Unaudited Condensed Consolidated Interim Financial Statements

Lift & Co. Corp.

For the third quarter ended December 31, 2019

NOTICE OF UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Lift & Co. Corp. (the “Company”) as at and for the three and nine month periods ended December 31, 2019 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith disclosed that the accompanying unaudited condensed interim consolidated financial statements have not been reviewed by an auditor.

Lift & Co. Corp.

Condensed Consolidated Interim Statements of Financial Position

[Expressed in Canadian dollars] (unaudited)

As at	December 31 2019	March 31 2019
Assets		
Current		
Cash	**$ 779,993**	$ 2,324,275
Marketable securities	**-**	42,123
Trade and other receivables *[note 5]*	**1,798,797**	2,282,360
Prepaid expenses and deposits	**1,449,223**	596,606
	4,028,013	5,245,364
Property and equipment *[note 6]*	**1,067,631**	1,208,111
Right of use asset *[note 3, 7]*	**2,325,179**	-
	$ 7,420,823	$ 6,453,475
Liabilities		
Current		
Trade and other payables *[note 8]*	**$ 1,603,692**	$ 1,352,907
Unearned revenue	**3,627,503**	1,900,608
Provision *[note 9]*	**194,962**	124,407
Convertible debenture *[note 10]*	**3,416,569**	50,000
Finance lease liability *[note 3, 11]*	**129,863**	-
Derivative liabilities *[note 12]*	**446,712**	3,830,599
	9,419,301	7,258,521
Convertible debenture	**-**	1,633,992
Finance lease liability *[note 3, 11]*	**2,311,003**	-
	11,730,304	8,892,513
Shareholders' deficiency		
Share capital *[note 13]*	**12,034,253**	12,034,208
Contributed surplus *[note 14]*	**1,909,608**	1,255,529
Accumulated other comprehensive loss	**-**	(8,427)
Deficit	**(18,253,342)**	(15,720,348)
	(4,309,481)	(2,439,038)
	$ 7,420,823	$ 6,453,475

On behalf of the Board

s/Matei Olaru — Director

s/Deborah Rosati — Director

Lift & Co. Corp.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

[Expressed in Canadian dollars] (unaudited)

Three and nine months ended December 31, 2019 and 2018

	3 months ended Dec 31 2019	3 months ended Dec 31 2018	9 months ended Dec 31 2019	9 months ended Dec 31 2018
Revenue	**$ 926,429**	835,050	**4,628,076**	$ 3,277,865
Expenses				
Cost of revenue	**568,292**	531,440	**1,961,723**	1,413,218
General and administrative *[note 14, 15, 17]*	**1,292,654**	1,273,610	**4,250,637**	4,480,014
Selling and marketing *[note 15]*	**523,121**	699,833	**1,535,092**	1,888,228
Research and development	**523,564**	471,642	**1,697,014**	1,332,513
	2,907,631	2,976,525	**9,444,466**	9,113,973
Loss from operations	**(1,981,202)**	(2,141,475)	**(4,816,390)**	(5,836,108)
Finance and other costs, net *[note 16]*	**232,587**	89,996	**632,830**	173,816
Gain on change in fair value of derivative liabilities *[note 12]*	**(639,213)**	(2,159,794)	**(3,383,887)**	(2,847,979)
Loss on extinguishment *[note 10]*	**-**	-	**439,152**	-
Reverse takeover costs	**-**	-	**-**	1,125,765
	(406,626)	(2,069,798)	**(2,311,905)**	(1,548,398)
Net loss	**(1,574,576)**	(71,677)	**(2,504,485)**	(4,287,710)
Unrealized loss on marketable securities	**-**	(19,328)	**(20,082)**	(14,027)
Comprehensive loss	**$ (1,574,576)**	(91,005)	**(2,524,567)**	$ (4,301,737)
Earnings (loss) per share:				
Basic *[note 13]*	**$ (0.02)**	(0.00)	**(0.04)**	$ (0.08)
Diluted *[note 13]*	**$ (0.02)**	(0.01)	**(0.04)**	$ (0.11)
Weighted average number of common shares outstanding:				
Basic *[note 13]*	**70,152,111**	70,027,222	**70,149,597**	56,235,696
Diluted *[note 13]*	**70,152,111**	75,845,752	**75,025,462**	62,054,226

