The Company applies judgment in determining whether the contract contains an identified asset, whether the Company has the right to control the asset, the lease term and an appropriate discount rate. The lease term is based on considering facts and circumstances, both qualitative and quantitative that can create economic incentive to exercise renewal options.

Government assistance

The Company applies judgment in determining whether they are eligible for government assistance including when they have met the terms that the assistance would not be repayable.

3. Significant Accounting Policies (Continued)

l) Income taxes

Deferred tax is calculated on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

m) Impairment of non-financial assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3. Significant Accounting Policies (Continued)

n) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

o) Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All exchange differences are recorded in profit and loss.

p) Financial instruments

Financial assets

(i) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(ii) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

3. Significant Accounting Policies (Continued)

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(iii) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities

(i) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(ii) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (Continued)

(iii) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the profit or loss.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

Fair value hierarchy

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy 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.

4. Trade and Other Receivables

The Company's trade and other receivables arise from two main sources: trade receivables due from customers and Goods and Services Tax/Harmonized Sales Tax ("GST/HST") due from the government authorities. These are as follows:

	December 31, 2020	December 31, 2019
GST/HST receivable	$ 61,983	$ 146,061
Trade receivables	288,716	260,799
Due from related parties (Note 11)	-	4,000
	$ 350,699	**$ 410,860**

Included in trade receivables is an allowance for uncollectible accounts as at December 31, 2020 of $34,328 (2019 - $29,362).

(Expressed in Canadian Dollars)

5. Inventories

	December 31, 2020	December 31, 2019
Finished products for resale	$ 427,924	$ 384,276
Raw materials	185,933	520,189
Containers, labels and packing materials	259,417	610,941
	$ 873,274	**$ 1,515,406**

During the year ended December 31, 2020, the Company recorded a write-down to inventory of $220,466 (2019 - $365,620) relating to expired goods and estimated net realizable value of inventories being lower than cost.

6. Restricted Cash

The Company has deposited funds in interest-bearing term deposits with its principal banker as security against corporate credit cards.

As at December 31, 2020, the deposited funds earn an interest rate at 0.60% that mature on May 18, 2021 and July 8, 2021. Management expects to renew these deposits upon maturity.

As at December 31, 2019, the deposited funds earn an interest rate at prime less 2.70% and prime less 2.65%, and matures on July 5, 2020 and May 21, 2020, respectively.

During the year ended December 31, 2020, the Company settled the outstanding payable of $45,080 due to a former officer of the Company for management fees, which were garnished by the Bank of Montreal during the year ended December 31, 2019 (Note 11) and shown as restricted cash.

(Expressed in Canadian Dollars)

7. Property and Equipment

The changes in the Company's property and equipment for the years ended December 31, 2020 and 2019 are as follows:

	Computer equipment and software	Furniture and equipment	Manufacturing facility and leasehold improvements	Manufacturing equipment	Vehicle	Total
Cost						
December 31, 2018	**$ 103,721**	**$ 269,368**	**$ 389,206**	**$ 1,872,142**	**$ -**	**$ 2,634,437**
Additions	1,326	39,548	246,434	394,396	9,576	691,280
Additions from adoption of IFRS 16	-	-	1,353,021	-	-	1,353,021
Reclassification to asset held for sale	-	-	-	(410,544)	-	(410,544)
December 31, 2019	**$ 105,047**	**$ 308,916**	**$ 1,988,661**	**$ 1,855,994**	**$ 9,576**	**$ 4,268,194**
Additions	-	-	-	19,299	-	19,299
Reclassification from asset held for sale	-	-	-	410,544	-	410,544
Disposition	-	-	-	(224,143)	-	(224,143)
December 31, 2020	**$ 105,047**	**$ 308,916**	**$ 1,988,661**	**$ 2,061,694**	**$ 9,576**	**4,473,894**
Depreciation						
December 31, 2018	**$ 90,208**	**$ 115,658**	**$ 66,783**	**$ 216,897**	**$ -**	**$ 489,546**
Additions	7,633	28,978	101,233	381,461	9,576	528,881
Additions from adoption of IFRS 16 (Note 3)	-	-	178,420	-	-	178,420
Impairment	-	-	-	407,088	-	407,088
Reclassification to asset held for sale	-	-	-	(196,544)	-	(196,544)
December 31, 2019	**$ 97,841**	**$ 144,636**	**$ 346,436**	**$ 808,902**	**$ 9,576**	**$ 1,407,391**
Additions	4,073	29,764	304,296	269,662	-	607,795
Reclassification from asset held for sale	-	-	-	196,544	-	196,544
Disposition	-	-	-	(170,388)	-	(170,388)
December 31, 2020	**$ 101,914**	**$ 174,400**	**$ 650,732**	**$ 1,104,720**	**$ 9,576**	**$ 2,041,342**
Net Book Value						
December 31, 2019	**$ 7,206**	**$ 164,280**	**$ 1,642,225**	**$ 1,047,092**	**$ -**	**$ 2,860,803**
December 31, 2020	**$ 3,133**	**$ 134,516**	**$ 1,337,929**	**$ 956,974**	**$ -**	**$ 2,432,552**

Included within manufacturing facility are the right-of-use assets recognized for the Company's operating premise leases. Included within manufacturing equipment are food packaging and production equipment under lease (Note 9).

