

RED LIGHT HOLLAND CORP. (FORMERLY ADDED CAPITAL INC.)
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

The accompanying unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended September 30, 2020 and 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 discloses that the accompanying unaudited Interim Condensed Consolidated Financial Statements have not been reviewed by an auditor.

RED LIGHT HOLLAND CORP. (FORMERLY ADDED CAPITAL INC.)
Unaudited Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at September 30, 2020 and March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 6,661,261	\$ 1,963,492
Cash held in escrow (Note 3)	-	1,804,290
Sales tax receivable	163,475	20,874
Marketable securities (Note 4)	360,000	-
Prepaid expenses	255,217	-
Inventory	54,599	-
Prepaid financing cost (Note 3)	-	178,843
TOTAL CURRENT ASSETS	7,494,552	3,967,499
NON-CURRENT ASSETS		
Property and equipment (Note 5)	30,999	-
Right of use asset (Note 6)	120,751	-
TOTAL ASSETS	\$ 7,646,302	\$ 3,967,499
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 579,381	\$ 890,677
Lease liability – current portion (Note 7)	30,318	-
Short-term loans payable	-	86,768
Subscription receipts (Note 3)	-	3,608,580
TOTAL CURRENT LIABILITIES	609,699	4,586,025
NON-CURRENT LIABILITIES		
Lease liability (Note 7)	88,691	-
Other liabilities (Note 13)	-	525,769
TOTAL NON-CURRENT LIABILITIES	88,691	525,769
TOTAL LIABILITIES	698,390	5,111,794
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 8(a))	11,899,458	4,016,634
Shares to be issued (Notes 3)	-	1,849,535
Warrants (Note 8(e))	3,240,636	260,972
Contributed surplus	2,277,978	1,848,632
Deficit	(10,470,160)	(9,120,068)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)	6,947,912	(1,144,295)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	\$ 7,646,302	\$ 3,967,499

PROVISIONS, COMMITMENT AND CONTINGENCIES (Note 10)
SUBSEQUENT EVENTS (Note 16)

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

RED LIGHT HOLLAND CORP. (FORMERLY ADDED CAPITAL INC.)
Unaudited Interim Condensed Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
For the three and six months ended September 30, 2020 and 2019

	Three months ended September 30		Six months ended September 30	
	2020	2019	2020	2019
OPERATING EXPENSES				
General and administrative (note 15)	\$ 557,458	\$ 5,000	\$ 1,167,821	\$ 5,000
Share based payments	174,185	-	1,057,903	-
Interest expense	1,634	-	1,634	-
Research and development	14,023	-	14,023	-
LOSS BEFORE OTHER ITEMS	(747,300)	(5,000)	(2,241,381)	(10,000)
OTHER ITEMS				
Gain on sale of marketable securities	\$ 475,038	-	585,162	-
Gain on sale of subsidiary (Note 13)	843,411	-	843,411	-
Unrealized change in fair value of marketable securities	(1,068,000)	-	(540,000)	-
Interest income	904	-	2,716	-
NET LOSS AND COMPREHENSIVE LOSS	\$ (495,947)	\$ (5,000)	\$ (1,350,092)	\$ (10,000)
LOSS PER SHARE – Basic and diluted (Note 8(d))	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – Basic and diluted	226,747,374	851,335	156,164,767	851,335

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

RED LIGHT HOLLAND CORP. (FORMERLY ADDED CAPITAL INC.)
Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)
For the six months ended September 30, 2020 and 2019