Lift & Co. Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency

[Expressed in Canadian dollars] (unaudited)

Nine months ended December 31, 2019 and 2018

	Share capital				Contributed surplus							
	Series A preferred shares		Common shares		Warrants		Stock options		Other	Accumulated other comprehensive loss	Deficit	Total
	#	$	#	$	#	$	#	$	$	$	$	$
Balances, April 1, 2019	-	-	70,148,333	12,034,208	10,427,318	183,828	6,950,889	909,245	162,456	(8,427)	(15,720,348)	(2,439,038)
Stock options forfeited	-	-	-	-	-	-	(2,126,238)	(131,082)	131,082	-	-	-
Stock options issued	-	-	-	-	-	-	1,072,838	-	-	-	-	-
Stock options exercised	-	-	347,595	45	-	-	(347,595)	(20)	-	-	-	25
Stock option expense	-	-	-	-	-	-	-	358,128	-	-	-	358,128
Conversion option on convertible debt, net of issuance cost	-	-	-	-	2,713,178	182,762	-	-	113,209	-	-	295,971
Expired warrants	-	-	-	-	(91,437)	(22,754)	-	-	22,754	-	-	-
Other comprehensive loss	-	-	-	-	-	-	-	-	-	(20,082)	-	(20,082)
Net loss	-	-	-	-	-	-	-	-	-	-	(2,504,485)	(2,504,485)
Transfer of realized gain on sale of marketable securities	-	-	-	-	-	-	-	-	-	28,509	(28,509)	-
Balances, December 31, 2019	**-**	**-**	**70,495,928**	**12,034,253**	**13,049,059**	**343,836**	**5,549,894**	**1,136,271**	**429,501**	**-**	**(18,253,342)**	**(4,309,481)**
Balances, April 1, 2018	14,336,616	1,204,161	39,555,692	2,404,269	9,840,684	9,370	4,351,502	137,018	-	(12,439)	(7,763,366)	(4,020,987)
Stock options forfeited	-	-	-	-	-	-	(817,167)	(19,901)	-	-	-	(19,901)
Stock options issued	-	-	-	-	-	-	2,383,498	-	-	-	-	-
Stock options exercised	-	-	1,152,533	149	-	-	(1,152,533)	(67)	-	-	-	82
Stock option expense	-	-	-	-	-	-	-	560,802	-	-	-	560,802
Conversion option on convertible debt, net of issuance cost	-	-	-	-	300,000	99,838	-	-	338,983	-	-	438,821
Conversion of convertible debt into common shares	-	-	1,666,666	914,657	-	-	-	-	(43,028)	-	-	871,629
Conversion of preferred shares into common shares	(14,336,616)	(1,204,161)	14,336,616	1,204,161	-	-	-	-	-	-	-	-
Issuance of units concurrent with RTO	-	-	11,418,009	6,340,428	331,893	61,236	-	-	93	-	-	6,401,757
Issuance to previous shareholders of MJO	-	-	1,883,747	1,130,250	146,707	36,509	188,372	77,865	-	-	-	1,244,624
Warrants exercised	-	-	54,939	40,043	(54,939)	(13,672)	-	-	-	-	-	26,371
Warrants expired	-	-	-	-	(136,696)	(9,370)	-	-	9,370	-	-	-
Other comprehensive loss	-	-	-	-	-	-	-	-	-	(14,027)	-	(14,027)
Net loss	-	-	-	-	-	-	-	-	-	-	(4,287,710)	(4,287,710)
Balances, December 31, 2018	**-**	**-**	**70,068,202**	**12,033,957**	**10,427,649**	**183,911**	**4,953,672**	**755,717**	**305,418**	**(26,466)**	**(12,051,076)**	**1,201,461**

Lift & Co. Corp.