(Expressed in Canadian Dollars)

7. Property and Equipment (Continued)

Depreciation expense recognized for the operating premise lease for the year ended December 31, 2020 was $178,420 (2019 - $178,420). The net carrying value of the operating premise lease as at December 31, 2020 was $1,174,601 (2019 - $1,174,601).

Depreciation expense recognized for food packaging and production equipment leases for the year ended December 31, 2020 was $136,149 (2019 - $140,182). The net carrying value of food packaging and production equipment leases as at December 31, 2020 was $213,966 (2019 - $350,115).

During the year ended December 31, 2019, management made the decision to sell the manufacturing equipment acquired through the acquisition of NSHP in fiscal 2018. Management estimated the recoverable value based on a fair value less cost of disposal approach to be $214,000. Accordingly, during the year ended December 31, 2019, the Company recognized an impairment expense of $407,088 to decrease the carrying value of the manufacturing equipment to its estimated recoverable value. The fair value measurement is categorized within Level 3 of the fair value hierarchy. The remaining value of this equipment of $214,000 was reclassified to asset held for sale. Of this amount, $21,184 relates to an asset under lease. The remaining lease liability of $22,845 is included in the current portion of lease liabilities on the consolidated statements of financial position as at December 31, 2019. During the year ended December 31, 2020, management made the decision to not proceed with the sale of the manufacturing equipment. The estimated value of the equipment of $214,000 was reclassified from asset held for sale to property and equipment in manufacturing equipment.

8. Technology License and Other Intangibles

The changes in the Company's technology license and other intangibles for the years ended December 31, 2020 and 2019 are as follows:

	Technology License	Non-compete Clauses	Licensed IP	Brands & Trademarks	Customer Lists	Total
Cost						
December 31, 2018 and 2019	**$ 1,486,425**	**$ 40,926**	**$ 200,000**	**$ 145,000**	**$ 256,000**	**$ 2,128,351**
Additions	-	-	-	6,000	-	6,000
December 31, 2020	**$ 1,486,425**	**$ 40,926**	**$ 200,000**	**$ 151,000**	**$ 256,000**	**$ 2,134,351**
Amortization						
December 31, 2018	**$ 393,337**	**$ 39,926**	**$ 80,000**	**$ 31,417**	**$ 55,217**	**$ 599,897**
Additions	102,138	1,000	20,000	29,000	51,450	203,588
Impairment	990,950	-	100,000	-	149,333	1,240,283
December 31, 2019	**$ 1,486,425**	**$ 40,926**	**$ 200,000**	**$ 60,417**	**$ 256,000**	**$ 2,043,768**
Additions	-	-	-	35,000	-	35,000
December 31, 2020	**$ 1,486,425**	**$ 40,926**	**$ 200,000**	**$ 95,417**	**$ 256,000**	**$ 2,078,768**
Net Book Value						
December 31, 2019	**$ -**	**$ -**	**$ -**	**$ 84,583**	**$ -**	**$ 84,583**
December 31, 2020	**$ -**	**$ -**	**$ -**	**$ 55,583**	**$ -**	**$ 55,583**

8. Technology License and Other Intangibles (Continued)

Technology License

During 2015, Naturally Splendid USA Ltd. acquired a license agreement (“License Agreement”). The License Agreement provides that the licensee has a worldwide license to manufacture, commercialize and sell products based on certain proprietary technology of FSL and has a non-exclusive license on certain analytical testing standard operating procedures (“SOPs”) and GC-MS terpene analysis SOPs.

Actual revenues from the use of the technology license being significantly lower than management’s original forecast together with management’s current focus on other sources of revenues, resulted in an indicator of impairment. Management estimated the recoverable value based on a value-in-use calculation using pre-tax cash flow projections based on management’s best estimates, and a pre-tax discount rate of 15%, to be $nil. Accordingly, during the year ended December 31, 2019, the Company recognized an impairment expense of $990,950 to decrease the carrying value of the technology license to its estimated recoverable value of $nil.

Non-compete Clauses

Non-compete Clauses consist of non-compete agreements the Company entered into with former owners of Chi and Prosnack.

