ENTHEOS CAPITAL CORP.

Financial Statements

For the years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

1500 – 409 Granville Street
Vancouver, BC
V6C 1T2

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ENTHEOS CAPITAL CORP.

Opinion

We have audited the financial statements of Entheos Capital Corp. (the "Company"), which comprise:

- the statement of financial position as at December 31, 2020;
- the statement of loss and comprehensive loss for the year then ended;
- the statement of changes in shareholders' equity (deficiency) for the year then ended;
- the statement of cash flows for the year then ended; and
- the 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 December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 *Auditors' 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 the Company has not achieved profitable operations and expects to incur further losses. 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 Matter

The financial statements of the Company for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 20, 2020.

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 identified above 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 auditors' report. If, based on the work we have performed, 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.

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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 IFRS, 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.

Auditors' 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 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 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 auditors' 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 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 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.

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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 Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

February 18, 2021

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ENTHEOS CAPITAL CORP.
Statements of Financial Position
(Expressed in Canadian Dollars)
As at December 31

	2020	2019
ASSETS		
Current		
Cash	$ 882,821	$ 1,220
Accounts receivable	1,409	6,147
Loan receivable (Note 4)	-	68,388
Investments (Note 5)	-	872
Prepaid expenses	3,109	2,249
	$ 887,339	$ 78,876
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 48,926	$ 130,721
Shareholders' equity (deficiency)		
Share capital (Note 7)	10,924,779	9,891,279
Reserves	625,507	625,507
Deficit	(10,711,873)	(10,568,631)
	838,413	(51,845)
	$ 887,339	$ 78,876

Nature of operations and going concern (Note 1)

On behalf of the Board:

"Brayden Sutton"
Director

"Joshua Taylor"
Director

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

ENTHEOS CAPITAL CORP.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended December 31

		2020		2019
EXPENSES				
Consulting fees (Note 6)	$	105,000	$	112,000
Interest expense		-		6
Office and general (Note 6)		2,255		23,794
Professional fees		38,537		101,965
Regulatory and transfer agent fees		22,448		16,684
Rent (Note 6)		1,985		23,818
Wages and benefits (Note 6)		-		20,002
Net loss before other items		(170,225)		(298,269)
Other income				
Other income		337		5,598
Unrealized gain on investments		174		174
Gain on debt settlement (Note 4)		26,472		-
		26,983		5,772
Net loss and comprehensive loss for the year	$	(143,242)	$	(292,497)
Basic and diluted loss per common share	$	(0.01)	$	(0.07)
Weighted average shares outstanding		9,915,023		4,468,491

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

ENTHEOS CAPITAL CORP.

Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

	Number of Common Shares	Capital Stock	Reserves	Deficit	Total
Balance, December 31, 2018	4,468,485	$ 9,891,279	$ 625,507	$ (10,276,134)	$ 240,652
Net loss for the year	-	-	-	(292,497)	(292,497)
Balance, December 31, 2019	4,468,485	9,891,279	625,507	(10,568,631)	(51,845)
Private placements	8,333,331	1,000,000	-	-	1,000,000
Share issue costs	-	(11,500)	-	-	(11,500)
Warrants exercised	300,000	45,000	-	-	45,000
Net loss for the year	-	-	-	(143,242)	(143,242)
Balance, December 31, 2020	13,101,816	$ 10,924,779	$ 625,507	$ (10,711,873)	$ 838,413

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

ENTHEOS CAPITAL CORP.

Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended December 31

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (143,242)	$ (292,497)
Items not affecting cash:		
Accrued interest income	(337)	(5,362)
Gain on debt settlement	(26,472)	-
Gain on investments	(174)	(174)
Changes in non-cash working capital items:		
Accounts receivable	332	4,815
Prepaid expenses	(860)	3,118
Accounts payable and accrued liabilities	13,840	106,645
Net cash used in operating activities	(156,913)	(183,455)
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of loan receivable	5,000	35,000
Interest received	14	5,492
Net cash provided by investing activities	5,014	40,492
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	1,000,000	-
Share issue costs	(11,500)	-
Warrants exercised	45,000	-
Net cash provided by financing activities	1,033,500	-
Change in cash for the year	881,601	(142,963)
Cash, beginning of year	1,220	144,183
Cash, end of year	$ 882,821	$ 1,220

In the year ended December 31, 2020, the Company:

a) Assigned marketable securities of $1,046 to settle accounts payable; and

b) Assigned a loan receivable of $63,711 to settle accounts payable and accrued liabilities of $94,589.