Condensed Consolidated Interim Statements of Cash Flows

[Expressed in Canadian dollars] (unaudited)

Three and nine months ended December 31, 2019 and 2018

	3 months ended Dec 31 2019	3 months ended Dec 31 2018	9 months ended Dec 31 2019	9 months ended Dec 31 2018
Operating activities				
Net loss	**$ (1,574,576)**	(71,677)	**(2,504,485)**	$ (4,287,710)
Adjustments:				
Depreciation	**115,594**	19,412	**344,068**	35,775
Share based compensation	**104,005**	147,148	**211,548**	1,004,423
Finance and other costs, net	**232,587**	89,996	**632,830**	173,816
Gain on change in fair value of derivative liabilities	**(639,213)**	(2,159,794)	**(3,383,887)**	(2,847,979)
Loss on extinguishment	**-**	-	**439,152**	-
Reverse takeover costs	**-**	-	**-**	1,125,765
	(1,761,603)	(1,974,915)	**(4,260,774)**	(4,795,910)
Change in non-cash operating working capital	**1,863,929**	(52,248)	**1,825,760**	368,776
	102,326	(2,027,163)	**(2,435,014)**	(4,427,134)
Interest paid	**-**	(75,000)	**(139,675)**	(75,000)
Interest received	**4,224**	18,391	**10,268**	18,391
	106,550	(2,083,772)	**(2,564,421)**	(4,483,743)
Financing activities				
Proceeds from private placement	**-**	-	**-**	6,401,757
Proceeds from convertible debenture issuance, net	**-**	-	**1,366,000**	2,668,795
Proceeds from issuance of shares on exercise of warrants and stock options	**25**	26,377	**25**	26,456
Cash acquired on acquisition of MJO	**-**	-	**-**	475,000
Reverse takeover costs	**-**	-	**-**	(356,141)
Payments made on finance lease liability	**(121,825)**	-	**(365,478)**	-
	(121,800)	26,377	**1,000,547**	9,215,867
Investing activities				
Purchase of property and equipment	**(6,578)**	(427,137)	**(16,777)**	(1,165,590)
Disposition of property and equipment	**-**	-	**14,328**	-
Disposition of marketable securities	**-**	-	**22,041**	-
	(6,578)	(427,137)	**19,592**	(1,165,590)
Increase (decrease) in cash	**(21,828)**	(2,484,532)	**(1,544,282)**	3,566,534
Cash, beginning	**801,821**	7,295,838	**2,324,275**	1,244,772
Cash, ending	**$ 779,993**	4,811,306	**779,993**	$ 4,811,306

1. Nature of Business

Lift & Co. Corp. through its wholly-owned subsidiary Lift Co. Ltd. (collectively, "Lift & Co." or the "Company") is a cannabis-focused technology and media company that monetizes a suite of data insights, marketing solutions and events that enable cannabis businesses and consumers to make better-informed decisions. Lift & Co. operates a product-comparison resource of federally regulated cannabis products; provides customized marketing solutions and data-backed insights into consumer and product trends; provides a cannabis retail training program; and connects businesses and consumers through its digital platforms and industry leading events.

The Company's principal place of business is 200-77 Peter Street, Toronto, Ontario M5V 2G4 Canada.

The Company was incorporated on February 10, 2017 under the *Ontario Business Corporations Act*. On September 13, 2018, Lift Co. Ltd. completed a reverse takeover of MJ Opportunity Corp. ("MJO") by way of a "three-cornered" amalgamation between Lift Co. Ltd. and 2636081 Ontario Inc., a wholly owned subsidiary of MJO. Immediately prior to the amalgamation, MJO changed its name to Lift & Co. Corp. and began trading on the TSX Venture Exchange on September 17, 2018 under the symbol "LIFT".

2. Basis of Preparation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpreted by the IFRS Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent annual consolidated financial statements of the Company, including the notes thereto, for the year ended March 31, 2019.

These unaudited condensed consolidated interim financial statements have been prepared by and are the sole responsibility of the Company's management. The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Institute of Chartered Professional Accountants of Canada for the review of interim financial statements.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on February 4, 2020.

