MOLECULE HOLDINGS INC.

IN CONNECTION WITH THE LISTING OF THE SHARES OF MOLECULE HOLDINGS INC., THE ENTITY FORMERLY KNOWN AS EVERTON RESOURCES INC. AFTER THE REVERSE TAKEOVER BY MOLECULE INC.

CSE FORM 2A
LISTING STATEMENT

September 14, 2020

Neither the Canadian Securities Exchange nor any securities regulatory authority has in any way passed upon the merits of the reverse takeover transaction described in this Listing Statement.

1. TABLE OF CONTENTS

SCHEDULES:

The following schedules are attached to and form an integral part of this Listing Statement:

A. Audited consolidated financial statements of Molecule - years ended October 31, 2019 and 2018;

B. Unaudited condensed consolidated interim financial statements of Molecule - three and six months ended April 30, 2020;

C. Audited consolidated financial statements of Everton - years ended October 31, 2019 and 2018;

D. Unaudited condensed consolidated interim financial statements of Everton - three and six months ended April 30, 2020;

E. Pro-forma statement of financial position of the Resulting Issuer as at April 30, 2020;

F. Annual management's discussion and analysis of Molecule - years ended October 31, 2019 and 2018;

G. Annual management's discussion and analysis of Everton - years ended October 31, 2019 and 2018;

H. Interim management's discussion and analysis of Molecule – three and six months ended April 30, 2020; and

I. Interim management's discussion and analysis of Everton – three and six months ended April 30, 2020.

GLOSSARY

"**Advisory Agreement**" means the agreement dated June 13, 2019, which was effective June 15, 2019 and terminated June 15, 2020, between Molecule and Gravitas Securities Inc., with respect to certain advisory services provided to Molecule;

"**Advisor's Compensation Warrants**" means warrants exercisable into Advisor's Conversion Units.

"**Advisor's Convertible Debentures**" means convertible debentures of Molecule having the same terms as the Resulting Issuer Convertible Debentures, each of which will be exchanged at the option of the Resulting Issuer upon completion of the Arrangement for Resulting Issuer Convertible Debentures;

"**Advisor's Conversion Units**" means units of Molecule if converted prior to the completion of the Arrangement and units of the Resulting Issuer if converted as of the completion of the Arrangement, each such unit consisting of one Molecule Share if converted prior to the completion of the Arrangement and one Resulting Issuer Share if converted as of the completion of the Arrangement and one half of one Molecule Warrant if converted prior to the completion of the Arrangement and one half of one Resulting Issuer Warrant if converted as of the completion of the Arrangement, each exercisable for a period of Thirty-Six (36) months at $0.30 per share from the Listing Date, provided that any and all securities of Molecule issued prior to the Arrangement shall be exchanged at the option of the Resulting Issuer for the same securities of the Resulting Issuer;

"**Agents**" has the meaning ascribed to such term in section 3.1 of this Listing Statement, in the subsection entitled "*Equity Financings, Acquisition and Advisory Agreement"*;

"**Agent's Commission**" means the fees payable to the Agents equal to: a) the Agent's Cash Commission; and b) Agent's Compensation Warrants, entitling the holder(s) to acquire 376,000 Agent's Conversion Units, being that number of Agent's Conversion Units equal to 8% of the aggregate principle of the Molecule Subscription Receipts sold pursuant to the Molecule Private Placement divided by $0.20.

"**Agent's Cash Commission**" means $75,200, being 8% of the aggregate cash proceeds received from the sale of the Molecule Subscription Receipts, payable in cash.

"**Agents' Compensation Warrants**" means warrants exercisable into Agent's Conversion Units.

"**Agent's Conversion Units**" means units of Molecule if converted prior to the completion of the Arrangement and units of the Resulting Issuer if converted as of the completion of the Arrangement, each such unit consisting of one Molecule Share if converted prior to the completion of the Arrangement and one Resulting Issuer Share if converted as of the completion of the Arrangement and one half of one Molecule Warrant if converted prior to the completion of the Arrangement and one half of one Resulting Issuer Warrant if converted as of the completion of the Arrangement, each exercisable for a period of Thirty-Six (36) months at $0.30 per share from the Listing Date, provided that any and all securities of Molecule issued prior to the Arrangement shall be exchanged at the option of the Resulting Issuer for the same securities of the Resulting Issuer;

"**Agent's Convertible Debentures**" means convertible debentures of Molecule having the same terms as the Resulting Issuer Convertible Debentures, each of which will be exchanged at the option of the Resulting Issuer upon completion of the Arrangement for Resulting Issuer Convertible Debentures;

"**Affiliate**" means a company that is affiliated with another company as described below. A company is an "**affiliate**" of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is "**controlled**" by a Person if (a) voting securities of a company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of a company. A Person beneficially owns securities that are beneficially owned by (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

"**Arrangement**" means the arrangement to be completed under the provisions of Section 182 of the OBCA pursuant on the terms and conditions set forth in the Plan of Arrangement, as amended from time to time in accordance with the terms therein;

"**Arrangement Agreement**" means the agreement dated November 27, 2019 among Everton and Molecule pursuant to which Everton will acquire all the issued and outstanding securities of Molecule in exchange for securities of the Resulting Issuer on a one for one basis;

"**Articles of Amendment**" means the creation of a class of preferred shares in the capital of Everton by amending the articles of Everton under the CBCA before giving effect to the Arrangement;

"**Associate**" has the meaning ascribed to such term in the Securities Act;

"**CBCA**" means the *Canada Business Corporations Act* including the regulations promulgated thereunder, as amended;

"**CEO**" means the Chief Executive Officer;

"**CFO**" means the Chief Financial Officer;

"**company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Compensation Convertible Debentures**" means the Agent's Convertible Debentures and the Advisor's Convertible Debentures, collectively;

"**Compensation Conversion Units**" means the Agent's Conversion Units and the Advisor's Conversion Units, collectively;

"**Compensation Warrants**" means the Agent's Compensation Warrants and the Advisor's Compensation Warrants, collectively;

"**Consolidation**" means the consolidation of the issued and outstanding Everton Shares on the basis of one (1) post-consolidation Everton Share for every ten (10) pre-consolidation Everton Shares issued and outstanding on the effective date of the consolidation, to be completed immediately before giving effect to the Arrangement;

"**CSE**" means the Canadian Securities Exchange;

"**Closing**" means the closing of the Arrangement;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**Debt Conversion**" means the conversion by the creditors of Everton of $243,100 of indebtedness (inclusive of interest) into an aggregate of 1,215,500 Everton Shares at a deemed issue price of $0.20 per Everton Share, after giving effect to the Consolidation and before giving effect to the Arrangement .

"**Effective Date**" means the effective date of the Arrangement with respect to the Resulting Issuer, being September 16, 2020;

"**Effective Time**" means 12:01 a.m. on the Effective Date, or such other time on the Effective Date as Everton and Molecule may agree to in writing before the Effective Date;

"**Escrow Agent**" means Computershare Trust Company of Canada in its capacity as escrow agent for the Resulting Issuer Shares held in escrow under the Escrow Agreement(s);

"**Escrow Release Conditions**" means those certain conditions agreed upon by Molecule, Everton and the Agent, including the completion of the Arrangement and the conditional approval by the CSE of the listing of the Resulting Issuer Shares on the CSE, upon which the Molecule Subscription Receipts will convert into Resulting Issuer Convertible Debentures;

"**Exchange Ratio**" means the ratio of one (1) Resulting Issuer Share for each issued and outstanding Molecule Share as of the Effective Date, in accordance with the Arrangement Agreement;

"**Everton**" means Everton Resources Inc., being the Resulting Issuer prior to giving effect to the Arrangement, a corporation incorporated on November 7, 1996 pursuant to the provisions of the *Business Corporations Act* (Alberta);

"**Everton Meeting**" means the special meeting, including any adjournments or postponements thereof, of the Everton Shareholders held, among other things, to consider the Arrangement and related matters;

"**Everton Options**" means the stock options issued pursuant to the stock option plan of Everton;

"**Everton Shares**" means the common shares in the capital of Everton;

"**Everton Shareholders**" means the holders of the Everton Shares prior to the Effective Date;

"**Everton Subsidiary**" or "**Everton Subsidiaries**" means collectively, Everton Minera Dominicana S.A. (incorporated on May 16, 2003 pursuant to the laws of the Dominican Republic), Pan Caribbean Metals Inc. (incorporated on December 15, 2006 pursuant to the laws of the British Virgin Islands), Dominican Metals Inc. (incorporated on December 15, 2006 pursuant to the laws of the British Virgin Islands), Everton Dominicana (2014) Inc. (formed as a result of the amalgamation of 2392923 Ontario Inc. and 2342802 Ontario Inc. on March 28, 2014 pursuant to the *Business Corporations Act* (Ontario)), Linear Gold Caribe S.A. (incorporated on November 20, 1995 pursuant to the laws of the Dominican Republic), and Hays Lake Gold Inc. (incorporated January 23, 2008 pursuant to the *Business Corporations Act* (Canada));

"**Everton Warrants**" means the outstanding warrants of Everton exercisable for Everton Shares;

"**Fairness Opinion**" means the opinion of the Financial Advisor to the effect that, as of the date of such opinion, the one (1) post-Consolidation Resulting Issuer Share to be received by the Molecule Shareholders for each one (1) Molecule Share, is fair, from a financial point of view, to the Molecule Shareholders.

"**Final Order**" means the final order of the Court approving the Arrangement, granted on May 13, 2020, granted pursuant to Section 182(5)(f) of the OBCA, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of both Everton and Molecule, each acting reasonably) at any time prior to the Effective Date or, if appealed, as affirmed or amended (provided that any such amendment is acceptable to both Everton and Molecule, each acting reasonably) on appeal unless such appeal is withdrawn, abandoned or denied;

"**Financial Advisor**" means M Partners Inc.;

"**Fiscal Advisory Agreement**" means the agreement dated July 29, 2020, between Molecule, Everton and GSI with respect to certain fiscal advisory services provided to Molecule in connection with the Non-Brokered Molecule Private Placement;

"**GSI**" means Gravitas Securities Inc.;

"**Interim Order**" means the interim order granted by the Court on April 2, 2020 with respect to the Arrangement;

"**Lease**" means the lease dated April 1, 2019 entered into between Molecule and Thousand Island Farms Inc., a corporation wholly-owned by André Audet, for a property (the "**Property**") located in the Thousand Islands region of Ontario, Canada.

"**Listing**" means the listing of the Resulting Issuer Shares on the CSE;

"**Listing Date**" means the date of the Listing;

"**Listing Statement**" means this listing statement and all schedules hereto;

"**MD&A**" means management's discussion and analysis;

"**Mineral Property Agreement**" the mineral property purchase and sale agreement entered into on October 9, 2018 between Everton, Precipitate, and Precipitate Dominicana SRL regarding the sale of the Cabima de Cerro, Mermejal and Arroyo Carpintero properties;

"**Molecule**" means Molecule Inc., a company incorporated on September 28, 2018 pursuant to the provisions of the OBCA, a wholly-owned subsidiary of the Resulting Issuer after giving effect to the Arrangement;

"**Molecule Class A Shares**" means the class A common shares in the capital of Molecule;

"**Molecule Class B Shares**" means the class B common shares in the capital of Molecule;

"**Molecule Meeting**" means the meeting of the Molecule Shareholders to vote in respect of the Arrangement;

"**Molecule Options**" means all outstanding incentive stock options exercisable to acquire Molecule Shares;

"**Molecule Brokered Private Placement**" means the brokered private placement of 940 Molecule Subscription Receipts for aggregate gross proceeds of $940,000, which was completed on July 29, 2020;

"**Molecule Non-Brokered Private Placement**" means the non-brokered private placement of 85 Molecule Subscription Receipts for aggregate gross proceeds of $85,000, which was completed on July 29, 2020

"**Molecule Private Placement**" means the Molecule Brokered Private Placement and the Molecule Non-Brokered Private Placement collectively;

"**Molecule Resolution**" means the special resolution of the Molecule Shareholders to approve the Arrangement at the Molecule Meeting;

"**Molecule RSUs**" means all outstanding restricted share units that would, upon vesting in accordance with their terms, convert into Molecule Shares if prior to the Listing Date or Resulting Issuer Shares if on or after the Listing Date;

"**Molecule RSU Plan**" means the restricted share unit plan of Molecule pursuant to which the RSUs have been granted;

"**Molecule Shares**" means collectively, the Molecule Class A Shares and Molecule Class B Shares;

"**Molecule Shareholders**" means the holders of the Molecule Shares;

"**Molecule Subsidiary**" means Burrard Bay Capital Corp., a corporation incorporated on January 29, 2018 pursuant to the provisions of the OBCA, being a wholly-owned subsidiary of Molecule;

"**Molecule Subscription Receipts**" means subscription receipts, each having a face value of $1,000, of Molecule issued pursuant to the Molecule Private Placement, each of which shall be deemed to be automatically exercised, without payment of any additional consideration and without further action on the part of the holder thereof, into one Resulting Issuer Convertible Debenture, upon satisfaction of the Escrow Release Conditions, subject to adjustment in certain events;

"**Name Change**" means the proposed name change of the Resulting Issuer from "Everton Resources Inc." to "Molecule Holdings Inc.";

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended, including the regulations promulgated thereunder;

"**person**" or "**Person**" means a Company or individual;

"**Plan of Arrangement**" means the plan of arrangement in respect of the Arrangement to be completed on September 16, 2020 and any amendments or variations thereto made in accordance with the Arrangement Agreement or the plan of arrangement or at the direction of the Court.

"**Resulting Issuer**" means Molecule Holdings Inc., being Everton after giving effect to the Arrangement, being the successor corporation of the Arrangement, of which the Resulting Issuer Shares will be listed on the CSE following the completion of the Arrangement;

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer;

"**Resulting Issuer Consideration Shares**" means the 74,700,100 Resulting Issuer Shares issued on a post-Consolidation basis to the Molecule Shareholders in exchange for all the Molecule Shares outstanding as of the Closing;

"**Resulting Issuer Conversion Units**" means units of the Resulting Issuer issuable to holders of Resulting Issuer Convertible Debentures upon conversion of such Resulting Issuer Convertible Debentures, each such unit consisting of one Resulting Issuer Share and one half of one Resulting Issuer Warrant exercisable for a period of Thirty-Six (36) months at $0.30 per share from the Listing Date;

"Resulting Issuer Conversion Unit Warrant" means one share purchase warrant entitling the holder thereof to acquire one Resulting Issuer Share at an exercise price of $0.30 for a period of Thirty-Six (36) months from the Listing Date forming a part of the Resulting Issuer Convertible Debenture Units;

"**Resulting Issuer Convertible Debentures**" means unsecured convertible debentures, each convertible debenture having a face value of $1,000, issued by the Resulting Issuer in exchange for each Molecule Subscription Receipt immediately upon the satisfaction of the Escrow Release Conditions, each such convertible debenture convertible for a period of Thirty-Six (36) months from the Listing Date into 5,000 Resulting Issuer Conversion Units (plus additional Resulting Issuer Conversion Units representing any accrued and unpaid interest thereon) at a conversion price of $0.20 per Resulting Issuer Conversion Unit (the "**Conversion Price**"), and subject to a mandatory conversion provision such that, at any time after the date that is one year following the issuance of the Resulting Issuer Convertible Debenture(s), the Resulting Issuer may force the conversion of the amount of the then outstanding Resulting Issuer

Convertible Debentures at the Conversion Price on not less than 30 days' notice if the daily volume weighted average trading price of the Resulting Issuer Shares is greater than $0.50 for any 20 consecutive trading days;

"**Resulting Issuer Shares**" means the common shares in the capital of the Resulting Issuer;

"**Resulting Issuer Options**" means options to purchase Resulting Issuer Shares issued pursuant to the Resulting Issuer Stock Option Plan;

"**Resulting Issuer Preferred Shares**" means the class of preferred shares issued and held by former Everton Shareholders which contain the right to receive, on a pro rata basis, an economic benefit, subject to an aggregate maximum of up to $500,000, in the event that any of the mining royalties of Everton are triggered and generate revenue within a maximum period of five (5) years from the date of the issuance of the preferred shares of the Resulting Issuer;

"**Resulting Issuer Stock Option Plan**" means the stock option plan of the Resulting Issuer as approved by the shareholders of Everton on April 6, 2020;

"**Resulting Issuer Warrants**" means the outstanding warrants of the Resulting Issuer exercisable for Resulting Issuer Shares and includes the Resulting Issuer Private Placement Warrants;

"**Securities Act**" means the *Securities Act* (Ontario);

"**SEDAR**" means System for Electronic Document Analysis and Retrieval;

"**Share Exchange Agreement**" means the Share Exchange Agreement dated June 13, 2019 between Burrard Bay Capital Corp. and its shareholders, pursuant to which Molecule acquired all of the issued and outstanding shares of the Molecule Subsidiary.

"**Stock Option Plan**" means the stock option plan of Everton, as approved by the Everton Shareholders on April 6, 2020;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as may be amended from time to time;

"**TSXV**" means the TSX Venture Exchange.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Listing Statement constitute forward-looking information and forward-looking statements (collectively, "**forward-looking statements**") pursuant to applicable securities laws. All statements, other than statements of historical fact, contained in this Listing Statement are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed acquisitions, budgets, projected costs and plans and objectives of the Resulting Issuer. The use of any of the words "anticipate", "intend", "continue", "estimate", "expect", "may", "will", "plan", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements and information concerning: the intention and ability of the Resulting Issuer to complete the listing of the Resulting Issuer Shares on the CSE; the potential benefits of the Arrangement and the listing of the Resulting Issuer Shares on the CSE; the Resulting Issuer's and Molecule's anticipated cash needs and needs for additional financing; Molecule's intention and ability to develop Molecule's business, including but not limited to the commencement of and continued/future production costs and capacity; the ability to secure and maintain customers; the ability to obtain or maintain any and all requisite licences and permissions to operate Molecule's business; the ability to maintain or expand Molecule's facility to support the development of its business; the ability to maintain the facility in which Molecule intends to operate and expand or purchase additional facilities as may be required or desirable; the Resulting Issuer's expectations regarding its revenues, expenses and operations; the Resulting Issuer's competitive position and regulatory environment in which Molecule intends to operate, including in particular in the cannabis industry; the liquidity of Resulting Issuer Shares following listing thereof; and the anticipated developments in operations of the Resulting Issuer and other events or conditions that may occur in the future. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Listing Statement. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the economy generally and with respect to the extent of any impact of the COVID-19 outbreak on the Resulting Issuer's business, operations and financial condition; obtaining requisite licenses or governmental approvals to conduct business; the revenues and projected uses of funds from the Resulting Issuer's proposed business, the ability to generate revenues; interest in the products of the Resulting Issuer; competition, and anticipated and unanticipated costs; and the ability for the Resulting Issuer to obtain listing on the CSE. These forward-looking statements should not be relied upon as representing Resulting Issuer's views as of any date subsequent to the date of this Listing Statement. Although the Resulting Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Resulting Issuer. Additional factors are noted under "Risk Factors" in this Listing Statement. The forward-looking statements contained in this Listing Statement are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Listing Statement are made as of the date of this Listing Statement and the Resulting Issuer does not undertake an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

GENERAL MATTERS

Any market data or industry forecasts used in this Listing Statement, unless otherwise specified, were obtained from publicly available sources. Although the Resulting Issuer believes these sources to be generally reliable, the accuracy and completeness of such information are not guaranteed and have not been independently verified.

Statistical information included in this Listing Statement and other data relating to the industry in which the Resulting Issuer intends to operate is derived from recognized industry reports published by industry analysts, industry associations and independent consulting and data compilation organizations.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Office

This Listing Statement has been prepared in connection with the Arrangement involving Everton and Molecule. Everton will change its name to Molecule Holdings Inc. prior to the completion of the Arrangement and will become the Resulting Issuer following completion of the Arrangement. Molecule will retain its name and will be a wholly owned subsidiary of the Resulting Issuer.

The head and registered office of Molecule is located at 591 Reynolds Road, Lansdowne, Ontario, Canada K0E 1L0.

The head and registered office of Everton is located at 38 Scott Road, Chelsea, Quebec, Canada J9B 1R5.

Upon completion of the Arrangement, the registered office and the head office of the Resulting Issuer will be located at 591 Reynolds Road, Lansdowne, Ontario, Canada K0E 1L0.

2.2 Jurisdiction of Incorporation

Molecule

Molecule was incorporated on September 28, 2018, under the OBCA. Molecule's articles of incorporation were amended on March 28, 2019 for the purposes of enabling Molecule to take actions in furtherance of the completion of the Arrangement.

Everton

Everton was incorporated on November 7, 1996 under the *Business Corporations Act* (Alberta) and continued under the CBCA on May 19, 2004. Everton is engaged in the acquisition and exploration of mineral properties, with the aim of discovering commercially exploitable deposits of minerals (primarily precious metals), which can be disposed of for a profit to companies that wish to place such deposits into commercial production. On February 19, 2014, Everton completed a consolidation on the basis of five (5) Everton Shares for one (1) Everton Share. The Everton Shares are listed for trading on TSXV under the symbol "EVR".

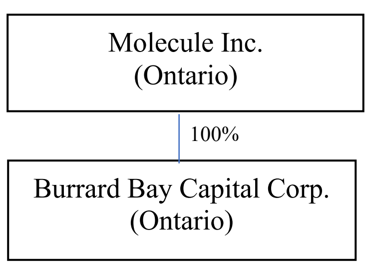
Resulting Issuer

The Resulting Issuer expects to be a reporting issuer in the Provinces of Ontario, Alberta, British Columbia and Quebec. The Resulting Issuer will be subject to the provisions of the CBCA.

2.3 Intercorporate Relationships

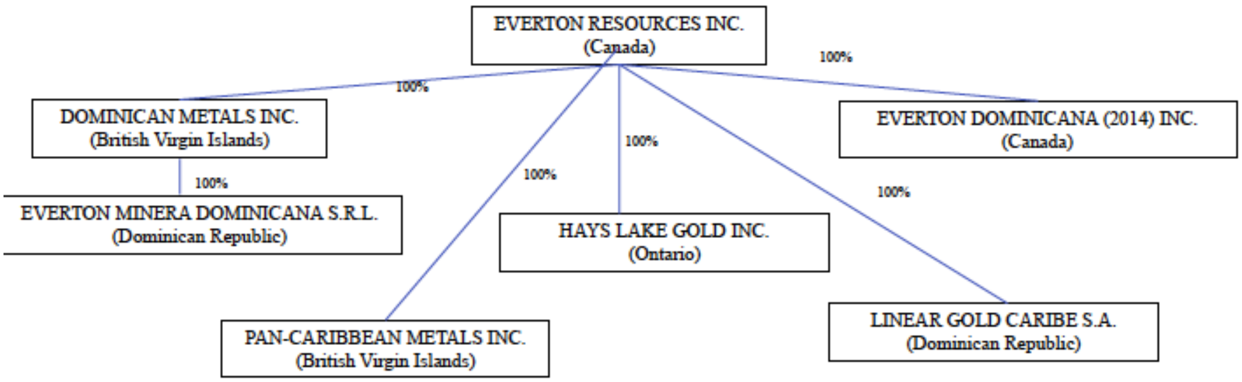
Molecule

The following chart illustrates Molecule's corporate structure prior to completion of the Arrangement, together with the Molecule Subsidiary's place of incorporation, governing law, and percentage of voting securities beneficially owned by Molecule as at the date hereof. Molecule acquired the Molecule Subsidiary on June 13, 2019, pursuant the Share Exchange Agreement; the Molecule Subsidiary is not operational as of the date of this Listing Statement.



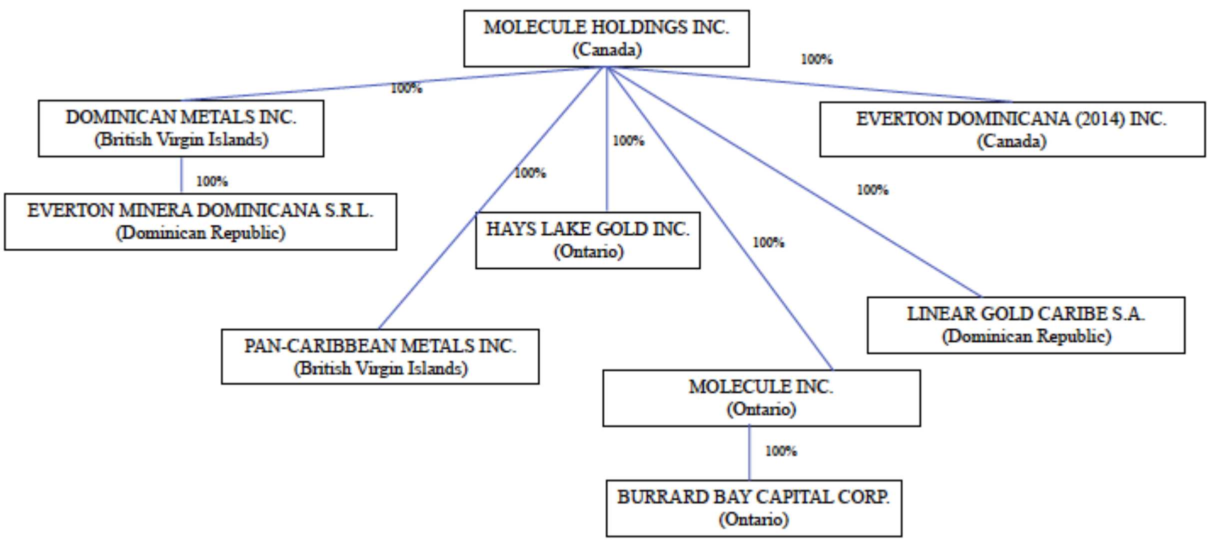
Everton

The following chart illustrates Everton's corporate structure prior to the completion of the Arrangement, together with each of the Everton Subsidiaries' places of incorporation, governing law, and percentage of voting securities beneficially owned by Everton as at the date hereof.



2.4 Fundamental Change

The following chart illustrates the Resulting Issuer's corporate structure following the completion of the Arrangement, together with each subsidiary's governing law and percentage of voting securities beneficially owned by the Resulting Issuer. The Resulting Issuer will focus on the business of Molecule.



Brief Overview of the Acquisition

The Arrangement will be carried out by the purchase of all the issued and outstanding Molecule Shares and the exchange of all Molecule Options for Resulting Issuer Options by Everton pursuant to the Arrangement Agreement. Concurrently with the Arrangement, Everton will effect the Consolidation and Name Change. In aggregate, all of the issued and outstanding Molecule Shares will be exchanged for an aggregate of 74,700,100 Resulting Issuer Shares on a post-Consolidation basis (the "**Resulting Issuer Consideration Shares**"). The number of Resulting Issuer Consideration Shares was determined such that the Molecule Shareholders will own approximately 88% the Resulting Issuer Shares as of the Listing Date, prior to giving effect to the vesting of any RSUs.

Details of the Arrangement Agreement

On November 27, 2019, Everton and Molecule entered into the Arrangement Agreement (as amended), pursuant to which Everton and Molecule agreed that, subject to the terms and conditions set forth in the Arrangement Agreement, Everton would acquire all of the issued and outstanding securities of Molecule by way of exchange including: (i) the Molecule Shares for the issuance of Resulting Issuer Shares; and (ii) Molecule Options for the issuance of Resulting Issuer Options, and the Resulting Issuer will continue as the successor corporation with the business of Molecule being that of the Resulting Issuer. Everton also agreed to reserve for issuance Everton Shares for issuance upon the vesting of the Molecule RSUs as of the Listing Date**.**

Following the passing of the Molecule Resolution, the Final Order of the Court was obtained on May 13, 2020 approving the Arrangement, and following the satisfaction or waiver of all other conditions to the Arrangement becoming effective, the Arrangement will become effective at the Effective Time (anticipated to be 12:01 a.m. (Toronto time) on the Effective Date). It is expected that the Effective Date will be on or before September [16, 2020.

The Arrangement Agreement is available on Everton's SEDAR profile.

2.5 Non-Corporate Issuers and Issuers Incorporated Outside of Canada

The Resulting Issuer will not be considered a non-corporate issuer or issuer incorporated outside of Canada.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business of Molecule

Molecule intends to engage in the business of production and co-packing of cannabis infused beverages by providing the infrastructure, knowhow, technology, and license for craft beverage producers to create cannabis beverages.

Molecule's goal is to be the on-ramp for companies wishing to enter into the cannabis beverage market, but who do not wish to go through the significant process of obtaining a cannabis processing licence.

The following is a summary of the events that have influenced the general development of Molecule's business since its inception.

Corporation History

On or about December 7th, 2018, Molecule employed its Chief Beverage Scientist, Rebecca Griffin. Molecule has since engaged additional employees and consultants with particular skill and experience in cannabis molecular biology, beverage formulation and canning and production in order to create a tailored team to aid in and expedite the growth of its business. On or about May 4, 2019 Molecule completed and submitted its application to Health Canada for a standard processing licence, which is required in order to begin operations.

