

INDIGENOUS BLOOM HEMP CORPORATION

Financial Statements

For the Period from July 31, 2019 (date of incorporation) to May 31, 2020

(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholder of Indigenous Bloom Hemp Corporation:

Opinion

We have audited the financial statements of Indigenous Bloom Hemp Corporation (the "Company"), which comprise the statement of financial position as at May 31, 2020, and the statement of operations and comprehensive loss, statement of changes in equity and statement of cash flows for the period from July 31, 2019 (date of incorporation) to May 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2020, and its financial performance and its cash flows for the period from July 31, 2019 (date of incorporation) to May 31, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 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 financial statements, which indicates that during period from July 31, 2019 (date of incorporation) to May 31, 2020, the Company did not generate any revenues and had a net loss of \$384,449. As at May 31, 2020, has a working capital deficit of \$792,620 and an accumulated deficit of \$384,449. 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 Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial statements

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

In preparing the 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.

Auditor's Responsibilities for the Audit of the Financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 auditor's report to the related disclosures in the 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 auditor's 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 auditor's report is Jian-Kun Xu.

Vancouver, British Columbia

January 11, 2021

MNP LLP

Chartered Professional Accountants

MNP LLP

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Financial Position
(Expressed in Canadian dollars)

	May 31, 2020 \$
Assets	
Current assets	
Prepays	5,000
Total current assets	5,000
Non-current assets	
Property and equipment (Note 3)	419,074
Right of use assets (Note 4)	183,207
Total non-current assets	602,281
Total assets	607,281
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	190,672
Current portion of loan payable (Note 5)	11,514
Current portion of lease liabilities (Note 6)	39,117
Due to related parties (Note 7)	556,317
Total current liabilities	797,620
Non-current liabilities	
Loan payable (Note 5)	37,574
Lease liabilities (Note 6)	156,535
Total non-current liabilities	194,109
Total liabilities	991,729
Shareholder's deficit	
Share capital	1
Deficit	(384,449)
Total shareholder's deficit	(384,448)
Total liabilities and shareholder's deficit	607,281

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on January 11, 2021:

"Allen Szmyrko", Director

Allen Szmyrko, Director

"Joshua Matvieshen", Director

Joshua Matvieshen, Director

(The accompanying notes are an integral part of these financial statements)

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

	For the period from July 31, 2019 (date of incorporation) to May 31, 2020 \$
Expenses	
Depreciation (Notes 3 and 4)	78,801
Interest	14,635
Licenses	42,350
Production costs	225,979
Professional fees	12,285
Repairs and maintenance	2,593
Travel	7,806
Total expenses	384,449
Net loss and comprehensive loss for the period	(384,449)
Net loss per share, basic and diluted	(3,844)
Weighted average shares outstanding	100

(The accompanying notes are an integral part of these financial statements)

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Deficit \$	Total shareholder's deficit \$
	Number of shares	Amount \$		
Balance, July 31, 2019 (date of incorporation)	100	1	–	1
Net loss for the period	–	–	(384,449)	(384,449)
Balance, May 31, 2020	100	1	(384,449)	(384,448)

(The accompanying notes are an integral part of these financial statements)

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Cash Flows

(Expressed in Canadian dollars)

	For the period from July 31, 2019 (date of incorporation) to May 31, 2020 \$
Operating activities	
Net loss for the period	(384,449)
Items not involving cash:	
Depreciation	78,801
Interest expense	14,635
Changes in non-cash operating working capital:	
Accounts payable and accrued liabilities	189,730
Due to related parties	101,283
Net cash used in operating activities	—
Change in cash	—
Cash, beginning of period	—
Cash, end of period	—
Non-cash investing and financing activities:	
Property and equipment purchases paid by related parties	393,716
Property and equipment financed by loan payable	55,612
Lease payments paid by related parties	48,527
Loan repayments paid by related parties	6,850

(The accompanying notes are an integral part of these financial statements)

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Cash Flows

(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Indigenous Bloom Hemp Corporation (the "Company") was incorporated on July 31, 2019 under the Canada Business Corporations Act. Its current focus is the production of hemp for commercial use. The Company's head office is located at Suite 4000, 199 Bay Street, Toronto, ON.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not material and management continues to monitor the situation.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the period ended May 31, 2020, the Company did not generate any revenue and had a net loss of \$384,449. As at May 31, 2020, had a working capital deficit of \$792,620 and an accumulated deficit of \$384,449. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholder and related parties, the ability to raise equity or debt financing, and the attainment of profitable operations from the Company's future business. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on a going concern basis.