	Common Shares #	Common Shares \$	Shares to be Issued \$	Warrants \$	Contributed Surplus \$	Deficit \$	Shareholders' (Deficiency) \$
Balance, March 31, 2019	851,335	4,016,634	-	312,952	1,796,652	(8,794,895)	(2,668,657)
Net loss and comprehensive loss	-	-	-	-	-	(10,000)	(10,000)
Balance, September 30, 2019	851,335	4,016,634	-	312,952	1,796,652	(8,804,895)	(2,678,657)
Balance, March 31, 2020	851,335	4,016,634	1,849,535	260,972	1,848,632	(9,120,068)	(1,144,295)
Shares issued on amalgamations (Note 3)	193,004,469	5,260,314	(1,849,535)	193,730	-	-	3,604,509
Shares issued per consulting agreement	3,000,000	180,000	-	-	-	-	180,000
Warrants issued per consulting agreements	-	-	-	448,557	-	-	448,557
Units issued on closing of private placements	30,362,605	2,715,330	-	2,294,500	-	-	5,009,830
Share issue costs	-	(469,907)	-	126,970	-	-	(342,937)
Exercise of warrants	1,883,237	197,087	-	(84,093)	-	-	112,994
Share based payments	-	-	-	-	429,346	-	429,346
Net loss and comprehensive loss	-	-	-	-	-	(1,350,092)	(1,350,092)
Balance, September 30, 2020	229,101,646	11,899,458	-	3,240,636	2,277,978	(10,470,160)	6,947,912

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

RED LIGHT HOLLAND CORP. (FORMERLY ADDED CAPITAL INC.)
Unaudited Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
For the six months ended September 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the period	\$ (1,350,092)	\$ (10,000)
Items not affecting cash:		
Unrealized change in fair value of marketable securities	540,000	-
Amortization and depreciation	3,714	-
Interest	1,634	-
Gain on sale of subsidiary	(843,411)	-
Share based payments	1,057,903	-
Realized gain on sale of marketable securities	(585,162)	-
Movements in working capital:		
Sales tax receivable	(142,601)	-
Inventory	(54,599)	-
Prepaid expenses	(255,217)	-
Accounts payable and accrued liabilities	(85,844)	10,000
Cash flows (used in) operating activities	(1,713,675)	-
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	735,161	-
Purchase of marketable securities	(200,000)	-
Acquisition of property and equipment	(32,666)	-
Cash held in escrow	1,804,290	-
	2,306,785	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of common shares in subsidiary	174,772	-
Proceeds from issue of common shares and warrants	4,159,830	-
Costs of issuance	(342,937)	-
Exercise of warrants	112,994	-
Cash flows from financing activities	4,104,659	-
CHANGE IN CASH	4,697,769	-
CASH, BEGINNING OF PERIOD	1,963,492	-
CASH, END OF PERIOD	\$ 6,661,261	\$ -
SUPPLEMENTAL INFORMATION:		
Shares and warrants issued for services	\$ 628,557	\$ -

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

RED LIGHT HOLLAND CORP (FORMERLY ADDED CAPITAL INC.)
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three and six months ended September 30, 2020 and 2019

1. NATURE OF OPERATIONS

Red Light Holland Corp. (formerly Added Capital Inc.) ("RLHC" or the "Company") is establishing itself as a producer and distributor of its premium brand of psilocybin truffles within the Netherlands. By doing so, the Company hopes to contribute to the advancement and awareness of Truffles, and promote its potential as a candidate for further research and study. The Company is governed by the Business Corporations Act (Ontario). The address of its registered office is 1 Adelaide Street East, Suite 801, Toronto, Ontario, Canada, M5C 2V9. On May 22, 2020 the Canadian Securities Exchange (the "CSE") provided the Company with approval to list its common shares and the Company commenced trading on May 28, 2020 under the ticker symbol "TRIP" (the "CSE Listing").

In March 2020, the outbreak of the novel strain of corona virus, specifically identified as "COVID19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These unaudited interim condensed interim consolidated financial statements should be read in conjunction with the Company's March 31, 2020 audited annual consolidated financial statements.

These unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Company and its subsidiaries. These unaudited interim condensed consolidated financial statements are presented on a historical cost basis unless an item is reported at fair value, and is presented on an accrual basis, except for cash flow information.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on November 30, 2020.

Principles of consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. These consolidated financial statements include the accounts of the Company and all its subsidiaries with its principal subsidiaries being RLH Netherlands BV ("RLH NL"), Red Light Holland (Subco 1) Inc. ("Finco") and Red Light Holland (Subco 2) Inc. ("Debtco"). Intercompany accounts and balances are eliminated upon consolidation.

Significant accounting policies

The accounting policies applied in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's March 31, 2020 annual financial statements, except for the adoption of new standards and interpretations as of April 1, 2020.