Licensed IP

On the sale of a former subsidiary in 2018, the Company retained ownership and interests in the Licensed IP. Actual revenues from the use of the Licensed IP has been significantly lower than management’s original forecast, which resulted in an indicator of impairment. Management estimated the recoverable value based on a value-in-use calculation using pre-tax cash flow projections based on management’s best estimates, and a pre-tax discount rate of 15%, to be $nil. Accordingly, during the year ended December 31, 2019, the Company recognized an impairment expense of $100,000 to decrease the carrying value of the technology license to its estimated recoverable value of $nil.

Brands and Trademarks

Brands and Trademarks were acquired together with the acquisition of Prosnack in 2017.

During the year ended December 31, 2020, the Company acquired the Woods Wild Bar brand and bar recipe for consideration of $6,000 (2019 - $nil).

Customer Lists

During 2017, on the acquisition of Prosnack, the Company recognized an intangible assets for existing customer relationships which were determined to have a fair value of $256,000 at the date of acquisition. Actual revenues from the customer lists has been significantly lower than management’s original forecast, which resulted in an indicator of impairment. Management estimated the recoverable value based on a value-in-use calculation using pre-tax cash flow projections based on management’s best estimates, and a pre-tax discount rate of 15%, to be $nil. Accordingly, during the year ended December 31, 2019, the Company recognized an impairment expense of $149,333 to decrease the carrying value of customer lists to its estimated recoverable value of $nil.

(Expressed in Canadian Dollars)

9. Leases

The following is the continuity of lease liabilities as at and for the years ended December 31, 2020 and 2019:

	Equipment Leases	Operating Premise Leases	Total
Balance, December 31, 2018	$ 411,949	$ -	$ 411,949
Additions	73,245	-	73,245
Additions from adoption of IFRS 16	-	1,353,021	1,353,021
Lease payments	(128,263)	(266,664)	(394,927)
Interest on lease liabilities	12,571	156,430	169,001
Balance, December 31, 2019	**$ 369,502**	**$ 1,242,787**	**$ 1,612,289**
Lease payments	(17,067)	(267,757)	(284,824)
Interest on lease liabilities	15,398	142,430	157,828
Balance, December 31, 2020	**$ 367,833**	**$ 1,117,460**	**$ 1,485,293**
Current portion	$ 283,168	$ 144,513	$ 427,681
Long-term portion	84,665	972,947	1,057,612
Total	**$ 367,833**	**$ 1,117,460**	**$ 1,485,293**

Equipment Leases

The Company has various lease contracts outstanding for food packaging equipment and production equipment. Following the final lease payments, the Company will own the equipment free and clear of all encumbrances. The aggregate interest expense recognized for these lease contracts is $15,398 (2019 - $12,571). These assets are included within manufacturing equipment under property and equipment on the consolidated statements of financial position.

As at December 31, 2020, the Company has the following four lease contracts for food packaging and production equipment:

(a) Food packaging equipment – monthly lease payments of $9,765 (including GST) until May 2022;
(b) Food production equipment acquired from NHSP – monthly lease payments of $3,141 (including GST) until September 2020, of which $22,845 remains unpaid;
(c) Food packaging equipment – monthly lease payments of $851 (including GST) until March 22, 2024; and
(d) Food packaging equipment – monthly lease payments of $643 (including GST) until August 2024.

(Expressed in Canadian Dollars)

9. Leases (Continued)

Annual payments are due as follows:

	December 31, 2020
Within 1 year	$ 291,204
Within 2 - 5 years	89,381
	$ 380,585

Operating Premise Leases

The Company has three leases for contiguous space. The leases were entered in August 2016, December 2017 and October 2018. The combined basic rent is payable monthly in advance at a rate of $13,497 per month plus the proportionate share of expenses in respect of operating costs and property taxes, currently amounting to $7,823 per month.

The Company recognized right-of-use assets for its operating premise leases (Note 3). The aggregate interest expense recognized for these lease contracts is $142,430 (2019 – $156,430). These assets are included within manufacturing facility under property and equipment on the consolidated statements of financial position.

Annual payments are due as follows:

	December 31, 2020
Within 1 year	$ 270,854
Within 2 - 5 years	1,271,714
	$ 1,542,568

(Expressed in Canadian Dollars)

10. Short-Term Loans

During the year ended December 31, 2020, Sky High Metals Inc. loaned $200,000 to the Company as an unsecured, due-on-demand loan with interest at 12.5% per annum commencing August 31, 2020 with a maturity date August 31, 2021. This loan has been personally guaranteed by the CEO and the CFO of the Company. During the year ended December 31, 2020, the Company incurred interest expense of $8,332 on this short-term loan, which is included in trade and other payable at December 31, 2020. Subsequent to December 31, 2020, the Company made a repayment of $25,000 towards the interest and principal on the loan to Sky High Metals.

During the year ended December 31, 2019, a shareholder advanced $500,000 to the Company as an unsecured, due-on-demand loan with interest at 6% per annum. During the year ended December 31, 2020, the Company incurred interest expense of $11,260 (2019, $18,740) on this short-term loan and the outstanding interest and loan balance of $530,005 was settled by issuing shares for debt (Notes 11 and 13).