On or about April 1, 2019, Molecule executed the Lease with Thousand Island Farms Inc., a corporation wholly-owned by André Audet, (authorized by the Unconflicted director(s) of Molecule), for a property (the "Property") located in the Thousand Islands region of Ontario, Canada. The term of the Lease is five (5) years and requires Molecule to pay $5,000 per month for the first and second years of the term, $5,250 for the third and fourth years of the term and $5,513 for the fifth year of the term. Molecule is also required to pay any expenses related to the Property other than rental taxes in addition to the monthly basis rent. Also pursuant to the terms of the Lease, Molecule acquired an irrevocable option to purchase the Property during the term of the Lease for $875,000, subject to annual increase equal to annual Consumer Price Index percentage. Molecule has, as at the date of this Listing Statement, completed the building of the facility (the "Facility") to be used by Molecule for its business operations and is in the process of acquiring the final requisite piece(s) of equipment to begin operations.

On February 28, 2020, Health Canada granted Molecule a standard processing licence (the "**Licence**") under the Cannabis Regulations (the "**Cannabis Regulations**"). The Licence authorizes Molecule to: possess cannabis; produce cannabis, other than obtaining it by cultivating, propagating or harvesting it; and to sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations and in accordance with the conditions of the Licence. The Licence expires February 28, 2023.

Equity Financings, Acquisition and Advisory Agreement

On or about November 30, 2018, Molecule issued 10,000,000 Molecule Shares for gross proceeds of $50,000 as a private issuer.

On or about December 31, 2018, Molecule completed a private placement offering of Molecule Shares, issuing 15,000,000 Molecule Shares for gross proceeds of $750,000.

On or about April 26, 2019, Molecule completed a private placement offering of Molecule Shares, issuing 37,600,000 Molecule Shares for gross proceeds of $3,760,000 (100,000 of which Molecule Shares were later repurchased for cancellation). This offering was completed in three (3) tranches, on March 29, April 5 and April 26th, 2019.

On or about June 13, 2019, Molecule entered into the Share Exchange Agreement with Burrard Bay Capital Corp. and its shareholders, whereby Molecule acquired all of the issued and outstanding securities of Burrard Bay Capital Corp., including cash assets of $1,000,000, in consideration for the issuance of an aggregate 10,000,000 Molecule Shares, resulting in Burrard Bay Capital Corp. becoming the Molecule Subsidiary.

On or about June 15, 2019, Molecule entered into the Advisory Agreement, which provided for the payment of monthly fees equal to $10,000, payable quarterly by the issuance of Molecule Shares at a deemed price of $0.10 per share. Further to this, 300,000 Molecule Shares were issued on each of September 15, 2019, December 15, 2019, March 15, 2020 and June 15, 2020.

On July 29, 2020, Molecule completed the Molecule Private Placement to raise gross proceeds of $1,025,000 through the issuance of 1,025 Molecule Subscription Receipts. Molecule engaged the services of GSI to act as lead agent, on behalf of a syndicate of agents (together with GSI collectively the "**Agents**"), with respect to the Molecule Brokered Private Placement. The Agents received the Agents' Commission as well as 37 Agent's Convertible Debentures, representing a corporate financing fee equal to four percent (4%) of the aggregate gross proceeds of the Molecule Brokered Private Placement. The securities issued to and held by the Agents as at the date of the completion of the Arrangement will not be subject to the Arrangement but will be exchanged for the same securities of the Resulting Issuer. With respect to the Molecule Non-Brokered Private Placement, Molecule engaged GSI (the "**Advisor**") to provide fiscal advisory services. The Advisor received 34,000 Advisor's Compensation Warrants and 3 Advisor's Convertible Debentures in consideration for such services pursuant to the Fiscal Advisory Agreement.

Everton

Opinaca Property

On December 9, 2004, Everton entered into an option agreement with Azimut Exploration Inc. ("**Azimut**") to earn a 50% undivided interest in the Opinaca A property (the "**Opinaca A Property**") by incurring a minimum of $2,800,000 in exploration work and making cash payments totaling $180,000 over five (5) years. Everton subsequently completed the cash payments and incurred the required exploration expenditures to earn its initial 50% interest in the Opinaca A Property.

On November 15, 2011 (and as amended on November 1, 2013), Everton and Azimut executed an option agreement with Hecla Mining Company, formerly Aurizon Mines Ltd., ("**Hecla**"), whereby Hecla could acquire a 50% ownership interest in the Opinaca B property ("**Opinaca B Property**") (leaving each of Everton and Azimut with a 25% ownership interest), by making total cash payments of $580,000, $290,000 of which was payable to Everton, and incurring exploration expenditures of $6,000,000, including a minimum of 3,800 metres of drilling prior to November 15, 2013 and 1,200 metres of drilling prior to November 15, 2014. Hecla made the cash payments and incurred the required exploration expenditures to earn its interest in the Opinaca B property.

As at the date hereof, the only mineral property in which Everton holds an interest in is its Opinaca properties, located in Quebec, Canada. Everton holds a 25% interest in the Opinaca B Property and a 50% interest in its Opinaca A Property.

Past Three-Years Timeline

January 15, 2019: Everton completed the sale of its three remaining mineral concessions in the Dominican Republic, known as the Cabima de Cerro, Mermejal and Arroyo Carpintero properties, in accordance with a mineral property purchase and sale agreement entered into on October 9, 2018 (the "**Mineral Property Agreement**") with Precipitate Gold Corp. ("**Precipitate**") and Precipitate Dominicana SRL. Upon closing, Everton received $25,000 and 7,000,000 common shares of Precipitate, with a fair value of $770,000, based on the quoted market price of Precipate shares on the TSXV at the time, for total consideration of $795,000.

In January 2020, Everton sold 4,500,000 common shares of Precipitate for gross proceeds of $225,000, to purchasers arranged by Precipitate. As additional consideration for the sale of these shares, Precipitate agreed to remove any remaining resale restrictions that were still applicable to any common shares of Precipitate held by Everton. As at the date of this Listing Statement, Everton still owns 1,200,100 common shares of Precipitate.

July 9, 2019: Everton entered into a non-binding letter of intent to acquire all the issued and outstanding securities of Molecule.

November 27, 2019: Everton and Molecule entered into an Arrangement Agreement pursuant to which Everton would acquire all of the issued and outstanding securities of Molecule by way of the Plan of Arrangement under the OBCA. Upon completion of the Arrangement, Molecule Shareholders would hold the majority of the outstanding shares of Everton. For further details about the Arrangement Agreement, see "*Fundamental Change – Details of the Arrangement Agreement*".

Pipeline Transactions

Additional information pertaining to Everton, including financial information, is contained in the various disclosure documents of Everton filed with applicable securities commissions and made available under Everton's SEDAR profile at www.sedar.com.

3.2 Significant Acquisitions or Dispositions

Molecule

Significant Acquisitions

Molecule has not made any significant acquisitions during its three most recently completed financial years. In the opinion of the Resulting Issuer, the acquisition of the Molecule Subsidiary on June 15, 2019 does not constitute a significant acquisition as that term is defined in National Instrument 51-102.

Significant Dispositions

Molecule has not made any significant dispositions during its most recently completed financial year.

Everton

Significant Acquisitions

Everton has not made any significant acquisitions during its three most recently completed financial years.

Significant Dispositions

On January 15, 2019, Everton completed the sale of its three remaining mineral concessions in the Dominican Republic, known as the Cabima de Cerro, Mermejal and Arroyo Carpintero properties, in accordance with the Mineral Property Agreement with Precipitate. Upon closing, Everton received $25,000 and 7,000,000 common shares of Precipitate, with a fair value of $770,000, based on the quoted market price of the shares of Precipitate on the TSXV at the time, for total consideration of $795,000.

3.3 Trends, Commitments, Events or Uncertainties

Molecule will engage in usual supply and contractual agreements. The two unique aspects of Molecule's business involve the purchase of regulated cannabis and the sale of cannabis-infused beverages through provincial authorities. As there are a number of licenced producers, Molecule does not anticipate that supply for its production will be a concern. However, any change in the regulatory framework of the cannabis industry may impact the sale of cannabis. Similarly, changes in the provincial retail market could impact cannabis sales.

Molecule's ongoing review of the cannabis industry indicates an increase in provincial retail outlets in Canada and, within those jurisdictions in which cannabis has been legalized, consistently high margins arising in connection with cannabis-infused, consumable products, both of which may be beneficial to Molecule's business.

For further details, see section 16 "*Risk Factors*".

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 General Business of the Resulting Issuer

The business of the Resulting Issuer will be that of Molecule.

General Business of Molecule

Since incorporation, Molecule has been focused on obtaining its License, which was granted to Molecule by Health Canada on February 28, 2020, and on building the Facility. As at the date of this Listing Statement, the Facility is complete subject to adjustments to be made to install the final piece of equipment, which the Resulting Issuer expects to complete within days of the date of this Listing Statement.

The final requirement prior to Molecule's commencement of production is the receipt from Health Canada of a sales amendment for its Licence, which confirms Molecule's ability to produce cannabis-infused beverages and allows Molecule to sell the cannabis-infused beverages through the appropriate retail channels. This process requires Molecule to complete 2 batch runs and then inform Health Canada so they can complete their final inspection of the Facility. The purpose of this inspection will be to ensure Molecule is operating using the procedures and protocols as indicated in Molecule's licence application and approval.

Since receiving the Licence and leading up to the date of this Listing Statement, Molecule has also been engaged in the securing of customers for which it intends to provide canning services. Molecule is positioning itself as an on-ramp for the craft beverages market in cannabis. Molecule's primary business model involves working with third party craft beverage producers who do not hold the requisite licences to produce cannabis-infused beverages (the "Molecule Customers"). Molecule's services will include working with the Molecule Customers to formulate non-alcoholic cannabis-infused beverages, producing, infusing and packaging the beverages at the Facility using the Molecule Customer's brand, and distributing and selling the finished product to the provinces through their respective cannabis retail programs with the support of the branding and marketing efforts of the Molecule Customers. It is anticipated that sales will begin in Quebec and Ontario initially and within 6-12 months from the date of this Listing Statement expand to all of the provinces in Canada.

Business Objectives

Through Molecule, the Resulting Issuer expects to accomplish the following primary business objectives over the 12-month period following Listing:

#	Objective	Milestones and Assumptions	Time Period	Estimated Costs
1	**Completion of Facility/equipment installation**	Receipt and installation of final piece of production line equipment.	Sept 2020	Approximately $190,000 for remaining equipment costs
2	**Receipt of Health Canada sales amendment for current licence**	Upon completion of the installation of the equipment, Molecule will complete 2 batches and notify Health Canada, following which Health Canada will perform a final inspection to ensure operations are as anticipated, and further following which the sales amendment is anticipated to be granted.	Q4 2020	Nil
3.	**Finalizing initial production agreements**	Molecule has been in discussions with potential customers and anticipates being able to begin production and sales promptly following #2 above.	Q4 2020	Nil

4.	**Initial beverage sales of cannabis-infused beverages**	Initial sales of product will begin in Quebec, followed by Ontario, then Alberta, then moving east and finally west throughout Canada.	Q4 2020 and later	Nil
			Total	**$190,000**

Other than as described in this Listing Statement, there are no other significant events or milestones that must occur for the Resulting Issuer's business objectives to be accomplished. However, there is no guarantee that the Resulting Issuer will meet its business objectives or milestones described above within the specific time periods, within the estimated costs or at all. The Resulting Issuer may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above.

While the foregoing are the primary initial objectives of the Resulting Issuer and are based on funds that are or will be available to Molecule at the time of listing, Molecule intends to expand its business as and when revenues begin and cash flows allow. Such objectives would be driven by and correspond with the growth of production and sales. For example, the increase of production and sales generally may require expansion of the Facility to allow for larger storage and kitchen functionality (approximate cost of $500,000) and/or a second canning line (approximate cost $200,000). Similarly, in the event of growth of sales in Western Canada, Molecule may build a storage and distribution facility locally (costs to be determined).

Molecule Business Facility and Process

The Facility is located on the Property in the Thousand Islands region of Ontario, Canada.

Molecule's primary activity is that of producing and canning, cannabis-infused beverages. The process involves taking highly filtered, purified water, controlling for oxygen and dissolved gases, flavouring and processing in small craft batches, following highly specific dosing protocols to ensure specific quantities of infused cannabis, and canning, packaging and labeling to ensure compliant, shelf-stable products. Products are filtered down to 0.4 microns, dosed with multiple redundancy checks, and always handled in the secure Facility.

The process involves 2 main activities: 1) the filtration and flavouring (Figures 1 through 5 below); and 2) the canning and labeling of the finished product (Figure 6 below).

1. Water enters the Facility through water treatment equipment and is initially stored in the tanks identified in Figure 1.

Figure 1.

2. The filtered water is then deoxygenized and flavoured (left of Figure 2) and transferred to jacketed cooling tanks (right of Figure 2).

Figure 2.

3. The filtered, flavoured water is then carbonated and further deoxygenated (see Figure 3).

Figure 3.

4. The next step in the process is further filtration (see Figure 4).

Figure 4.

5. The flavoured, carbonated water is then dosed with cannabis and returned to a buffer tank (see Figure 5) before proceeding to a pasteurizer (not shown, being the final piece of equipment to be received and installed).

Figure 5.

6. Finally the product is canned (right of Figure 6) and labeled (left of Figure 6).

Figure 6.

See section entitled "*Principal Products and Services of Molecule*" for additional detail.

Regulatory Overview

General

On October 17, 2018, the Cannabis Act (the "**Act**"), also known as Bill C-45, came into force as law with the effect of legalizing the non-medical use of cannabis by adults across Canada. The Act replaced the Access to Cannabis for Medical Purposes Regulations, which previously permitted access to cannabis for medical purposes for only those Canadians who had been authorized to use cannabis by their health care practitioner. The Act permits the non-medical use of cannabis by adults and regulates the production, distribution and sale of cannabis and related oil extracts in Canada, for both non-medical and medical purposes.

In addition to the Act, the Federal Government of Canada published regulations, including the Cannabis Regulations (the "**Cannabis Regulations**"). The Cannabis Regulations set out the product categories that are permitted for sale, including dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, including "pre-rolled" and capsule products. In June 2019, Health Canada announced amendments to the Cannabis Regulations setting out the rules governing the legal production and sale of edible cannabis products, cannabis extracts and cannabis topicals. As required by the Act, the amended regulations came into force on October 17, 2019, with cannabis products becoming available in December 2019.

Sales Amendment

Once ready for production, a processing licence holder such as Molecule is required to produce two (2) batches and notify Health Canada, following which Health Canada will perform a final inspection to ensure operations are as anticipated. In the event that the review is satisfactory, Health Canada issues a sales amendment to allow a licence holder such as Molecule to sell cannabis product(s).

Notice of New Cannabis Products

Pursuant to the Cannabis Regulations, a processing licence holder such as Molecule must provide Health Canada with a written notice at least 60 days before making a new cannabis product available for sale (other than plant or seeds).

Packaging and Labeling

The Cannabis Regulations set out requirements pertaining to the packaging and labelling of cannabis products, which promote informed consumer choice and allow for the safe handling and transportation of cannabis. The Regulations require all cannabis products to be packaged in a manner that is tamper-evident and child-resistant.

With respect to marketing of cannabis products, the Cannabis Regulations require plain packaging, with strict controls over how and where the product is displayed for sale. Information-type promotion is permitted provided it cannot be seen by youths.

Sales and Distribution

The Cannabis Act sets out how cannabis can be sold, where stores may be located, how stores must be operated and who is allowed to sell cannabis. However the provinces and territories within Canada are entitled to set their own restrictions and regulate how recreational cannabis is distributed and sold in their respective jurisdictions. Some have implemented a government-run retail model, some a private licenced store model, or a hybrid. All provinces have implemented online stores, whether or not physical stores are also available.

General Business of Everton

Everton's Business Operations

Everton is a Canadian mineral exploration and development company engaged in the acquisition and exploration of mineral properties, with the aim of discovering commercially exploitable deposits of minerals (primarily precious metals), which can be disposed of for a profit to companies that wish to place such deposits into commercial production.

As at the date hereof, the only mineral property in which Everton holds an interest in is its Opinaca property, located in Quebec, Canada. Everton holds a 25% interests in the Opinaca B Property and a 50% interest in its Opinaca A Property.

Upon completion of the Arrangement, the Resulting Issuer will be conducting the business of Molecule and will not be actively pursuing the exploration or development of either Opinaca property.

Total Funds Available

In anticipation of the completion of the Arrangement, total funds available to the Resulting Issuer, including proceeds from the potential of sale of Everton's Precipitate Gold Shares (see section entitled "*General Development of the Business – Everton*") were approximately $1,296,079 as at August 20, 2020.

Projected Source of Funds

Source	**Funds Available**
Everton Working Capital as at August 20, 2020	$206,398
Molecule Working Capital as at August 20, 2020	($24,589)
Net Proceeds from the Molecule Private Placement(1)	$871,170
Settlement of debt(2)	$243,100
Available Funds of the Resulting Issuer	$1,296,079

Notes:

(1) On July 29, 2020, Molecule completed the Molecule Private Placement to raise gross proceeds of $1,025,000 through the issuance of 1,025 Molecule Subscription Receipts, each of which shall be deemed to be automatically exercised, without payment of any additional consideration and without further action on the part of the holder thereof, into one Resulting Issuer Convertible Debenture, upon satisfaction of the Escrow Release Conditions, subject to adjustment in certain events,

(2) Represents indebtedness owed to André Audet, as a creditor of Everton (in that capacity, the "**Everton Creditor**") related to advances and loans that he has made to Everton in order to satisfy Everton's minimum working capital needs in the absence of any reasonable third party funding alternatives. To be converted into 1,215,500 Resulting Issuer Shares.

Purpose of Funds

Upon the Effective Date, the Resulting Issuer expects to have approximately $1,296,079 available for the principal purposes of, capital expenditures and general corporate purposes. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and may either issue additional securities or incur debt to do so. There can be no assurance that additional funding required for the Resulting Issuer will be available, if required. It is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives for the forthcoming 12-month period. The amounts shown in the table below are estimates only and are based on the information available to the Resulting Issuer as of the date of this Listing Statement.

Forecast 12 Month Budget

Principal Purpose	**Funds**
Expenses related to the completion of the Arrangement and Molecule Private Placement(1)	$45,000
Capital expenditures related to construction/retrofitting of facility	$75,000
Capital expenditures related to purchase of equipment	$115,000
General and administrative costs estimated for operating next twelve months(2)	$975,799
Interest on Resulting Issuer Convertible Debentures	$85,280

Total Expenses	**$1,296,079**

Notes:

(1) Represents estimated legal fees ($20,000), audit/review fees ($15,000) and listing fees ($10,000).

(2) See section entitled "General and Administrative Costs" below.

General and Administrative Expenses

Principal Purpose	
Salaries, consulting fees, taxes and benefits	$588,000
Lease Payments	$60,000
Office/Utilities	$30,000
Insurance	$100,000
Professional Fees	$60,000
Contingency/unallocated	$137,799
Total Expenses	**$975,799**

The foregoing estimates do not include anticipated revenues over the forthcoming 12-month period. These amounts may increase as a result of an increase in available funds arising from revenues.

Principal Products and Services of Molecule

Production and Sales

Warehousing and Distribution

Finished products will be stored in a secure, climate-controlled Facility prior to being shipped to the appropriate provincial and territorial regulatory bodies. The space within Molecule's fenced and controlled area encompasses sufficient area to expand into a larger storage facility, envisioned to be built in 2021. Centrally located on Highway 401, between Toronto, Ottawa and Montreal, management believes Molecule is well-positioned as a distribution hub. Molecule will ship containers securely through third-party contracts.

Sales and Marketing

Molecule's business model is a co-packing operation, and as such management does not intend to produce its own beverages, thereby refraining from competing with its clients. In accordance with the rules and conditions of its Licence, Molecule will work with clients in two categories: a) those who wish to produce beverages; and b) the regulated, licenced bodies to which such beverages would be sold.

Molecule intends to work hand-in-hand with companies who wish to enter the cannabis market at all stages, from product development through to labelling, packaging and distribution. Molecule will work with such companies to develop their product and strategies and thereafter act as the licensed entity to be able to deliver such product to the next regulatory compliant body (province, retailer, etc.) Management believes this enables Molecule to ensure both consistent, high-quality products as well as full regulatory compliance.

As the regulated body in the foregoing relationship, Molecule will be responsible for ensuring that all products comply with the Cannabis Regulations and for working with the appropriate provincial and territorial bodies. This is a highly regulated and restrictive area in which to do business and Molecule's business is to streamline this process for those wishing to enter into this market.

New Products

Molecule does not intend to produce its own beverages but instead to produce beverages for other companies. Each new client will allow Molecule to expand the types of beverages it will produce and will allow Molecule to do so within already established production and marketing channels, thereby continuing to build on and grow established market relationships.

Cycles

Molecule believes cycles for the production of cannabis-infused beverages are shorter than those for the production of cannabis. Growing cannabis can take months to go from seed to harvest and therefore there are a limited number of cycles per year from within each facility licenced to grow cannabis. In addition, outdoor facilities are subject to weather fluctuations and seasonal changes. However, none of the foregoing concerns apply to the production of cannabis-infused beverages. While certain flavours may be more popular at different times of the year, beverages are consumed year-round. Further, Molecule's typical run volume is expected to be 10,000 litres, which will be produced within one day. This allows Molecule to adapt quickly to changes in market demand.

Specialized Skill and Knowledge

To sell cannabis-infused products, facilities must be inspected and licensed by Health Canada and must comply with the Cannabis Act and Regulations. As such, strict measures regarding the production equipment, security, HVAC, quality assurance, lab equipment, product handling, and outsourcing agreements must be precisely performed and managed. Molecule believes it has developed a deep skill set in these key functional areas that must work in an integrated manner for its business to succeed. As the cannabis industry is highly regulated, typical business functions including acquiring, producing, packaging, and distributing cannabis containing products must be performed under very strict controls. For those entering into this market, the regulatory burden is significant and Molecule's role is to undertake this for its clients.

Notwithstanding the focus on cannabis infusion, Molecule is primarily a beverage business and, within the strictly regulated cannabis framework, Molecule's business model is to produce high-quality, craft beverages and intends to distinguish itself on this basis. In particular, Amy Proulx, who established and ran The Canadian Food and Wine Institute at Niagara College, Ontario and has received multiple awards in the field(1), has been advising Molecule since incorporation, and Rebecca Griffin, an experience food and beverage scientist who had risen to become a Senior Research Associate at Niagara College, is Molecule's Chief Food Scientist and was Molecule's first employee,.

In addition to beverage design and development expertise, Molecule also employs individuals skilled in regulatory and government relations, quality assurance, beverage sales and pipeline management, canning production, and packaging and distribution, with a history of selling cannabis to regulated provincial channels.

Notes:

(1) As set out on Ms. Proulx's LinkedIn page as at the date of this Listing Statement: Chairman's Award - Food Processing Skills Canada Women in Business Awards - Greater Niagara Chamber of Commerce President's Award Canadian Certified HACCP Professional Gold Medal - United States Open Beer Championship x3 Winner - Canadian Grand Prix New Product Awards for New Beverage - MADD Virgin Craft Brewed Lager IUFoST Young Scientist Excellence Award for 2014 Selection Committee for the Premier's Award for Agrifood Innovation Excellence Canadian Grocer - Generation Next 2012 Award Top 4 Finalist Agropolis Foundation - CGIAR Young Professionals in Agricultural Research and Development Top 40 under 40 Pan-American Nutrition, Food Science and Technology Award.

Employees and Contractors

Molecule currently has 6 employees and 4 independent contractors providing services to Molecule.

Competitive Conditions

Operating in the cannabis industry in Canada requires one or more licences from Health Canada under the Cannabis Act and Regulation. Recreational cannabis products have been available since October 17, 2018, however edible cannabis products, which includes beverages, were not permitted until October 17, 2019. As of the date of this Listing Statement, each province within Canada has begun initiating sales of edible cannabis products, including beverages. Approximately 454 cannabis licences have been issued as at August 24, 2020, of which 91 allow for the production and sale of edible cannabis products. Molecule expects that only a sub-component of those will be producing beverages. Management believes that it is likely due to the licencing and regulatory burden that there are still a limited number of legal cannabis-infused beverages on the Canadian market.

Molecule acknowledges the probability of illegal growers and retailers operating in the black market in Canada. Although operating illegally, these organizations do act as competitors within the cannabis market by diverting customers or otherwise providing product without regulatory oversight. Despite this, Molecule believes there are no or few infused beverages available for sale on the black market due to the difficulty associated with their production.

Molecule anticipates other licenced producers will continue to enter the cannabis beverage market.

Lending Operations

This section is not applicable to the Resulting Issuer.

Bankruptcy or Receivership Proceedings

Following completion of the Arrangement, neither the Resulting Issuer, nor any of its subsidiaries, have been the subject of any bankruptcy or any receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings, within any of the three most recently completed financial years (as applicable) or the current financial year.

Material Restructuring Transactions

See section e “*General Development of the Business*”.

Social or Environmental Policies

This section is not applicable to the Resulting Issuer.

4.2 Asset-Backed Securities

This section is not applicable to the Resulting Issuer.

4.3 Mineral Projects

The Resulting Issuer will continue to hold a 25% interest in the Opinaca B Property and a 50% interest in its Opinaca A Property.

Upon completion of the Arrangement, the Resulting Issuer will be conducting the business of Molecule and will not be actively pursuing the exploration or development of either Opinaca property.

4.4 Oil and Gas Operations

This section is not applicable to the Resulting Issuer.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information

Molecule’s Annual Information

The following table is a summary of selected financial information of Molecule from the date of incorporation to its first year ended October 31, 2019. Such information is derived from the financial statements of Molecule and should be read in conjunction with such financial statements.

	As at and for the period of incorporation to October 31, 2019 (audited) ($)
Statement of operations	
Total revenue	Nil
Net Income from operations (Loss)	(1,112,622)

Net Income (Loss) from operations per share (basic and fully-diluted)	($0.02)
	As at October 31, 2019
Statement of financial position	
Total assets	5,050,528
Total liabilities	732,328
Cash dividends declared per share	Nil

See Schedule "A" – *Audited Consolidated Financial Statements of Molecule as of* October 31, 2019.

Everton's Annual Information

The following table is a summary of selected financial information of Everton for the three years ended October 31, 2017, 2018 and 2019. Such information is derived from the financial statements of Everton and should be read in conjunction with such financial statements.

	As at and for the year ended October 31, 2019 (audited)	**As at and for the year ended October 31, 2018 (audited)**	**As at and for the year ended October 31, 2017 (audited)**
Statement of operations			
Total revenue	Nil	Nil	Nil
Net Income (Loss)	(2,920,353)	(346,017)	(10,708,971)
Net Income (Loss) per share (basic and fully-diluted)	(0.031)	(0.004)	(0.12)
Statement of financial position			
Total assets	978,134	3,758,552	4,069,608
Total liabilities	473,467	333,532	308,571
Cash dividends declared per share	None	None	None

See Schedule "C" – *Audited Consolidated Financial Statements of Everton as of October 31, 2019.*

A copy of the financial statements previously filed with applicable securities commissions is available on the Resulting Issuer's SEDAR profile at www.sedar.com.

Resulting Issuer's Pro Forma Statement of Financial Position

The following table is a summary of pro forma financial information of Resulting Issuer as at April 30, 2020, consisting of a statement of financial position. Such information is derived from the statements of financial position of each of Everton and Molecule as at April 30, 2020.

Statement of Financial Position	As at April 30, 2020 (unaudited) ($)
Statement of financial position	
Total assets	5,858,179
Total liabilities	1,900,734
Cash dividends declared per share	None

See Schedule "E" – *Consolidated Pro Forma Statement of Financial Position of the Resulting Issuer as at April 30, 2020.*

5.2 Quarterly Information

Everton

The following tables set forth selected interim financial statements of Everton as at and for the previous eight most recently completed quarters ended April 30, 2020. Such information is derived from the financial statements of Everton and should be read in conjunction with such financial statements:

Quarter Ended	Total Revenues	Net Income/Loss	Basic and diluted earning (loss) per share
July 31, 2018	Nil	(38,358)	(0.0004)
October 31, 2018	Nil	(163,164)	(0.0017)
January 31, 2019	Nil	42,794	0.0005
April 30, 2019	Nil	(69,366)	(0.0007)
July 31, 2019	Nil	(39,443)	(0.0004)
October 31, 2019	Nil	(2,854,338)	(0.0306)
January 31, 2020	Nil	(332,329)	(0.0036)
April 30, 2020	Nil	(231,807)	(0.0025)

5.3 Dividends

There are no restrictions in Resulting Issuer's constating documents or elsewhere which could prevent the Resulting Issuer from paying dividends. The Resulting Issuer does not contemplate paying any dividends in the immediate future, as it anticipates investing all available funds to finance the growth of the Resulting Issuer's business. The Resulting Issuer Board will determine if, and when, to declare and pay dividends in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time. All the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid on a per share basis.

5.4 Foreign GAAP

The financial statements included in this Listing Statement have been and the future financial statements of the Resulting Issuer shall be, prepared in accordance with IFRS.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Molecule's management's discussion and analysis for each of the year ended October 31, 2019 and for the three and six-month period ended April 30, 2020 are attached to this Listing Statement as Schedules "F" (*Annual Management Discussion and Analysis of Molecule*) and "H" (*Interim Management Discussion and Analysis of Molecule*), respectively.