RED LIGHT HOLLAND CORP (FORMERLY ADDED CAPITAL INC.)
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)
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3. AMALGAMATION TRANSACTIONS

On October 8, 2019, the Company incorporated Finco (under the laws of the province of Ontario), for the purpose of completing a transaction to establish itself as a producer and distributor of its premium brand of psilocybin truffles within the Netherlands. On May 22, 2020, the Company closed the transaction (the "Transaction") with Finco and Debtco, both wholly owned subsidiaries of the Company. The Transaction was effected by way of two triangular amalgamations (the "Amalgamations") among (a) the Company and Debtco, and a wholly-owned subsidiary of the Company, and (b) the Company and Finco another wholly-owned subsidiary of the Company. Concurrent with the Transaction, the Company effected a change of its name to "Red Light Holland Corp." from Added Capital Inc. Prior to completing the Transaction, and during fiscal 2020, the Company was inactive and evaluating business opportunities.

Through the Amalgamations and completion of the Transaction, (i) each shareholder of Finco received one common share of the Company (total 66,022,530 Shares) in exchange for each one Finco Share held, related to the subscription receipt financing (see below) (ii) each shareholder of Debtco received one common share of the Company (total 125,148,606 Shares) in exchange for each one common share in the capital of Debtco (each, a "Debtco Share") held (related to the debt conversion), and (iii) all unexercised compensation warrants (4,816,802 warrants) were adjusted in accordance with their terms such that, each compensation warrant entitles the holder to acquire, upon exercise, one common share of the Company, on the same terms.

Debt restructuring

In January 2020, Red Light Holland completed a debt restructuring transaction (the "Debt Restructuring"), whereby it assigned, to its wholly owned subsidiary, Debtco, an aggregate of \$1,577,623 in debt (the "Assigned Debt") owing by Red Light Holland to several third-party creditors. As part of the Debt Restructuring, in January 2020, Debtco completed a debt conversion (the "Debt Conversion"), whereby various debt holders elected to convert an aggregate of \$196,563 of the Assigned Debt into Debtco Shares at a conversion price of \$0.005 per Debtco Share, and an aggregate of \$1,294,292 of the Assigned Debt into Debtco Shares at a conversion price of \$0.02 per Debtco Share. In addition, Debtco accepted subscriptions for an aggregate of \$14,583 for Debtco Shares at a price of \$0.005 per Debtco Share, and an aggregate of \$344,096 of for Debtco Shares at a price of \$0.02 per Debtco Share. As the amalgamation had not yet taken place as at March 31, 2020, the resulting 125,148,606 common shares from the Debt Conversion and share subscriptions with a carrying value of \$1,849,535 were presented as shares to be issued in the consolidated statement of financial position.

Subscription receipt financing

In May 2020, Finco completed a non-brokered private placement of 66,022,530 subscription receipts ("Subscription Receipt") at a price of \$0.06 per Subscription Receipt for gross proceeds of \$3,961,352. Each Subscription Receipt entitled the holder to one common share in the capital of Finco ("Finco Share"). In connection with the offering, Finco paid to the Finder a cash commission of \$273,633, and issued 4,856,935 compensation warrants. Each warrants entitles the holder to acquire one common share of the Company at \$0.06 for two years. The compensation warrants were valued at \$193,730 using the black scholes options pricing model using the following assumption: Term – 2 years; Volatility – 136%; Interest rate – 0.30%.

Related to the Subscription receipt financing and the debt conversions, the Company also issued 1,833,333 common shares to certain finders as consideration for assisting in arranging the Amalgamations. The shares issued were valued at \$0.06 per share based on the issue price of the Subscription Receipts.

In the event the Transaction did not occur or other escrow release conditions were not satisfied or waived the escrowed funds would be returned to the holders of the subscription receipts on a pro rata basis and the subscription receipts would be cancelled without any further action on the part of the holders. A total of 66,022,530 Subscription Receipts were issued for gross proceeds of \$3,961,352. Of this total, 3,608,580 had been received by March 31, 2020 and was presented as a subscription receipts liability on the consolidated statement of financial position at March 31, 2020.