During the year ended December 31, 2019, a shareholder advanced $25,000 to the Company as a secured, due-on-demand loan with interest at 10% per annum commencing February 2020 with a maturity date of February 18, 2021. During the year ended December 31, 2020, the shareholder further advanced $100,000. The Company incurred interest expense of $5,209 (2019, $nil) on this short-term loan, which is included in trade and other payable at December 31, 2020. During the year ended December 31, 2020, the outstanding loan principal balance of $125,000 was settled by issuing shares for debt (Notes 11 and 13).

11. Key Management Compensation and Related Party Transactions

Key management compensation

	December 31, 2020	December 31, 2019
Management fees	$469,417	$ 624,186
Consulting fees	65,000	72,333
Shares issued for services	-	67,500
Directors' fees	39,166	57,457
Share-based payments	272,110	53,653
	$ 845,683	**$ 875,129**

i) Management fees of $180,000 (2019 – $180,000) were accrued and 3,000,000 stock options at $0.10 vested immediately with an estimated fair value of $117,452 were granted to 1105953 B.C. Ltd., a company controlled by the Company's Chief Executive Officer.

ii) Management fees of $180,000 (2019 – $180,000) were accrued and 3,000,000 stock options at $0.10 vested immediately with an estimated fair value of $117,452 were granted for Kal-Mad Enterprises Ltd., a company controlled by the Company's Vice President of Operations and and Chief Financial Officer.

iii) Management fees of $nil (2019 – $120,000) were accrued for Waterfront Capital Partners LLC, a company controlled by the Company's former Chief Executive Officer who resigned on August 27, 2019.

iv) Management fees of $nil (2019 – $60,000) were accrued for the Company's former Chief Financial Officer.

v) Management fees of $nil (2019 – $23,286) were accrued for the Company's former Chief Operating Officer.

vi) Management fees of $nil (2019 – $60,900) were accrued for the Company's former Chief Financial Officer who resigned on June 25, 2019.

(Expressed in Canadian Dollars)

11. Key Management Compensation and Related Party Transactions (Continued)

vii) Management fees of $109,417 (2019 – $nil) were accrued and 250,000 stock options at $0.10 vested immediately with an estimated fair value of $9,800 were granted for the Company's Director of Sales.
viii) Consulting fees of $nil (2019 – $57,500) were accrued for Agrinomics I.T. Consulting Ltd., a company controlled by a former director of the Company. On March 31, 2020, the individual resigned as a consultant of the Company.
ix) Consulting fees of $65,000 (2019 – $14,833) were accrued and 500,000 stock options at $0.10 vested immediately with an estimated fair value of $19,576 were granted to the Chairman of the Board of Directors.
x) On November 2, 2020, Larry Gilmour was appointed to the board of directors. Director fees of $1,667 were accrued and 200,000 stock options at $0.10 vested immediately with an estimated fair value of $7,830 were granted.
xi) Fees accrued to other directors of the Company amount to $37,499 (2019 - $57,457).
xii) During the year ended December 31, 2019, 500,000 common shares with a fair value of $67,500 were issued to the former CEO and former CFO of the Company and recorded in management and consulting fees. During the year ended December 31, 2020, no shares were issued for services.

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the years ended December 31, 2020 and 2019.

During the year ended December 31, 2019, a claim was made against the Company by a former officer of the Company for constructive dismissal. During the year ended December 31, 2020, the Company and the former officer of the Company came to a mutual agreement to pay the outstanding balance of $45,080 for services rendered during the year.

Related party liabilities

The following amounts are included in accounts payable and accrued liabilities as at December 31, 2020 and 2019:

Amounts due to:		**December 31, 2020**		**December 31, 2019**
1105953 BC Ltd.	$	125,503	$	103,746
Kal-Mad Enterprises Ltd.		4,159		22,990
Agrinomics I.T. Consulting Ltd.		96,170		82,021
George Ragogna, Consultant & Chairman		22,407		12,242
Former CFO		-		4,463
Former CEO		-		49,875
Directors		21,571		19,905
Total related party payables	**$**	**269,810**	**$**	**295,242**

During the year ended December 31, 2019, a loan payable to the former owner of NSHP was settled for no consideration. The Company recorded a gain of $200,000 on the consolidated statements of loss and comprehensive loss.

As at December 31, 2020, $55,000 (2019 – $55,000) is due to the CEO and director of the Company for a non-interest bearing, short-term loan.