Everton's management's discussion and analysis for each of the year ended October 31, 2019 and for the three and six-month periods ended April 30, 2020 are attached to this Listing Statement as Schedules "G" (*Annual Management Discussion and Analysis of Everton*) and "I" (*Interim Management Discussion and Analysis of Everton*), respectively.

7. MARKET FOR SECURITIES

Molecule is not a reporting issuer in any jurisdiction and the Molecule Shares are not listed or posted for trading on any stock exchange.

Prior to the Effective Date, the Everton Common Shares had been listed on the TSX-V under the symbol "EVR".

Upon the Effective Date, the Resulting Issuer intends to be traded on the CSE under the symbol "MLCL"", subject to compliance with the CSE's listing requirements.

8. CONSOLIDATED CAPITALIZATION

Pro Forma Consolidated Capitalization

The following table summarizes the consolidated capitalization of share and loan capital of the Resulting Issuer as of the dates hereof giving effect to the Arrangement as though it had occurred on such date. The table should be read in conjunction with the financial statements of Molecule and Everton, including the notes thereto, included elsewhere in this Listing Statement or filed on SEDAR, as applicable.

Designation of Security	Amount Authorized	Shares Outstanding (as of the date hereof)
Resulting Issuer Shares	Unlimited	85,229,047
Resulting Issuer Preferred Shares	9,313,447	9,313,447

Fully-Diluted Share Capital

In addition to the information set out in the capitalization table above, the following table sets out the diluted share capital of the Resulting Issuer upon the Effective Date:

	Anticipated Resulting Issuer Shares Outstanding (as of the Closing Date, post-Consolidation)
Everton Shares issued and outstanding post-Consolidation	9,313,447

Everton post-Consolidation Shares issued to Everton Creditor prior to Arrangement	1,215,500
Resulting Issuer Shares issued to Molecule Shareholders pursuant to the Arrangement	74,700,100
Total Outstanding Resulting Issuer Shares	**85,229,047**
Reserved for issuance pursuant to outstanding Everton Options	1,060,000
Reserved for issuance pursuant to outstanding Everton Warrants	1,103,250
Reserved for issuance pursuant to outstanding Molecule Options	2,500,000
Reserved for issuance pursuant to outstanding Molecule RSUs	2,456,667
Reserved for issuance pursuant to Resulting Issuer Convertible Debenture Units to be issued pursuant to the Molecule Private Placement	7,687,500
Reserved for issuance pursuant to the Compensation Warrants and Compensation Convertible Debentures	915,000
Total Resulting Issuer Shares Reserved for Issuance	**15,722,417**
Total Number of Fully Diluted Securities of the Resulting Issuer	**100,951,464**

9. OPTIONS TO PURCHASE SECURITIES

Other than as set out in the table below, following completion of the Arrangement, there are no options to purchase securities of the Resulting Issuer held by:

(a) all executive officers and past executive officers of the Resulting Issuer as a group and all directors and past directors of the Resulting Issuer who are not also executive officers as a group;

(b) all executive officers and past executive officers of all subsidiaries of the Resulting Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the Subsidiary as a group, excluding individuals referred to in subsection 8(a) above;

(c) all other employees and past employees of the Resulting Issuer as a group;

(d) all other employees and past employees of subsidiaries of the Resulting Issuer as a group;

(e) all consultants of the Resulting Issuer as a group; and

(f) any other person or company, including the underwriter.

Category	Type of Securities Reserved under Option	Number of Securities Reserved under Option	Exercise Price per Security	Expiry Date
All present and past executive officers and directors of the Resulting Issuer	Resulting Issuer Shares	1,960,000	Between $0.10 and $1.30	July 24, 2021
All present and past executive officers and directors of the Resulting Issuer's subsidiaries	Resulting Issuer Shares	Nil	N/A	N /A
All other employees and past employees of the Resulting Issuer	Resulting Issuer Shares	Nil	N/A	N /A
All other employees and past employees of the Resulting Issuer's subsidiaries	Resulting Issuer Shares	300,000	$0.10	July 24, 2021
All consultants of the Resulting Issuer	Resulting Issuer Shares	1,300,000	$0.10	Up to 5 years post-Listing
Any other person or company, including underwriters	Resulting Issuer Shares	Nil	N/A	N /A

On April 6, 2020, the Everton Shareholders approved the Resulting Issuer Stock Option Plan, the principal terms of which are described below.

Number of Shares Reserved: The maximum number of Resulting Issuer Shares which may be issued pursuant to options granted under the Resulting Issuer Stock Option Plan shall equal 10% of the issued and outstanding shares of the Resulting Issuer from time to time as at the date of grant.

Maximum Term of Options: The term of any options granted under the Resulting Issuer Stock Option Plan is fixed by the Resulting Issuer Board and may not exceed five (5) years from the date of grant. The options are non-assignable and non-transferable. The term of an option may not be amended once issued. If an option is cancelled prior to the expiry date, the Resulting Issuer shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

Exercise Price: The exercise price of options granted under the Resulting Issuer Stock Option Plan is determined by the Resulting Issuer Board, provided that it is not less than the price permitted by the CSE or, if the shares are no longer listed on the CSE, then such other exchange or quotation system on which the Resulting Issuer Shares are listed or quoted for trading.

Vesting: Vesting, if any, and other terms and conditions relating to such options shall be determined by the Resulting Issuer Board, or if the Resulting Issuer Board so elects, the applicable committee, in accordance with the CSE requirements.

Termination: Any options granted pursuant to the Resulting Issuer Stock Option Plan will terminate generally within twelve (12) months of the holder ceasing to act as director, officer, consultant of the Resulting Issuer or employee of the Resulting Issuer or any of its affiliates, and within generally 30 days of the holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been cancelled or that have expired without having been exercised shall continue to be issuable under the Resulting Issuer Stock Option Plan. The Resulting Issuer Stock Option Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of Resulting Issuer Shares.

Administration: The Resulting Issuer Stock Option Plan is administered by the Resulting Issuer Board or, if the Resulting Issuer Board so elects, by a committee appointed by the Resulting Issuer Board.

Board Discretion: The Resulting Issuer Stock Option Plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and conditions relating to such options shall be determined by the Resulting Issuer Board and in accordance with CSE requirements.

Neither Everton nor the Resulting Issuer have or will have as at the Listing Date a Restricted Share Unit Plan. However, pursuant to an amendment to the Arrangement Agreement dated April 30, 2020, Everton agreed to reserve for issuance that number of Everton Shares (Resulting Issuer as of the Listing Date) underlying the Molecule RSUs granted pursuant to the Molecule RSU Plan.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of the Securities

The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Shares and **9,313,447** Resulting Issuer Preferred Shares.

Resulting Issuer Shares

The holders of Resulting Issuer Shares will be entitled to receive notice of and to attend all meetings of the shareholders of the Resulting Issuer and to one (1) vote per share at meetings of the shareholders of the Resulting Issuer. Except as otherwise set out below or as required by law, holders of Resulting Issuer Shares will vote as one class at all meetings of shareholders of the Resulting Issuer. The holders of the Resulting Issuer Shares will also be entitled to receive dividends as and when declared by the Resulting Issuer Board on the Resulting Issuer Shares as a class. The holders of the Resulting Issuer Shares shall be entitled, in the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets among the Resulting Issuer's shareholders for the purpose of winding up its affairs, (collectively, a "**Liquidation Event**") to share in such assets of the Resulting Issuer as are available for distribution. All Resulting Issuer Shares outstanding after completion of the Arrangement will be fully paid and non-assessable and not subject to any pre-emptive rights, conversion or exchange rights, redemption, retraction or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital.

At Closing, there will be **85,229,047** Resulting Issuer Shares issued and outstanding.

Resulting Issuer Preferred Shares

The Resulting Issuer Preferred Shares provide the former Everton Shareholders with a right to receive, on a pro rata basis, an economic benefit, subject to an aggregate maximum of up to $500,000, in the event that any of the Everton mining royalties are triggered and generate revenue within a maximum period of five (5) years from the date of the issuance of the Resulting Issuer Preferred Shares. If triggered, the Resulting Issuer Preferred Shares would be redeemable, on a pro rata basis, for cash. The Resulting Issuer Preferred Shares would otherwise not have any rights or recourses. The proposed distribution of the Resulting Issuer Preferred Shares remains within the sole discretion of the Everton Board and is not contingent on completion of the Arrangement.

At Closing, there will be **9,313,447** Resulting Issuer Preferred Shares issued and outstanding.

Resulting Issuer Warrants

There will be **1,103,250** Resulting Issuer Warrants exercisable into Resulting Issuer Shares at an exercise price of $0.70 per share.

There will also be **410,000** Compensation Warrants exercisable into 410,000 Compensation Conversion Units at an exercise price of $0.20 per Compensation Conversion Unit issued and outstanding.

Resulting Issuer Options

There will be **3,560,000** Resulting Issuer Options issued and outstanding upon completion of the Transaction.

The Resulting Issuer Options will be exercisable into Resulting Issuer Shares at a price of $0.10 per Resulting Issuer Share with respect to 2,500,000 Resulting Issuer Options and $0.20 per Resulting Issuer Share with respect to 750,000 Resulting Issuer Options.

10.2 Debt Securities

As at the Listing Date, upon satisfaction of the Escrow Release Conditions, there will be **1,025** Resulting Issuer Convertible Debentures exercisable into **5,125,000** Resulting Issuer Conversion Units (plus additional Resulting Issuer Conversion Units in the event of conversion of accrued and unpaid interest).

There will also be 40 Compensation Convertible Debentures exercisable into 200,000 Compensation Conversion Units.

The forgoing will not be listed for trading.

10.3 Other Securities

This section is not applicable to the Resulting Issuer.

10.4 Modification of Terms

This section is not applicable to the Resulting Issuer.

10.5 Other Attributes

This section is not applicable to the Resulting Issuer.

10.6 Prior Sales

Molecule

In the last twelve months preceding the date of the Listing Statement, Molecule issued the following shares, which excludes the issuance of 1,025 Molecule Subscription Receipts on July 29, 2020, as the underlying securities will be debt securities of the Resulting Issuer

Date of Issue	Description of Security	Number of Securities Issued	Price per Security	Total Issue Price
June 13, 2019	Share Exchange (Class "A" Common Shares)(1)	10,000,000	$0.10	$1,000,000
June 15, 2019	Consulting Fees (Class "A" Common Shares)(2)	300,000	$0.10	$30,000
September 15, 2019	Consulting Fees (Class "A" Common Shares)(2)	300,000	$0.10	$30,000
December 1, 2019	Employment Bonus (Class "A" Common Shares)(3)	1,000,000	$0.10	$100,000
December 15, 2019	Consulting Fees (Class "A" Common Shares)(2)	300,000	$0.10	$30,000
March 15, 2020	Consulting Fees (Class "A" Common Shares)(2)	300,000	$0.10	$30,000

June 15, 2020	Consulting Fees (Class "A" Common Shares)(2)	300,000	$0.10	$30,000
Total:		**12,500,000**		**$1,250,000**

Notes:

(1) Issued pursuant to the Share Exchange Agreement.

(2) Issued pursuant to the Advisory Agreement.

(3) Issued pursuant to an employment agreement between Molecule and Philip Waddington effective as of November 1, 2019.

Everton

Everton has not issued Everton Shares during the twelve months prior to the date hereof.

10.7 Stock Exchange Price

The Everton Shares are listed on the TSXV as of the date of this Listing Statement under the symbol "EVR". The following table sets out the high and low trading price and volume of trading of the Everton Shares on the TSXV during the last 12 months:

Period	High (C$)	Low (C$)	Volume
September 1-14, 2020	N/A	N/A	Nil
August 2020	N/A	N/A	Nil
July 2020	N/A	N/A	Nil
June 2020	N/A	N/A	Nil
May 2020	N/A	N/A	Nil
April 2020	N/A	N/A	Nil
March 2020	N/A	N/A	Nil
February 2020	N/A	N/A	Nil
January 2020	N/A	N/A	Nil
December 2019	N/A	N/A	Nil
November 2019	N/A	N/A	Nil
October 2019	N/A	N/A	Nil
September 2019	N/A	N/A	Nil
August 2019	N/A	N/A	Nil
July 2019(1)	0.030	0.025	56,000

Note:

(1) Trading of the Everton Shares on the TSXV was halted on July 5, 2019 (closing price of $0.025), upon entering into the letter of intent in connection with the announcement of a reverse takeover transaction with Molecule.

11. ESCROWED SECURITIES

As required under the policies of the CSE, principals of the Resulting Issuer will enter into an escrow agreement as if the company was subject to the requirements of National Policy 46-201 – Escrow for Initial Public Offerings ("**NP 46-201**"). Escrow releases will be scheduled at periods specified in NP 46-201 for emerging issuers, that is, 10% will be released upon completion of the Arrangement followed by six subsequent releases of 15% every six months thereafter. The form of the escrow agreement must be as provided in NP 46-201.

The table below includes the details of escrowed securities that will be held by principals of the Resulting Issuer upon the completion of the Transaction.

Name of Securityholder	Number and Class of Securities	Percentage of Class	Release Schedule
Andre Audet(1)	7,434,670 Resulting Issuer Shares	8.72%	10% released on the Listing Date 15% released 6 months from the Listing Date 15% released 12 months from the Listing Date 15% released 18 months from the Listing Date 15% released 24 months from the Listing Date 15% released 30 months from the Listing Date 15% released 36 months from the Listing Date
Philip Waddington(2)	2,000,000 Resulting Issuer Shares	2.35%	10% released on the Listing Date 15% released 6 months from the Listing Date 15% released 12 months from the Listing Date 15% released 18 months from the Listing Date 15% released 24 months from the Listing Date 15% released 30 months from the Listing Date 15% released 36 months from the Listing Date
Amy Proulx	1,000,000 Resulting Issuer Shares	1.17%	10% released on the Listing Date 15% released 6 months from the Listing Date 15% released 12 months from the Listing Date

			15% released 18 months from the Listing Date 15% released 24 months from the Listing Date 15% released 30 months from the Listing Date 15% released 36 months from the Listing Date
Lindsay Weatherdon	1,000,000 Resulting Issuer Shares	1.17%	10% released on the Listing Date 15% released 6 months from the Listing Date 15% released 12 months from the Listing Date 15% released 18 months from the Listing Date 15% released 24 months from the Listing Date 15% released 30 months from the Listing Date 15% released 36 months from the Listing Date

Notes:

(1) Mr. Audet also holds Molecule Options, Molecule RSUs and Molecule Subscription Receipts convertible into/underlying which are 737,500 Resulting Issuer Shares.

(2) Mr. Waddington also holds Molecule Options, Molecule RSUs and Molecule Subscription Receipts convertible into/underlying which are 375,000 Resulting Issuer Shares.

12. PRINCIPAL SHAREHOLDERS

As of the date of this Listing Statement, to the knowledge of the directors and officers of the Resulting Issuer, no Persons are anticipated to beneficially own, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer upon completion of the Transaction.

Voting Trusts

To the knowledge of the Resulting Issuer, no voting trust exists within the Resulting Issuer such that more than 10% of any class of voting securities of the Resulting Issuer are held, or are to be held, subject to any voting trust or other similar agreement.

Associates and Affiliates

To the knowledge of the Resulting Issuer none of the principal shareholders are an Associate or an Affiliate of any other principal shareholder.

13. DIRECTORS AND OFFICERS OF THE ISSUER

13.1 Directors and Executive Officers of the Resulting Issuer

As of the date of this Listing Statement, the Resulting Issuer Board will be composed of five (5) directors, as set out below.

The name, municipality of residence, position or office held with the Resulting Issuer and principal occupation of each director and executive officer of the Resulting Issuer, as well as the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, are as follows:

Name, Place of the Residence and Proposed Position with the Resulting Issuer	**Principal Occupation During the Last Five (5) Years**[(1)]	**Date of Appointment as Director or Officer**	**Resulting Issuer Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed Upon Completion of the Transaction**[(1)]
Andre Audet[(4)] **Ontario** **Director**	President and Chief Executive Officer of Molecule (September 2018 to date prior to Arrangement), Founder of BUSL cider; Chairman and CEO of Everton Resources Inc. (2003 to date before Arrangement); Director of North Bud Farms Inc. (August 2018 to June 2020);	Effective at Closing	7,434,670
Philip Waddington[(2)(5)] **Quebec** **President and CEO**	Chief Regulatory Officer of Molecule (2018 to present); Director of Aphria (2014 to 2018); Executive Director Canadian Homeopathic Pharmaceutical Association (2015 to 2018); President Rockwater Consulting (2010 to 2018).	Effective at Closing	2,000,000
Amy Proulx [(3)] **Ontario** **Independent Director**	Food Manufacturing Industrial Advisor, Molecule, 2018 – present; Professor and Academic Program Coordinator - Culinary Innovation and Food Technology, Niagara College, 2011 – present; Research Leader - Canadian Food and Wine Institute Innovation Centre, Niagara College, 2011 – present; Consultant - Food Manufacturing Capacity Building, Agriteam Canada, 2015-2019	Effective at Closing	1,000,000
Lindsay Weatherdon[(2)(3)] **Ontario** **Independent Director**	President of Concord National Ontario & Quebec Divisions (2000 to Present)	Effective at Closing	1,000,000

Name, Place of the Residence and Proposed Position with the Resulting Issuer	**Principal Occupation During the Last Five (5) Years[(1)]**	**Date of Appointment as Director or Officer**	**Resulting Issuer Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed Upon Completion of the Transaction[(1)]**
David Reingold[(2)(3)] **Ontario** **Independent Director**	CEO Central Roast Inc 2010 to 2016; Management consultant Green Space Brands 2016 to 2017; Management consultant Roar Organic Beverages Canada Ltd. 2018; CEO Roar Organic Beverages 2018 to present; Founder The Roasted Nut Company 2019 to 2020	Effective at Closing	Nil
Brendan Stutt **Ontario** **Chief Financial Officer**	Controller of Focus Graphite Inc.; Mincom Capital Inc.; Stria Lithium Inc. from about 2012 to early 2018; CFO of North Bud Farms from March 2018 to October 2019; CFO of Everton Resources from March 2019 to present; CFO of Molecule Inc. from March 2019 to present.	Effective at Closing	Nil

Notes:

(1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of management of the Resulting Issuer and has been furnished by the respective individuals. Convertible securities are not reflected.

(2) Proposed member of the Audit Committee.

(3) Independent director.

(4) To resign as President and Chief Executive Officer of Molecule and Everton upon completion of the Arrangement.

(5) To become President and Chief Executive Officer of the Resulting Issuer and Molecule upon completion of the Arrangement.

13.2 Period of Service of Directors

The proposed directors will be appointed as directors of the Resulting Issuer upon completion of the Arrangement and will remain directors of the Resulting Issuer until resignation or the next annual general meeting of the Resulting Issuer.

13.3 Directors and Executive Officer Share Ownership

The proposed directors and executive officers of the Resulting Issuer as a group, directly or indirectly, will beneficially own or exercise control or direction over 11,434,670 Resulting Issuer Shares, representing approximately 13.42% of the issued and outstanding Resulting Issuer Shares.

The proposed directors and executive officers of the Resulting Issuer as a group, directly or indirectly, will beneficially own or exercise control or direction over 719,070 Resulting Issuer Preferred Shares, representing approximately 7.7% of the issued and outstanding Resulting Issuer Preferred Shares.

13.4 Committees

The Resulting Issuer is a "venture issuer" as defined in NI 52-110 and is relying upon the exemption in section 6.1 of National Instrument 52-110 *Audit Committees* ("**NI 52-110**") in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110.

The Resulting Issuer will have an Audit Committee consisting of Philip Waddington, Lindsay Weatherdon and David Reingold, each of whom is a director and financially literate in accordance with NI 52-110. Mr. Weatherdon and Mr. Reingold are each independent, as defined under NI 52-110.

The Resulting Issuer Board will adopt a written charter setting forth the responsibilities, powers, and operations of the Audit Committee consistent with NI 52-110. The principal duties and responsibilities of the Resulting Issuer's Audit Committee will be to assist the Resulting Issuer Board in discharging the oversight of:

- the integrity of the Resulting Issuer's consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements;
- the Resulting Issuer's compliance with legal and regulatory requirements;
- the Resulting Issuer's external auditors' qualifications and independence;
- the work and performance of the Resulting Issuer's financial management and its external auditors; and
- the Resulting Issuer's system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, and risk management established by management and the Resulting Issuer Board.

It is anticipated that the Audit Committee will have access to all books, records, facilities and personnel and may request any information about the Resulting Issuer as it may deem appropriate. It will also have the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee. The Audit Committee is also expected to review and approve all related-party transactions and prepare reports for the Resulting Issuer Board on such related-party transactions as well as be responsible for the pre-approval of all non-audit services to be provided by our auditors.

The Resulting Issuer Board may from time to time establish additional committees.

13.5 Principal Occupation of Directors and Officers

Information on directors and executive officers' principal occupation is set out in section 12.1 – *Directors and Officers*.

13.6 Corporate Cease Trade Orders or Bankruptcies

To the best of the Resulting Issuer's knowledge, other than as disclosed below, no proposed director, officer or promoter of the Resulting Issuer or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

North Bud Farms Inc. ("North Bud"), of which corporation Andre Audet was an independent director until his resignation on June 30, 2020 and Brendan Stutt was the Chief Financial Officer until his resignation on , was been subject to a Management Cease Trade Order as of March 31, 2020 in connection with the delay by North Bud in filing its annual financial statements, management's discussion and analysis and related officer certifications for the financial year ended November 30, 2019 before the prescribed deadline of March 30, 2020, and thereafter a Cease Trade Order ("CTO") as of June 2nd, 2020 and the CTO is still in effect.

13.7 Penalties or Sanctions

Other than as disclosed below, no proposed director, executive officer or promoter of the Resulting Issuer, or a shareholder holding a sufficient number of the Resulting Issuer's securities to affect materially the control of the Resulting Issuer, has been subject to:

(a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Settlement Agreements

This section is not applicable to the Resulting Issuer.

13.9 Personal Bankruptcies

Except as disclosed herein, no proposed director, executive officer or promoter of the Resulting Issuer or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

13.10 Conflicts of Interest

Following completion of the Arrangement, conflicts of interest may arise as a result of the directors, officers and promoters of the Resulting Issuer also holding positions as directors or officers of other companies. Some of the individuals that are proposed to be directors and officers of the Resulting Issuer have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Resulting Issuer will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies provided under the CBCA.

To the best of Everton and Molecule' knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Resulting Issuer, its promoters, directors and officers or other members of management of the Resulting Issuer or of any proposed promoter, director, officer or other member of management except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Resulting Issuer and their duties as a director or officer of such other companies.

13.11 Management Details

The following sets out details of the proposed directors and management of the Resulting Issuer:

Philip Waddington – President, Chief Executive Officer, Director

Philip Waddington is President and Chief Executive Officer of the Resulting Issuer and Molecule, a director and a member of the Audit Committee of the Resulting Issuer and provides his services to the Resulting Issuer as a full-time employee. Mr. Waddington will devote approximately 100% of his time to the affairs of the Resulting Issuer.

Mr. Waddington is a Canadian regulatory expert. He led a team of over 200 people to create Health Canada's Natural Health Products Regulations. Before joining Molecule, he served on the board of Aphria from 2014-2018. He also has previous operational experience, as the past President of Canadian Plastics Group.

Mr. Waddington graduated in 1986 from Queen's University (B.Sc.H), the University of Western Ontario in 1990 (MBA) and The Canadian College of Naturopathic Medicine in 1996 (ND).

Mr. Waddington holds 2.35% of the Resulting Issuer Shares after giving effect to the Arrangement (2.6% fully diluted).

Brendan Stutt –Chief Financial Officer

Brendan Stutt is Chief Financial Officer of the Resulting Issuer and Molecule. Mr. Stutt will devote approximately 100% of his time to the affairs of the Resulting Issuer.

Mr. Stutt has served as the Chief Financial Officer and Corporate Controller for a number of publicly traded companies over the last 12 years, after working as an auditor at Horwath Leebosh Appel LLP (now MNP LLP) to start his career.

Mr. Stutt is a graduate of Queen's University (BAH Economics) (2003) and McGill University (Graduate Diploma in Public Accounting) (2008).

Mr. Stutt holds no Resulting Issuer Shares after giving effect to the Arrangement (0.79% fully diluted).

André Audet – Director

André Audet is Interim Chief Financial Officer and a director of the Resulting Issuer and provides his services to the Resulting Issuer as an independent contractor. Mr. Audet will devote approximately 50% of his time to the affairs of the Resulting Issuer.

Mr. Audet is a proven cannabis industry player as a Co-Founder of Tetra Bio-Pharma (TSXV:TBP, OTCQB:TBPMF). With over 25 years of experience in the financing of public companies, he provides strategic direction and oversight to guide company execution. Since 2003, he has served as Chairman & CEO of Everton Resources Inc. (TSXV:EVR), a publicly traded mining and exploration company. From 1989 to 1999, he was a Vice-President at BMO Nesbitt Burns, where he specialized in private portfolios. He is also the founder of BUSL cider, and is passionate about genuine, locally sourced, craft beverage production.

Mr. Audet graduated in 1983 from the University of Ottawa and obtained a Bachelor of Commerce (Major in Finance).

Mr. Audet holds 8.72% of the Resulting Issuer Shares after giving effect to the Arrangement (8.1% fully diluted).

Amy Proulx – Director

Amy Proulx is an independent director of the Resulting Issuer. Ms. Proulx will devote approximately 20% of her time to the affairs of the Resulting Issuer.

Ms. Proulx is a world-renowned food scientist and educator. She has published over 40 peer reviewed articles, and has presented over 50 international lectures. She has worked with over 100 industry partners on innovation and technology readiness through the Canadian Food and Wine Institute Innovation Centre, which she also founded. She works today as a Professor and Academic Program Coordinator for the Culinary Innovation and Food Technology program at Niagara College. She was a former Inspector with the Canadian Food Inspection Agency. She presently sits on boards for the Canadian Institute of Food Science and Technology, Food Processing Skills Canada, and the International Union of Food Science.

Ms. Proulx graduated from the University of Guelph, 1997-2001, with an Honours BSc. Food Science, the University of Guelph, 2001-2003,with a MSc. Food Science, from the Iowa State University, 2003-2007, with a PhD.

Interdepartmental Graduate Program in Food Science and Human Nutrition, and Food Processing Skills Canada, 2015, Canadian Certified HACCP Professional.

Ms. Proulx holds 1.17% of the Resulting Issuer Shares after giving effect to the Arrangement (0.99% fully diluted).

Lindsay Weatherdon – Director

Lindsay Weatherdon is an independent director of the Resulting Issuer. Mr. Weatherdon will devote approximately 10% of his time to the affairs of the Resulting Issuer.

Lindsay Weatherdon is currently President of Concord National Ontario & Quebec Divisions (since 2002) one of Canada's leading Consumer Packaged Goods sales & marketing agencies, as well as President of Braille Energy Systems Inc. Mr. Weatherdon has a diverse background in global sales, holding executive positions in Hardgoods Manufacturing, developing retail strategies across large box and warehouse club formats.

Mr. Weatherdon graduated from Algonquin College, 1982-85, with a Business Major, Marketing.

Mr. Weatherdon holds 1.17% of the Resulting Issuer Shares after giving effect to the Arrangement (0.99% fully diluted).

David Reingold – Director

David Reingold is an independent director of the Resulting Issuer. Mr. Reingold will devote approximately 25% of his time to the affairs of the Resulting Issuer.

Mr. Reingold is a leader in the Canadian grocery industry, specializing in the health food sector. With over 25 years of brand building experience, David first built the Natural Life brand under the DMR Food Corporation (1990 to 2011) umbrella along with My Organic Baby (2004 to 2011), Canada's first full line of organic baby food. Both companies were sold to Clearly Canadian beverage Corporation in 2018 and 2019, respectively. In 2010, David Created Central Roast brands, a clean snacking brand that was later sold to Greenspace Brands in 2015. Currently, he is a principal with Roar Beverages Canada (since January 2018). Roar Beverages is a low calorie, coconut water-based, electrolyte and vitamin-enhanced hydration drink, which is targeted to millennial females.

Mr. Reingold graduated from the Canadian Securities Course, 1985.

Mr. Reingold holds no shares of the Resulting Issuer Shares after giving effect to the Arrangement (0.87% on a fully diluted basis).

14. CAPITALIZATION

Each of the tables in this Section 13 pertain to the Resulting Issuer Shares only as of the date of this Listing Statement.

14.1 Class of Securities

To the best knowledge of the Resulting Issuer, the following table sets out the number of Resulting Issuer Shares available in the Resulting Issuer's Public Float and Freely-Tradeable Float on a diluted and non-diluted basis, after giving effect to the Consolidation, the Arrangement and the Debt Conversion:

Issued Capital

	Number of Securities (non-diluted)	**Number of Securities (fully-diluted)**	**%of Issued (non-diluted)**	**% of Issued (fully diluted)**
Public Float				
Total outstanding (A)	85,229,047	100,951,464	100%	100%
Held by Related Persons or employees of the Resulting Issuer or Related Person of the Resulting Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer upon exercise or conversion of other securities held) (B)	11,534,670	15,127,170	13.53%	14.98%
Total Public Float (A-B)	73,694,377	85,824,294	86.47%	86.1%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	11,434,670	21,774,670	13.42%	21.89%
Total Tradeable Float (A-C)	73,794,377	77,676,794	86.47%	85.02%

Public Securityholders (Registered)

The following is based on combination of a list of registered shareholders of Everton dated August 18, 2020 as if the Consolidation had been completed as at such date and a list of registered shareholders of Molecule as at the date prior to the completion of the Arrangement.