Basis of measurement and going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments and derivatives that are measured at fair value.

The application of the going concern concept assumes that the Company will continue operations for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2019, the Company had a deficit of $18,253,342, working capital deficit of $5,391,288 and a net loss of $1,574,576 and $2,504,485, respectively, for the three and nine month periods ended December 31, 2019. In order to cover expected operating losses, the Company would need to secure additional equity or debt financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company.

Accordingly, these conditions represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include adjustments to the carrying values of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

Functional currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest dollar, except per share amounts and where otherwise indicated.

Basis of consolidation

The condensed consolidated interim financial statements consolidate the accounts of the Company and all of its subsidiaries. Subsidiaries are entities over which the Company has the power to govern financial and operating policies and currently includes Lift Co. Ltd. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date control ceases. Fully consolidated means that all transactions with subsidiaries and any intercompany balances, gains, or losses with subsidiaries have been eliminated on consolidation. The accounting policies have been applied consistently by all subsidiaries.

Seasonality of interim operations

The activities of the Company are significantly impacted by the timing of Lift & Co.'s events. Historically, the Company has held its tradeshows in the first quarter and the fourth quarter, and its annual cannabis industry awards gala in the third quarter, with each event varying in size and scope. Consequently, the results of operations for the interim period are not necessarily indicative of the results of operations for the full year.

Critical accounting estimates and significant judgments

The preparation of condensed consolidated interim financial statements in accordance with IFRS, requires management to make judgments that affect the application of accounting policies and the interpretation of accounting standards, and to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Management makes estimates based on specific facts or circumstances as well as past experiences. Management periodically reviews its estimates and underlying assumptions relating to the fair value of financial instruments, discount rates used to determine the present value of finance lease liabilities, components of convertible instruments, impairment of trade and other receivables, depreciation and impairment of property and equipment, provisions, share based compensation and tax provisions. As adjustments become necessary, they are reported in earnings in the period in which they become known. Due to the inherent uncertainty involved with making such estimates and judgments, actual results could differ from those reported.

3. Significant Accounting Policies

The accounting policies described in the Company's annual consolidated financial statements have been applied consistently to all periods presented in these condensed consolidated interim financial statements, unless otherwise indicated. The accounting policies have been applied consistently by all subsidiaries.

New standards adopted

IFRIC 23, Uncertainty over Income Tax Treatments, was issued by IASB on June 7, 2017. The interpretation provides guidance on the accounting for current and deferred tax assets and liabilities in circumstances in which there is uncertainty over income tax treatments. IFRIC 23 requires the entity to contemplate whether uncertain tax treatments should be considered separately or as a group based on the predictability of the resolution. In addition, the entity should assess if the tax authority will accept uncertain tax treatments, and in the case where it is not probable, the interpretation requires the entity to reflect the uncertainty with disclosure of the most likely amount and the expected value of the income tax payable or recoverable. The interpretation became effective for the Company on April 1, 2019. The adoption of this interpretation did not have a material impact on the condensed consolidated interim financial statements.

IFRS 16, Leases, was issued by the IASB on January 13, 2016, superseding IAS 17, Leases and IFRIC 4, Determining Whether an Arrangement Contains a Lease. The standard applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The standard removes the distinction between operating and finance leases with assets and liabilities recognized in respect of all leases.

In applying IFRS 16, the Company:

- recognizes a right-of-use asset and finance lease liability on the condensed consolidated interim statement of financial position, initially measured at the present value of future lease payments;
- recognizes depreciation of the right-of-use asset on a straight-line basis and the finance lease liability at amortized cost, with depreciation and interest recognized on the condensed consolidated interim statement of comprehensive income (loss); and
- reports the total amount of cash paid, including both the principal portion and interest, on the condensed consolidated interim statement of cash flows.