(Expressed in Canadian Dollars)

11. Key Management Compensation and Related Party Transactions (Continued)

During the year ended December 31, 2019, the Company entered consulting agreements with directors of the Company. The terms of these consulting agreements include 750,000 common shares and 600,000 stock options to be issued as consideration for provision of consulting services. During the year ended December 31, 2020, an additional 150,000 common shares and 60,000 stock options are to be issued to directors and advisors of the Company pursuant to these consulting agreements. As of the date of these consolidated financial statements, authorization to issue these shares and stock options has not been received from the TSX-V Exchange and no accrual has been made for these common shares and stock options in these consolidated financial statements.

Related party receivables

As at December 31, 2020, a $nil (2019 – $4,000) advance is due from the CFO (Note 4).

As at December 31, 2019, $nil (2018 – $200,780) is due from the former owner of NSHP. The loan has an annual interest rate of 5.5% and is receivable on or before April 30, 2020. This loan receivable is secured by assignment of a $200,000 of the former officer's life insurance policy for the benefit of NHSP and mortgage on the borrower's primary residence. During the year ended December 31, 2019, this loan receivable plus interest was settled for $70,780, resulting in a loss of $130,000 being recorded in the consolidated statements of loss and comprehensive loss.

12. Financial Instruments

a) Categories of financial instruments

Financial Assets	**Fair Value Hierarchy**	**December 31, 2020**	**December 31, 2019**
Fair value through profit or loss, at fair value			
Cash	Level 1	$ 202,334	$ 113,566
Restricted cash	Level 1	34,500	79,580
Loans and receivables, at amortized cost			
Trade and other receivables	Level 1	282,748	264,799
Advances and deposits	Level 1	72,397	30,408
		$ 591,979	**$ 488,353**

Financial Liabilities	**Fair Value Hierarchy**	**December 31, 2020**	**December 31, 2019**
Other liabilities, at amortized cost			
Trade and other payables	Level 1	$ 2,615,071	$ 2,690,564
Loan from related party	Level 1	55,000	55,000
Short-term loans	Level 1	200,000	525,000
Lease liabilities	Level 2	1,485,293	1,589,444
		$ 4,355,364	**$ 4,882,853**

12. Financial Instruments (Continued)

b) Fair value

The fair value recorded on initial recognition of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The carrying value of cash, trade and other payables, loan from related party and short-term loans approximate their fair value due the short-term maturity of these instruments.

c) Management of financial risks

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of these risks. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. Management

manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The risks associated with these consolidated financial instruments and the policies on how to mitigate these risks are set out below.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash, trade and other receivables, and restricted cash. The Company deposits cash with major Canadian commercial banks. In order to reduce its credit risk in relation to trade receivables, the Company has adopted credit policies that include the analysis of the financial position of its customers and the regular review of their respective credit limits.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company is reliant upon equity issuances and loans as its main sources of cash. The Company manages liquidity risk by maintaining an adequate level of cash to meet its ongoing obligations. The Company continuously reviews its actual expenditures, forecasts cash flows and matches the maturity dates of its cash to capital and operating needs. The Company's trade and other payables are due within 90 days of December 31, 2020, loan from related party and short-term loans are due on demand. The Company's lease liabilities have payments due in accordance with the lease agreements (Note 14).

The Company has been successful in raising financing in the past; however, there is no assurance that it will be able to do so in the future. As at December 31, 2020, the Company had a working capital deficit of $2,444,661 (2019 – $981,371).

Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. A significant change in the exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's future results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2020 and 2019, the Company is exposed to currency risk through the following financial instruments denominated in a currency other than the Canadian dollar:

(Expressed in Canadian Dollars)

12. Financial Instruments (Continued)

	December 31, 2020			December 31, 2019	
	US $	AUD $	CDN $	US $	CDN $
Cash	42,012	-	53,527	32,056	41,724
Trade receivables	436	-	555	19,914	25,919
Accounts payable and accrued liabilities	219,717	38,601	318,540	152,173	198,067

Based on the above, assuming all other variables remain constant, a 5% (2019 – 5%) strengthening or weakening of the Canadian dollar against the US dollar would have decreased/increased the Company's loss and comprehensive loss by $10,588 (2019 – $6,469). A 5% strengthening or weakening of the Canadian dollar against the AUD dollar would have decreased/increased the Company's loss and comprehensive loss by $1,930.

Other risk

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or other risk. The Company does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments in the management of foreign currency, commodity price or interest rate market risks.

13. Share Capital

a) Authorized

Unlimited number of common shares and preferred shares without par value.

b) Issued and outstanding

The total issued, and outstanding share capital consists of 204,167,007 common shares without par value.