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	22	586
100 – 499 securities	13	3,819
500 – 999 securities	5	3,026
1,000 – 1,999 securities	1	1,200
2,000 – 2,999 securities	4	9,488
3,000 – 3,999 securities	2	7,709
4,000 – 4,999 securities	2	8,310
5,000 or more securities	184	83,979,939
TOTAL	233	84,013,447

Public Securityholders (Beneficial)

The following is based on share range reports obtained by Everton dated August 20, 2020 from Broadridge US and Broadridge Canada (sums combined) prior to giving effect to the Consolidation.

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	175	7,646
100 – 499 securities	472	112,973
500 – 999 securities	228	154,510
1,000 – 1,999 securities	233	293,068
2,000 – 2,999 securities	197	431,720
3,000 – 3,999 securities	77	246,449
4,000 – 4,999 securities	76	314,268
5,000 or more securities	900	86,618,683
Unable to confirm	-	-
TOTAL	2,358	88,179,317

The following is based on a list of beneficial shareholders of Molecule as at the date before the Arrangement.

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	1	1
100 – 499 securities	Nil	Nil

500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	173	74,699,999
TOTAL	174	74,700,000

Non-Public Securityholders (Beneficial)

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	5	11,534,670
TOTAL	5	11,534,670

14.2 Convertible Securities

Following completion of the Transaction, the Resulting Issuer will have the following convertible securities outstanding that are convertible into Resulting Common Shares:

Description of Security (include conversion/exercise terms, including conversion/exercise price)			Number of convertible/exchangeable securities outstanding	Number of listed securities issuable upon conversion/exercise
Exercise Price	Expiry Date	Type of Security		
$0.10	July 24, 202	Options	2,500,000	2,500,000
$0.50	April 14, 2021	Options	80,000	80,000
$1.30	August 15, 2021	Options	230,000	230,000

$0.20	September 15, 2020	Options	750,000	750,000
$0.70	February 6, 2021	Warrants	499,750	499,750
$0.70	February 21, 2021	Warrants	603,500	603,500
$0.20	36 months as of Listing Date	Compensation Warrants	410,000	615,000
N/A	Vesting on or before June 1, 2021	RSUs	2,456,667	2,456.667
$0.20	36 months as of Listing Date	Convertible Debentures	1,025	5,125,000(1)
$0.20	36 months as of Listing Date	Compensation Convertible Debentures	40	200,000(1)

Notes:

(1) Plus additional Resulting Issuer Shares in the event of conversion of accrued and unpaid interest.

14.3 Other Listed Securities

The Resulting Issuer does not have any other listed securities reserved for issuance that are not included in this Section 13.

15. EXECUTIVE COMPENSATION

Everton

Details related to the executive compensation paid by Everton, prepared in accordance with Form 51-102F6 of National Instrument – *Continuous Disclosure Obligations,* can be found on SEDAR (www.sedar.com) in Everton's management information circular dated March 4, 2020.

Molecule

The objectives, criteria and analysis of the compensation of the executive officers of the Resulting Issuer following the completion of the Transaction will be determined by the Resulting Issuer Board.

The following table (presented in accordance with Form 51-102F6 sets forth all compensation for services in all capacities to Molecule for Molecule' completed financial year ended October 31, 2018 and 2019 in respect of:

(a) each individual who acted as CEO or CFO for all or any portion of the most recently completed financial year;

(b) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than C$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; and

(c) any individual who would have satisfied these criteria but for the fact that the individual was neither an executive officer of Molecule, nor acting in a similar capacity, at the end of the most recently completed financial year

(collectively, the "**Named Executive Officers**" or "**NEOs**").

NEO Name and Principal Position	*Year*	*Salary (C$)*	*Share-Based Awards (C$)*	*Option-Based Awards (C$)*	*Non-Equity Incentive Plan Compensation (C$)*		*Pension Value (C$)*	*All Other Compensation (C$)*	*Total Compensation (C$)*
					Annual Incentive Plans	*Long-term Incentive Plans*			
André Audet President, CEO and Director	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	40,000	Nil	22,378	Nil	Nil	Nil	Nil	62,378
Brendan Stutt, CFO	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	40,000	Nil	22,378	Nil	Nil	Nil	Nil	62,378

Compensation Discussion and Analysis

Molecule does not have in place any formal objectives, criteria or analysis for determining or assessing the compensation of its executive officers and directors, nor does it have a compensation committee.

Molecule is aware of the challenges that it faces in its present stage of development and the financial limitations of being a newly formed and fast-growing company in the nascent cannabis industry. Corporate performance and level of activity has been a consideration in determining compensation. As Molecule's business and operations grow in size and complexity, it is anticipated that it will establish a compensation committee with formal objectives and policies, including specific performance goals or benchmarks as such relate to executive compensation, that will review compensation practices of companies of similar size and stage of development to ensure the compensation paid is competitive within Molecule's industry.

The compensation of Molecule's officers and directors is based on an incentive philosophy with the intent that all efforts will be directed toward a common objective of creating shareholder value. The compensation strategy is to attract talent and experience with focused leadership in the operations, financing, and management of Molecule with the objective of maximizing the value of Molecule. The officers and board of directors each have defined skills and experience that are essential to a fast-growing company in the emerging cannabis industry.

Base Salary or Consulting Fees

Compensation has been initially determined upon a review of companies within the manufacturing and cannabis industries, which were of the same size as Molecule, at the same stage of development as Molecule and considered comparable to Molecule.

Going forward, in determining the base salary of an executive officer, the board of directors of Molecule would consider the following factors:

(a) the particular responsibilities related to the position;

(b) salaries paid by other companies that are similar in size and scope of business;

(c) the experience level of the executive officer;

(d) the amount of time and commitment which the executive officer devotes to Molecule; and

(e) the executive officer's overall performance and performance in relation to the achievement of corporate milestones and objectives.

Bonus Incentive Compensation

Molecule's objective is to achieve certain strategic objectives and milestones. The board of directors of Molecule will consider executive bonus compensation dependent upon Molecule meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The board of directors of Molecule approves executive bonus compensation dependent upon compensation levels based on information provided by issuers that are similar in size and scope to Molecule's operations.

Equity Participation

Molecule has a stock option plan (the "**Plan**") in place and 2,500,000 stock options issued and outstanding, each with an exercise price of $0.10 per share, expiring five (5) years from the Listing Date, subject to earlier termination in accordance with the terms of the Plan. Pursuant to the terms of the Plan, optionees who exercise options will be entitled to receive common shares of the Resulting Issuer following the completion of the Transaction.

Molecule also has an RSU Plan in place and 1,706,667 RSUs issued outstanding, vesting at various times on or before June 1, 2021. Pursuant to the terms of the RSU Plan, upon completion of the Transaction, Resulting Issuer Shares will be issued to the holders of RSUs upon vesting.

Actions, Decisions or Policy Changes

Given the evolving nature of Molecule's business, the board of directors of Molecule continues to review the overall compensation plan for senior management so as to continue to address the objectives identified above.

Risks Associated with Molecule's Compensation Practices

Molecule's directors have not considered the implications of any risks to Molecule associated with decisions regarding Molecule's compensation program. Molecule intends to formalize its compensation policies and practices and will take into consideration the implications of the risks associated with Molecule's compensation program and how it might mitigate those risks.

Benefits and Perquisites

All officers and directors are entitled to participate in a group benefits plan that provides health, dental, and out-of-country benefits coverage subject to the eligibility requirements set out in the plan.

Hedging by Named Executive Officers or Directors

Molecule has not adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors.

Outstanding Share-Based Awards and Option-Based Awards

Molecule does not currently have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the NEOs.

Pension Plan Benefits

Molecule does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

Termination and Change of Control Benefits

Molecule has entered into consulting agreements with its CEO and CFO, which allow for the agreement to be terminated upon 30 days' notice in the case of the CEO and 30 days' notice in the case of the CFO. Molecule has also entered into an employment agreement with its Chief Regulatory Officer, Philip Waddington. (Upon completion of the Transaction, it's anticipated that the Resulting Issuer will enter into a new employment agreement with Philip Waddington with respect to his role as President and CEO.}

Director Compensation

The directors of Molecule do not receive any compensation or fees in their capacity as directors. Other than described herein, there were no other arrangements under which directors were compensated by Molecule during the two most recently completed financial years for their services in their capacity as directors.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No proposed director or officer of the Resulting Issuer or person who acted in such capacity in the last financial year of Molecule or Everton, or any Associate of any such director or officer is, or has been, at any time since the beginning of the most recently completed financial year of the Resulting Issuer, indebted to the Resulting Issuer nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer.

17. RISK FACTORS

Prior to making any investment decision regarding the Resulting Issuer, investors should carefully consider, among other things, the risk factors set forth below.

While this Listing Statement describes the risks and uncertainties that management of the Resulting Issuer believe to be material to the Resulting Issuer's business, it is possible that other risks and uncertainties affecting the Resulting Issuer's business will arise or become material in the future.

If the Resulting Issuer is unable to address these and other potential risks and uncertainties, its business, financial condition or results of operations could be materially and adversely affected. In this event, the value of the Resulting Issuer Shares could decline and an investor could lose all or part of their investment.

The following is a description of the principal risk factors that will affect the Resulting Issuer:

Business and Operational Risks

The Resulting Issuer may be unable to successfully integrate the businesses of Molecule and realize the anticipated benefits of the Arrangement

Achieving the benefits of the Arrangement depends in part on the ability of the Resulting Issuer to effectively capitalize on its scale, to realize the anticipated capital and operating synergies, to profitably sequence the growth prospects of its asset base and to maximize the potential of its improved growth opportunities and capital funding opportunities as a result of combining the businesses and operations of Everton with Molecule. A variety of factors, may adversely affect the ability of Everton and Molecule to achieve the anticipated benefits of the Arrangement.

Following completion of the Arrangement, former Molecule Shareholders will have the ability to significantly influence certain corporate actions of the Resulting Issuer

Immediately following the completion of the Arrangement, former Molecule Shareholders are expected to own approximately 89% of the Resulting Issuer Shares in the aggregate, on an undiluted basis, based on the number of outstanding Everton Shares and Molecule Shares in the aggregate as of the date hereof. Accordingly, former Molecule Shareholders, now Resulting Issuer Shareholders will be in a position to exercise significant influence over all matters requiring Resulting Issuer Shareholder approval, including the election of directors, determination of significant corporate actions, amendments to the Resulting Issuer's articles of incorporation and the approval of any arrangements, mergers or takeover attempts, in a manner that could conflict with the interests of other Resulting Issuer Shareholders. If former Molecule Shareholders voted in concert, they could exert significant influence over the Resulting Issuer.

Limited Operating History

Molecule, whose respective businesses will comprise the business of the Resulting Issuer, has only limited operating results to date. Molecule has dedicated significant portions of its cash flows to creating infrastructure to capitalize on the opportunity for value creation that is emerging from the relaxing of state and local prohibitions on the cannabis industry in Canada. The Resulting Issuer's lack of extensive operating history makes it difficult for investors to evaluate the Resulting Issuer's prospects for success. Prospective investors should consider the risks and difficulties the Resulting Issuer might encounter, especially given the Resulting Issuer's lack of an extensive operating history or audited financial information. There is no assurance that the Resulting Issuer will be successful and the likelihood of success must be considered in light of its relatively early stage of operations.

The Resulting Issuer has no history of earnings or cash flow from operations and the Resulting Issuer may not generate material revenue or achieve self-sustaining operations for several years, if at all. There is no assurance as to whether the Resulting Issuer will be profitable, earn revenues, or pay dividends. The Resulting Issuer anticipates that it will incur substantial expenses relating to the development and initial operations of its investments and business.

Reliance on Management

The success of the Resulting Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer's business, operating results, financial condition or prospects.

Additional Financing

The Resulting Issuer may require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise financing to fund on-going operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon the Resulting Issuer's business, results of operations, financial condition or prospects.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Resulting Issuer Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Profitability of the Resulting Issuer

The Resulting Issuer may experience difficulties in its development process, such as capacity constraints, quality control problems or other disruptions, which would make it more difficult to generate profits. A failure by the Resulting Issuer to achieve a low-cost structure through economies of scale or improvements in manufacturing processes and design could have a material adverse effect on the Resulting Issuer's business, prospects, results of operations and financial condition.

Ongoing Costs and Obligations

The Resulting Issuer expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Resulting Issuer's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Raw Materials and Supply

In the cannabis industry, there is a risk that raw input materials or materials purchased from a third-party processor or producer could be contaminated with pesticides, heavy metals, mycotoxin, and microbial agents.

All recreational markets that will sell the Resulting Issuer's brand require quality assurance testing for each lot of final marijuana product and must be conducted by an independent, state certified, third-party testing laboratory with a statistically significant number of samples using acceptable methodologies to ensure that all lots manufactured of each marijuana product are adequately assessed for contaminants and the cannabinoid profile is correctly labeled for consumers.

If the Resulting Issuer's licensed processors and co-packagers or other third-party services providers fail to have positive testing results, the Resulting Issuer could experience negative adverse effect on its operations and ability to produce and sell its products.

Competition

It is likely that the Resulting Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, results of operations or prospects of the Resulting Issuer.

Because of the early stage of the industry in which the Resulting Issuer operates, the Resulting Issuer expects to face additional competition from new entrants. To become and remain competitive, the Resulting Issuer will require research and development, marketing, sales and support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis which could materially and adversely affect the business, financial condition, results of operations or prospects of the Resulting Issuer.

If the number of users of cannabis infused beverages increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Future Acquisitions or Dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Resulting Issuer's ongoing business; (ii) distraction of management; (iii) the Resulting Issuer may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Resulting Issuer's operations; and (vi) loss or reduction of control over certain of the Resulting Issuer's assets.

The presence of one or more material liabilities of an acquired company that are unknown to the Resulting Issuer at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Resulting Issuer. A strategic transaction may result in a significant change in the nature of the Resulting Issuer's business, operations and strategy. In addition, the Resulting Issuer may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Resulting Issuer's operations.

Unfavourable Publicity or Consumer Perception

The Resulting Issuer believes the cannabis industry and derivative cannabis products are highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis inputted. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis and cannabis-related products. There can be no assurance that future scientific research or findings, regulatory investigations, litigation, media attention or other publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory investigations, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or other publicity could have a material adverse effect on the demand for cannabis products and on the business, results of operations, financial condition, cash flows or prospects of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. There is no assurance that such adverse publicity reports or other media attention will not arise.

Product Liability

The Resulting Issuer would face an inherent risk of exposure to product liability claims, regulatory action and litigation if its customers' products are alleged to have caused significant loss or injury. In addition, tampering by unauthorized third parties or product contamination with respect to the cannabis used in the Resulting Issuer's customers' products may impact the risk of injury to consumers. Previously unknown adverse reactions resulting from human consumption of cannabis infused beverages alone or in combination with other substances could occur. The Resulting Issuer may be subject to various product liability claims, including, among others, that their cannabis product caused injury or illness, included inadequate instructions for use or included inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Resulting Issuer could result in increased costs, could adversely affect the Resulting Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations, financial condition or prospects of the Resulting Issuer. There can be no assurances that the Resulting Issuer will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Resulting Issuer's potential products or otherwise have a material adverse effect on the business, results of operations, financial condition or prospects of the Resulting Issuer.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such recalls cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management attention. Although the Resulting Issuer will have detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Resulting Issuer's products were subject to recall, the image of that product and the Resulting Issuer could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Product Approvals

The Resulting Issuer may require advance approval of its products from federal, state, provincial and/or local authorities. While the Resulting Issuer intends to follow the guidelines and regulations of each applicable federal, state, provincial and/or local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any federal, state, provincial and/or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. If any of the Resulting Issuer's products are not approved or any existing approvals are rescinded, there is the potential to lead to a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Product Exchanges, Returns and Warranty Claims

If the Resulting Issuer is unable to maintain an acceptable degree of quality control of its products, the Resulting Issuer will incur costs associated with the exchange and return of the products as well as servicing its customers for warranty claims. Any of the foregoing on a significant scale may have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Research and Development

Before the Resulting Issuer can obtain regulatory approval for the commercial sale of any of its products, it will be required to complete extensive trial testing to demonstrate safety and efficacy. Depending on the exact nature of trial testing, such trials can be expensive and are difficult to design and implement. The testing process is also time consuming and can often be subject to unexpected delays.

The timing and completion of trial testing may be subject to significant delays relating to various causes, including: inability to manufacture or obtain sufficient quantities of units and or test subjects for use in trial testing; delays arising from collaborative partnerships; delays in obtaining regulatory approvals to commence a study, or government intervention to suspend or terminate a study; delays, suspensions or termination of trial testing due to the applicable institutional review board or independent ethics board responsible for overseeing the study to protect research subjects; delays in identifying and reaching agreement on acceptable terms with prospective trial testing sites and subjects; variability in the number and types of subjects available for each study and resulting difficulties in identifying and enrolling subjects who meet trial eligibility criteria; scheduling conflicts; difficulty in maintaining contact with subjects after testing, resulting in incomplete data; unforeseen safety issues or side effects; lack of efficacy during trial testing; reliance on research organizations to conduct trial testing, which may not conduct such trials with good laboratory practices; or other regulatory delays.

Difficulty in Developing Products

If the Resulting Issuer cannot successfully develop, manufacture and distribute its products, or if the Resulting Issuer experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Resulting Issuer may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Resulting Issuer's ability to effectively enter the market. A failure by the Resulting Issuer to achieve a low-cost structure through economies of scale would have a material adverse effect on the Resulting Issuer's commercialization plans and the Resulting Issuer's business, prospects, results of operations and financial condition.

Success of New and Existing Products and Services

The Resulting Issuer has committed, and expects to continue to commit, significant resources and capital to develop and market new products and services. These products and services are relatively untested, and the Resulting Issuer cannot guarantee that it will achieve market acceptance for any new products and services that the Resulting Issuer may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business of manufacturing and distributing cannabis infused products and accessories. In addition, new products, services and enhancements may pose a variety of technical challenges and require the Resulting Issuer to attract additional qualified employees. The failure to successfully develop and market these new products, services or enhancements or to hire qualified employees could seriously harm the Resulting Issuer's business, financial condition and results of operations.

Continued Market Acceptance by Consumers

The Resulting Issuer is substantially dependent on continued market acceptance of its products by consumers. Although the Resulting Issuer believes that the use of products similar to the products to be designed and manufactured by the Resulting Issuer is gaining international acceptance, the Resulting Issuer cannot predict the future growth rate and size of this market.

Promoting and Maintaining Brands

The Resulting Issuer believes that establishing and maintaining the brand identities of products is a critical aspect of attracting and expanding a large customer base. Promotion and enhancement of brands will depend largely on success in providing high quality products. If customers and end users do not perceive the Resulting Issuer's products to be of high quality, or if the Resulting Issuer introduces new products or enters into new business ventures that are not favorably received by customers and end users, the Resulting Issuer will risk diluting brand identities and decreasing their attractiveness to existing and potential customers. Moreover, in order to attract and retain customers and to promote and maintain brand equity in response to competitive pressures, the Resulting Issuer may have to increase substantially financial commitment to creating and maintaining a distinct brand loyalty among customers. If the Resulting Issuer incurs significant expenses in an attempt to promote and maintain brands, the business, results of operations and financial condition could be adversely affected.

Director and Officer Control of Resulting Issuer Shares

Following the completion of the Transaction, the officers and directors of the Resulting Issuer own approximately 13.42% of the issued and outstanding Resulting Issuer Shares. The Resulting Issuer's shareholders nominate and elect the Resulting Issuer Board, which generally has the ability to control the acquisition or disposition of the Resulting Issuer's assets, and the future issuance of Resulting Issuer Shares. Accordingly, for any matters with respect to which a majority vote of the Resulting Issuer Shares may be required by law, the Resulting Issuer's directors and officers may have the ability to control such matters. Because the directors and officers control a substantial portion of such Resulting Issuer Shares, investors may find it difficult or impossible to replace the Resulting Issuer's directors if they disagree with the way the Resulting Issuer's business is being operated.

Reliance on Key Inputs

The distribution business is dependent on a number of key inputs and their related costs including raw materials and supplies related to product development and manufacturing operations. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the Resulting

Issuer's business, financial condition, results of operations or prospects. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Resulting Issuer might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Resulting Issuer in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of the Resulting Issuer.

Dependence on Suppliers and Skilled Labour

The ability of the Resulting Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Resulting Issuer will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Resulting Issuer's capital expenditure plans may be significantly greater than anticipated by the Resulting Issuer's management, and may be greater than funds available to the Resulting Issuer, in which circumstance the Resulting Issuer may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Difficulty to Forecast

The Resulting Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of the Resulting Issuer.

Management of Growth

The Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Internal Controls

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and materially adversely affect the trading price of the Resulting Issuer Shares.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Resulting Issuer and as officers and directors of such other companies.

Litigation

The Resulting Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Resulting Issuer becomes involved be determined against the Resulting Issuer, such a decision could adversely affect the Resulting Issuer's ability to continue operating and the market price for the Resulting Issuer Shares. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant company resources.

Intellectual Property Risks

The Resulting Issuer will have certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patents and proprietary processes. The Resulting Issuer will rely on this intellectual property, know-how and other proprietary information, and may require employees, consultants and suppliers to sign confidentiality agreements. However, any confidentiality agreement may be breached, and the Resulting Issuer may not have adequate remedies for such breaches. Third parties may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology. Third parties may otherwise gain access to the Resulting Issuer's proprietary information and adopt it in a competitive manner. Any loss of intellectual property protection may have a material adverse effect on the Resulting Issuer's business, results of operations or prospects.

Fraudulent Or Illegal Activity by Employees, Contractors And Consultants

The Resulting Issuer is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Resulting Issuer that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Resulting Issuer to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Resulting Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Resulting Issuer from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Resulting Issuer, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Resulting Issuer's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Resulting Issuer's operations, any of which could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Information Technology Systems and Cyber-Attacks

The Resulting Issuer's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Resulting Issuer's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Resulting Issuer's reputation and results of operations.

The Resulting Issuer has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Resulting Issuer will not incur such losses in the future. The Resulting Issuer's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Resulting Issuer may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Operating Risks and Insurance

The Resulting Issuer's operations will be subject to hazards inherent in the cannabis industry, such as equipment defects, malfunction and failures, natural disasters which result in fires, accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment, labour disputes, and changes in the regulatory environment. These risks could expose the Resulting Issuer to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators.

The Resulting Issuer will continuously monitor its operations for quality control and safety. However, there are no assurances that the Resulting Issuer's safety procedures will always prevent such damages. Although the Resulting Issuer will maintain insurance coverage that it believes to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover its liabilities. In addition, there can be no assurance that the Resulting Issuer will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits then maintained by the Resulting Issuer, or a claim at a time when it is not able to obtain liability insurance, could have a material adverse effect on the Resulting Issuer, the Resulting Issuer's ability to conduct normal business operations and on the Resulting Issuer's business, financial condition, results of operations and cash flows in the future.

Uninsured or Uninsurable Risk

The Resulting Issuer may be subject to liability for risks against which it cannot insure or against which the Resulting Issuer may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Resulting Issuer's normal business activities. Payment of liabilities for which the Resulting Issuer does not carry insurance may have a material adverse effect on the Resulting Issuer's financial position and operations.

Issuance of Debt

From time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Resulting Issuer's debt levels above industry standards for companies of similar size. Depending on future exploration and development plans, the Resulting Issuer may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms to the Resulting Issuer. Neither the Resulting Issuer's notice of articles nor its articles will limit the amount of indebtedness that the Resulting Issuer may incur. As a result, the level of the Resulting Issuer's indebtedness from time to time, could impair its ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Dilution

The Resulting Issuer may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Resulting Issuer which may be dilutive to the other shareholders and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Resulting Issuer Shares.

Financial Projections May Prove Materially Inaccurate or Incorrect

The Resulting Issuer's financial estimates, projections and other forward-looking information accompanying this Listing Statement were prepared by Everton and Molecule without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking information. Such forward-looking information is based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in such documents. Investors should review the financials of Everton and Molecule and become familiar with the assumptions underlying any estimates, projections or other forward-looking information. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results the Resulting Issuer might achieve.

Certain Remedies and Rights to Indemnification may be Limited

The Resulting Issuer's governing documents will provide that the liability of its board of directors and officers is eliminated to the fullest extent allowed under the provincial and federal laws of Canada applicable therein. Thus, the Resulting Issuer and the shareholders of the Resulting Issuer may be prevented from recovering damages for alleged errors or omissions made by the members of the board of directors of the Resulting Issuer and its officers. The Resulting Issuer's governing documents will also provide that the Resulting Issuer will, to the fullest extent permitted by law, indemnify members of the board of directors of the Resulting Issuer and its officers for certain liabilities incurred by them by virtue of their acts on behalf of the Resulting Issuer.

Going-Concern Risk

The *pro forma* financial statements of the Resulting Issuer have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Resulting Issuer's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Resulting Issuer will be successful in completing an equity or debt financing or in achieving profitability. The *pro forma* financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Resulting Issuer be unable to continue as a going concern.

Client Acquisitions

The Resulting Issuer's success depends on its ability to attract and retain clients. There are many factors which could impact the Resulting Issuer's ability to attract and retain clients, including but not limited to the Resulting Issuer's ability to continually produce desirable and effective products, the successful implementation of the Resulting Issuer's client-acquisition plan and continued growth in the aggregate number of consumers choosing to use consumer the Resulting Issuer's products. The Resulting Issuer's failure to acquire and retain customers would have a material adverse effect on the Resulting Issuer's business, operating results and financial condition.

Credit Risk

The Resulting Issuer will be exposed to credit risk through its cash and cash equivalents. Credit risk arises from deposits with banks and outstanding receivables. The Resulting Issuer does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Reliance on License

The ability of the Resulting Issuer to successfully grow, store and sell cannabis-infused products in Canada is dependent on the Resulting Issuer obtaining the necessary licenses. These licenses will e subject to ongoing compliance and reporting requirements. Failure to comply with the requirements and terms of the licenses or any failure to maintain the licenses or any failure to renew the licenses after their expiry date, would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer. Although the Resulting Issuer believes that it will meet the requirements of the licenses it obtains, there can be no assurance that the applicable governing body will extend or renew such licenses or, if extended or renewed, that it will be extended or renewed on the same or similar terms. Should the Resulting Issuer fail to extend or renew the licenses or should they renew the licenses on different terms, the business, financial condition and operating results of the Resulting Issuer would be materially adversely affected.

Limited Operating History

The Resulting Issuer is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Volatile Stock Price

The stock price of the Resulting Issuer, post Arrangement, is expected to be highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the cannabis industry, and may also be affected by adverse changes in general market or industry conditions or economic trends, the COVID-19 pandemic, or a variety of other factors. The Resulting Issuer cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Resulting Issuer's decisions related to future operations and will likely trigger major changes in the trading price of the Resulting Issuer Shares.

Reliance on Management

Another risk associated with the production and sale of cannabis infused products is the loss of important staff members. The Resulting Issuer is currently in good standing with all high level employees and believes that with well managed practices it will remain in good standing. The success of the Resulting Issuer will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

Insurance and Uninsured Risks

The Resulting Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Resulting Issuer maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Resulting Issuer is not generally available on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

COVID-19 Outbreak

Since the emergence in or about December 2019 of a novel strain of coronavirus ("**COVID-19**"), the highly contagious virus has spread across the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Since that time in response to the outbreak, governmental authorities in Canada and internationally have implemented various measures with the aim of preventing or limiting further spread of COVID-19. These measures, which have included travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, and social distancing, have, among other things, resulted in widespread business, employment and economic disruptions. The global pandemic continues to rapidly evolve and the ultimate impact of the COVID-19 outbreak is highly uncertain. The continued global spread of COVID-19 could have an adverse impact on the business, operations and financial results of the Resulting Issuer, including with respect to issues related to labour, processing and supply chain. As at the date of this Listing Statement, Molecule has not yet begun production but is implementing or will implement precautionary measures, which would not have otherwise been implemented prior to the COVID-19 outbreak, at its facility to ensure the safety of its personnel, suppliers and consumers, which may adversely impact Molecule's labour productivity and its supply chains. For example, mandatory or voluntary self-quarantines may limit the staffing of Molecule's facility. In addition, it's possible that the COVID-19 pandemic may adversely affect Molecule's ability to successfully market and sell its products. Although the opposite may be true, sales volumes of cannabis-infused products may be adversely impacted by consumer "social distancing" behaviours. Continued spread of COVID-19 globally could also lead to a deterioration of general economic conditions including a possible national or global recession. Due to the unpredictability and scale of the effects of COVID-19, the Resulting Issuer is unable to accurately estimate the impact or level of materiality of COVID-19 on its business, operations or financial results as at the date of this Listing Statement. The Resulting Issuer will monitor the situation and in order to assess any possible adverse impact on its business, supply chain and customers on an ongoing basis and to determine which measures, if any, will be taken to mitigate such adverse impact.