The Company adopted the standard on April 1, 2019 using the modified retrospective approach, which does not require the restatement of comparative information. On adoption, the Company recognized a right-of-use asset and finance lease liability of $2,526,318, which pertains to the lease of the Company's office space. The weighted average incremental borrowing rate applied to the finance lease liability was 15% and the right of use asset is being amortized on a straight-line basis over an estimated useful life of 9.4 years, which is the remaining lease term, including exercised extensions.

In applying IFRS 16 for the first time, the following types of leases were excluded, as permitted by the standard as exemptions and practical expedients:

- Leases that have terms of twelve months or less (from date of adoption)
- Leases that meet the low-value exemption

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company’s condensed consolidated interim financial statements.

4. Operating Segments

The Company's CEO reviews internal management reports for each of the following three operating segments on a monthly basis:

- **Trade Marketing** represents Lift & Co.'s budtender education platform, which includes its budtender certification (CannSell), and educates cannabis retail employees on the responsible sale of cannabis and their legal and regulatory obligations; as well as Lift & Co.'s digital branded modules, which are paid for by brands and educate retail employees on specific cannabis brands through the CannSell platform.

- **Data Insights** represents the sale of combined user profile, purchase receipt and review data collected through the Company's Lift.co website and commissioned insights collected through surveys and panels on Lift.co and CannSell (Cohesion); as well as the sale of sponsored content and targeted advertising on its website.

- **Event Marketing** represents Lift & Co.'s tradeshows and annual cannabis industry awards gala, which serves to generate qualified business leads as well as users and data for its digital products.

Operating segment results that are reported include items directly attributable to each operating segment, as well as those that can be allocated on a reasonable basis. The Company does not prepare segmented reports for the Company's assets and liabilities. Unallocated items ("Corporate") are comprised mainly of office and marketing expenses that cannot be specifically allocated because they benefit the overall business.

	Trade Marketing	Data Insights	Event Marketing	Corporate	Total
Three months ended December 31, 2019					
Revenue	$ 139,094	360,131	427,204	-	$ 926,429
Operating expenses	110,719	914,522	588,705	1,293,685	2,907,631
Net income (loss)	28,375	(554,391)	(161,501)	(887,059)	(1,574,576)
Three months ended December 31, 2018					
Revenue	56,742	276,792	501,516	-	835,050
Operating expenses	87,512	845,044	654,088	1,389,881	2,976,525
Net income (loss)	(30,770)	(568,252)	(152,572)	679,917	(71,677)
Nine months ended December 31, 2019					
Revenue	363,685	748,281	3,516,110	-	4,628,076
Operating expenses	408,349	2,502,242	2,365,839	4,168,036	9,444,466
Net income (loss)	(44,664)	(1,753,961)	1,150,271	(1,856,131)	(2,504,485)
Nine months ended December 31, 2018					
Revenue	205,819	431,769	2,640,277	-	3,277,865
Operating expenses	368,226	2,008,793	2,110,861	4,626,093	9,113,973
Net income (loss)	$ (162,407)	(1,577,024)	529,416	(3,077,695)	$ (4,287,710)

Depreciation, finance income and costs, share based compensation and capital expenditures have all been allocated to Corporate. All revenue has been earned in Canada and all of the Company's assets are located in Canada.

5. Trade and Other Receivables

	As of December 31 2019	As of March 31 2019
Trade receivables	$ 1,480,224	$ 1,737,471
Other receivables	318,573	544,889
	$ 1,798,797	$ 2,282,360

6. Property and Equipment

	Leasehold Improvements	Computer Software and Equipment	Furniture and Fixtures	Total
Cost				
Balances, March 31, 2019	$ 926,541	157,627	231,231	$ 1,315,399
Additions	-	16,777	-	16,777
Dispositions	-	(14,328)	-	(14,328)
Balances, December 31, 2019	926,541	160,076	231,231	1,317,848
Accumulated depreciation				
Balances, March 31, 2019	23,164	53,921	30,203	107,288
Depreciation	69,491	43,284	30,154	142,929
Balances, December 31, 2019	92,655	97,205	60,357	250,217
Net carrying amounts				
At March 31, 2019	903,377	103,706	201,028	1,208,111
At December 31, 2019	$ 833,886	62,871	170,874	$ 1,067,631

7. Right of Use Asset

The right of use asset relates to the lease of the Company's office space and was recognized on April 1, 2019. For additional information on the Company's transition to IFRS 16, refer to note 3.