Included in prepaid financing costs of \$179,843 on the consolidated statement of financial position as at March 31, 2020 are estimated Finder's Fees totaling \$125,843 representing the portion of the fees that was earned by the Finders as at March 31, 2020.

The Escrow Release Conditions were met subsequent to March 31, 2020.

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4. MARKETABLE SECURITIES

September 30, 2020	Number of Shares	Cost	Unrealized Loss	Fair Value
PharmaDrug Inc. – common shares	12,000,000	900,000	(540,000)	360,000
PharmaDrug Inc. - warrants	12,000,000	-	-	-

In May 2020, Finco issued 2,500,000 subscription receipts to Revive Therapeutics Ltd. (“Revive”) valued at \$0.06 each which were then converted into common shares of the Company as part of the Amalgamation. As consideration, the Company received 3,000,000 common shares of Revive with a deemed valued of \$150,000.

During the six months ended September 30, 2020, the Company sold all 3,000,000 shares for gross proceeds of \$735,162 which resulted in a realized gain on marketable securities of \$585,162.

During the six months ended September 30, 2020, the Company recognized a change in the unrealized gain of \$528,000 as a result of reversal of the unrealized gain on the sale of the Revive shares.

In July 2020 Company made a cash investment by purchasing 2,666,667 units of PharmaDrug (the "PharmaDrug Subscription Units") at a price of \$0.075 per unit for gross proceeds of \$200,000. Each PharmaDrug Subscription Unit consisted of (i) one PharmaDrug Share, and (ii) one Class B PharmaDrug Warrant. The Company received an additional 9,333,333 shares in accordance with the Securities Exchange Agreement (see note 8).

5. PROPERTY AND EQUIPMENT

	Equipment	Leasehold improvements	Total
Cost			
Balance, March 31, 2020	\$ -	\$ -	\$ -
Additions	8,666	24,000	32,666
Balance, September 30, 2020	\$ 8,666	\$ 24,000	\$ 32,666
Accumulated Depreciation			
Balance, March 31, 2020	\$ -	\$ -	\$ -
Additions	867	800	1,667
Balance, September 30, 2020	\$ 867	\$ 800	\$ 1,667
Carrying amount			
As at September 30, 2020	\$ 7,799	\$ 23,200	\$ 30,999

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Notes to the Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)
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6. RIGHT OF USE ASSET

	Total
Balance, March 31, 2020	\$ -
Additions - leases	122,798
Depreciation	(2,047)
Balance, September 30, 2020	\$ 120,751

Leases are depreciated over their term.

7. LEASE LIABILITIES

Balance, March 31, 2020	\$ -
Additions	122,798
Interest expense	1,634
Lease payments	(5,423)
Balance, September 30, 2020	\$ 119,009

Allocated as:	September 30, 2020
Current	\$ 30,318
Long term	88,691
Balance	\$ 119,009

On August 1, 2020, the Company entered into a 60-month lease agreement to rent two spaces. The lease commenced on August 1, 2020 for a period of five years until July 31, 2025. The Company has the option to renew this lease for three more renewal periods of five years each, allowing the Company to potentially lease the space until July 31, 2040. Under the lease, the Company is required to pay a monthly rent of \$2,527. At the commencement of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 8.62%, which are the Company's incremental borrowing rate in Canada. Effective interest rate is 10%.

During the six months ended September 30, 2020, the Company recognized an expense of \$7,208 with respect to rent not subject to a lease agreement.

RED LIGHT HOLLAND CORP (FORMERLY ADDED CAPITAL INC.)
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three and six months ended September 30, 2020 and 2019

8. CAPITAL STOCK

(a) *Share capital*

Authorized

Unlimited number of common shares with no par value
 2,000,000 voting, convertible, redeemable, preference shares

Issued and outstanding

Effective February 13, 2020, the Company consolidated its issued and outstanding common shares on the basis of one (new) post consolidation common share for each 20 (old) pre-consolidation common shares (the "Consolidation"). The Consolidation was approved at the Company's annual and special meeting of shareholders held on May 8, 2019. The consolidated financial statements reflect the post-consolidation common shares.