Industry and Regulatory Risks

Regulatory Regime

The business and activities of the Resulting Issuer are heavily regulated in the jurisdiction where it will carry on business. The Resulting Issuer's operations will be subject to various laws, regulations and guidelines by governmental authorities. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Resulting Issuer, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Resulting Issuer's products and services. Achievement of the Resulting Issuer's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Resulting Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

The Resulting Issuer will incur ongoing costs and obligations related to regulatory compliance in Canada. Failure to comply with regulations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate the Resulting Issuer's business, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Change in Laws, Regulations and Guidelines

The Resulting Issuer's operations are subject to a variety of laws, regulations and guidelines, including, but not limited to, those relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as laws and regulations relating to health and safety (including those for consumable products), the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations. If any changes to such laws, regulations and guidelines occur, which are matters beyond the control of the Resulting Issuer, the Resulting Issuer may incur significant costs in complying with such changes or it may be unable to comply therewith, which in turn may result in a material adverse effect on the Resulting Issuer's business, financial condition and results of operation. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Resulting Issuer's business plan and result in a material adverse effect on certain aspects of its planned operations.

General Regulatory Risks

The market for cannabis and cannabis derivative products in Canada is regulated by the Cannabis Act and Cannabis Regulations. Health Canada is the primary regulator of the cannabis industry as a whole. There is no guarantee that the Resulting Issuer will obtain, all the necessary licenses or approvals required for its business, including a Standard Processing License. In addition, failure to comply with the requirements of any license, once obtained by the Resulting Issuer, or any failure to maintain such license would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer. Molecule has applied to Health Canada for a Standard Processing Licence to engage in the production and co-packing of cannabis-infused beverages by providing the infrastructure, knowhow, technology and license for craft beverage producers to create cannabis beverages. Should Health Canada not grant this or any other licenses required for the anticipated business of the Resulting Issuer or should it grant any necessary license on different terms, the business, financial condition and results of the operation of the Resulting Issuer could be materially and adversely affected.

Differing Local Rules and Regulations May Limit Ability to Expand into New Markets

Expansion of the Resulting Issuer's business into new markets with different rules and regulations or distant from then-existing operations, may not succeed. Any such expansion may expose the Resulting Issuer to new operational, regulatory and/or legal risks. In addition, expanding into new localities may subject the Resulting Issuer to unfamiliar or uncertain local rules and regulations that may adversely affect the operations of the Resulting Issuer. For example, different localities may impose different rules on how cannabis may be cultivated, manufactured, processed, distributed and/or transported. Each of the political subdivisions currently has the right to subject participants in the cannabis industry operating within its jurisdiction to its own set of rules and regulations regarding the acquisition and maintenance of required licenses, permits or registrations, and the conduct of business, including prohibiting such operations and business in full or in part, regardless of the rules and regulations of other political subdivisions in which the Resulting Issuer operates. Newly entered localities may also have competitive conditions, consumer preferences and spending patterns that are more difficult to predict or satisfy than the existing markets.

Constraints on Marketing Products

The development of the Resulting Issuer's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in Canada limits companies' abilities to compete for market share in a manner similar to other industries. If the Resulting Issuer is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Resulting Issuer's sales and results of operations could be adversely affected.

Environmental Risk and Regulation

The Resulting Issuer's operations are subject to environmental regulation in the various jurisdictions in which it will operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Resulting Issuer's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Resulting Issuer's operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Resulting Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of cannabis, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Economic Environment

The Resulting Issuer's operations could be affected by general economic context conditions should the unemployment level, interest rates or inflation reach levels that influence consumer trends, and consequently, impact the Resulting Issuer's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Resulting Issuer's management.

Market and Other Risks

Volatility in the Market Price of the Resulting Issuer's Securities

The Resulting Issuer Shares are expected to be listed on the CSE under the symbol "MLCL" following the completion of the Arrangement. Securities of cannabis companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, currency fluctuations and market perceptions of the attractiveness of particular industries. The price of the Resulting Issuer Shares is also likely to be significantly affected by short-term changes in the cannabis sector, by the Resulting Issuer's financial condition or results of operations as reflected in its quarterly financial statements and by other operational and regulatory matters. As a result of any of these factors, the market price of the Resulting Issuer Shares at any given point in time may not accurately reflect their long-term value.

Payment of Dividends Unlikely

There is no assurance that the Resulting Issuer will pay dividends on its shares in the near future or ever. The Resulting Issuer will likely require all its funds to further the development of its business.

18. PROMOTERS

As a founder, director, President and CEO of Molecule up to the completion of the Arrangement, and a director as of the completion of the Arrangement, Andre Audet is a promoter of the Resulting Issuer within the meaning of applicable securities laws, controlling 8.72% of the Resulting Issuer Shares.

No assets of the Molecule have been acquired from a promoter of the Resulting Issuer other than the Lease and the rights therein acquired by Molecule from Mr. Audet on April 1, 2019.

Other than as disclosed in section 13.6 of this Listing Statement, no promoter of the Resulting Issuer has, within 10 years prior to the date of this Listing Statement, been a director, chief executive officer, or chief financial officer of any person or company, that was subject to an order that was issued while the promoter was acting in such capacity, or was subject to an order that was issued after the promoter ceased to act in such capacity and which resulted from an event that occurred while the promoter was acting in such capacity.

Other than as disclosed in section 13.6 of this Listing Statement, no promoter of the Resulting Issuer is, as at the date of this Listing Statement, or has been within the 10 years prior to the date of this Listing Statement, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Other than as disclosed in section 13.6 of this Listing Statement, no promoter of the Resulting Issuer has, within the 10 years prior to the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

19. LEGAL PROCEEDINGS

There are no material legal proceedings to which Everton, Molecule, or the Resulting Issuer are, or have been, a party or of which any of their property is, or has been, the subject matter. Additionally, to the reasonable knowledge of the management of the Everton, Molecule, and the proposed management of the Resulting Issuer, there are no such proceedings contemplated.

There have not been any penalties or sanctions imposed against Everton, Molecule, or the Resulting Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years prior to the date of this Listing Statement, nor have there been any other penalties or sanctions imposed by a court or regulatory body against Everton, Molecule, or the Resulting Issuer, and they have not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years prior to the date of this Listing Statement.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described herein, to the knowledge of Everton and Molecule' management, no proposed director or officer, insider, nor any of their respective associates, affiliates or member of their group have any interest in any material transaction of the Resulting Issuer within the past three years prior to the date of this Listing Statement.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditor of Molecule is McGovern Hurley LLP, located at 251 Consumers Rd Suite 800, North York, ON M2J 4R3.

The auditor of Everton is Devisser Gray LLP, located at 905 W Pender St., Vancouver, British Columbia V6C 1L6.

The auditors of the Resulting Issuer following completion of the Arrangement will be McGovern Hurley LLP at its principal office in 251 Consumers Rd Suite 800, North York, ON M2J 4R3.

21.2 Registrar and Transfer Agent

Everton's registrar and transfer agent, Computershare Trust Company of Canada, located at 1500 Boulevard Robert-Bourassa, Montréal, QC H3A 3S8, will be the registrar and transfer agent of the Resulting Issuer.

22. MATERIAL CONTRACTS

During the course of the two years prior to the date of the Listing Statement, Everton has entered into the following material contracts, other than the contracts entered into in the ordinary course of business:

(1) Mineral Property Agreement;

(2) The Arrangement Agreement;

(3) Engagement letter with GSI and Molecule dated June 5, 2020.

(4) Agency Agreement with GSI and Molecule dated July 29, 2020; and

(5) Fiscal Advisory Agreement with GSI and Molecule dated July 29, 2020.

During the course of the two years prior to the date of the Listing Statement, Molecule has entered into the following material contracts, other than the contracts entered into in the ordinary course of business:

(1) Commercial property lease dated April 1, 2019 between Molecule and Thousand Island Farms Inc., a corporation wholly-owned by André Audet. See section entitled "*General Development of the Business*";

(2) Share exchange agreement with Burrard and its shareholders dated June 13, 2019. See section entitled "*General Development of the Business*";

(3) Advisory Agreement with GSI dated June 13, 2019;

(4) The Arrangement Agreement;

(5) Engagement letter with GSI and Everton dated June 5, 2020;

(6) Agency Agreement with GSI and Everton dated July 29, 2020; and

(7) Fiscal Advisory Agreement with GSI and Everton dated July 29, 2020.

23. INTEREST OF EXPERTS

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such person is a promoter of the Resulting Issuer or an Associate or Affiliate of the Resulting Issuer. Devisser Gray LLP and McGovern Hurley LLP are independent of the Resulting Issuer, and have performed their services in accordance with the rules of professional conduct of International Auditing Standards.

24. OTHER MATERIAL FACTS

The Resulting Issuer is not aware of any other material facts relating to Molecule, Everton or the Resulting Issuer or to the Arrangement that are not disclosed under the preceding items and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to Molecule, Everton, and the Resulting Issuer, assuming completion of the Arrangement, other than those set forth herein.

25. FINANCIAL STATEMENTS

25.1 Financial Statements

Please see attached for the following financial statements:

A. the audited consolidated financial statements of Molecule as of and for the years ended October 31, 2019 and 2018 and related notes thereto attached hereto as Schedule "A";

B. the unaudited condensed consolidated interim financial statements of Molecule as of and for the three and six months ended April 30, 2020 and related notes thereto attached hereto as "B";

C. the audited consolidated financial statements of Everton as of and for the years ended October 31, 2019 and 2018 and related notes thereto attached hereto as Schedule "C";

D. the unaudited condensed consolidated interim financial statements of Everton as of and for the three and six months ended April 30, 2020, and related notes thereto attached hereto as Schedule "D";

E. the pro-forma statement of financial position of the Resulting Issuer as at April 30, 2020 attached hereto as Schedule "E";

F. the annual management's discussion and analysis of Molecule for the years ended October 31, 2019 and 2018 attached hereto as Schedule "F"; and

G. the annual management's discussion and analysis of Everton for the years ended October 31, 2019 and 2018 attached hereto as Schedule "G";

H. the interim management's discussion and analysis of Molecule for the six months ended April 30, 2020 attached hereto as Schedule "H"; and

I. the annual management's discussion and analysis of Everton for the three and six months ended April 30, 2020 attached hereto as Schedule "I".

CERTIFICATE OF MOLECULE INC.

Pursuant to a resolution duly passed by the board of directors of Molecule Inc. (the "**Issuer**"), the Issuer, hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to the Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 14th day of September, 2020.

DocuSigned by: Andre Audet 1DDD0C112D7A426...	DocuSigned by: Brendan Stutt 51E4EF1E5EDB4AF...
Andre Audet	Brendan Stutt
Chief Executive Officer	Chief Financial Officer
DocuSigned by: Andre Audet 1DDD0C112D7A426...	DocuSigned by: Philip Waddington ED433162C1CE485...
Andre Audet	Philip Waddington
Director	Director

CERTIFICATE OF EVERTON RESOURCES INC.

The foregoing contains full, true and plain disclosure of all material information relating to Everton Resources Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 14th day of September, 2020.

Andre Audet Chief Executive Officer	Brendan Stutt Chief Financial Officer
Keith Stein Director	Michel Fontaine Director

SCHEDULE "A"

ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MOLECULE INC. FOR THE YEARS ENDED OCTOBER 31, 2019 AND 2018

[see attached]

MOLECULE INC.

Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian Dollars)

McGovern
Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Directors of Molecule Inc.

Opinion

We have audited the consolidated financial statements of Molecule Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended October 31, 2019 and the date of incorporation (September 28, 2018) to October 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the year ended October 31, 2019 and the date of incorporation (September 28, 2018) to October 31, 2018, 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 *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. 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.

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's 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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Toronto, Ontario
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Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

McGovern Hurley

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

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

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

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 04, 2020

Molecule Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	**October 31, 2019**	October 31, 2018
	$	$
ASSETS		
Current assets		
Cash	**2,288,191**	-
Sales taxes receivable	**305,610**	-
Other receivables	**2,874**	-
Prepaid expenses	**76,675**	61,300
	2,673,350	61,300
Deposits (Note 3)	**307,079**	-
Capital assets (Note 3)	**2,070,099**	-
Total assets	**5,050,528**	61,300
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**516,949**	-
Current portion of lease liability (Note 5)	**36,730**	-
Other current liabilities (Note 8)	**-**	61,299
	553,679	61,299
Lease liability (Note 5)	**178,649**	-
Total liabilities	**732,328**	61,299
EQUITY		
Share capital (Note 6)	**5,251,972**	1
Contributed surplus (Note 7)	**157,475**	-
Deficit	**(1,091,247)**	-
Total equity	**4,318,200**	1
Total liabilities and equity	**5,050,528**	61,300

On behalf of the Board

(signed) "Andre Audet"
Andre Audet, Director

(signed) "Phil Waddington"
Phil Waddington, Director

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

Molecule Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the year ended October 31, 2019	From the date of incorporation (September 28, 2018) to October 31, 2018
	$	$
Operating expenses		
Management and consulting fees	**402,285**	-
Salaries and benefits	**209,243**	-
Professional fees	**229,059**	-
Office	**71,060**	-
Depreciation of capital assets (Note 3)	**27,986**	-
Interest on lease liability	**15,514**	-
Stock-based compensation (Note 7)	**157,475**	-
Loss before other items	**(1,112,622)**	-
Other income		
Interest income	**21,375**	-
Net loss and total comprehensive loss	**(1,091,247)**	-
Basic and diluted net loss per common share	**(0.02)**	-
Basic and diluted weighted average number of common shares outstanding	**46,563,342**	100

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

Molecule Inc.
Consolidated Statements of Changes in Equity
(in Canadian dollars)

	Share Capital		Contributed Surplus	Deficit	Total
	# of shares	$	$	$	$
Balance, September 28, 2018 (date of incorporation) and October 31, 2018	**100**	**1**	**-**	**-**	**1**
Shares issued for cash (Note 6)	55,995,433	4,439,772	-	-	4,439,772
Shares issued for debt (Note 6)	6,504,567	110,228	-	-	110,228
Shares issued to acquire Burrard Bay Capital Corp (Note 6)	10,000,000	1,000,000	-	-	1,000,000
Shares issued for services (Note 6)	300,000	30,000	-	-	30,000
Share issuance costs	-	(328,029)	-	-	(328,029)
Stock-based compensation	-	-	157,475	-	157,475
Net loss and total comprehensive loss	-	-	-	(1,091,247)	(1,091,247)
Balance, October 31, 2019	**72,800,100**	**5,251,972**	**157,475**	**(1,091,247)**	**4,318,200**

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

Molecule Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	For the year ended October 31, 2019	From the date of incorporation (September 28, 2019) to October 31, 2018
	$	$
OPERATING ACTIVITIES		
Net loss	**(1,091,247)**	-
Adjustments for:		
Stock-based compensation	**157,475**	-
Depreciation of capital assets	**27,986**	-
Interest on lease liability	**15,514**	-
Interest income	**(21,375)**	-
Changes in non-cash working capital items	**2,148**	(1)
Net cash flows from operating activities	**(909,499)**	(1)
INVESTING ACTIVITIES		
Interest received	**18,501**	-
Deposit	**(307,079)**	-
Investment in capital assets	**(1,585,475)**	-
Net cash flows from investing activities	**(1,874,053)**	-
FINANCING ACTIVITIES		
Shares issued for cash	**5,439,772**	1
Share issuance costs	**(328,029)**	-
Lease payments	**(40,000)**	-
Net cash flows from financing activities	**5,071,743**	1
Increase in cash	**2,288,191**	-
Cash, beginning of the period	**-**	-
Cash, end of the period	**2,288,191**	-
Changes in non-cash working capital items consists of the following:		
Sales taxes receivable	**(305,610)**	-
Prepaid expenses	**(15,375)**	(61,300)
Accounts payable and accrued liabilities	**323,133**	-
Other current liabilities	**-**	61,299
	2,148	(1)
Supplemental information:		
Shares issued for debt and services (Note 6)	**140,228**	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Molecule Inc. (the "Company" or "Molecule") was incorporated on September 28, 2018 under the Business Corporations Act (Ontario).

On February 28, 2020, Molecule was issued a Standard Processing Licence by Health Canada (the "Licence") in accordance with the Cannabis Act and Cannabis Regulations. The Licence authorizes Molecule to: possess cannabis; produce cannabis, other than obtaining it by cultivating, propagating or harvesting it; and to sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations and in accordance with the conditions of the Licence.

The Company will engage in the production and co-packing of cannabis-infused beverages by providing the infrastructure, knowhow, technology and licence for craft beverage producers to create cannabis beverages. The address of the Company's corporate office is 591 Reynolds Road, Lansdowne, Ontario K0E 1L0.

Arrangement Agreement with Everton Resources Inc.

On November 27, 2019, the Company entered into a definitive arrangement agreement with Everton Resources Inc. ("Everton") pursuant to which Everton will acquire (the "Proposed Transaction") all of the issued and outstanding securities of Molecule, by way of plan of arrangement (the "Plan of Arrangement"), which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the Proposed Transaction (the "Resulting Issuer").

Prior to the closing of the Proposed Transaction, it is anticipated that Everton will apply to list its common shares on the Canadian Securities Exchange ("CSE") and voluntarily delist its common shares from the TSX Venture Exchange (the "TSXV"). It is expected that the Company will delist from the TSXV immediately prior to the completion of the Proposed Transaction and the listing on the CSE (Note 11).

Going Concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at October 31, 2019, the Company had not yet generated any revenues from operations. The Company has no income or cash inflow from operations. Continued operation of the Company is dependent on achieving commercial operations, which requires continued financial support through equity and/or debt financings, or the achievement of profitable operations in the future. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient. These financial statements do not include any adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the Company be unable to continue as a going concern and these adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and compliance with IFRS

These consolidated financial statements have been prepared on a historical cost basis and are expressed in Canadian dollars, which is also the functional currency of the parent Company and its subsidiary. These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on March 4, 2020.

(Expressed in Canadian dollars)

(b) Basis of consolidation

These consolidated financial statements consolidate those of the parent company and its subsidiary as at and for the year ended October 31, 2019. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of October 31.

All intercompany transactions and balances between the companies are eliminated on consolidation, including unrealized gains and losses on transactions. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Composition of the Company:

The subsidiaries of the Company and their principal activities as at October 31, 2019 and 2018 were as follows:

		Ownership interest as at		
	Place of	October 31,		
Name of subsidiary	incorporation	2019	2018	Principal activity
Burrard Bay Capital Corp.	Canada	100%	-	Holding Company

(c) Financial instruments

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

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets at amortized costs

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset is initially measured at fair value, including transaction costs and subsequently at amortized cost. The Company's cash and other receivables fall into this category of financial instruments.

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

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value with any resulting gain or loss recognized in profit or loss. Transaction costs are expensed as incurred. The Company does not have any assets that fall into this category of financial instruments.

Impairment of financial assets

All financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial reorganization;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company generally considers a decline of 20% to be significant and a period of nine months to be prolonged.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables is presented in profit or loss, if applicable.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. Financial liabilities at FVTPL are stated at fair value, with changes being recognized through profit or loss. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company's financial liabilities include accounts payable and accrued liabilities and other current liabilities.

Fair value hierarchy

Financial instruments measured at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices unadjusted in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As at October 31, 2019 and 2018, the Company did not have any financial instruments measured at fair value that require classification within the fair value hierarchy.

(d) Capital assets

Capital assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the following methods and terms:

Asset type	Depreciation method	Depreciation term
Right of use asset	Straight line	5 years
Construction in progress	Not depreciated	No term
Equipment	Straight line	5-10 years

A capital asset is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying value of the asset, is included in profit or loss in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed on an annual basis, and adjusted prospectively, if appropriate.

There have been no impairment losses with respect to capital assets recognized in any of the periods presented in these consolidated financial statements.

(e) Leases and right-of-use assets

The Company has early adopted IFRS 16 Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. The Company's accounting policy for leases under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

A lease liability is initially measured at the present value of the unpaid lease payments discounted using the interest rate implicit in in the lease or if that rate cannot be reliably determined, the Company's incremental borrowing rate. Subsequently, the Company measures a lease liability at amortized cost using the effective interest method. It is then remeasured to reflect revised in-substance fixed lease payments. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

(f) Impairment of non-financial assets

The Company assesses non-financial assets for impairment when facts and circumstances suggest that the carrying amount of the assets are impaired. An impairment review is undertaken when indicators of impairment arise.

Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are largely independent cash inflows (cash-generating units or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use, being the present value of the expected future cash flows of the relevant asset or CGU. An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in profit or loss.

(g) Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions as at October 31, 2019 and 2018.

(h) Share-based compensation

The Company operates an equity-settled stock-based remuneration plan (stock option plan) for directors, officers, employees and certain consultants. The Company's plan does not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any stock-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. Where employees, or consultants providing similar services, are rewarded using stock-based payments, the fair values of the services rendered are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and if applicable, recognized over the vesting period. 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. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if stock options ultimately exercised are different to that estimated on vesting. Stock-based compensation expense incorporates an expected forfeiture rate.

(i) Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period. The computation of diluted earnings (loss) per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on earnings (loss) per share. The diluted loss per share is equal to the basic loss per share where the effect of warrants and/or stock options is antidilutive, as it would decrease the loss per share.

In the calculation of diluted loss per share for the year ended October 31, 2019, 2,500,000 stock options were excluded as they were antidilutive.

(j) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(k) Segmented reporting

The Company presents and discloses segmented information based on information that is regularly reviewed by the Company's CEO, who is the chief operating decision maker. The CEO has primary responsibility for allocating resources to the Company's operating segments and assessing their performance. The Company is currently in the development stage and has determined that there is only one operating segment being the production and co-packing of cannabis-infused beverages.

(l) Significant management judgements

The following are significant management judgments in applying the accounting policies of the Company and have the most significant effect on the financial statements.

Going concern

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

Estimated useful lives, impairment considerations and depreciation of capital assets

Depreciation of capital assets is dependent upon estimates of useful lives based on management's judgment.

Impairment of definite long-lived assets is influenced by judgment in defining a CGU and determining the indicators of impairment, and estimates used to measure impairment losses.

The recoverable value of long-lived assets is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, growth rates and discount rates.

Measurement of right-of-use asset and lease liability on initial recognition

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Significant judgment is required to estimate an incremental borrowing rate in the context of a right-of-use asset.

Share-based compensation

The fair value of share-based compensation expenses is estimated using the Black-Scholes option pricing model and relies on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk free rate of return, and the estimated rate of forfeiture of options granted.

(m) Standards, amendments and interpretations not yet effective

The IASB has issued the following new and revised standards and amendments, which are not yet effective and which may have future applicability to the Company.

IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted. The extent of the impact on the Company of adopting these amendments has not yet been determined.

IFRS 3, Business Combinations

In October 2018, IFRS 3 - Business Combinations ("IFRS 3") was amended to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted. The extent of the impact on the Company of adopting these amendments has not yet been determined.

(Expressed in Canadian dollars)

3. CAPITAL ASSETS

	Right of use asset (1)	Construction in progress (2)	Equipment (3)	Total
	$	$	$	$
Cost				
Balance, September 28, 2018 (date of incorporation) and October 31, 2018	-	-	-	-
Additions	239,865	1,082,628	775,592	2,098,085
Cost, October 31, 2019	**239,865**	**1,082,628**	**775,592**	**2,098,085**
Accumulated depreciation				
Balance, September 28, 2018 (date of incorporation) and October 31, 2018	-	-	-	-
Depreciation	27,986	-	-	27,986
Accumulated depreciation, October 31, 2019	**27,986**	**-**	**-**	**27,986**
Net Book Value, October 31, 2019	**211,879**	**1,082,628**	**775,592**	**2,070,099**

(1) Effective April 1, 2019, the Company entered into a lease for a parcel of land and building for an initial term of five years, for which a right-of-use asset was recognized in the amount of $239,865 (Note 5).

(2) During the year ended October 31, 2019, the Company incurred expenditures of $1,082,628 in leasehold improvements on its leased facility, which is intended to be its future production facility. The construction in progress is not depreciated as it is not yet ready for use.

(3) During the year ended October 31, 2019, the Company purchased equipment in the amount of $775,592, to be used in the production of cannabis-infused beverages. The equipment is not depreciated as it is not yet ready for use.

As at October 31, 2019, the Company had paid deposits totaling $307,079 for equipment to be used at its future production facility. The equipment is still on order and therefore has been included in deposit in the consolidated statements of financial position.

(Expressed in Canadian dollars)

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities and other current liabilities. The fair value of the Company's financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

	October 31, 2019	October 31, 2018
	$	$
Financial assets		
Amortized cost		
Cash	**2,288,191**	-
Other receivables	**2,874**	-
Total financial assets	**2,291,065**	-
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(516,949)**	-
Other current liabilities	**-**	(61,299)
Total financial liabilities	**(516,949)**	(61,299)

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash. The Company's cash is held at reputable financial institutions with high external credit ratings. It is Management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the

(Expressed in Canadian dollars)

Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. The Company's account payable and other liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares through equity offerings or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. There have been no changes to the Company's capital management approach during the year ended October 31, 2019 or during the period from September 28, 2018 (date of incorporation) to October 31, 2018.

5. LEASE LIABILITY

	$
Balance, September 28, 2018 (date of incorporation) and October 31, 2018	**-**
Addition (1)	239,865
Interest expense	15,514
Lease payments	(40,000)
Balance, October 31, 2019	**215,379**
Current	36,730
Long-term	178,649
	215,379

(1) Effective April 1, 2019, the Company entered into a lease with Thousand Island Farms Inc., a company owned by the CEO/Director of Molecule, for a parcel of land and a building. The lease has an initial five year term which expires, unless extended, in April 2024. For and during the first and second year of the lease, the base rent is $60,000, payable in equal monthly instalments of $5,000. For and during the third and fourth year of the lease, the base rent is $63,000, payable in equal monthly instalments of $5,250. For and during the fifth year of the lease, the base rent is $66,150, payable in equal monthly instalments of $5,513. Provided that the Company is not in default in the performance of any term of the lease, Molecule has the irrevocable option to purchase, during the lease term, the premises and land for a purchase price equal to $875,000 if exercised in the first year of the lease, subject to increases in each year of the lease based on the annual Consumer Price Index percentage. The Company was charged an amount of $5,000 in consideration for the grant of the purchase option, which is non-refundable.

(Expressed in Canadian dollars)

6. SHARE CAPITAL

Authorized
An unlimited number of the following shares:

Class "A" common shares - voting common shares, no par value
Class "B" common shares – voting common shares, no par value

Issued
Class "A" common shares

	Number of shares	
		$
Balance, September 28, 2018 (date of incorporation) and October 31, 2018 (1)	**100**	**1**
Shares issued for cash (2)(3)(4)	55,995,433	4,439,772
Shares issued for debt (5)	6,504,567	110,228
Shares issued to acquire Burrard Bay Capital Corp (6)	10,000,000	1,000,000
Shares issued for services (7)	300,000	30,000
Share issuance costs	-	(328,029)
Balance, October 31, 2019	**72,800,100**	**5,251,972**

(1) On September 28, 2018, on incorporation of the Company, 100 class B common shares were issued for total consideration of $1. These are the only class B common shares to have been issued. They are identical in all respects to the class A common shares and therefore have been grouped in with the class A common shares in the table above for presentation purposes.

(2) On November 30, 2018, the Company closed a private placement for gross proceeds of $25,000. The private placement was comprised of 5,000,000 shares at a price of $0.005 per share. A Director of the Company participated in the private placement for a total amount of $15,000.

(3) In December 2018, the Company closed a private placement for gross proceeds of $684,772. The private placement was comprised of 13,695,433 shares at a price of $0.05 per share. A Director of the Company participated in the private placement for an amount of $34,772.

(4) In March/April 2019, the Company closed a private placement for gross proceeds of $3,730,000. The private placement was comprised of 37,300,000 shares at a price of $0.10 per share. A Director of the Company participated in the private placement for an amount of $50,000.

(5) Under shares for debt agreements, the Company issued 5,000,000 shares on November 30, 2018 in settlement of $25,000 in debt, 1,304,567 shares in December 2018 in settlement of $65,228 in debt and 200,000 shares in April 2019 in settlement of $20,000 in debt. In total, the Company issued 6,504,567 shares in settlement of $110,228 in debt. Officers and Directors received a total of 5,304,567 shares in settlement of $85,228 in debt.

(6) On June 13, 2019, the Company acquired all of the issued and outstanding shares of Burrard Bay Capital Corp. ("Burrard Bay") by issuing 10,000,000 common shares at a deemed price of $0.10 per share. At the date of acquisition, Burrard Bay, a Canadian holding company, held cash in the amount of $1,000,000 and

(Expressed in Canadian dollars)

had no other assets or liabilities. Given that the economic substance of the transaction was that of a financing, with the Company effectively issuing common shares for cash, it has been recorded as such for accounting purposes, with direct costs recorded as a reduction of share capital.