Cost	
Balance, April 1, 2019	$ 2,526,318
Additions	-
Balance, December 31, 2019	2,526,318
Accumulated depreciation	
Balance, April 1, 2019	-
Depreciation	201,139
Balance, December 31, 2019	201,139
Net carrying amounts	
At April 1, 2019	2,526,318
At December 31, 2019	$ 2,325,179

Depreciation is included in general and administrative expenses.

8. Trade and Other Payables

	As of December 31 2019	As of March 31 2019
Trade payables	$ 979,120	$ 671,498
Other payables	624,572	681,409
	$ 1,603,692	$ 1,352,907

9. Provision

	As of December 31 2019	As of March 31 2019
Points liability	$ 172,006	$ 121,189
Other	22,956	3,218
	$ 194,962	$ 124,407

The Company offers a points reward program for individuals that submit reviews on the Company's website. The liability is estimated based on the redemption value of $0.001 per point and a 75% expected redemption rate based on past experience. Points may be redeemed for various gift cards once a value of at least $5 has been reached. A reconciliation of the points liability provision is as follows:

Balance, March 31, 2019	$ 121,189
Points granted	237,252
Points redeemed	(175,737)
Discount for expected redemptions	(10,698)
Balance, December 31, 2019	$ 172,006

This program was discontinued subsequent to the reporting period.

10. Convertible Debenture

Date issued	Aug 16, 2018	Sep 11, 2019
Balance, March 31, 2019	$ 1,683,992	$ -
Issuance of convertible debentures	-	3,500,000
Accretion	105,288	53,928
Accrued interest	89,675	114,180
Equity portion, net of issuance cost	-	(113,209)
Warrants issued	-	(182,762)
Financing fees	-	(134,000)
Paid interest	(139,675)	-
Loss on extinguishment	260,720	178,432
Repayment of principal	(2,000,000)	-
Balance, December 31, 2019	$ -	$ 3,416,569

On September 11, 2019 the Company completed a non-brokered private placement of convertible debentures for gross proceeds of $3,500,000 and 2,713,178 common share purchase warrants. The convertible debentures bear interest at a rate of 10.6% compounded monthly and payable at maturity, mature 12 months from issuance but are subject to prepayment of 120% of the principal balance upon meeting certain conditions, and are convertible into common shares at the option of the holder at a conversion price equal to $0.215 per share. The debentures are secured by a first priority security interest over all assets of the Company and a corporate unlimited guarantee from the Company.

Of the total proceeds received from the private placement, $2,000,000 was used to repay the August 16, 2018 convertible debenture, resulting in a loss on extinguishment.

The option to convert the debentures to common shares of the Company was recorded as equity and was based on the residual amount remaining after discounting the convertible debentures to present value using a discount rate of 15%. Transaction costs of $316,762 were incurred and allocated between the convertible debenture, the conversion option, and loss on extinguishment. Accretion expense was recorded using an effective interest rate of 17.4%.

11. Finance Lease Liability

The finance lease liability relates to the lease of the Company's office space and is payable as follows:

	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Future minimum lease payments	$ 487,305	2,004,912	1,939,938	$ 4,432,155
Interest	(357,442)	(1,179,126)	(454,721)	(1,991,289)
	$ 129,863	825,786	1,485,217	$ 2,440,866
Current portion				129,863
Long-term portion				$ 2,311,003

12. Derivative Liabilities

	Outstanding Warrants #	Expiry Date	Exercise Price $	Balance at Dec 31, 2019 $
Consultant Warrants	788,130	September 1, 2022	0.6000	18,570
January 2017 Warrants	2,800,000	September 17, 2023	0.2000	135,918
August 2017 Warrants	6,115,858	September 17, 2023	0.2123	292,224
	9,703,988			446,712

In addition to the above, there are 3,345,071 warrants outstanding that have been classified as equity and included in contributed surplus.