Details of shares issued and outstanding are as follows:

	Shares	Amount
March 31, 2020 and 2019	851,335	\$ 4,016,634
Shares issued on Horizontal amalgamation of subsidiaries (note 3)	193,004,469	5,260,314
Shares issued for private placements (i)	26,120,181	4,309,830
Valuation of warrants issued on private placements (i)	-	(2,294,500)
Share issue costs – cash (i)	-	(342,937)
Share issue costs - broker warrants (i)	-	(126,970)
Shares issued as per the Share Exchange Agreement (ii)	4,242,424	700,000
Shares issued for services (iii)	3,000,000	180,000
Shares issued on exercise of warrants (iv)	1,883,237	197,087
Balance September 30, 2020	229,101,646	\$ 11,899,458

- (i) On June 8, 2020, the Company closed the first tranche of a brokered private placement (the "First Tranche") of Units for gross proceeds of approximately \$3,000,000 with one institutional lead investor. Pursuant to the First Tranche, the Company issued a total of 18,181,818 Units at a price of \$0.165 per Unit, with each Unit consisting of one common share and one warrant. Each warrant entitles the holder thereof to purchase one additional common share at an exercise price of \$0.26 at any time until June 8, 2024, subject to an accelerated expiry option. The Warrants were valued at \$1,374,000 using the Black-Scholes option pricing model using the following assumptions: Term – 4 years; Volatility – 167%; Interest rate – 0.48%.

In connection with the First Tranche, the Company paid to the agent a cash fee of \$210,000 and issued 1,272,727 compensation warrants, with each compensation warrant entitling the holder to purchase one Unit at a price of \$0.165 per Unit, for a period of 48 months following the issuance date. The compensation warrants were valued at \$99,440 using the black scholes option pricing model with the following assumptions: Term – 4 years; Volatility – 167%; Interest rate – 0.48%.

On June 16, 2020, the Company closed the second tranche of the brokered private placement (the "Second Tranche") of units, for gross proceeds of \$830,529. Pursuant to the Second Tranche, the Company issued a total of 5,033,515 units at a price of \$0.165 per unit, with each unit consisting of one common share and one warrant. Each warrant entitles the holder thereof to purchase one additional common share at an exercise price of \$0.26 at any time until June 16, 2024, subject to an accelerated expiry option. The Warrants were valued at 380,400 using the Black-Scholes option pricing model using the following assumptions: Term – 4 years; Volatility – 167%; Interest rate – 0.48%.

In connection with the Second Tranche, the Company paid the agent a cash fee of \$58,137 and issued 352,346 compensation options, with each compensation option entitling the holder to purchase one unit at a price of \$0.165 per unit for a period of 48 months following the date of issuance. The compensation warrants were valued at \$27,530 using the black scholes option pricing model with the following assumptions: Term – 4 years; Volatility – 167%; Interest rate – 0.48%.

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(Expressed in Canadian Dollars)
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8. CAPITAL STOCK - CONTINUED

On July 16, 2020, the Company closed the final tranche of a private placement (see note 5(a)). In this tranche, 2,904,848 units were issued for gross proceeds of \$479,300.

- (ii) On July 14 2020, the Company entered into a securities exchange agreement with PharmaDrug Inc. ("PharmaDrug") (the "Securities Exchange Agreement"). Under the terms of the Securities Exchange Agreement, PharmaDrug agreed to issue 9,333,333 units to the Company (the "PharmaDrug SEAUnits") at deemed price of \$0.075 per unit, in consideration for the issuance by the Company of 4,242,424 RLH Units (as defined below) at a deemed price of \$0.165 per unit to PharmaDrug. Each PharmaDrug SEA Unit consists of (i) one common share of PharmaDrug (a "PharmaDrug Share"), (ii) 0.9 of a PharmaDrug common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of PharmaDrug at a price of \$0.13 for a period of 48 months (each whole warrant, a "Class A PharmaDrug Warrant"), and (iii) 0.1 of a PharmaDrug common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of PharmaDrug at a price of \$0.08 for a period of 48 months (each whole warrant, a "Class B PharmaDrug Warrant"). Each RLH Unit will consist of one common share in the capital of the Company (an "RLH Share") and one common share purchase warrant (a "RLH Warrant") of the Company. Each RLH Warrant entitles the holder to purchase one additional RLH Share at an exercise price of \$0.26 at any time for a period of 48 months, subject to an accelerated expiry option. If, following the date that is four months and one day following the date hereof, the volume weighted average trading price of the RLH Shares on the Canadian Securities Exchange (the "CSE") for any 10 consecutive trading days equals or exceeds \$0.50, the Company may, upon providing written notice to the holders of RLH Warrants, accelerate the expiry date of the RLH Warrants to the date that is 30 days following the date of such written notice.
- (iii) On May 27, 2020, the Company issued 3,000,000 shares to a consultant for services. On the date of issue, the shares had a fair value of \$0.06.
- (iv) During the six months ended September 30, 2020, 1,883,237 warrants were exercised for proceeds of \$112,994. The warrants had a value of \$84,093.