There were no non-cash investing or financing transactions during the year ended December 31, 2019

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

The Company was incorporated under the laws of Alberta and was continued into British Columbia during the year ended December 31, 2000. On March 31, 2020, the Company changed its name from Waterfront Capital Corporation to Entheos Capital Corp. The Company provides business advisory services to public and non-public companies.

Effective April 1, 2020, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidation share for 10 pre-consolidation shares. Unless otherwise stated, all shares, stock options, warrants and per share amounts have been restated retrospectively to reflect this share consolidation.

Going concern

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At December 31, 2020, the Company had not achieved profitable operations, has an accumulated deficit and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The Company's current working capital will not be sufficient to execute a comprehensive business plan beyond the current year. These matters indicate the existence of material uncertainties that raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. Management believes that the Company will be successful in raising sufficient working capital to maintain operations for the upcoming year. Management may seek to raise the necessary capital to meet new funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

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

The policies applied in these financial statements are based on IFRS issued and effective as of December 31, 2020. The Board of Directors approved the financial statements for issue on February 18, 2021.

2. BASIS OF PREPARATION (Continued)

Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recognition of deferred tax amounts.

<u>Critical accounting estimates:</u>

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

Fair value estimates of equity instruments

The fair value of each stock option granted is estimated at the grant date using the Black-Scholes option pricing model. The estimated life of the stock options and conversion at grant date is based on the expected life of the options and assumptions about the expected exercise pattern. Expected volatility of stock options is estimated based on the volatility of companies comparable in size and operations to the Company.

<u>Critical judgements:</u>

Going concern

The preparation of these financial statements requires management to make judgments regarding the applicability of going concern assumption to the Company as discussed in Note 1.

3. SIGNIFICANT ACCOUNTING POLICIES

The following are a list of significant accounting policies used by the Company.

(a) Cash and cash equivalents

Cash includes highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(b) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (continued)

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

Fair value hierarchy

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(c) Share capital

Common shares are classified as shareholders' equity (deficiency). Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is valued at the market value of the goods or services received. If this value cannot be determined, the transaction is measured at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced, and any residual value is allocated to reserves. Consideration received for the exercise of warrants is recorded in share capital and the related residual value is transferred to share capital.

(d) Share-based payment transactions

The Company's stock option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Share-based payments to non-employees are measured at the fair value of goods or services received or at the fair value of equity instruments issued, if it is determined the fair value of the goods or services cannot be readily measured, and are recorded at the date the goods or services are received.

The fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. The fair value of the options is accrued and charged to operations with the offset credit to share-based payment reserve, over the vesting period. If and when the stock options are exercised, the applicable amounts from share-based payment reserve are transferred to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Share-based payment transactions (continued)

The Black-Scholes option valuation model used by the Company to determine fair values of options and similar financial instruments requires the input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

(e) Loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(f) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as interest expense.

(g) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided for based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it will not be recognized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(Expressed in Canadian Dollars)

4. LOAN RECEIVABLE

In connection with a proposed transaction with a private company, the Company entered into a secured loan agreement and advanced a principal amount of $100,000. The loan is secured by a security charge pursuant to a general security agreement dated May 25, 2018 and bears interest at a rate of 6% per annum. The Company elected not to proceed with the transaction and negotiated a short-term repayment plan for the loan. During the year ended December 31, 2020, the Company received a principal repayment of $5,000. During the year ended December 31, 2019, the Company received principal and interest repayments of $35,000 and $5,492, respectively.

Debt settlement

In January 2020, the Company settled outstanding debts of $94,589 by assigning the loan receivable balance of $63,711 outstanding as at the settlement date and recognized a gain of $26,472, with GST claimed of $4,406.

5. INVESTMENTS

As at December 31, 2019, the Company held 34,876 common shares of Magnum Goldcorp Inc. During the year ended December 31, 2020, the Company assigned the marketable securities to settle debt of $1,046. No gain or loss was recognized on this settlement.

6. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities at December 31, 2020 is $36,500 (2019 - $60,172) due to companies controlled by directors, former directors and/or companies with certain directors in common.

During the year ended December 31, 2020, the Company reimbursed Waterfront Communications Inc. (a company with certain former directors in common) on a cost basis, to cover shared administrative payroll costs, included in wages and benefits, in the amount of $Nil (2019 - $20,002) and shared expenses in the amount of $Nil (2019 - $14,635).

During the years ended December 31, 2020 and 2019, the Company paid or accrued the following amounts to directors, companies or limited partnerships controlled by directors and/or former directors:

	2020	2019
Consulting	$ 90,000	$ 90,000
Directors fees	12,000	4,000
Rent	1,985	23,818
	$ 103,985	$ 117,818

7. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

Share capital transactions

In April 2020, the Company completed a private placement of 3,333,331 units at a price of $0.075 per unit ("April Unit") for gross proceeds of $250,000. Each April Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of $0.15 per share for a period of one year.