The following assumptions were used in estimating the fair value of these instruments as of December 31, 2019: i) expected life to expiry; ii) risk free rate of 1.69%; iii) dividend yield of $NIL; and iv) expected volatility of 115%. Volatility was estimated based on historical data from the commencement of trading to the end of the reporting period. Variables used in the Black-Scholes option pricing model are based on highly subjective assumptions and any change in assumptions can materially affect the fair value estimate.

13. Share Capital

There were 70,495,928 common shares outstanding as of December 31, 2019. As part of an exercise of stock options, 347,595 common shares were issued on December 31, 2019 for a gross proceeds of $25.

The weighted average number of diluted common shares as well as diluted earnings (loss) per share has been calculated as follows:

	Net Loss $	Weighted Avg. Shares #	Loss Per Share $
Three months ended December 31, 2019			
Balances, basic	(1,574,576)	70,152,111	(0.02)
Dilutive impact of warrants	-	-	-
Balances, diluted	(1,574,576)	70,152,111	(0.02)
Three months ended December 31, 2018			
Balances, basic	(71,677)	70,027,222	-
Dilutive impact of warrants	(880,967)	5,818,530	-
Balances, diluted	(952,644)	75,845,752	(0.01)
Nine months ended December 31, 2019			
Balances, basic	(2,504,485)	70,149,597	(0.04)
Dilutive impact of warrants	(600,858)	4,875,865	-
Balances, diluted	(3,105,343)	75,025,462	(0.04)
Nine months ended December 31, 2018			
Balances, basic	(4,287,710)	56,235,696	(0.08)
Dilutive impact of warrants	(2,633,818)	5,818,530	-
Balances, diluted	(6,921,528)	62,054,226	(0.11)

14. Contributed Surplus

Equity warrants

	Outstanding Warrants #	Expiry Date	Exercise Price $	Balance at Dec 31, 2019 $
May 2018 Warrants	300,000	May 30, 2021	0.9000	73,431
Transaction Warrants	331,893	September 13, 2020	0.6000	87,643
September 2019 Warrants	2,713,178	September 10, 2020	0.3225	182,762
	3,345,071			343,836

In addition to the above, there are 9,703,988 warrants outstanding that have been classified as derivative liabilities.

On September 11, 2019 the Company completed a non-brokered private placement of convertible debentures for gross proceeds of $3,500,000 and 2,713,178 common share purchase warrants. The September 2019 Warrants are exercisable at a price of $0.3225 per common share for a period of one year from issuance.

The following assumptions were used in estimating the fair value of the warrants on issuance: i) expected life to expiry; ii) risk free rate of 1.59%; iii) dividend yield of $NIL; and iv) expected volatility of 115%. Volatility was estimated based on historical data from the commencement of trading to the end of the reporting period. Variables used in the Black-Scholes option pricing model are based on highly subjective assumptions and any change in assumptions can materially affect the fair value estimate.

Share based compensation

Share based compensation expense is comprised of the following and included in general and administrative expenses:

	3 months ended Dec 31 2019	3 months ended Dec 31 2018	9 months ended Dec 31 2019	9 months ended Dec 31 2018
Stock options	$ 141,215	196,671	358,128	$ 540,900
Deferred share units	(37,210)	(49,523)	(146,580)	88,290
Restricted share units	-	-	-	375,233
	$ 104,005	147,148	211,548	$ 1,004,423

The Company offers a stock option plan for the benefit of certain employees and consultants. The plan is administered by the Board of Directors and the maximum number of shares which may be issued under this plan may not exceed 10% of the number of issued and outstanding common shares of the Company. Each stock option entitles its holder to receive one common share upon exercise. The options vest in equal instalments over three years and expire after ten years. The following table summarizes the changes in outstanding stock options:

	Nine months ended December 31, 2019 #	$
Balance, beginning	6,950,889	0.40
Issued	1,072,838	0.12
Exercised	(347,595)	-
Forfeited	(2,126,238)	0.36
Balance, ending	5,549,894	0.39

No stock options were issued to key management personnel during the reporting period. The following assumptions were used in estimating the fair value of these instruments on issuance: i) expected life to expiry; ii) risk free rate of 1.45-1.63%; iii) dividend yield of $NIL; iv) expected volatility of 115% and v) expected forfeiture rate of 0%. Volatility was estimated based on historical data from the commencement of trading to the end of the reporting period. Variables used in the Black-Scholes option pricing model are based on highly subjective assumptions and any change in assumptions can materially affect the fair value estimate.