These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company's functional currency.

(b) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Useful lives and recoverability of property and equipment

Property, plant and equipment are amortized based on the estimated useful life less their estimated residual value. Actual useful life and residual values may vary depending on a number of factors including internal technical evaluation, physical condition of the assets and experience with similar assets.

Current and deferred taxation

The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretation, judgements and estimates may materially affect the final

(The accompanying notes are an integral part of these financial statements)

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Cash Flows

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgments (continued)

amount of current and deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Biological Assets

The Company defines biological assets as hemp plants up to the point of harvest. Biological assets are recorded at fair value less estimated costs to sell, unless fair value cannot be reliably measured, in which case they are measured at cost less accumulated depreciation and impairment losses, in accordance with IAS 41 – Agriculture.

Production costs are capitalized to biological assets and include all direct and indirect costs relating to biological transformation. As at May 31, 2020, the Company has no biological assets.

(d) Property and Equipment

Property and equipment are recorded at cost. The Company depreciates the cost of property and equipment over their estimated useful lives at the following rates:

Building	4% declining balance
Farm equipment	30% declining balance

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditure relating to an item of property and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses during the period in which they are incurred. Gains and losses on disposal of equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized net within other income in the statement of operations.

(e) Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there are indicators of impairment for its non-financial assets. If indicators exist, the Company determines if the recoverable amount of the asset or cash generating unit ("CGU") is greater than its carrying amount. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has used geographical proximity, geological similarities, analysis of shared infrastructure, commodity type, assessment of exposure to market risks, and materiality to define its CGUs.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in the consolidated statement of operations. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in the consolidated statement of operations. The recovery is limited to the original carrying amount less depreciation, if any, that would have been recorded had the asset not been impaired.

(The accompanying notes are an integral part of these financial statements)

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Cash Flows

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(e) Impairment of Non-Financial Assets (continued)

Intangible asset with indefinite useful lives are not amortized but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(f) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Accounts payable and accrued liabilities	Amortized cost
Loan payable	Amortized cost
Lease liabilities	Amortized cost
Due to related parties	Amortized cost

Financial Assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the

(The accompanying notes are an integral part of these financial statements)

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Cash Flows

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Financial Assets (continued)

Impairment of financial assets (continued)

initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, 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 through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(g) Leases

At inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to

(The accompanying notes are an integral part of these financial statements)

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Cash Flows

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Leases (continued)

dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the statement of operations.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets, and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, as permitted by IFRS 16.

(h) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Revenue and expenses are recorded at the rates on the transaction dates. Foreign exchange gains and losses are included in the statement of operations.

(i) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income 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 tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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.

(The accompanying notes are an integral part of these financial statements)

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Cash Flows

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(j) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted losses per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at May 31, 2020, the Company had no potentially dilutive shares outstanding.

(k) Comprehensive Loss

Comprehensive loss is the total non-owner change in equity for a reporting period. This change encompasses all changes in equity other than transactions from shareholders. For the period ended May 31, 2020, the Company did not have any transactions impacting comprehensive income (loss).

(l) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended May 31, 2020, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Property and Equipment

	Building \$	Equipment \$	Total \$
Cost:			
Balance, July 31, 2019 (date of incorporation)	—	—	—
Additions	249,548	199,780	449,328
Balance, May 31, 2020	249,548	199,780	449,328
Accumulated depreciation:			
Balance, July 31, 2019 (date of incorporation)	—	—	—
Additions	1,834	28,420	30,254
Balance, May 31, 2020	1,834	28,420	30,254
Carrying amounts:			
As at May 31, 2020	247,714	171,360	419,074

(The accompanying notes are an integral part of these financial statements)

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Cash Flows
(Expressed in Canadian dollars)

4. Right-of-use Assets

Right-of-use assets is comprised of the following:

	Equipment \$
Cost:	
Balance, July 31, 2019 (date of incorporation)	—
Additions	231,754
Balance, May 31, 2020	231,754
Accumulated depreciation:	
Balance, July 31, 2019 (date of incorporation)	—
Additions	48,547
Balance, May 31, 2020	48,547
Carrying amount:	
As at May 31, 2020	183,207

5. Loan Payable

As at May 31, 2020, the Company owed \$49,088 to a non-related party. Under the term of the loan, the amount is secured by first charge over certain of the Company's equipment, bears interest at 4.65% per annum, and is repayable in one payment of \$7,749 and four equal annual installments of \$13,797 to the maturity date of January 1, 2024.