In May 2020, the Company completed a private placement at 5,000,000 units at a price of $0.15 per unit ("May Unit") for gross proceeds of $750,000. Each May Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of $0.30 per share for a period of one year.

The Company did not issue any shares during the year ended December 31, 2019.

8. STOCK OPTIONS AND WARRANTS

Stock Options

The Company has a rolling stock option plan (as confirmed by shareholders on March 26, 2020), whereby it may issue options of up to 10% of the Company's issued and outstanding common shares at any given time. Under the plan, options can be granted for a maximum term of five years and vesting of stock options is at the discretion of the Board of Directors at the time options are granted. The exercise price shall not be less than the closing price of the Company's shares traded through the facilities of the Exchange prior to the announcement of the option grant.

As at December 31, 2020 and 2019, the following incentive stock options were outstanding:

2020	2019	Exercise Price	Expiry Date
-	2,000	$1.20	January 19, 2020
85,000	272,500	$1.00	October 13, 2022
85,000	**274,500**		

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2018	310,600	$ 1.01
Cancelled	(36,100)	1.06
Outstanding, December 31, 2019	274,500	$ 1.00
Cancelled	(189,500)	1.00
Outstanding and exercisable, December 31, 2020	85,000	$ 1.00

(Expressed in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS

Warrants

At December 31, 2020 and 2019, the following warrants were outstanding:

2020	2019	Exercise Price	Expiry Date
1,366,666	-	$0.15	April 13, 2021
2,500,000	-	$0.30	May 22, 2021
3,866,666	-		

Warrant transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2018	1,831,880	$ 1.00
Expired	(1,831,880)	1.00
Outstanding December 31, 2019	-	-
Issued	4,166,666	0.24
Exercised	(300,000)	0.15
Outstanding and exercisable December 31, 2020	3,866,666	$ 0.25

9. CAPITAL MANAGEMENT

The Company manages its components of equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

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 assets. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and investments as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Loan receivable and accounts payable and accrued liabilities are carried at amortized cost.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS (Continued)

Fair value (continued)

The carrying values of loan receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash, investments, and loan receivable. Management believes that the credit risk concentration with respect to cash is remote as it maintains accounts with highly rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2020, the Company had working capital of $838,413 (2019 – working capital deficiency of $51,845). All of the Company's liabilities are due within 90 days of December 31, 2020.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not currently exposed to any significant interest rate or foreign currency risk. The Company is exposed to other price risk with respect to its investments, as they are carried at fair values based on quoted market prices.

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2020	2019
Loss for the year	$ 143,242	$ 292,497
Expected income tax (recovery) at a tax rate of 27% (2019 – 27%)	(39,000)	(79,000)
Non-deductible expenditures	(2,000)	-
Change in unrecognized deductible temporary differences	41,000	79,000
	$ -	$ -

(Expressed in Canadian Dollars)

11. INCOME TAXES (Continued)

The significant components of the Company's unrecognized temporary differences and unused tax losses that have not been included on the statements of financial position are as follows:

	2020	Expiry Dates	2019
Temporary Differences			
Allowable capital losses	$ 2,661,000	not applicable	$ 2,657,000
Share issue costs	20,000	2021-2024	22,000
Non-capital losses available for future period	3,593,000	2027 to 2040	3,436,000
Marketable securities	-	not applicable	8,000

12. SUBSEQUENT EVENTS

On January 27, 2021, the Company issued 483,333 common shares pursuant to the exercise of warrants for gross proceeds of $75,000.

On February 7, 2021, the Company entered into a binding letter agreement with The BC Bud Corporation ("BCBC") whereby the Company will acquire all of the issued and outstanding securities of BCBC by way of a share exchange (the "Transaction").

Upon the successful completion of the Transaction, it is anticipated that the Company will carry on the business of BCBC (the "Resulting Issuer") and will seek to delist its common shares from the TSX Venture Exchange ("TSXV") and list its common shares on the Canadian Securities Exchange ("CSE") such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry. The Transaction will constitute a 'reverse takeover' of the Company.

Pursuant to the Transaction, the Company will issue common shares in its capital ("ENTH Shares") to the holders of common shares in the capital of BCBC ("BCBC Shares") on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021, the completion of a private placement by the Company to raise gross proceeds of at least $1,000,000, shareholder approval and the approval of the CSE and other applicable regulatory authorities. Additionally, the delisting of the ENTH Shares in advance of the listing on the CSE will also require shareholder approval.