The following table summarizes information about stock options outstanding as at December 31, 2019:

Exercise Price $	Options Outstanding #	Weighted Average Remaining Life #	Options Exercisable #
0.00007143	556,626	6.3	423,626
0.085	927,125	10.0	-
0.33	60,605	8.9	20,201
0.36	27,777	9.4	-
0.405	1,347,539	9.2	-
0.46	286,520	9.2	-
0.48	188,372	2.8	188,372
0.57	263,157	9.2	-
0.60	1,892,173	8.3	627,036
0.39	5,549,894	8.5	1,259,235

The Company has a deferred share unit plan for non-employee directors that is administered by the Board of Directors and that may be settled in cash or equity. During the nine month period ended December 31, 2019, the Company granted 407,250 deferred share units at a weighted average price of $0.2486 per unit. The deferred share units vest three months following grant and are valued using the mark to market method due to their ability to be settled in cash. The Company realized a gain of $146,580 on the revaluation during the period. Included in trade and other payables is a liability totaling $70,298 related to these units.

15. Operating Expenses

	3 months ended Dec 31 2019	3 months ended Dec 31 2018	9 months ended Dec 31 2019	9 months ended Dec 31 2018
Bad debt expense	$ 1,537	31,480	13,258	$ 65,632
Professional fees	132,539	124,910	585,391	847,252
Office and administration	314,705	416,377	956,444	785,151
Depreciation	115,594	19,412	344,068	35,775
Salaries and wages	595,708	510,713	2,048,412	1,651,550
Share based compensation	104,005	147,148	211,548	1,004,423
Benefits	28,566	23,570	91,516	90,231
General and administrative	$ 1,292,654	1,273,610	4,250,637	$ 4,480,014

	3 months ended Dec 31 2019	3 months ended Dec 31 2018	9 months ended Dec 31 2019	9 months ended Dec 31 2018
Advertising and promotion	$ 67,001	189,292	305,122	$ 620,263
Salaries and wages - Sales and commissions	225,368	210,375	475,853	436,570
Salaries and wages - Marketing	230,752	300,166	754,117	831,395
Selling and marketing	$ 523,121	699,833	1,535,092	$ 1,888,228

16. Finance and Other Costs

	3 months ended Dec 31 2019	3 months ended Dec 31 2018	9 months ended Dec 31 2019	9 months ended Dec 31 2018
Accretion expense - convertible debenture	$ 46,627	58,044	159,216	$ 116,732
Interest expense - convertible debenture	97,909	50,343	203,855	75,475
Interest expense - finance lease liability	92,275	-	280,027	-
Interest income	(4,224)	(18,391)	(10,268)	(18,391)
	$ 232,587	89,996	632,830	$ 173,816

17. Related Party Transactions

Included in general and administrative expenses is the following key management compensation:

	3 months ended Dec 31 2019	3 months ended Dec 31 2018	9 months ended Dec 31 2019	9 months ended Dec 31 2018
Salaries	$ 205,825	161,821	622,052	$ 466,815
Termination benefits	-	-	50,861	-
Benefits	2,742	2,778	11,875	11,247
Share based compensation	146,824	69,640	404,622	660,004
	$ 355,391	234,239	1,089,410	$ 1,138,066

Board members and executive officers are deemed to be key management personnel.

18. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the consolidated financial statements for the year ended March 31, 2019. The reclassification predominantly pertains to the classification of expenses, which management believes better reflects the Company's operating results.