During the year ended December 31, 2020, the Company completed the following transactions:

- 2,000,000 warrants at $0.055 were exercised for total gross proceeds of $110,000.
- 17,870,835 units at $0.06 for total gross proceeds and debt settlement of $1,072,250. Each unit is comprised of one common share and one-half common share purchase warrants, where each warrant is exercisable at $0.10 for a period of two years. There was no value allocated to the warrants under the residual method.
- 42,857,659 units at $0.035 for total gross proceeds and debt settlement of $1,500,000. Each unit is comprised of one common share and one common share purchase warrants, where each warrant is exercisable at $0.055 for a period of two years. There was no value allocated to the warrants under the residual method.
- Of the 60,728,494 units issued, the Company settled loans and trade payables of $680,005 with 19,131,095 units and issued 1,857,142 units of $65,000 for services.
- Share issuance costs consisting of $37,371, 674,667 finders' warrants with a fair value of $21,016 and finders' fees of $26,710 were paid during the year for the closing of financings.

(Expressed in Canadian Dollars)

13. Share Capital (Continued)

During the year ended December 31, 2019, the Company completed the following transactions:

- 11,781,196 units at $0.14 for total gross proceeds of $1,649,368. Each unit is comprised of one common share and one-half common share purchase warrants, where each warrant is exercisable at $0.21 for a period of two years. The warrants were allocated a value of $253,795 under the residual method;
- 600,000 common shares with a fair value of $81,500 were issued as consulting fees (Note 13);
- 6,019,571 units at $0.14 per common share for total gross proceeds of $842,740. Each unit is comprised of one common share and one-half common share purchase warrants, where each warrant is exercisable at $0.21 for a period of two years. The warrants were allocated a value of $240,783 under the residual method;
- 18,990,292 units at $0.085 per common share for total gross proceeds of $1,614,175;
- Each unit is comprised of one common share and one full common share purchase warrant exercisable at $0.12 for a first year and $0.20 for the second year from date of issuance. There was no value allocated to the warrants under the residual method; and
- Share issuance costs consisting of $26,784, 1,131,323 finders' warrants with a fair value of $47,840 and finders fees of $107,260 were paid during the year for the closing of financings.

c) Options and share-based payments

The following is a summary of changes in stock options for the years ended December 31, 2020 and 2019:

	December 31, 2020		December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	8,640,000	$ 0.26	9,606,232	$ 0.26
Granted	9,600,000	$ 0.10	820,000	$ 0.15
Expired	(1,295,000)	$ 0.40	(200,000)	$ 0.29
Forfeited	(2,740,000)	$ 0.23	(1,586,232)	$ 0.22
Total outstanding and exercisable, end of year	**14,205,000**	**$ 0.24**	**8,640,000**	**$ 0.26**

(Expressed in Canadian Dollars)

13. Share Capital (Continued)

The following are the outstanding stock options as of December 31, 2020 and 2019:

Expiry date	Number of options outstanding December 31, 2020	Number of options outstanding December 31, 2019	Weighted average exercise price	Weighted average remaining contractual life in years December 31, 2020	Weighted average remaining contractual life in years December 31, 2019
March 23, 2020	-	1,075,000	$0.400	-	0.23
November 3, 2020	-	220,000	$0.300	-	0.84
January 27, 2022	1,290,000	1,740,000	$0.350	1.07	2.07
November 27, 2022	190,000	340,000	$0.250	1.90	2.91
January 7, 2023	585,000	1,235,000	$0.310	2.02	3.02
January 31, 2023	30,000	30,000	$0.350	2.08	3.09
February 21, 2023	150,000	150,000	$0.300	2.14	3.15
February 28, 2023	40,000	40,000	$0.265	2.16	3.16
July 11, 2023	60,000	60,000	$0.180	2.53	3.53
September 17, 2023	1,890,000	2,930,000	$0.150	2.71	3.72
February 4, 2024	60,000	60,000	$0.150	3.10	4.10
February 6, 2024	60,000	60,000	$0.150	3.10	4.10
June 24, 2024	250,000	700,000	$0.150	3.48	4.48
October 25, 2027	9,600,000	-	$0.100	4.82	
	14,205,000	**8,640,000**		**3.96**	**2.80**

During the year ended December 31, 2020, the Company recognized share-based payments expense of $375,847 (2019 – $66,852), for stock options granted during the year.

The fair value of each option granted was estimated as at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2020	December 31, 2019
Risk-free interest rate	0.37%	1.41%
Expected life (years)	5.0	5.0
Annualized volatility	109.88%	99.43%
Expected dividends	-	-
Exercise price	$ 0.10	$ 0.15
Fair value	$ 0.04	$ 0.08

(Expressed in Canadian Dollars)

13. Share Capital (Continued)

d) Warrants

A summary of the Company's warrants for the year ended December 31, 2020 and December 31, 2019 is as follows:

	December 31, 2020		December 31, 2019	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of year	31,164,963	$ 0.16	11,021,189	$ 0.22
Issued	52,259,410	$ 0.06	29,022,007	$ 0.15
Exercised	(2,000,000)	$ 0.06	-	$ -
Cancelled/ expired	(1,773,981)	$ 0.27	(8,878,233)	$ 0.24
Total outstanding, end of period	**79,650,392**	**$ 0.06**	**31,164,963**	**$ 0.16**