(7) On September 15, 2019, the Company issued 300,000 common shares to a consultant at a price per share of $0.30, for advisory services rendered to the Company through to September 15, 2019.

7. STOCK OPTIONS

On June 15, 2019, the Company adopted an incentive stock option plan (the "Option Plan"). The purpose of the Option Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants and to reward them for their contributions toward creating shareholder value through the achievement of the short and long-term goals of the Company.

The following table reflects the continuity of stock options:

	Number of options	**Weighted average exercise price**
		$
Balance, September 28, 2018 (date of incorporation) and October 31, 2018	**-**	**-**
Granted (1)(2)	2,500,000	0.10
Balance, October 31, 2019	**2,500,000**	**0.10**

(1) On July 2, 2019, 1,000,000 stock options were granted to a consultant of the Company at an exercise price of $0.10 per share, which vest evenly over a twelve month period and expire five years following the date upon which the Company's (or its affiliate's) common shares are listed for trading on a nationally recognized stock exchange in Canada.

(2) On July 12, 2019, 1,500,000 stock options were granted to directors, officers and employees of the Company at an exercise price of $0.10 per share, which all vested immediately and expire on July 12, 2024.

As at October 31, 2019, the following stock options were outstanding and exercisable:

	Outstanding			**Exercisable**	
Exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average outstanding exercise price**	**Number vested**	**Weighted average vested exercise price**
		(in years)			
$0.10	**2,500,000**	**4.82**	**0.10**	**1,750,000**	**0.10**

As at October 31, 2018, there were no stock options outstanding.

(Expressed in Canadian dollars)

The following table reflects the weighted-average fair value of stock options for the periods presented and the related Black-Scholes option pricing model inputs that were used in the calculations:

	For the year ended October 31, 2019	From the date of incorporation (September 28, 2018) to October 31, 2018
Stock options granted	**2,500,000**	-
Weighted average fair value	**0.10**	-
Weighted-average exercise price	**0.10**	-
Weighted-average market price at date of grant	**0.10**	-
Expected life of stock options (years)	**5.00**	-
Expected stock price volatility	**100%**	-
Risk-free interest rate	**1.46%**	-
Expected dividend yield	**0%**	-

The underlying expected stock price volatility is based on historical data of similar companies, as the Company has limited historical data itself on which it could be based.

The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the options.

In total, $157,475 of stock-based payments (all of which relate to equity-settled stock-based payment transactions) were included in profit or loss for the year ended October 31, 2019 and credited to contributed surplus.

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Related parties include the Board of Directors and key management personnel, as well as close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Remuneration of directors and key management personnel of the Company was as follows:

	For the year ended October 31, 2019	From the date of incorporation (September 28, 2018) to October 31, 2018
	$	$
Salaries	**40,000**	-
Consulting fees (1)	**85,000**	-
Stock-based compensation	**67,134**	-
	192,134	-

(1) As at October 31, 2019, unpaid consulting fees in the amount of $5,000 are owed to management and have been included in accounts payable and accrued liabilities ($Nil as at October 31, 2018).

Other current liabilities

As at October 31, 2019, included in other current liabilities was an amount of $Nil due to the CEO of the Company ($61,299 as at October 31, 2018) for funds advanced to the Company for working capital purposes. The amount was non-interest bearing and had no specific terms of repayment.

See Notes 5, 6 and 11 for additional related party disclosure.

9. COMMITMENTS

Advisory Agreement

Effective June 15, 2019, the Company entered into an advisory agreement with a financial services company (the “Consultant”). Under the agreement, the Consultant serves as a strategic advisor to assist the Company in developing a current and ongoing acquisition and capital markets strategy. In consideration for the advisory services, the Company will pay the Consultant a monthly retainer in the amount of $10,000, which is payable in common shares of Molecule on a quarterly basis. The common shares will be valued at $0.10 per share unless the common shares of the Company become listed on a stock exchange at which point, the common shares will be valued based on the greater of $0.10 and the lowest price per common share allowed by the applicable stock exchange. The agreement is for a term of twelve months.

(Expressed in Canadian dollars)

10. INCOME TAXES

Provision for income taxes

A reconciliation of the combined federal and provincial statutory rate of 26.5% with the Company's effective income tax rate is as follows:

	For the year ended October 31, 2019	From the date of incorporation (September 28, 2018) to October 31, 2018
	$	$
Net loss before income taxes	**(1,091,247)**	-
Expected income tax recovery based on statutory rate	**(289,000)**	-
Adjustment to expected income tax benefit:		
Stock-based compensation	**42,000**	-
Changes in temporary differences not recorded	**(87,000)**	-
Change in tax assets not recognized	**334,000**	-
Income tax provision (recovery)	**-**	-

Deferred income tax

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

As at	**October 31 2019**	October 31, 2018
	$	$
Non-capital loss carry-forwards	**956,000**	-
Share issuance costs	**262,000**	-
	1,218,000	-

Tax loss carry-forwards

As at October 31, 2019, the Company has the following non-capital losses for which no deferred tax asset was set up. The carry-forward balances expire as follows:

Year of Expiry	Amount
	$
2039	**956,000**

11. SUBSEQUENT EVENTS

Arrangement Agreement with Everton Resources Inc.

Subsequent to year-end, Molecule entered into a Definitive Arrangement Agreement with Everton Resources Inc. ("Everton"), dated November 27, 2019, pursuant to which Everton will acquire (the "Proposed Transaction") all of the issued and outstanding securities of Molecule (Note 1).

Everton is a related party since the CEO and director of Everton is also the CEO, director and shareholder of Molecule, and the CFO of Everton, is also the CFO of Molecule.

As a condition of the Proposed Transaction, Everton will effect a consolidation (the "Consolidation") of its issued and outstanding common shares on the basis of one new common share (each a "Everton Share") for every ten (10) common shares of Everton issued and outstanding on the effective date of the Consolidation. In addition, prior to the closing, it is expected that Everton will change its corporate name to "Molecule Holdings Inc" or such other name as may be determined by the board of directors (the "Name Change").

Prior to the closing of the Proposed Transaction, it is anticipated that Everton will apply to list its common shares on the Canadian Securities Exchange ("CSE") and voluntarily delist its common shares from the TSX Venture Exchange (the "TSXV"). It is expected that the Company will delist from the TSXV immediately prior to the completion of the Proposed Transaction and the listing on the CSE.

Pursuant to the Proposed Transaction, one Everton share will be issued for each common share of Molecule (the "Molecule Share(s)") issued and outstanding immediately prior to the completion of the Proposed Transaction.

As a condition to the closing of the Proposed Transaction, Molecule intends to complete a private placement offering ("Private Placement") of units (the "Molecule Units"), for a minimum of $2 million, each Molecule Unit consisting of one common share of Molecule and a minimum of one-half of one share purchase warrant, with final terms to be determined by the parties in the context of the market.

Completion of the Proposed Transaction will be subject to the satisfaction of various conditions, including (i) the completion of the Private Placement in the minimum amount of $2 million, (ii) the filing of articles of amendment to give effect to the Name Change, the Consolidation and the creation of the Preferred Shares, (iii) the receipt of the approval of the majority of the minority of Everton's shareholders, as well as the approval of a special majority of Molecule's shareholders of the Proposed Transaction, (iv) the satisfaction or waiver of all applicable conditions precedent, and (v) the receipt of conditional approval from the CSE for the proposed listing of the shares of the Resulting Issuer on the CSE.

Shares issued in accordance with Employment Agreement

On December 1, 2019, the Company issued 1,000,000 common shares to the Company's Chief Regulatory Officer, in accordance with his terms of employment.

Shares issued in accordance with Advisory Agreement

Pursuant to an Advisory Agreement (Note 9), the Company issued 300,000 common shares on December 15, 2019 to the Consultant.

SCHEDULE "B"

INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MOLECULE INC. FOR THE THREE AND SIX MONTH PERIOD ENDED APRIL 30, 2020

[see attached]

MOLECULE INC.

Condensed Consolidated Interim Financial Statements

For the three and six months ended April 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

Condensed Consolidated Interim Financial Statements

Molecule Inc.

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

(Expressed in Canadian dollars)

As at	**April 30, 2020**	October 31, 2019
	$	$
ASSETS		
Current assets		
Cash	**732,262**	2,288,191
Sales taxes receivable	**109,379**	305,610
Inventory (Note 3)	**145,352**	-
Other receivables	**96,932**	2,874
Prepaid expenses	**43,358**	76,675
	1,127,283	2,673,350
Deposits (Note 4)	**101,836**	307,079
Capital assets (Note 4)	**3,378,381**	2,070,099
Total assets	**4,607,500**	5,050,528
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**680,048**	516,949
Current portion of lease liability (Note 6)	**39,242**	36,730
	719,290	553,679
Lease liability (Note 6)	**158,320**	178,649
Other long-term liabilities	**40,000**	-
Total liabilities	**917,610**	732,328
EQUITY		
Share capital (Note 7)	**5,411,972**	5,251,972
Contributed surplus (Note 8)	**183,375**	157,475
Deficit	**(1,905,457)**	(1,091,247)
Total equity	**3,689,890**	4,318,200
Total liabilities and equity	**4,607,500**	5,050,528

On behalf of the Board

(signed) "Andre Audet"	(signed) "Phil Waddington"
Andre Audet, Director	Phil Waddington, Director

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

Molecule Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Unaudited)

(Expressed in Canadian dollars)

	Three months ended April 30,		Six months ended April 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Operating expenses				
Management and consulting fees	**162,202**	66,503	**314,402**	119,166
Salaries and benefits	**78,868**	45,490	**182,921**	57,022
Travel and promotion	**3,691**	-	**14,188**	-
Professional fees	**105,420**	15,282	**163,572**	125,282
Office	**40,764**	13,717	**81,184**	15,030
Depreciation of capital assets (Note 4)	**11,994**	-	**23,988**	-
Interest on lease liability	**5,958**	-	**12,183**	-
Stock-based compensation (Notes 7 & 8)	**8,806**	-	**125,900**	-
Government assistance	**(96,932)**	-	**(96,932)**	-
Loss before other items	**(320,771)**	(140,992)	**(821,406)**	(316,500)
Other income				
Interest income	**2,854**	-	**7,196**	-
Net loss and total comprehensive loss	**(317,917)**	(140,992)	**(814,210)**	(316,500)
Basic and diluted net loss per common share	**(0.004)**	(0.004)	**(0.011)**	(0.014)
Basic and diluted weighted average number of common shares outstanding	**74,256,667**	31,814,831	**73,940,110**	22,494,586

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

Molecule Inc.
Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)
(in Canadian dollars)

	Share Capital		Contributed Surplus	Deficit	Total
	# of shares	$	$	$	$
Balance, October 31, 2018	**100**	**1**	**-**	**-**	**1**
Shares issued for cash (Note 7)	55,995,433	4,439,772	-	-	4,439,772
Shares issued for debt (Note 7)	6,504,567	110,228	-	-	110,228
Share issuance costs	-	(236,399)	-	-	(236,399)
Net loss and total comprehensive loss	-	-	-	(316,500)	(316,500)
Balance, April 30, 2019	**62,500,100**	**4,313,602**	**-**	**(316,500)**	**3,997,102**
Shares issued to acquire Burrard Bay Capital Corp (Note 7)	10,000,000	1,000,000	-	-	1,000,000
Shares issued for services (Note 7)	300,000	30,000	-	-	30,000
Share issuance costs	-	(91,630)	-	-	(91,630)
Stock-based compensation	-	-	157,475	-	157,475
Net loss and total comprehensive loss	-	-	-	(774,747)	(774,747)
Balance, October 31, 2019	**72,800,100**	**5,251,972**	**157,475**	**(1,091,247)**	**4,318,200**
Shares issued for services (Note 7)	600,000	60,000	-	-	60,000
Stock-based compensation (Notes 7 & 8)	1,000,000	100,000	25,900	-	125,900
Net loss and total comprehensive loss	-	-	-	(814,210)	(814,210)
Balance, April 30, 2020	**74,400,100**	**5,411,972**	**183,375**	**(1,905,457)**	**3,689,890**

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

Molecule Inc.
Condensed Consolidated Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

	Three months ended April 30,		Six months ended April 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
OPERATING ACTIVITIES				
Net loss	**(317,917)**	(140,992)	**(814,210)**	(316,500)
Adjustments for:				
Stock-based compensation	**8,806**	-	**125,900**	-
Depreciation of capital assets	**11,994**	-	**23,988**	-
Interest on lease liability	**5,958**	-	**12,183**	-
Interest income	**(2,854)**	-	**(7,196)**	-
Changes in non-cash working capital items	**346,034**	87,956	**253,237**	198,930
Net cash flows from operating activities	**52,021**	(53,036)	**(406,098)**	(117,570)
INVESTING ACTIVITIES				
Interest received	**2,854**	-	**7,196**	-
Investment in capital assets	**(622,722)**	-	**(1,127,027)**	-
Net cash flows from investing activities	**(619,868)**	-	**(1,119,831)**	-
FINANCING ACTIVITIES				
Shares issued for cash	**-**	3,730,000	**-**	4,439,772
Share issuance costs	**-**	(230,700)	**-**	(236,399)
Lease payments	**(15,000)**	-	**(30,000)**	-
Net cash flows from financing activities	**(15,000)**	3,499,300	**(30,000)**	4,203,373
(Decrease) Increase in cash	**(582,847)**	3,446,264	**(1,555,929)**	4,085,803
Cash, beginning of the period	**1,315,109**	639,539	**2,288,191**	-
Cash, end of the period	**732,262**	4,085,803	**732,262**	4,085,803
Changes in non-cash working capital items consists of the following:				
Sales taxes receivable	**32,359**	(10,754)	**196,231**	(28,094)
Inventory	**(376)**	-	**(145,352)**	-
Other receivables	**(96,932)**	-	**(94,058)**	-
Prepaid expenses	**35,169**	(63,285)	**33,317**	(4,985)
Accounts payable and accrued liabilities	**335,814**	161,995	**223,099**	214,209
Other current liabilities	**-**	-	**-**	17,800
Other long-term liabilities	**40,000**	-	**40,000**	-
	346,034	87,956	**253,237**	198,930
Supplemental information:				
Shares issued for debt and services (Note 7)	**30,000**	20,000	**60,000**	110,228

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Molecule Inc. (the “Company” or “Molecule”) was incorporated on September 28, 2018 under the Business Corporations Act (Ontario).

On February 28, 2020, Molecule was issued a Standard Processing Licence by Health Canada (the “Licence”) in accordance with the Cannabis Act and Cannabis Regulations. The Licence authorizes Molecule to: possess cannabis; produce cannabis, other than obtaining it by cultivating, propagating or harvesting it; and to sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations and in accordance with the conditions of the Licence.

The Company will engage in the production and co-packing of cannabis-infused beverages by providing the infrastructure, knowhow, technology and licence for craft beverage producers to create cannabis beverages. The address of the Company’s corporate office is 591 Reynolds Road, Lansdowne, Ontario K0E 1L0.

<u>Arrangement Agreement with Everton Resources Inc.</u>

On November 27, 2019, the Company entered into a definitive arrangement agreement with Everton Resources Inc. (“Everton”) pursuant to which Everton will acquire (the “Proposed Transaction”) all of the issued and outstanding securities of Molecule, by way of plan of arrangement (the “Plan of Arrangement”), which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the Proposed Transaction (the "Resulting Issuer").

Everton is a related party since the CEO and director of Everton is also the CEO, director and shareholder of Molecule, and the CFO of Everton, is also the CFO of Molecule.

As a condition of the Proposed Transaction, Everton will effect a consolidation (the “Consolidation”) of its issued and outstanding common shares on the basis of one new common share (each a “Everton Share”) for every ten (10) common shares of Everton issued and outstanding on the effective date of the Consolidation. In addition, prior to the closing, it is expected that Everton will change its corporate name to “Molecule Holdings Inc” or such other name as may be determined by the board of directors (the “Name Change”).

Pursuant to the Proposed Transaction, one Everton share will be issued for each common share of Molecule (the “Molecule Share(s)”) issued and outstanding immediately prior to the completion of the Proposed Transaction.

In connection with, and immediately prior to, the closing of the Proposed Transaction, Everton intends to create and issue preferred shares ("Preferred Shares"), on the basis of one Preferred Share for every issued and outstanding Everton Share. The purpose of the Preferred Shares is to provide the current Everton shareholders with a right to receive, on a pro rata basis, an economic benefit, subject to an aggregate maximum of up to $500,000, in the event that any of the Everton mining royalties are triggered and generate revenue within a maximum period of five (5) years from the date of the issuance of the Preferred Shares. The Preferred Shares would provide that, if triggered, the Preferred Shares would be redeemable, on a pro rata basis, for cash up to an aggregate maximum of $500,000. The Preferred Shares would otherwise not have any rights or recourses.

Prior to the closing of the Proposed Transaction, it is anticipated that Everton will apply to list its common shares on the Canadian Securities Exchange (“CSE”) and voluntarily delist its common shares from the TSX Venture Exchange (the “TSXV”). It is expected that the Company will delist from the TSXV immediately prior to the completion of the Proposed Transaction and the listing on the CSE.

Completion of the Proposed Transaction will be subject to the satisfaction of various conditions, including (i) the filing of articles of amendment to give effect to the Name Change, the Consolidation and the creation of the Preferred Shares, (ii) the satisfaction or waiver of all applicable conditions precedent, and (ii) the receipt of conditional approval from the CSE for the proposed listing of the shares of the Resulting Issuer on the CSE.

Going Concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at April 30, 2020, the Company had not yet generated any revenue from operations. The Company has no income or cash inflow from operations. Continued operation of the Company is dependent on achieving commercial operations, which requires continued financial support through equity and/or debt financings, or the achievement of profitable operations in the future. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient. These financial statements do not include any adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the Company be unable to continue as a going concern and these adjustments could be material.

COVID-19 Outbreak

Since the emergence in or about December 2019 of a novel strain of coronavirus (“COVID-19”), the highly contagious virus has spread across the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Since that time in response to the outbreak, governmental authorities in Canada and internationally have implemented various measures with the aim of preventing or limiting further spread of COVID-19. These measures, which have included travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, and social distancing, have, among other things, resulted in widespread business, employment and economic disruptions. The global pandemic continues to rapidly evolve and the ultimate impact of the COVID-19 outbreak is highly uncertain.

The continued global spread of COVID-19 could have an adverse impact on the business, operations and financial results of the Company, including with respect to issues related to labour, processing and supply chain. Molecule has not yet begun production but is implementing or will implement precautionary measures, which would not have otherwise been implemented prior to the COVID-19 outbreak, at its facility to ensure the safety of its personnel, suppliers and consumers, which may adversely impact Molecule’s labour productivity and its supply chains. For example, mandatory or voluntary self-quarantines may limit the staffing of Molecule’s facility. In addition, it’s possible that the COVID-19 pandemic may adversely affect Molecule’s ability to successfully market and sell its products. Although the opposite may be true, sales volumes of cannabis-infused products may be adversely impacted by consumer “social distancing” behaviours. Continued spread of COVID-19 globally could also lead to a deterioration of general economic conditions including a possible national or global recession. Due to the unpredictability and scale of the effects of COVID-19, Molecule is unable to accurately estimate the impact or level of materiality of COVID-19 on its business, operations or financial results. Molecule will monitor the situation in order to assess any possible adverse impact on its business, supply chain and customers on an ongoing basis and to determine which measures, if any, will be taken to mitigate such adverse impact.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”).

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the years ended October 31, 2019 and 2018, which have been prepared in accordance with International Financial Reporting Standards (“IFRS).

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 2, 2020.

(b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis and are expressed in Canadian dollars, which is also the functional currency of the parent company.

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited financial statements for the years ended October 31, 2019 and 2018. however, the Company has adopted a new accounting policy for inventory, which has been included in Note 2(c).

(c) Inventory

Inventory is stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the production process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of raw materials are assigned using the average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3. INVENTORY

Inventory consists of the following:

	April 30, 2020	October 31, 2019
	$	$
Raw materials	**145,352**	-
Finished goods	**-**	-
Total inventory	**145,352**	-

4. CAPITAL ASSETS

	Right of use asset (1)	**Leasehold improvements (2)**	**Equipment (3)**	**Total**
	$	$	$	$
Cost				
Balance, October 31, 2019	239,865	1,082,628	775,592	2,098,085
Additions	-	520,677	811,593	1,332,270
Cost, April 30, 2020	**239,865**	**1,603,305**	**1,587,185**	**3,430,355**
Accumulated depreciation				
Balance, October 31, 2019	27,986	-	-	27,986
Depreciation	23,988	-	-	23,988
Accumulated depreciation, April 30, 2020	**51,974**	**-**	**-**	**51,974**
Net Book Value, April 30, 2020	**187,891**	**1,603,305**	**1,587,185**	**3,378,381**

(Expressed in Canadian dollars)

(1) Effective April 1, 2019, the Company entered into a lease for a parcel of land and building for an initial term of five years, for which a right-of-use asset was recognized in the amount of $239,865 (Note 6).

(2) During the six month period ended April 30, 2020, the Company incurred expenditures of $520,677 in leasehold improvements on its facility in Lansdowne, Ontario. The Company has yet to record any depreciation on the leasehold improvements as the facility is not yet ready for use. As at October 31, 2019, all leasehold improvements were included in construction in progress.

(3) During the six month period ended April 30, 2020, the Company purchased equipment in the amount of $811,593, to be used in the production of cannabis-infused beverages. The Company has yet to record any depreciation on the equipment as it is not yet ready for use.

	Right of use asset	Construction in progress (4)	Equipment (5)	Total
	$	$	$	$
Cost				
Balance, October 31, 2018	-	-	-	-
Additions	239,865	1,082,628	775,592	2,098,085
Cost, October 31, 2019	**239,865**	**1,082,628**	**775,592**	**2,098,085**
Accumulated depreciation				
Balance, October 31, 2018	-	-	-	-
Depreciation	27,986	-	-	27,986
Accumulated depreciation, October 31, 2019	**27,986**	**-**	**-**	**27,986**
Net Book Value, October 31, 2019	**211,879**	**1,082,628**	**775,592**	**2,070,099**

(4) During the year ended October 31, 2019, the Company incurred expenditures of $1,082,628 in leasehold improvements on its facility in Lansdowne, Ontario.

(5) During the year ended October 31, 2019, the Company purchased equipment in the amount of $775,592, to be used in the production of cannabis-infused beverages.

As at April 30, 2020, the Company had paid deposits totaling $101,836 for equipment to be used in the production of cannabis-infused beverages ($307,079 as at October 31, 2019). The equipment is still on order and therefore has been included in deposit in the consolidated statements of financial position.

(Expressed in Canadian dollars)

5. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities, other current liabilities and other long-term liabilities. The fair value of the Company's financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

	April 30, 2020	October 31, 2019
	$	$
Financial assets		
Amortized cost		
Cash	**732,262**	2,288,191
Other receivables	**96,932**	2,874
Total financial assets	**829,194**	2,291,065
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(680,048)**	(516,949)
Other long-term liabilities	**(40,000)**	-
Total financial liabilities	**(720,048)**	(516,949)

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash. The Company's cash is held at reputable financial institutions with high external credit ratings. It is Management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. The Company's accounts payable and other liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

(Expressed in Canadian dollars)

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares through equity offerings or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. There have been no changes to the Company's capital management approach during the six month period ended April 30, 2020.

6. LEASE LIABILITY

	$
Balance, October 31, 2018	**-**
Addition (1)	239,865
Interest expense	15,514
Lease payments	(40,000)
Balance, October 31, 2019	**215,379**
Interest expense	12,183
Lease payments	(30,000)
Balance, April 30, 2020	**197,562**
Current	39,242
Long-term	158,320

(1) Effective April 1, 2019, the Company entered into a lease with Thousand Island Farms Inc., a company owned by the CEO/Director of Molecule, for a parcel of land and a building. The lease has an initial five year term which expires, unless extended, in April 2024. For and during the first and second year of the lease, the base rent is $60,000, payable in equal monthly instalments of $5,000. For and during the third and fourth year of the lease, the base rent is $63,000, payable in equal monthly instalments of $5,250. For and during the fifth year of the lease, the base rent is $66,150, payable in equal monthly instalments of $5,513. Provided that the Company is not in default in the performance of any term of the lease, Molecule has the irrevocable option to purchase, during the lease term, the premises and land for a purchase price equal to $875,000 if exercised in the first year of the lease, subject to increases in each year of the lease based on the annual Consumer Price Index percentage. The Company was charged an amount of $5,000 during the year ended October 31, 2019 in consideration for the grant of the purchase option, which is non-refundable.

(Expressed in Canadian dollars)

7. SHARE CAPITAL

Authorized
An unlimited number of the following shares:

Class "A" common shares - voting common shares, no par value
Class "B" common shares – voting common shares, no par value

Issued
Class "A" common shares

	Number of shares	$
Balance, October 31, 2018	**100**	**1**
Shares issued for cash (1)(2)(3)	55,995,433	4,439,772
Shares issued for debt (4)	6,504,567	110,228
Shares issued to acquire Burrard Bay Capital Corp (5)	10,000,000	1,000,000
Shares issued for services (6)	300,000	30,000
Share issuance costs	-	(328,029)
Balance, October 31, 2019	**72,800,100**	**5,251,972**
Shares issued for services (7)	600,000	60,000
Stock-based compensation (8)	1,000,000	100,000
Balance, April 30, 2020	**74,400,100**	**5,411,972**

(1) On November 30, 2018, the Company closed a private placement for gross proceeds of $25,000. The private placement was comprised of 5,000,000 shares at a price of $0.005 per share. A Director of the Company participated in the private placement for a total amount of $15,000.

(2) In December 2018, the Company closed a private placement for gross proceeds of $684,772. The private placement was comprised of 13,695,433 shares at a price of $0.05 per share. A Director of the Company participated in the private placement for an amount of $34,772.

(3) In March/April 2019, the Company closed a private placement for gross proceeds of $3,730,000. The private placement was comprised of 37,300,000 shares at a price of $0.10 per share. A Director of the Company participated in the private placement for an amount of $50,000.

(4) Under shares for debt agreements, the Company issued 5,000,000 shares on November 30, 2018 in settlement of $25,000 in debt, 1,304,567 shares in December 2018 in settlement of $65,228 in debt and 200,000 shares in April 2019 in settlement of $20,000 in debt. In total, the Company issued 6,504,567 shares in settlement of $110,228 in debt. Officers and Directors received a total of 5,304,567 shares in settlement of $85,228 in debt.

(5) On June 13, 2019, the Company acquired all of the issued and outstanding shares of Burrard Bay Capital Corp. ("Burrard Bay") by issuing 10,000,000 common shares at a deemed price of $0.10 per share. At the date of acquisition, Burrard Bay, a Canadian holding company, held cash in the amount of $1,000,000 and had no other assets or liabilities. Given that the economic substance of the transaction was that of a financing, with the Company effectively issuing common shares for cash, it has been recorded as such for accounting purposes, with direct costs recorded as a reduction of share capital.

(Expressed in Canadian dollars)

(6) On September 15, 2019, the Company issued 300,000 common shares to a consultant at a price per share of $0.10, for advisory services rendered to the Company.

(7) On December 15, 2019 and March 15, 2020, the Company issued 300,000 common shares, respectively, to a consultant at a price per share of $0.10, for advisory services rendered to the Company.

(8) On December 1, 2019, the Company issued 1,000,000 common shares to the Company's Chief Regulatory Officer, in accordance with his terms of employment. An amount of $100,000 has been included within stock-based compensation in the consolidated statements of loss and comprehensive loss.

8. STOCK OPTIONS

On June 15, 2019, the Company adopted an incentive stock option plan (the "Option Plan"). The purpose of the Option Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants and to reward them for their contributions toward creating shareholder value through the achievement of the short and long-term goals of the Company.

The following table reflects the continuity of stock options:

	Number of options	Weighted average exercise price
		$
Balance, October 31, 2018	**-**	**-**
Granted (1)(2)	2,500,000	0.10
Balance, October 31, 2019 and April 30, 2020	**2,500,000**	**0.10**

(1) On July 2, 2019, 1,000,000 stock options were granted to a consultant of the Company at an exercise price of $0.10 per share, which vest evenly over a twelve month period and expire five years following the date upon which the Company's (or its affiliate's) common shares are listed for trading on a nationally recognized stock exchange in Canada.

(2) On July 12, 2019, 1,500,000 stock options were granted to directors, officers and employees of the Company at an exercise price of $0.10 per share, which all vested immediately and expire on July 12, 2024.

As at April 30, 2020, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
		(in years)			
$0.10	**2,500,000**	**4.52**	**0.10**	**2,250,000**	**0.10**

(Expressed in Canadian dollars)

As at October 31, 2019, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Exercise prices	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
$0.10	**2,500,000**	**4.82**	**0.10**	**1,750,000**	**0.10**

The following table reflects the weighted-average fair value of stock options for the periods presented and the related Black-Scholes option pricing model inputs that were used in the calculations:

	Six months ended April 30, 2020	Year ended October 31, 2019
Stock options granted	-	2,500,000
Weighted average fair value	-	0.10
Weighted-average exercise price	-	0.10
Weighted-average market price at date of grant	-	0.10
Expected life of stock options (years)	-	5.00
Expected stock price volatility	-	100%
Risk-free interest rate	-	1.46%
Expected dividend yield	-	0%

The underlying expected stock price volatility is based on historical data of similar companies, as the Company has limited historical data itself on which it could be based.