(b) *Stock options*

On September 26, 2014, the shareholders of the Company approved a new stock option plan (the "Plan"). The Plan's maximum number of common shares which are reserved for issuance are expressed as a percentage of the issued and outstanding common shares, rather than as a fixed number, and the Plan's aggregate reservation is restricted to 10%. As at the date hereof, 10% of the issued and outstanding common shares is 85,139 common shares. During the years ended March 31, 2020 and 2019, \$nil was recorded as share-based compensation.

All stock options expired unexercised in the year ended March 31, 2020 as a result of the resignation of the holders as directors and officer of the Company. No options were outstanding or exercisable as at March 31, 2020.

On May 27, 2020, the Company issued 9,450,000 options to certain directors, officers, and consultants of the Company. The options are exercisable at an exercise price of \$0.06 per common share. 2,500,000 options expire five years from the date of issuance. 7,950,000 options expire three years from the date of issuance. The options vest 1/3 immediately, 1/3 in six months and 1/3 in one year. In addition, a consultant was issued 3,000,000 common shares. The options were valued at \$502,700 using the Black-Scholes option pricing model using the following assumptions: Term – 3-5 years; Volatility – 172% - 174%; Interest rate – 0.30%.

In June 2020, the Company issued to consultants 1,000,000 stock options (500,000 on June 10, 2020 and 500,000 on June 24). 500,000 Options are exercisable at an exercise price of \$0.15 per common share, and 500,000 are exercisable at \$0.105. The options expire three years from the date of issuance. The options were valued at \$110,195 using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 172% - 174%; Interest rate – 0.30%.

On July 16, 2020, the Company issued 500,000 stock options to a consultant. The stock options are exercisable at an exercise price of \$0.085 per common share and expire three years from the date of issuance. The options were valued at \$35,000 using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 172%; Interest rate – 0.30%.

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8. CAPITAL STOCK - CONTINUED

The following table reflects the continuity of options for the six months ended September 30, 2020:

Expiry Date	Exercise Price	Opening Balance	Number of Common Shares			Closing Balance
			Options Granted	Options Exercised	Options Expired	
May 27, 2025	\$0.06	-	2,500,000	-	-	2,500,000
May 27, 2023	\$0.06	-	6,950,000	-	-	6,950,000
June 10, 2023	\$0.15	-	500,000	-	-	500,000
June 24, 2023	\$0.105	-	500,000	-	-	500,000
July 16, 2023	\$0.085	-	500,000	-	-	500,000
		-	10,950,000	-	-	10,950,000

The following table reflects the continuity of options for the year ended March 31, 2020:

Expiry Date	Exercise Price	Opening Balance	Number of Common Shares			Closing Balance
			Options Granted	Options Exercised	Options Expired	
November 11, 2019	\$1.00	12,500	-	-	12,500	-
August 24, 2021	\$1.00	15,000	-	-	15,000	-
		27,500	-	-	27,500	-

(c) *Employee share purchase plan*

On September 25, 2006, the shareholders of the Company approved the establishment of an employee share purchase plan ("ESPP"). The ESPP allows qualifying employees to purchase common shares of the Company equal to 8% of their annual compensation to a maximum amount of \$8,000 per year, unless the Board of Directors waives the individual maximum. The Company matches the number of shares purchased at no additional cost to the employee over a three-year vesting period or such other period determined by the Board of Directors.

There were no purchases under the ESPP for the three and six months ended September 30, 2020 and the year ended March 31, 2020.