The following are the outstanding warrants as at December 31, 2020 and 2019:

	Outstanding warrants December 31, 2020	Outstanding warrants December 31, 2019	Exercise price	Expiry date
Common share purchase warrants	-	1,773,981	$0.27	August 14, 2020
	3,691,321	3,691,321	$0.21	April 17, 2021
	908,565	908,565	$0.21	April 30, 2021
	1,290,713	1,290,713	$0.21	June 7, 2021
	3,009,793	3,009,793	$0.21	September 6, 2021
	18,990,292	18,990,292	$0.20	September 27, 2021
	178,571	178,571	$0.22	October 13, 2021
	190,404	190,404	$0.22	November 1, 2021
	40,857,659	-	$0.06	June 5, 2022
	8,727,084	-	$0.06	September 25, 2022
	249,200	249,200	$0.21	April 17, 2021
	120,800	120,800	$0.21	April 30, 2021
	142,000	142,000	$0.21	June 7, 2021
Agent warrants	10,500	10,500	$0.21	September 6, 2021
	608,823	608,823	$0.12	September 27, 2021
	550,800	-	$0.06	June 5, 2022
	123,867	-	$0.06	September 25, 2022
	79,650,392	**31,164,963**		

Subsequent to December 31, 2020, 4,696,886 warrants expired unexercised.

(Expressed in Canadian Dollars)

13. Share Capital (Continued)

The fair value of finders' warrants issued was estimated as at private placement closing date using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2020	December 31, 2019
Risk-free interest rate	0.33%	1.57%
Expected life (years)	2.0	2.0
Annualized volatility	123.95%	103.11%
Expected dividends	-	-
Exercise price	$0.07	$0.18
Fair value	$0.03	$0.04

14. Commitments

On September 1, 2020, the Company entered into a Joint Venture Agreement ("JV Agreement") with Biologic Publishing Inc. ("Biologic") to form a joint venture for the purpose of further developing and pursuing phase 2 clinical studies, utilizing one of Biologic's patented technologies as a candidate for potential COVID-19 treatment.

The Company will own 16% and Biologic will own 82% of the joint venture with the remaining 2% ownership assigned to key personnel within Biologic at their discretion.

The Company will invest $500,000 into the joint venture for the purposes of preparing documentation for submission to Health Canada and/or the United States Food and Drug Administration for a clinical trial as well as conducting a parallel in-vitro study in conjunction with a clinical study conducted by Health Canada. The Company will earn into the 16% ownership of the joint venture upon payment of the $500,000, to be made in five equal tranches as follows:
$100,000 by December 15, 2020 *(not met)*
$100,000 by January 15, 2021*(not met)*
$100,000 by February 15, 2021 *(not met)*
$100,000 by March 15, 2021; and *(not met)*
$100,000 by April 30, 2021 *(not met)*.

The Company shall issue 350,000 common shares to Biologic and 500,000 stock options to individuals of Biologic and a consultant of the Company on closing of the JV Agreement. Each option will be exercisable into one option at the current market price for 18 months from issuance.

On October 27, 2020, the Company granted 500,000 stock options to individuals of Biologic and a consultant of the Company. The options were granted at an exercise price of $0.10 for a period of five years, vesting immediately and expiring October 27, 2025 with an estimated fair market value of $19,575.

During the year ended December 31, 2020, the Company made a payment of $5,000 towards the JV Agreement with Biologic. Subsequent to December 31, 2020 a $12,000 payment was made towards the JV Agreement.

(Expressed in Canadian Dollars)

15. Capital Disclosure

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued share capital, subscriptions received, reserves and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return and (iii) maintain liquidity. 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, or acquire or dispose of assets. The Company's policy is to invest its excess cash in highly-liquid, guaranteed, bank-sponsored instruments.

There were no significant changes in the Company's approach or objectives and policies for managing its capital during the year ended December 31, 2020. The Company is not subject to externally imposed capital restrictions.

16. Income Taxes

The Company's combined statutory tax rate is currently at 27%, reflecting a combined federal corporate tax rate of 15% and BC corporate tax rate of 12%. A reconciliation of income tax provisions computed at Canadian statutory rates to the reported income tax provision is provided as follows:

	December 31, 2020	December 31, 2019
Loss before income taxes	$ (4,659,642)	$ (7,030,070)
Expected income tax recovery	(1,258,103)	(1,898,119)
Adjustment resulting from		
Non-deductible items	102,144	21,016
Other	40,805	159,266
Under/over provided in prior years	(10,641)	(2,065,919)
Unused tax losses	1,125,795	3,783,756
Expected income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

16. Income Taxes (Continued)

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at December 31, 2020 and 2019 are presented below:

	December 31, 2020	December 31, 2019
Deferred income tax assets		
Non-capital losses carried forward	$ 89,627	$ 132,035
Deferred income tax liabilities		
Property and equipment	(75,990)	(114,207)
Technology license and other intangibles	(13,637)	(17,828)
Deferred income tax liabilities, net	$ -	$ -

The Company recognizes tax benefits on losses or other deductible amounts generated where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	December 31, 2020	December 31, 2019
Deferred tax assets		
Non-capital losses	$ 16,573,889	$ 23,866,407
Share issue costs	142,730	322,296
Property and equipment	823,074	587,815
Technology license and other intangibles	27,004	140,000
Unrecognized deferred tax	$ 17,566,697	$ 24,916,518

The Company's unused tax losses as at December 31, 2020, have the following expiry dates:

2027	$ 452,000
2028	229,000
2029	173,000
2030	667,000
2031	118,000
2032	67,000
2033	2,504,000
2034	1,841,000
2035	3,175,000
2036	2,891,000
2037	3,782,000
2038	4,768,000
2039	4,919,000
2040	3,613,000
	$ 29,199,000

(Expressed in Canadian Dollars)

17. Supplemental Cash Flow Information

	December 31, 2020	December 31, 2019
Non-cash items		
Shares issued for settlement of loans payable	$ 680,005	$ -
Property and equipment additions included in accounts payable and accrued liabilities	19,299	123,501
Assets acquired under leases	-	73,245
Interest and taxes paid		
Interest paid on leases	$ -	$ -
Taxes	$ -	$ -

18. Contingencies

During the year ended December 31, 2018, a claim was made against the Company by a hemp seed supplier for breach of a service and supply agreement.

During the year ended December 31, 2019, a claim was made against the Company by an entity for trademark infringement and false designation of origin. Subsequent to December 31, 2020, the Canadian federal court ruled in favor of the plaintiff and rejected the Company's trademark application. The Company is in the process of appealing this decision.

During the year ended December 31, 2020, claims were made against the Company by a hemp seed supplier for breach of a service and supply agreement and by two other parties for outstanding balances owed.

As at December 31, 2020, the Company and the Company's legal counsel is currently in process of defending these claims. An estimate of the contingent liabilities and likelihood of loss is unable to be determined at this time and no loss provision has been made in these consolidated financial statements. The Company intends to vigorously defend these claims. Should an adverse outcome result in the future, any amounts incurred may affect future results of operations and cash flows.

19. Segmented Information

The Company has one reportable operating segment, the sale of natural food and ingredients to commercial processors and consumers. All the Company's long-term assets are located in Canada.

20. Acquisitions

Goodwill acquired through business combinations has been allocated to three cash-generating units ("CGU"). The Company performs an annual recoverable value test at December 31 each year using a value-in-use calculation using pre-tax cash flow projections based on management's best estimates and a pre-tax discount rate of 15%. As at December 31, 2019, the recoverable value was determined to be $nil resulting in an impairment charge of $404,067.

Prosnack Natural Foods Inc.

On October 18, 2017, the Company entered into a business combination to acquire 100% of the issued and outstanding shares of Prosnack. On closing of the transaction, the sellers of Prosnack and the Company entered into a five year earn-out agreement. This has been accounted for as contingent consideration payable and added to the purchase price. During the year ended December 31, 2019, the earn-out agreement was terminated, and the contingent consideration payable was revalued to $nil resulting in a gain on revaluation of contingent consideration of $965,000 recorded in the consolidated statements of loss and comprehensive loss.

21. Government Assistance

The Company received the government wage subsidy of $496,062 (2019 - $nil) recorded as a reduction to salaries in facility expenses and office, rent and salaries.

22. Subsequent Events

(a) Subsequent to the year ended December 31, 2020, the Company received $757,845 in cash from exercise of warrants. The warrants were exercised at a price of $0.055 for a total of 13,779,000 common shares being issued.

(b) In January 2021, a customer of the Company provided a notice of termination of manufacturing and supply agreement. The Company was given 60-day notice to pay outstanding balances of $184,236. This amount remains unpaid.

(c) In March 2021, the Company appointed Kris Tarr as VP of Ecommerce. The consultant will be issued 400,000 share options at $0.10 subject to TSX-V and Board approval. The consultant will receive a base compensation of $6,500/mth for the first six months or the greater:
Commission: Up to $200,000 – 5%
    i. $200,001-$300,000 – 4%
    ii. $300,001-$400,000 – 3%
    iii. $400,001+ -1%

(d) In April 2021, the Company entered into debt settlement agreements for $55,260 with 739,791 common shares of the Company. The issuance of the shares is subject to TSX-V approval.

(e) In April 2021, the Company granted an individual 300,000 stock options at an exercise price of $0.10 per common share. The options expire in October 2025.