The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the options.

In total, $25,900 of stock-based payments (all of which relate to equity-settled stock-based payment transactions) were included in profit or loss for six month period ended April 30, 2020 and credited to contributed surplus.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Related parties include the Board of Directors and key management personnel, as well as close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Remuneration of directors and key management personnel of the Company was as follows:

	Three months ended April 30,		Six months ended April 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Salaries	**30,000**	10,000	**60,000**	10,000
Consulting fees	**40,000**	20,000	**70,000**	25,000
Stock-based compensation	**-**	-	**100,000**	-
	70,000	30,000	**230,000**	35,000

(1) As at April 30, 2020, unpaid consulting fees in the amount of $20,000 are owed to management and have been included in accounts payable and accrued liabilities ($5,000 as at October 31, 2019). These amounts are unsecured, non-interest bearing and due on demand.

See Notes 6 and 7 for additional related party disclosure.

10. COMMITMENTS

Advisory Agreement

Effective June 15, 2019, the Company entered into an advisory agreement with a financial services company (the “Consultant”). Under the agreement, the Consultant serves as a strategic advisor to assist the Company in developing a current and ongoing acquisition and capital markets strategy. In consideration for the advisory services, the Company will pay the Consultant a monthly retainer in the amount of $10,000, which is payable in common shares of Molecule on a quarterly basis. The common shares will be valued at $0.10 per share unless the common shares of the Company become listed on a stock exchange at which point, the common shares will be valued based on the greater of $0.10 and the lowest price per common share allowed by the applicable stock exchange. The agreement is for a term of twelve months.

11. SUBSEQUENT EVENTS

Adoption of Restricted Share Unit Plan and Granting of Restricted Share Units

On June 1, 2020, the Company adopted a Restricted Share Unit (“RSU”) plan (the “RSU Plan”). The purpose of the RSU Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants and to reward them for their contributions toward creating shareholder value through the achievement of the short and long-term goals of the Company.

On June 1, 2020, 1,706,667 RSUs were granted to officers, employees and certain consultants of the Company, of which 1,540,000 vest quarterly over a twelve month period and 166,667 vest on the date that is one day following the date upon which the common shares of the Resulting Issuer begin trading on the

Canadian Securities Exchange (or any other recognized stock exchange in Canada). Upon vesting, the RSU holder shall be entitled to receive payment from the Company in settlement of such vested RSUs, in a number of shares, issued from treasury, equal to the number of RSUs being settled.

Closing of Subscription Receipt Private Placement

On July 29, 2020, the Company closed a private placement for gross proceeds of $1,025,000. The private placement was comprised of 1,025 subscription receipts ("Subscription Receipts") at a price of $1,000 per Subscription Receipt. The gross proceeds of the financing ($1,025,000) less an amount equal to the agents' expenses ($71,830) and 50% of the agents' fee ($37,600) was deposited in trust, pending the satisfaction of certain escrow release conditions (the "Escrow Release Conditions"), including, among other things, the completion of all conditions precedent to the Plan of Arrangement, to the satisfaction of the agents, prior to December 31, 2020 (the "Escrow Release Deadline"). Upon the satisfaction of the Escrow Release Conditions, each Subscription Receipt shall be deemed automatically exercised, without payment of any additional consideration and without action on the part of the holder thereof, into one Convertible Debenture of the Resulting Issuer. The Convertible Debentures will bear interest at a simple rate of 8.00% per annum, maturing thirty-six (36) months from the completion of the Plan of Arrangement and the listing of the Company's shares on the CSE (the "Maturity Date"). Each Convertible Debenture is convertible at the option of the holder at any time prior to the close of business on the last business day immediately preceding the Maturity Date, into 5,000 units ("Units") of the Resulting Issuer, each Unit consisting of one common share of the Resulting Issuer and one half of one common share purchase warrant of the Resulting Issuer ("Unit Warrants"), together with such number of additional Units to be issued for the conversion of any accrued and unpaid interest on the principal amount being converted at the conversion price of $0.20 (the "Conversion Price"). Each Unit Warrant shall be exercisable to acquire an additional common share of the Resulting Issuer at an exercise price of $0.30 for a period of thirty-six (36) months from the occurrence of the liquidity event. At any time after the date that is one year following the closing date, the Resulting Issuer may force the conversion of the principal amount and all accrued and unpaid interest of the then outstanding Convertible Debentures at the Conversion Price on not less than 30 days' notice if the daily volume weighted-average trading price of the common shares of the Resulting Issuer is greater than $0.50 for any 20 consecutive trading days. In connection with the financing, the agents' also received 410,000 broker warrants, convertible into Units at $0.20 for a period of 36 months from the completion of the Plan of Arrangement and the listing of the Company's shares on the CSE and 40 Convertible Debentures.

Shares issued in accordance with Advisory Agreement

Pursuant to an Advisory Agreement (Note 10), the Company issued 300,000 common shares on June 15, 2020 to the Consultant.

SCHEDULE "C"

ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF EVERTON RESOURCES INC. FOR THE YEARS ENDED OCTOBER 31, 2019 AND 2018

[see attached]

EVERTON RESOURCES INC.

Consolidated Financial Statements

For the years ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Everton Resources Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Everton Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2019 and 2018, and the consolidated statements of operations and comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Company as at October 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our 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 consolidated financial statements, which indicates that the Company has not earned revenue, has a working capital deficiency as at October 31, 2019 and is dependent upon the future receipt of equity financing to maintain its operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
February 4, 2020

Everton Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	**October 31, 2019**	October 31, 2018
	$	$
ASSETS		
Current assets		
Cash	**4,775**	11,414
Marketable securities (Note 3)	**-**	7,500
Sales taxes receivable	**9,108**	7,595
Prepaid expenses	**-**	1,400
	13,883	27,909
Long-term investment (Note 4)	**964,250**	-
Mineral exploration properties (Note 5)	**1**	260,451
Exploration and evaluation assets (Note 5)	**-**	3,470,192
Total assets	**978,134**	3,758,552
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	**280,767**	235,532
Loan payable (Note 10)	**192,700**	98,000
Total liabilities	**473,467**	333,532
EQUITY		
Share capital (Note 7)	**42,152,701**	42,152,701
Warrants (Note 8)	**358,669**	423,970
Contributed surplus (Note 9)	**10,497,485**	10,432,184
Deficit	**(52,504,188)**	(49,583,835)
Total equity	**504,667**	3,425,020
Total liabilities and equity	**978,134**	3,758,552

On behalf of the Board

(signed) "Andre Audet"
Andre Audet, Director

(signed) "Steven Mintz"
Steven Mintz, Director

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

Everton Resources Inc.

Consolidated Statements of Operations and Comprehensive Income
(Expressed in Canadian dollars)

For the year ended October 31	**2019**	2018
	$	$
Operating expenses		
Management and consulting fees	**143,900**	174,000
Salaries and benefits	**3,950**	2,688
Travel and promotion (recovery)	**420**	(19,120)
Professional fees	**67,188**	43,014
General and administrative	**69,812**	91,576
Loss before other items	**(285,270)**	(292,158)
Other income		
Interest and other income	**44**	144
Unrealized gain (loss) on financial assets at fair value through profit and loss (Notes 3 & 4)	**228,750**	(5,000)
Realized loss on expiration of financial assets at fair value through profit and loss (Note 3)	**-**	(4,325)
Writedown of mineral exploration properties and exploration and evaluation assets (Note 5)	**(3,245,518)**	(260,582)
Gain on sale of mineral exploration properties (Note 5)	**279,876**	-
Gain on sale of investments (Notes 3 & 4)	**26,765**	-
Forgiveness of debt to Management (Note 10)	**75,000**	-
Other income related to flow-through shares	**-**	15,904
Write off of accounts payable and accrued liabilities	**-**	150,000
Gain on termination of option agreement (Note 5)	**-**	50,000
Net loss and total comprehensive loss	**(2,920,353)**	(346,017)
Basic and diluted loss per common share	**(0.031)**	(0.004)
Basic and diluted weighted average number of common shares outstanding	**93,134,470**	93,134,470

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

Everton Resources Inc.

Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

	Share Capital		Subscriptions Receivable	Warrants	Contributed Surplus	Deficit	Total
	# of shares	$	$	$	$	$	$
Balance, October 31, 2017	**93,134,470**	**42,152,701**	**(10,000)**	**450,320**	**10,405,834**	**(49,237,818)**	**3,761,037**
Share subscriptions received	-	-	10,000	-	-	-	10,000
Expiry of warrants	-	-	-	(26,350)	26,350	-	-
Net loss and total comprehensive loss	-	-	-	-	-	(346,017)	(346,017)
Balance, October 31, 2018	**93,134,470**	**42,152,701**	**-**	**423,970**	**10,432,184**	**(49,583,835)**	**3,425,020**
Expiry of warrants	-	-	-	(65,301)	65,301	-	-
Net loss and total comprehensive loss	-	-	-	-	-	(2,920,353)	(2,920,353)
Balance, October 31, 2019	**93,134,470**	**42,152,701**	**-**	**358,669**	**10,497,485**	**(52,504,188)**	**504,667**

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

Everton Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the year ended October 31	**2019**	2018
	$	$
OPERATING ACTIVITIES		
Net loss	**(2,920,353)**	(346,017)
Adjustments for:		
Other income related to flow-through shares	**-**	(15,904)
Unrealized (gain) loss on financial assets at fair value through profit or loss	**(228,750)**	5,000
Realized loss on expiration of financial assets at fair value through profit or loss	**-**	4,325
Writedown of mineral exploration properties and exploration and evaluation assets	**3,245,518**	260,582
Write off of accounts payable and accrued liabilities	**-**	(150,000)
Gain on sale of mineral exploration properties	**(279,876)**	-
Gain on sale of investments	**(26,765)**	-
Forgiveness of debt to Management	**(75,000)**	-
Changes in non-cash working capital items	**132,483**	142,869
Net cash flows from operating activities	**(152,743)**	(99,145)
INVESTING ACTIVITIES		
Proceeds from sale of mineral exploration properties	**25,000**	-
Proceeds from sale of marketable securities	**25,365**	-
Proceeds from sale of long-term investment	**43,400**	-
Tax credits received	**-**	8,891
Mineral exploration properties and exploration and evaluation assets	**(42,361)**	(178,429)
Net cash flows from investing activities	**51,404**	(169,538)
FINANCING ACTIVITIES		
Share subscriptions received	**-**	10,000
Loan payable	**94,700**	98,000
Net cash flows from financing activities	**94,700**	108,000
Decrease in cash	**(6,639)**	(160,683)
Cash, beginning of the year	**11,414**	172,097
Cash, end of the year	**4,775**	11,414
Changes in non-cash working capital items consists of the following:		
Sales taxes receivable	**(11,263)**	334
Prepaid expenses	**1,400**	27,445
Accounts payable and accrued liabilities	**142,346**	115,090
	132,483	142,869
Exploration and evaluation costs included in accounts payable and accrued liabilities	**45,153**	57,514

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Everton Resources Inc. ("Everton" or the "Company") was incorporated under the Business Corporations Act (Alberta) on November 7, 1996 and commenced operations on December 19, 1996. In November 2002, the Company commenced its current nature of operations which involves the acquisition, exploration, and evaluation of mineral resource properties. Everton and its subsidiaries (the "Company") are in the exploration stage and do not derive any revenue from the exploration and evaluation of their properties. The address of the Company's corporate office is 38 Scott Road, Chelsea, Quebec, J9B 1R5. Everton's common shares are listed for trading on the TSX Venture Exchange ("TSX-V"') under the symbol "EVR".

Arrangement Agreement with Molecule Inc.

On November 27, 2019, the Company entered into a definitive arrangement agreement with Molecule Inc. ("Molecule") pursuant to which Everton will acquire (the "Proposed Transaction") all of the issued and outstanding securities of Molecule, by way of plan of arrangement (the "Plan of Arrangement"), which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the Proposed Transaction (the "Resulting Issuer").

Molecule, a private Ontario corporation, is a beverage formulation, manufacturing and distribution company in the late stages of the application review process to obtain a Cannabis Processing License (the "License") under the Cannabis Act and Regulations. Molecule will provide the capacity, knowledge and licensing required to produce and co-package craft cannabis-infused beverages.

Prior to the closing of the Proposed Transaction, it is anticipated that the Company will apply to list its common shares on the Canadian Securities Exchange ("CSE") and voluntarily delist its common shares from the TSX Venture Exchange (the "TSXV"). It is expected that the Company will delist from the TSXV concurrently with the listing on the CSE immediately following the completion of the Proposed Transaction (Note 13).

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The Company is in the exploration stage and has not earned revenue from operations. As at October 31, 2019, the Company has a working capital deficiency of $459,584 and a deficit of $52,504,188. The Company has no income or cash inflow from operations. Continued operation of the Company is dependent on financial support through completion of equity financings, or the achievement of profitable operations in the future. Such material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient. These consolidated financial statements do not include any adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the Company be unable to continue as a going concern and these adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and compliance with IFRS

These consolidated financial statements have been prepared on a historical cost basis and are expressed in Canadian dollars, which is also the functional currency of the parent Company and all of its subsidiaries. These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

(Expressed in Canadian dollars)

These financial statements were authorized for issue by the Board of Directors on February 4, 2020.

(b) Basis of consolidation

These consolidated financial statements consolidate those of the parent company and all of its subsidiaries as at and for the year ended October 31, 2019. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of October 31.

All intercompany transactions and balances between the companies are eliminated on consolidation, including unrealized gains and losses on transactions. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Composition of the Company:

The subsidiaries of the Company and their principal activities as at October 31, 2019 and 2018 were as follows:

		Ownership interest as at		
	Place of	October 31,		
Name of subsidiary	incorporation	2019	2018	Principal activity
Everton Minera Dominicana S.A.	Dominican Republic	100%	100%	Exploration Company (Inactive)
Pan Caribbean Metals Inc.	British Virgin Islands	100%	100%	Holding Company
Dominican Metals Inc.	British Virgin Islands	100%	100%	Holding Company
Everton Dominicana (2014) Inc.	Canada	100%	100%	Exploration Company (Inactive)
Linear Gold Caribe S.A.	Dominican Republic	100%	100%	Exploration Company (Inactive)
Hays Lake Gold Inc.	Canada	100%	100%	Exploration Company (Inactive)

(c) Financial instruments

The following accounting policies for financial instruments have been applied as at November 1, 2018 on adoption of IFRS 9 and for the year ended October 31, 2019. For the year ended October 31, 2018, the Company applied financial instruments policies aligned with IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). The adoption of IFRS 9 did not result in any changes to the classification and measurement of the Company’s financial assets and liabilities.

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”). At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Cash

Cash is subsequently measured at amortized cost.

Marketable securities and long-term investments

Marketable securities and long-term investments are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss. Marketable securities and long-term investments are measured at FVTPL.

Accounts payables and accrued liabilities

Accounts payables and accrued liabilities are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Accounts payables and accrued liabilities are subsequently measured at amortized cost.

Loan payable

Loan payable is subsequently measured at amortized cost.

Impairment

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as subsequently measured at amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as subsequently measured at amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of operations and comprehensive income.

(d) Mineral exploration properties and exploration and evaluation assets

Mineral exploration properties include the cost of acquiring mining rights. Exploration and evaluation assets include expenses directly related to the exploration and evaluation activities. These costs are capitalized as intangible assets and are carried at cost less any impairment loss recognized.

Costs incurred before the legal right to undertake exploration and evaluation activities on a project was acquired, are expensed in the consolidated statements of operations and comprehensive income.

Mining rights and expenses related to exploration and evaluation activities are capitalized on a property by property basis pending determination of the technical feasibility and commercial viability of the project. No amortization is recognized during the exploration and evaluation phase. Costs capitalized include drilling, project consulting, geophysical, geological and geochemical studies, as well as other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

Whenever a project is considered no longer viable or is abandoned, the capitalized amounts are written down to fair value less cost of disposal.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, mining rights and expenses related to exploration and evaluation activities of the related mining property are transferred to mining assets under construction. Before the reclassification, mineral exploration properties and exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Upon transfer of exploration and evaluation assets into mining assets under construction, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized with mining assets under construction. After the development stage, all assets included in mining assets under construction are transferred to mining assets and amortized over the expected productive lives of the assets.

Farm-outs in the exploration and evaluation phase

The Company does not record any expenditures made by the farmee on its account. It does not recognize any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash considerations received directly from the farmee is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

(e) Impairment of non-financial assets

Impairment assessment and testing is done at the level of a cash generating unit ("CGU"). The Company considers each mineral property to be a separate CGU, and therefore assesses for indicators of impairment individually for each mineral property.

The Company assesses non-financial assets including mineral property assets and exploration equipment for impairment when facts and circumstances suggest that the carrying amount of the asset may not exceed its recoverable amount, being the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized immediately in net income (loss).

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in net income (loss).

(f) Provisions, contingent liabilities and contingent assets

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed — for example, under an insurance contract — the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of loss.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Rehabilitation and environmental provision

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized in the carrying amount of the asset at the start of each project as soon as the obligation to incur such costs arises.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions as at October 31, 2019, and October 31, 2018.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

Any contingent liabilities or assets will be recorded by management in the period in which management has been able to reasonably quantify the asset or liability and the amount of cash inflow or outflow resulting from the contingent asset or liabilities can be reasonably assured.

(g) Equity-settled share-based payment transactions

The Company operates an equity-settled share-based remuneration plan (stock option plan) for directors, officers, employees and certain consultants. The Company's plan does not feature any options for a cash settlement. Occasionally, the Company may issue warrants to brokers. The Company also issues shares for goods or services.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees, or consultants providing similar services, are rewarded using share-based payments, the fair values of the services rendered are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and if applicable, recognized over the vesting period. 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. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Share-based payment expense incorporates an expected forfeiture rate.

Share-based payment arrangements in which the Company receives properties, goods or services as consideration for its own equity instruments are measured at the fair value of the properties, goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

All share-based payments under the plan are ultimately recognized as an expense in net loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Upon exercise of a stock option, the original value of the options plus any proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in contributed surplus are then transferred to share capital. Warrants issued to brokers are recognized as an issuance cost of equity instruments with a corresponding credit to warrants, in equity.

(h) Equity

Share capital represents the amount received on the issue of shares. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital.

Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the proportional method.

<u>Flow-through placements</u>

Issuance of flow-through units represents in substance an issue of common shares, warrants and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the consolidated statement of financial position. The proceeds received from flow-through units are allocated between share capital, warrants, and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and then to warrants according to the estimated fair value of the warrants at the time of issuance and any residual in the proceeds is allocated to other liability. The fair value of the warrants is estimated using the Black-Scholes valuation model. When eligible expenses are incurred and the Company has the intention to renounce its right to tax deductions to the investors, the amount recognized in other liabilities is reversed and is recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

Warrants include charges related to the issuance of warrants until such equity instruments are exercised or expire.

Contributed surplus includes charges related to stock-based compensation until such equity instruments are exercised. Contributed surplus also includes all expired options and warrants previously issued.

(i) Income taxes

Tax expense recognized in net loss comprises the sum of deferred and current tax.

<u>Current income taxes</u>

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income taxes

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognized for all temporary differences except:

- Where the temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, that affects neither the accounting profit nor taxable profit (loss).
- In respect of temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venture and it is probable that the temporary differences will not be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognized in other comprehensive income or equity is recognized in other comprehensive loss or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period. The computation of diluted earnings (loss) per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on earnings (loss) per share. The diluted loss per share is equal to the basic loss per share where the effect of warrants and/or stock options is antidilutive, as it would decrease the loss per share.

(k) Segmented reporting

The Company is organized into business units based on mineral properties and has one business segment, being the acquisition, exploration and evaluation of mineral properties.

(l) Adoption of new accounting pronouncements and recent developments

The Company has adopted the new IFRS pronouncement listed below as at November 1, 2018, in accordance with the transitional provisions outlined in the standard and described below. The adoption of this new IFRS pronouncement has not resulted in any adjustments to previously reported figures.

(i) *Financial Instruments*

IFRS 9, Financial Instruments ("IFRS 9") addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39.

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss, however there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the statement of operations and comprehensive income, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The new hedge accounting model in IFRS 9 aligns hedge accounting with risk management activities undertaken by an entity. Components of both financial and non-financial items are now eligible for hedge accounting, as long as the risk component can be identified and measured. The hedge accounting model includes eligibility criteria that must be met, but these criteria are based on an economic assessment of the strength of the hedging relationship.

New IFRS pronouncements that have been issued but are not yet effective at the date of these consolidated financial statements are listed below. The Company plans to apply the new standards or interpretations in the annual period for which they are first required.

(ii) *Leases*

The IASB issued IFRS 16, Leases ("IFRS 16"), which eliminates the classification of leases as either operating or finance leases for a lessee. IFRS 16 is effective from January 1, 2019. Under IFRS 16, all leases will be recorded on the statement of financial position. The only exemptions to this will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases on the statement of financial position under IFRS 16 will increase "right-of-use" assets and lease liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases, as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for right-of-use assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about right-of-use assets and expenses and cash flows related to leases, (b) a maturity analysis of lease liabilities and (c) any additional company-specific information that is relevant to satisfying the disclosure objective.

(Expressed in Canadian dollars)

3. MARKETABLE SECURITIES

Marketable securities are classified as fair value through profit or loss and are comprised of:

	October 31, 2019	October 31, 2018
	$	$
Albert Mining Inc. - 250,000 common shares (1)	**-**	7,500

(1) During the year ended October 31, 2019, the Company sold its 250,000 shares in Albert Mining Inc. for proceeds of $25,365 and recognized a gain on sale of marketable securities of $16,615 (2018 - $Nil).
(2) During the year ended October 31, 2018, 250,000 warrants in Albert Mining Inc. expired unexercised. The Company recognized a loss on their expiration of $4,325.

4. LONG-TERM INVESTMENT

Investment in Precipitate Gold Corp.

On January 15, 2019, further to the sale of the Company's three remaining concessions in the Dominican Republic, known as the Cabirma de Cerro, Mermejal and Arroyo properties, Everton received 7,000,000 common shares in Precipitate Gold Corp. ("Precipitate") with a fair value of $770,000 (Note 5), based on the quoted market price of Precipate shares on the TSX Venture Exchange at the time. The investment is classified and measured at fair value, with changes in fair value recognized in profit or loss. The Company does not exercise significant influence over Precipitate.

	October 31, 2019	October 31, 2018
	$	$
Precipitate Gold Corp. - 6,650,000 common shares (1)	**964,250**	-

(1) During the year ended October 31, 2019, the Company sold 350,000 shares in Precipitate Gold Corp. for proceeds of $43,400, resulting in a realized gain of $10,150.

As at October 31, 2019, with the exception of 350,000 common shares, the Company's common shares in Precipitate were subject to resale legend restrictions for up to 3 years, expiring as follows:

-700,000 common shares (10%) with resale legend expiring January 15, 2020
-700,000 common shares (10%) with resale legend expiring July 15, 2020
-1,050,000 common shares (15%) with resale legend expiring January 15, 2021
-1,050,000 common shares (15%) with resale legend expiring July 15, 2021
-2,800,000 common shares (40%) with resale legend expiring January 15, 2022

Subsequent to year end, in January 2020, the Company sold 4,500,000 shares in Precipitate Gold Corp. ("Precipitate") for gross proceeds of $225,000, to purchasers arranged by Precipitate. As additional consideration for the sale of these shares, Precipitate agreed to remove any remaining resale restrictions that were still applicable to Precipitate shares held by Everton.

(Expressed in Canadian dollars)

5. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	October 31, 2019		October 31, 2018	
	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$
Dominican Republic				
a) Cabirma del Cerro	**-**	**-**	1	-
b) Arroyo Carpintero	**-**	**-**	-	515,123
	-	**-**	1	515,123
Canada (Quebec)				
d) Opinaca	**1**	**-**	260,450	2,835,187
e) Detour Lake	**-**	**-**	-	-
f) Chapais	**-**	**-**	-	119,882
	1	**-**	260,450	2,955,069
TOTAL	**1**	**-**	260,451	3,470,192

Dominican Republic

a) Cabirma del Cerro (formerly Ampliación Pueblo Viejo, La Lechoza), Dominican Republic

In January 2019, the Company completed the sale of its three remaining mineral concessions in the Dominican Republic, known as the Cabirma de Cerro, Mermejal and Arroyo Carpintero properties, in accordance with a Mineral Property Purchase and Sale Agreement (the "Sale Agreement") with Precipitate Gold Corp. ("Precipitate"). Upon closing, Everton received $25,000 and 7,000,000 common shares of Precipate, with a fair value of $770,000, based on the quoted market price of Precipate shares on the TSX Venture Exchange at the time, for total consideration of $795,000. The Company recognized a gain of $279,876 on the sale of these mineral exploration properties.

b) Arroyo Carpintero (formerly Ponton), Dominican Republic

See Note 5a).

c) Other, Dominican Republic

During the year ended October 31, 2018, the Company's joint venture partner in certain other Dominican Republic concessions terminated their joint venture agreement. Per the terms of the joint venture agreement, the Company was paid $50,000 by the joint venture partner as a result of this termination. Any capitalized costs associated with these concessions were written off in prior years. As a result, a $50,000 gain was recognized during the 2018 fiscal year.

Canada (Quebec)

d) Opinaca

On December 9, 2004, the Company signed an option agreement with Azimut Exploration Inc. ("Azimut") to earn a 50% undivided interest in the Opinaca property by incurring a minimum of $2,800,000 in exploration work and making cash payments totaling $180,000 over 5 years. The Company made the cash payments and incurred the required exploration expenditures to earn its initial 50% interest in the property.

On November 15, 2011 (amended on November 1, 2013), the Company and Azimut executed an option agreement with Hecla Mining Company, formerly Aurizon Mines Ltd., ("Hecla") whereby Hecla could acquire a 50% ownership interest in the Opinaca property (leaving each of the Company and Azimut with 25%), by making total cash payments of $580,000, $290,000 of which was payable to Everton, and incurring exploration expenditures of $6,000,000, including a minimum of 3,800 metres of drilling prior to November 15, 2013 and 1,200 metres of drilling prior to November 15, 2014. Hecla made the cash payments and incurred the required exploration expenditures to earn its interest in the property

As at October 31, 2019, the Company holds a 25% interest in the property, with the remaining interest held by Azimut Exploration Inc. (25%) and Hecla Mining Company (50%). Hecla is currently the operator.

During the year ended October 31, 2019, the Company wrote down the carrying value of the property to $1 and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $3,095,636 ($260,449 of mineral exploration property costs and $2,835,187 of exploration and evaluation costs).

e) Detour Lake

During the year ended October 31, 2018, the Company allowed the 159 claims making up this property to expire and wrote down the carrying value of the property to $Nil and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $260,582 ($85,989 of mineral exploration property costs and $174,593 of exploration and evaluation costs).

f) Chapais

On December 5, 2017, the Company entered into an option agreement with Albert Mining Inc. ("Albert Mining") to earn up to a 75% interest in seven mining claims located in the Chapais mining district of Quebec. To earn the 75% interest, the Company was to pay $30,000 in cash, incur exploration expenditures totaling $370,000 over a three-year period, and issue to Albert Mining a total of 2,500,000 common shares at two separate dates during the three-year period.

During the year ended October 31, 2019, the Company terminated the option agreement with Albert Mining, wrote down the cost of the Chapais property to $Nil and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $149,882. This was based on the Company's decision that poor exploration results to date did not warrant further exploration on the property.

(Expressed in Canadian dollars)

The following table reflects the changes to mineral exploration properties and exploration and evaluation assets for the period from October 31, 2017 to October 31, 2019:

	Year ended October 31, 2019	Year ended October 31, 2018
	$	$
Balance, beginning of the year	**3,730,643**	3,843,912
Additions		
Drilling	**-**	125,864
Assaying	**-**	10,885
Project consulting	**-**	650
Renewal of licenses and permits	**-**	2,240
General field expenses	**-**	16,565
	-	156,204
Mineral exploration properties	**30,000**	-
Sale of mineral exploration properties and exploration and evaluation assets	**(515,124)**	-
Write-down of mineral exploration properties and exploration and evaluation assets	**(3,245,518)**	(260,582)
Quebec resource tax credits	**-**	(8,891)
Balance, end of the year	**1**	3,730,643
Mineral exploration properties	**1**	260,451
Exploration and evaluation assets	**-**	3,470,192
	1	3,730,643

(Expressed in Canadian dollars)

6. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash, marketable securities, long-term investment, accounts payable and accrued liabilities and loan payable. Marketable securities and long-term investment are carried at fair value. The fair value of the Company's other financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

	October 31, 2019	October 31, 2018
	$	$
Financial assets		
Amortized cost		
Cash	**4,775**	11,414
Fair value through profit or loss		
Marketable securities	**-**	7,500
Long-term investment	**964,250**	-
Total financial assets	**969,025**	18,914
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(280,767)**	(235,532)
Loan payable	**(192,700)**	(98,000)
Total financial liabilities	**(473,467)**	(333,532)

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash. The Company's cash is held at reputable financial institutions with high external credit ratings. It is Management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

The Company holds shares in publicly listed companies in the mineral exploration industry. The Company is exposed to other price risk regarding these shares as unfavorable market conditions could result in the disposal at less than their value at October 31, 2019. As at October 31, 2019, the value of these listed shares was $964,250. At October 31, 2019, had the price for these publicly listed shares been 10% lower, the comprehensive loss for the period would have been $96,425 larger. Conversely, had the price been 10% higher, the comprehensive loss would have been $96,425 smaller.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern in order to maintain its properties in good standing, support normal operating requirements, continue the exploration and evaluation of its mineral properties and support any expansionary plans, and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity.