(d) *Loss per share data*

The weighted average number of common shares outstanding, used in computing basic and diluted loss per common share for the three and six months ended September 30, 2020 and 2019 were:

	Three months	Six months
Three and six months ended September 30, 2020	226,737,374	156,164,767
Three and six months ended September 30, 2019	851,335	851,335

The effect of outstanding common share purchase options and warrants on the net loss for the periods presented is not reflected as to do so would be anti-dilutive.

(e) *Warrants:*

	Warrants #	Amount \$
Balance, March 31, 2019	333,000	312,952
Expiry of warrants	(113,000)	(51,980)
Balance, March 31, 2020	220,000	260,972
Issued in connection with subscription receipt financing (note 3)	4,856,935	193,730
Issued in connection with private placements (note 5)	27,745,254	2,100,870
Issued in connection with the Share Exchange Agreement (note 8(ii))	4,242,424	320,600
Issued in connection with consulting agreements (i)	8,650,000	448,557
Exercised	(1,883,237)	(84,093)
Balance, September 30, 2020	43,831,376	3,240,636

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8. CAPITAL STOCK - CONTINUED

- (i) On May 27, 2020 8,650,000 warrants were issued to certain consultants of the Company. The warrants are exercisable at an exercise price of \$0.06 per common share and expire three years from the date of issuance. The warrants vest 1/3 immediately, 1/3 in six months, and 1/3 in one year.

As at September 30, 2020, warrants outstanding were as follows:

Expiry Date	Warrants Outstanding and Exercisable		
	Exercise Price	Number of Warrants	Average Remaining Contractual Life (Years)
December 12, 2021	\$1.00	220,000	1.70
December 20, 2021	\$0.06	543,293	1.20
February 7, 2022	\$0.06	1,359,772	1.22
February 8, 2022	\$0.06	35,000	1.36
February 10, 2022	\$0.06	8,500	1.36
March 13, 2022	\$0.06	1,777,133	1.37
May 27, 2023	\$0.06	7,900,000	1.45
June 8, 2024	\$0.165	1,272,727	2.66
June 8, 2024	\$0.26	18,181,818	3.69
June 16, 2024	\$0.26	5,033,515	3.69
June 16, 2024	\$0.165	352,346	3.71
July 16, 2024	\$0.26	4,242,424	3.79
July 16, 2024	\$0.26	2,904,848	3.79
		43,831,376	3.31

9. CAPITAL MANAGEMENT

The Company requires capital to fund existing and future operations and meet regulatory capital requirements. The Company's policy is to maintain adequate levels of capital at all times.

The Company's capital structure includes the following:

	September 30, 2020	March 31, 2020
Short-term loans payable	\$ -	\$ -
Subscription receipts	-	3,608,580
Shareholders' deficiency comprised of:		
Share capital	11,899,458	4,016,634
Shares to be issued	-	1,849,535
Warrants	3,240,636	260,972
Contributed surplus	2,277,978	1,848,632
Deficit	(10,470,160)	(9,144,068)
	\$6,947,911	\$2,440,285

The Company's objectives when managing capital are to (i) provide financial capacity and flexibility in order to preserve its ability to meet its strategic objectives and financial obligations and continue as a going concern; (ii) maintain a capital structure which allows the Company to respond to changes in economic and marketplace conditions and affords the Company the ability to participate in new investments; (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders equal with the level of risk; and (iv) maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by: (i) raising capital through the issuance of securities.

The Company's capital management objectives, policies and processes have generally remained unchanged during the three and six months ended September 30, 2020.

10. PROVISIONS, COMMITMENTS AND CONTINGENCIES

The Company is party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision has been recorded in its financial statements, where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of these matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of these legal actions, there could be a materially adverse effect on the Company's financial position, future expectations, and cash flows.

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$244,000 which are due within one year.

11. RISK MANAGEMENT

Fair value of financial assets and financial liabilities

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts due to their imminent or short-term maturity.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company has no interest-bearing loans.

Foreign exchange risk

Foreign exchange risk is the risk that the market value of financial instruments and the associated revenues will fluctuate due to changes in exchange rates. The Company does not use derivatives to modify the foreign exchange risk. The Company holds minimal financial instruments in foreign currencies.