6. Lease Liabilities

	\$
Balance, July 31, 2019 (date of incorporation)	—
Present value of lease obligations at inception	231,754
Less: lease payments	(48,527)
Interest expense	12,425
Balance, May 31, 2020	195,652
Less: current portion	39,117
Non-current portion	156,535

The lease liability was discounted using the rates noted in the lease agreements, which range from 4.36% - 7.50%.

7. Related Party Transactions

- (a) As at May 31, 2020, the Company owed \$551,317 to companies controlled by the sole shareholder of the Company which is unsecured, non-interest bearing, and due on demand.
- (b) As at May 31, 2020, the Company owed \$5,000 to a company with a common director and where the sole shareholder of the Company is a director. The amount owed is unsecured, non-interest bearing, and due on demand.

(The accompanying notes are an integral part of these financial statements)

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Cash Flows

(Expressed in Canadian dollars)

8. Share Capital

Authorized: Unlimited number of Class A common shares without par value

On July 31, 2019, the Company issued 100 common shares for proceeds of \$1 as founder's shares.

9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from incorporation.

10. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include accounts payable and accrued liabilities, loan payable, lease liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

The Company does not have any financial instruments that potentially subject the Company to a concentration of credit risk.

(c) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. Foreign exchange risk arises from purchase transactions. The Company is not exposed to significant currency risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company relies on raising debt or equity financing in a timely manner.

(The accompanying notes are an integral part of these financial statements)

INDIGENOUS BLOOM HEMP CORPORATION

Statement of Cash Flows

(Expressed in Canadian dollars)

11. Income Taxes

The Company is subject to Canadian federal and provincial taxes at the rate of 11%. The tax effect of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2020 \$
Canadian statutory income tax rate	27%
Income tax recovery at statutory rate	(103,801)
Tax effect of:	
Permanent differences and other	276
Small business deduction	61,512
Change in unrecognized deferred income tax assets	42,013
Income tax provision	—

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

The following table summarizes the components of deferred tax:

	May 31, 2020 \$
Deferred income tax assets	
Non-capital loss carryforwards	22,868
Deferred income tax liabilities	
Right-of-use assets	(20,153)
Property and equipment	(2,715)
	(22,868)
Net deferred income tax assets (liabilities)	-

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	May 31, 2020 \$
Lease liabilities	195,652
Non-capital losses carried forward	188,598
	384,250

As at May 31, 2020, the Company has a non-capital loss carried forward of \$188,598, which is available to offset future years' taxable income. This loss expires in 2040.

(The accompanying notes are an integral part of these financial statements)

INDIGNEOUS BLOOM HEMP CORPORATION

Notes to the Financial Statements

For the Period from July 31, 2019 (date of incorporation) to May 31, 2020

(Expressed in Canadian dollars)

12. Subsequent Events

- (a) On June 1, 2020, the Company signed a service contract with a third-party contractor for farming and cultivation services. Per the agreement, the contractor is to receive \$400 per acre planted and \$600 per acre harvested, with a minimum area cultivated of 200 acres.
- (b) On June 15, 2020, the Company cancelled the 100 founder's shares.
- (c) On June 15, 2020, the Company issued 3,500,000 common shares at \$0.005 per share for proceeds of \$17,500 to the sole shareholder of the Company.
- (d) On June 15, 2020, the Company issued 16,500,000 common shares at \$0.02 per share for proceeds of \$330,000, to the sole shareholder of the Company.
- (e) On September 4, 2020, the Company entered into an agreement to be acquired by Veritas Pharma Inc. ("Veritas"). The Company will transfer 100% of its issued and outstanding shares for aggregate consideration of \$28,000,000 to be provided in common shares of Veritas, at a deemed price per share equal to the closing price on the CSE on the day prior to closing.
- (f) Subsequent to May 31, 2020, the Company received loan proceeds of \$40,156 from the sole shareholder of the Company and \$4,520 from a company controlled by the sole shareholder of the Company. The loans payable is non-interest bearing, unsecured, and due on demand.