The Company's functional and reporting currency is the Canadian dollar. Foreign exchange risk arises from transactions denominated in currencies other than the Canadian dollar. The Company's primary foreign exchange exposures is the Euro, being the local currency in the Netherlands where the Company's subsidiary RLH NL operates.

The Company is exposed to currency risk through the assets and liabilities denominated in currencies other than Canadian dollar. As at September 30, 2020, the Company does not have a material risk as 97% of its assets and liabilities are denominated in the Canadian dollar.

Liquidity risk

Liquidity risk is the risk that results from the Company's potential inability to meet its financial obligations as they come due. The Company manages liquidity risk by reviewing the amount of cash available to ensure that it can meet its current obligations.

The Company has loans outstanding of \$nil (March 31, 2020 - \$86,768).

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable financial institutions and cash held with a law firm, from which management believes the risk of loss to be remote.

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12. RELATED PARTY TRANSACTIONS

The Company had related party transactions with directors or officers of the Company, or companies with which they were associated, as follows:

Compensation to key management personnel

Compensation paid or payable during the three and six months ended September 30, 2020 and 2019 to persons and corporations in charge of the planning, direction and control of the Company, including executive and non-executive directors, is as follows:

- a) During the six months ended September 30, 2020, the Company was charged \$89,000 in fees by the CEO for CEO management fees.
- b) During the six months ended September 30, 2020, the Company was charged \$20,000 in fees by the CFO for management fees.
- c) During the six months ended September 30, 2020, the Company was charged \$42,000 in fee by the President for management fees.

Equity Transactions

Shares issued during the six months ended September 30, 2020 and the year ended March 31, 2020 and 2019 to persons and corporations in charge of the planning, direction and control of the Company, including executive and non-executive directors, is as follows:

- a) On May 27, 2020, the Company issued 3,700,000 stock options to directors and officers of the Company (see note 5(b)).
- b) During the year ended March 31, 2020, the Company settled debt of \$464,115 to related parties through the issuance of 32,408,850 shares (2019 - \$nil) (see note 3).
- c) During the year ended March 31, 2020, the Company issued \$46,667 worth of shares to related parties through the issuance of 2,333,333 common shares in the DebtCo financing in January 2020 (see note 3).
- c) During the year ended March 31, 2020, the Company issued \$200,000 worth of subscription receipts to related parties through the issuance of 3,333,333 subscription receipts through the FinCo financing (see note 3).

13. SALE OF SUBSIDIARY

On September 1, 2020, the Company sold 100% of the common shares of the capital of Northern Securities Inc. ("NSI") for consideration of \$1. All the liabilities associated with NSI have been removed from the Company's accounts including those Statute-barred Claims, as per below.

During the year ended March 31, 2017, the Company transferred \$525,769 of accounts payable (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute barred under the Limitations Act (Ontario). The Statute-barred Claims related to expenses billed by and third party liabilities incurred by NSI which is no longer active. However, for accounting purposes under IFRS, a debt can only be removed from the Company's Statement of Financial Position when it is extinguished, meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims were required to be reflected on the Company's Statement of Financial Position as a result of the current interpretation of IFRS, but they were classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items was intended solely to comply with the requirements of IFRS, the Company in no way acknowledged any of the Statute-barred Claims.

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15. GENERAL AND ADMINISTRATIVE

	Three months ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Consulting	\$ 25,086	\$ -	\$ 120,876	\$ -
Legal, audit and other professional fees	16,062	5,000	354,494	10,000
Management fees	68,000	-	151,000	-
Business development	124,712	-	157,842	-
Office and general	28,472	-	42,897	-
Regulatory	3,750	-	14,105	-
Shareholder communication	374,431	-	409,662	-
Amortization and depreciation	3,714	-	3,714	-
Write off of expired payables	(86,768)	-	(86,768)	-
	\$ 557,458	\$ 5,000	\$ 1,167,821	\$ 10,000

16. SUBSEQUENT EVENTS

Subsequent to the quarter end, 333,333 options were exercised into 333,333 common shares for proceeds of \$20,000.