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 or acquire or dispose of assets. In order to facilitate the management of its capital requirements, management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company prepares annual budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

There were no significant changes to capital management policies of the Company during the year ended October 31, 2019.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months.

As at October 31, 2019, the Company was in violation of the above TSXV requirement. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

(Expressed in Canadian dollars)

7. SHARE CAPITAL

Authorized

The authorized capital of the Company consists of an unlimited number of common shares without par value.

	Number of shares	
		$
Balance, October 31, 2017, October 31, 2018 and and October 31, 2019	**93,134,470**	**42,152,701**

8. WARRANTS

Outstanding warrants entitle the holders thereof to subscribe to an equivalent number of common shares.

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price
		$
Balance, October 31, 2017	**19,984,900**	**0.08**
Expired	(2,641,400)	0.14
Balance, October 31, 2018	**17,343,500**	**0.07**
Expired	(1,076,000)	0.05
Balance, October 31, 2019	**16,267,500**	**0.07**

As at October 31, 2019, the following warrants were issued and outstanding:

Number of warrants	Issue date fair value	Exercise price	Expiry date
	$	$	
4,035,000	48,000	0.07	July 14, 2020
1,200,000	13,000	0.07	July 14, 2020
4,997,500	128,565	0.07	February 6, 2021
6,035,000	169,104	0.07	February 21, 2021
16,267,500	**358,669**		

(Expressed in Canadian dollars)

As at October 31, 2018, the following warrants were issued and outstanding:

Number of warrants	Issue date fair value	Exercise price	Expiry date
	$	$	
252,000	13,255	0.07	February 6, 2019
824,000	52,046	0.05	February 21, 2019
4,035,000	48,000	0.07	July 14, 2020
1,200,000	13,000	0.07	July 14, 2020
4,997,500	128,565	0.07	February 6, 2021
6,035,000	169,104	0.07	February 21, 2021
17,343,500	**423,970**		

9. STOCK OPTIONS

Under the terms of the Company's stock option plan (the "Plan"), all options are granted with an exercise price not lower than the closing market price on the day immediately preceding the date of grant. The term of options is determined by the Board of Directors with a maximum term of 5 years. These options may be granted to the Company's employees, officers, directors, and persons providing ongoing services to the Company, and are subject to regulatory approval.

On August 21, 2017 the shareholders approved an amendment to the stock option plan. Under the "rolling" 10% Stock Option Plan, the number of common shares which may be reserved under the Plan is limited to 10% of the aggregate number of common shares of the Company issued and outstanding, as the case may be.

Options are cancelled 12 months following the termination of the optionee's employment, office, directorship, or consulting arrangement. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted. A summary of changes of the Company's options is presented below:

	Number of options	Weighted average exercise price
		$
Balance, October 31, 2017	**5,465,000**	**0.14**
Expired	(495,000)	0.26
Balance, October 31, 2018	**4,970,000**	**0.13**
Expired	(1,670,000)	0.17
Balance, October 31, 2019	**3,300,000**	**0.11**

(Expressed in Canadian dollars)

As at October 31, 2019, the following stock options were outstanding and exercisable:

		Outstanding			Exercisable
Exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average outstanding exercise price**	**Number vested**	**Weighted average vested exercise price**
		(in years)			
$0.05	800,000	1.45	$0.05	800,000	$0.05
$0.13	2,300,000	1.79	$0.13	2,300,000	$0.13
$0.07	200,000	2.32	$0.07	200,000	$0.07
	3,300,000	**1.74**	**0.11**	**3,300,000**	**0.11**

As at October 31, 2018, the following stock options were outstanding and exercisable:

		Outstanding			Exercisable
Exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average outstanding exercise price**	**Number vested**	**Weighted average vested exercise price**
		(in years)			
$0.20	1,085,000	0.36	$0.20	1,085,000	$0.20
$0.05	925,000	2.45	$0.05	925,000	$0.05
$0.13	2,760,000	2.79	$0.13	2,760,000	$0.13
$0.07	200,000	3.32	$0.07	200,000	$0.07
	4,970,000	**2.22**	**0.13**	**4,970,000**	**0.13**

10. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Related parties include the Board of Directors and key management personnel, as well as close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Remuneration of directors and key management personnel of the Company was as follows:

For the year ended October 31	**2019**	2018
	$	$
Management and consulting fees	**133,000**	175,283
Benefits	**2,016**	2,688
	135,016	177,971

(Expressed in Canadian dollars)

As at October 31, 2019, unpaid management and consulting fees in the amount of $135,400 are owed to Management and have been included in accounts payable and accrued liabilities ($141,250 as at October 31, 2018).

During the year ended October 31, 2019, unpaid consulting fees in the amount of $75,000 were forgiven by the Company's CEO. The amount has been recorded as forgiveness of debt to Management in the consolidated statement of operations and comprehensive income.

Loan Payable

As at October 31, 2019, the Company has a loan payable to the CEO of the Company in the amount of $192,700 ($98,000 as at October 31, 2018). The loan is non-interest bearing and has no specific terms of repayment.

11. ENTITY-WIDE REPORTING

The Company has reviewed its activities and determined that it operates in a single reportable operating segment.

The Company's non-current assets are all in Canada.

12. INCOME TAXES

Provision for income taxes

A reconciliation of the combined federal and provincial statutory rate of 27% (2018 – 27%) with the Company's effective income tax rate is as follows:

For the year ended October 31	**2019**	2018
	$	$
Net loss before income taxes	**(2,920,353)**	(346,017)
Expected income tax recovery based on statutory rate	**(788,000)**	(92,847)
Adjustment to expected income tax benefit:		
Non-deductible expenses	**726,000**	72,425
Changes in temporary differences not recorded	**62,000**	24,690
Other	**-**	(4,268)
Income tax provision (recovery)	**-**	-

Deferred income tax

As at October 31, 2019 and 2018, the Company had the following temporary differences. No deferred tax assets were record for these temporary differences.

(Expressed in Canadian dollars)

As at October 31	**2019**	2018
	$	$
Non-capital loss carry-forwards	**18,438,000**	20,824,000
Mineral exploration properties and exploration and evaluation assets	**16,750,723**	13,772,081
Other	**(130,426)**	142,478
	35,058,297	34,738,559

Tax loss carry-forwards

As at October 31, 2019, the Company has the following non-capital losses for which no deferred tax asset was set up. The carry-forward balances expire as follows:

Year of Expiry	Canada	Dominican Republic
	$	$
2020	-	5,851,000
2026	1,022,000	-
2027	1,504,000	-
2028	1,308,000	-
2029	1,476,000	-
2030	1,678,000	-
2031	1,049,000	-
2032	1,162,000	-
2033	830,000	-
2034	686,000	-
2035	517,000	-
2036	441,000	-
2037	560,000	-
2038	124,000	-
2039	230,000	-
	12,587,000	**5,851,000**

13. SUBSEQUENT EVENTS

Arrangement Agreement with Molecule Inc.

Subsequent to year-end, on December 3, 2019, Everton announced that it has entered into a Definitive Arrangement Agreement with Molecule Inc. (“Molecule”), dated November 27, 2019, pursuant to which Everton will acquire (the “Proposed Transaction”) all of the issued and outstanding securities of Molecule (Note 1).

The Proposed Transaction may be considered a “related party transaction” as such term is defined by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions and Policy 5.9 of the TSXV, since the CEO and director of Everton is also the CEO, director and shareholder of Molecule, and the CFO of Everton, is also the CFO of Molecule. As a result, Everton will need to obtain the approval of the majority of the minority of shareholders in respect of the Proposed Transaction. The Proposed Transaction is exempt from the formal valuation requirements set out in the foregoing regulatory instruments due to the fact that the shares of Everton are listed on the TSXV.

The board of directors of Everton constituted an independent committee of three independent board members (the “Independent Committee”) to analyze the Proposed Transaction. The Independent Committee concluded that the Proposed Transaction is in the best interest of Everton and will provide a recommendation to shareholders in the Company’s circular, to be mailed out to Everton shareholders in connection with the approval of the Proposed Transaction.

As a condition of the Proposed Transaction, Everton will effect a consolidation (the “Consolidation”) of its issued and outstanding common shares on the basis of one new common share (each a “Everton Share”) for every ten (10) common shares of Everton issued and outstanding on the effective date of the Consolidation. In addition, prior to the closing, it is expected that Everton will change its corporate name to “Molecule Holdings Inc” or such other name as may be determined by the board of directors (the “Name Change”).

As a condition to the closing of the Proposed Transaction, Molecule intends to complete a private placement offering (“Private Placement”) of units (the “Molecule Units”), for a minimum of $2 million, each Molecule Unit consisting of one common share of Molecule and a minimum of one-half of one share purchase warrant, with final terms to be determined by the parties in the context of the market.

Concurrently with, and as a condition of, the closing of the Proposed Transaction, creditors of Everton will convert $323,100 of indebtedness into an aggregate of 1,077,000 Everton Shares at a deemed issue price of $0.30 per share. All the foregoing indebtedness is due to the CEO of Everton, for advances and loans that he has made to Everton in order to satisfy Everton’s minimum working capital needs in the absence of any reasonable third-party alternatives.

SCHEDULE "D"

INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF EVERTON RESOURCES INC. FOR THE THREE AND SIX MONTH PERIOD ENDED APRIL 30, 2020

[see attached]

EVERTON RESOURCES INC.

Condensed Consolidated Interim Financial Statements

For the three and six month periods ended April 30, 2020

(Expressed in Canadian Dollars)

Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the Company's management.

Everton Resources Inc.

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

(Expressed in Canadian dollars)

As at	**April 30, 2020**	October 31, 2019
	$	$
ASSETS		
Current assets		
Cash	**49,775**	4,775
Marketable securities (Note 3)	**347,752**	-
Sales taxes receivable	**20,359**	9,108
Prepaid expenses	**11,623**	-
	429,509	13,883
Long-term investment (Note 4)	**-**	964,250
Mineral exploration properties (Note 5)	**1**	1
Total assets	**429,510**	978,134
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	**396,279**	280,767
Loan payable (Note 10)	**92,700**	192,700
Total liabilities	**488,979**	473,467
EQUITY		
Share capital (Note 7)	**42,152,701**	42,152,701
Warrants (Note 8)	**358,669**	358,669
Contributed surplus (Note 9)	**10,497,485**	10,497,485
Deficit	**(53,068,324)**	(52,504,188)
Total equity (deficiency)	**(59,469)**	504,667
Total liabilities and equity	**429,510**	978,134

On behalf of the Board

(signed) "Andre Audet"
Andre Audet, Director

(signed) "Steven Mintz"
Steven Mintz, Director

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

Everton Resources Inc.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Unaudited)

(Expressed in Canadian dollars)

	Three months ended April 30, **2020**	Three months ended April 30, 2019	Six months ended April 30, **2020**	Six months ended April 30, 2019
	$	$	**$**	$
Operating expenses				
Management and consulting fees	**30,563**	29,500	**60,938**	82,324
Travel and promotion	**-**	-	**-**	420
Professional fees	**45,776**	2,596	**74,101**	8,933
General and administrative	**42,960**	23,903	**53,430**	52,783
Loss before other items	**(119,299)**	(55,999)	**(188,469)**	(144,460)
Other items				
Interest and other income	**-**	18	**-**	29
Change in fair value of financial assets at fair value through profit or loss	**(112,508)**	(105,000)	**(375,667)**	(103,750)
Writedown of mineral exploration properties and exploration and evaluation assets (Note 5)	**-**	-	**-**	(149,882)
Gain on sale of mineral exploration properties (Note 5)	**-**	-	**-**	279,876
Gain on sale of marketable securities (Note 3)	**-**	16,615	**-**	16,615
Forgiveness of debt to Management (Note 10)	**-**	75,000	**-**	75,000
Net loss and total comprehensive loss	**(231,807)**	(69,366)	**(564,136)**	(26,572)
Basic and diluted net loss per common share	**(0.0025)**	(0.0007)	**(0.0061)**	(0.0003)
Basic and diluted weighted average number of common shares outstanding	**93,134,470**	93,134,470	**93,134,470**	93,134,470

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

Everton Resources Inc.
Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)
(Expressed in Canadian dollars)

	Share Capital		Warrants	Contributed Surplus	Deficit	Total
	# of shares	$	$	$	$	$
Balance, October 31, 2018	**93,134,470**	**42,152,701**	**423,970**	**10,432,184**	**(49,583,835)**	**3,425,020**
Expiry of warrants	-	-	(65,301)	65,301	-	-
Net loss and total comprehensive loss	-	-	-	-	(26,572)	(26,572)
Balance, April 30, 2019	**93,134,470**	**42,152,701**	**358,669**	**10,497,485**	**(49,610,407)**	**3,398,448**
Net loss and total comprehensive loss	-	-	-	-	(2,893,781)	(2,893,781)
Balance, October 31, 2019	**93,134,470**	**42,152,701**	**358,669**	**10,497,485**	**(52,504,188)**	**504,667**
Net loss and total comprehensive loss	-	-	-	-	(564,136)	(564,136)
Balance, April 30, 2020	**93,134,470**	**42,152,701**	**358,669**	**10,497,485**	**(53,068,324)**	**(59,469)**

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

Everton Resources Inc.
Condensed Consolidated Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

	Three months ended April 30, **2020**	2019	Six months ended April 30, **2020**	2019
	$	$	**$**	$
OPERATING ACTIVITIES				
Net loss	**(231,807)**	(69,366)	**(564,136)**	(26,572)
Adjustments for:				
Change in fair value of financial assets at fair value through profit or loss	**112,508**	105,000	**375,667**	103,750
Writedown of mineral exploration properties and exploration and evaluation assets	**-**	-	**-**	149,882
Gain on sale of mineral exploration properties	**-**	-	**-**	(279,876)
Gain on sale of marketable securities	**-**	(16,615)	**-**	(16,615)
Forgiveness of debt to Management	**-**	(75,000)	**-**	(75,000)
Changes in non-cash working capital items	**61,336**	31,738	**92,638**	56,828
Net cash flows from operating activities	**(57,963)**	(24,243)	**(95,831)**	(87,603)
INVESTING ACTIVITIES				
Proceeds from sale of mineral exploration properties	**-**	-	**-**	25,000
Proceeds from sale of financial assets at fair value through profit or loss	**-**	25,365	**240,831**	25,365
Mineral exploration properties and exploration and evaluation assets	**-**	-	**-**	(30,000)
Net cash flows from investing activities	**-**	25,365	**240,831**	20,365
FINANCING ACTIVITIES				
Loan payable	**(100,000)**	18,000	**(100,000)**	76,700
Net cash flows from by financing activities	**(100,000)**	18,000	**(100,000)**	76,700
(Decrease) Increase in cash	**(157,963)**	19,122	**45,000**	9,462
Cash, beginning of the period	**207,738**	1,754	**4,775**	11,414
Cash, end of the period	**49,775**	20,876	**49,775**	20,876
Changes in non-cash working capital items consists of the following:				
Sales taxes receivable	**(5,823)**	16,048	**(11,251)**	7,595
Prepaid expenses	**10,348**	-	**(11,623)**	1,400
Accounts payable and accrued liabilities	**56,811**	15,690	**115,512**	47,833
	61,336	31,738	**92,638**	56,828

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Everton Resources Inc. (“Everton” or the “Company”) was incorporated under the Business Corporations Act (Alberta) on November 7, 1996 and commenced operations on December 19, 1996. In November 2002, the Company commenced its current nature of operations which involves the acquisition, exploration, and evaluation of mineral resource properties. Everton and its subsidiaries (the “Company”) are in the exploration stage and do not derive any revenue from the exploration and evaluation of their properties. The address of the Company’s corporate office is 38 Scott Road, Chelsea, Quebec, J9B 1R5. Everton’s common shares are listed for trading on the TSX Venture Exchange (“TSX-V”’) under the symbol “EVR”.

<u>Arrangement Agreement with Molecule Inc.</u>

On November 27, 2019, the Company entered into a definitive arrangement agreement with Molecule Inc. (“Molecule”) pursuant to which Everton will acquire (the “Proposed Transaction”) all of the issued and outstanding securities of Molecule, by way of plan of arrangement (the “Plan of Arrangement”), which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the Proposed Transaction (the "Resulting Issuer").

Molecule, a private Ontario corporation, is a beverage formulation, manufacturing and distribution company that holds a Standard Processing Licence under the Cannabis Act and Regulations. Molecule will provide the capacity, knowledge and licensing required to produce and co-package craft cannabis-infused beverages.

Prior to the closing of the Proposed Transaction, it is anticipated that the Company will apply to list its common shares on the Canadian Securities Exchange (“CSE”) and voluntarily delist its common shares from the TSX Venture Exchange (the “TSXV”). It is expected that the Company will delist from the TSXV concurrently with the listing on the CSE immediately following the completion of the Proposed Transaction.

As a condition of the Proposed Transaction, Everton will effect a consolidation (the “Consolidation”) of its issued and outstanding common shares on the basis of one new common share (each a “Everton Share”) for every ten (10) common shares of Everton issued and outstanding on the effective date of the Consolidation. In addition, prior to the closing, it is expected that Everton will change its corporate name to “Molecule Holdings Inc” or such other name as may be determined by the board of directors (the “Name Change”).

As a condition to the closing of the Proposed Transaction, Molecule intends to complete a private placement offering (“Private Placement”) for a minimum of $2 million.

Concurrently with, and as a condition of, the closing of the Proposed Transaction, creditors of Everton will convert $243,100 of indebtedness into an aggregate of 810,333 Everton Shares at a deemed issue price of $0.30 per share. All the foregoing indebtedness is due to the CEO of Everton, for advances and loans that he has made to Everton in order to satisfy Everton’s minimum working capital needs in the absence of any reasonable third-party alternatives.

<u>Going concern</u>

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The Company is in the exploration stage and has not earned revenue from operations. As at April 30, 2020, the Company has a working capital deficiency of $59,470 and a deficit of $53,068,324. The Company has no income or cash inflow from operations. Continued operation of the Company is dependent on financial support through completion of equity financings, or the achievement of profitable operations in the future. Such material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient. These condensed consolidated interim financial statements do not include any adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the Company be unable to continue as a going concern and these adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”).

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the years ended October 31, 2019 and 2018, which have been prepared in accordance with International Financial Reporting Standards (“IFRS).

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 17, 2020.

(b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis and are expressed in Canadian dollars, which is also the functional currency of the parent company.

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company’s audited financial statements for the years ended October 31, 2019 and 2018.

3. MARKETABLE SECURITIES

Marketable securities are classified as fair value through profit or loss and are comprised of:

	April 30, 2020	October 31, 2019
	$	$
Precipitate Gold Corp. - 2,045,600 common shares (1)	**347,752**	-

(1) As at April 30, 2020, 2,045,600 common shares of Precipitate have been included in marketable securities, within current assets. Prior to the removal of resale restrictions, in January 2020, they were included in long-term investment in the consolidated statements of financial position (Note 4).

(2) During the three months ended April 30, 2019, the Company sold its 250,000 shares in Albert Mining Inc. for proceeds of $25,365 and recognized a gain on sale of marketable securities of $16,615.

(Expressed in Canadian dollars)

4. LONG-TERM INVESTMENT

Investment in Precipitate Gold Corp.

On January 15, 2019, further to the sale of the Company's three remaining concessions in the Dominican Republic, known as the Cabirma de Cerro, Mermejal and Arroyo properties, Everton received 7,000,000 common shares in Precipitate Gold Corp. ("Precipitate") with a fair value of $770,000 (Note 5), based on the quoted market price of Precipate shares on the TSX Venture Exchange at the time. The shares were classified and measured at fair value, with changes in fair value recognized in profit or loss. At no point has the Company exercised significant influence over Precipitate.

	April 30, 2020	October 31, 2019
	$	$
Precipitate Gold Corp. - 6,650,000 common shares (1)	**-**	964,250

(1) During the year ended October 31, 2019, the Company sold 350,000 shares in Precipitate Gold Corp. for proceeds of $43,400.

As at October 31, 2019, with the exception of 350,000 common shares, the Company's common shares in Precipitate were subject to resale legend restrictions, expiring as follows:

-700,000 common shares (10%) with resale legend expiring January 15, 2020
-700,000 common shares (10%) with resale legend expiring July 15, 2020
-1,050,000 common shares (15%) with resale legend expiring January 15, 2021
-1,050,000 common shares (15%) with resale legend expiring July 15, 2021
-2,800,000 common shares (40%) with resale legend expiring January 15, 2022

In January 2020, the Company sold 4,500,000 shares in Precipitate for gross proceeds of $225,000, to purchasers arranged by Precipitate. As additional consideration for the sale of these shares, Precipitate agreed to remove any remaining resale restrictions that were still applicable to Precipitate shares held by Everton. During the three month period ended January 31, 2020, the Company sold an additional 104,400 shares of Precipitate for gross proceeds of $15,831.

As at April 30, 2020, the remaining 2,045,600 common shares of Precipitate have been included in marketable securities, within current assets, due to the removal of the resale restrictions.

(Expressed in Canadian dollars)

5. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	April 30, 2020		October 31, 2019	
	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$
Dominican Republic				
a) Cabirma del Cerro	**-**	**-**	-	-
b) Arroyo Carpintero	**-**	**-**	-	-
	-	**-**	-	-
Canada (Quebec)				
c) Opinaca	**1**	**-**	1	-
d) Chapais	**-**	**-**	-	-
	1	**-**	1	-
TOTAL	**1**	**-**	1	-

Dominican Republic

a) Cabirma del Cerro (formerly Ampliación Pueblo Viejo, La Lechoza), Dominican Republic

In January 2019, the Company completed the sale of its three remaining mineral concessions in the Dominican Republic, known as the Cabirma de Cerro, Mermejal and Arroyo Carpintero properties, in accordance with a Mineral Property Purchase and Sale Agreement (the “Sale Agreement”) with Precipitate Gold Corp. (“Precipitate”). Upon closing, Everton received $25,000 and 7,000,000 common shares of Precipate, with a fair value of $770,000, based on the quoted market price of Precipate shares on the TSX Venture Exchange at the time, for total consideration of $795,000. The Company recognized a gain of $279,876 on the sale of these mineral exploration properties during the 2019 fiscal year.

b) Arroyo Carpintero (formerly Ponton), Dominican Republic

See Note 5a).

Canada (Quebec)

c) Opinaca

On December 9, 2004, the Company signed an option agreement with Azimut Exploration Inc. (“Azimut”) to earn a 50% undivided interest in the Opinaca property by incurring a minimum of $2,800,000 in exploration work and making cash payments totaling $180,000 over 5 years. The Company made the cash payments and incurred the required exploration expenditures to earn its initial 50% interest in the property.

On November 15, 2011 (amended on November 1, 2013), the Company and Azimut executed an option agreement with Hecla Mining Company, formerly Aurizon Mines Ltd., (“Hecla”) whereby Hecla could acquire a 50% ownership interest in the Opinaca property (leaving each of the Company and Azimut with 25%), by making total cash payments of $580,000, $290,000 of which was payable to Everton, and incurring exploration expenditures of $6,000,000, including a minimum of 3,800 metres of drilling prior to November 15, 2013 and 1,200 metres of drilling prior to November 15, 2014. Hecla made the cash payments and incurred the required exploration expenditures to earn its interest in the property

(Expressed in Canadian dollars)

During the year ended October 31, 2019, the Company wrote down the carrying value of the property to $1 and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $3,095,636 ($260,449 of mineral exploration property costs and $2,835,187 of exploration and evaluation costs).

As at April 30, 2020, the Company holds a 25% interest in the property, with the remaining interest held by Azimut Exploration Inc. (25%) and Hecla Mining Company (50%). Hecla is currently the operator.

d) Chapais

On December 5, 2017, the Company entered into an option agreement with Albert Mining Inc. ("Albert Mining") to earn up to a 75% interest in seven mining claims located in the Chapais mining district of Quebec. To earn the 75% interest, the Company was to pay $30,000 in cash, incur exploration expenditures totaling $370,000 over a three-year period, and issue to Albert Mining a total of 2,500,000 common shares at two separate dates during the three-year period.

During the year ended October 31, 2019, the Company terminated the option agreement with Albert Mining, wrote down the cost of the Chapais property to $Nil and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $149,882. This was based on the Company's decision that poor exploration results to date did not warrant further exploration on the property.

The following table reflects the changes to mineral exploration properties and exploration and evaluation assets for the period from October 31, 2018 to April 30, 2020:

	Six months ended April 30, 2020	Year ended October 31, 2019
	$	$
Balance, beginning of the year	**1**	3,730,643
Additions to mineral exploration properties	**-**	30,000
Sale of mineral exploration properties and exploration and evaluation assets	**-**	(515,124)
Write-down of mineral exploration properties and exploration and evaluation assets	**-**	(3,245,518)
Balance, end of the year	**1**	1
Mineral exploration properties	**1**	1
Exploration and evaluation assets	**-**	-
	1	1

(Expressed in Canadian dollars)

6. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash, marketable securities, long-term investment, accounts payable and accrued liabilities and loan payable. Marketable securities and long-term investment are carried at fair value. The fair value of the Company's other financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

	April 30, 2020	October 31, 2019
	$	$
Financial assets		
Amortized cost		
Cash	**49,775**	4,775
Fair value through profit or loss		
Marketable securities	**347,752**	-
Long-term investment	**-**	964,250
Total financial assets	**397,527**	969,025
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(396,279)**	(280,767)
Loan payable	**(92,700)**	(192,700)
Total financial liabilities	**(488,979)**	(473,467)

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash. The Company's cash is held at reputable financial institutions with high external credit ratings. It is Management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

(Expressed in Canadian dollars)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

The Company holds shares in a publicly listed company in the mineral exploration industry. The Company is exposed to market risk regarding these shares as unfavorable market conditions could result in the disposal at less than their value at April 30, 2020. As at April 30, 2020, the value of these listed shares was $347,752. At April 30, 2020, had the price for these publicly listed shares been 10% lower, the comprehensive loss for the period would have been $34,775 greater. Conversely, had the price been 10% higher, the comprehensive loss would have been $34,775 less.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern in order to maintain its properties in good standing, support normal operating requirements, continue the exploration and evaluation of its mineral properties and support any expansionary plans, and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity.

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 or acquire or dispose of assets. In order to facilitate the management of its capital requirements, management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company prepares annual budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

There were no significant changes to capital management policies of the Company during the six month period ended April 30, 2020.

7. SHARE CAPITAL

Authorized

The authorized capital of the Company consists of an unlimited number of common shares without par value.

	Number of shares	
		$
Balance, October 31, 2018, October 31, 2019 and and April 30, 2020	**93,134,470**	**42,152,701**

(Expressed in Canadian dollars)

8. WARRANTS

Outstanding warrants entitle the holders thereof to subscribe to an equivalent number of common shares.

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price
		$
Balance, October 31, 2018	**17,343,500**	**0.07**
Expired	(1,076,000)	0.05
Balance, October 31, 2019 and April 30, 2020	**16,267,500**	**0.07**

As at April 30, 2020 and October 31, 2019, the following warrants were issued and outstanding:

Number of warrants	Issue date fair value	Exercise price	Expiry date
	$	$	
4,035,000	48,000	0.07	July 14, 2020
1,200,000	13,000	0.07	July 14, 2020
4,997,500	128,565	0.07	February 6, 2021
6,035,000	169,104	0.07	February 21, 2021
16,267,500	**358,669**		

9. STOCK OPTIONS

Under the terms of the Company’s stock option plan (the “Plan”), all options are granted with an exercise price not lower than the closing market price on the day immediately preceding the date of grant. The term of options is determined by the Board of Directors with a maximum term of 5 years. These options may be granted to the Company’s employees, officers, directors, and persons providing ongoing services to the Company and are subject to regulatory approval.

On August 21, 2017, the Company’s shareholders approved an amendment to the stock option plan. Under the “rolling” 10% Stock Option Plan, the number of common shares which may be reserved under the Plan is limited to 10% of the aggregate number of common shares of the Company issued and outstanding, as the case may be.

Options are cancelled 12 months following the termination of the optionee’s employment, office, directorship, or consulting arrangement. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

(Expressed in Canadian dollars)

The following table reflects the continuity of stock options:

	Number of options	Weighted average exercise price
		$
Balance, October 31, 2018	**4,970,000**	**0.13**
Expired	(1,670,000)	0.17
Balance, October 31, 2019	**3,300,000**	**0.11**
Expired	(200,000)	0.07
Balance, April 30, 2020	**3,100,000**	**0.11**

As at April 30, 2020, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
		(in years)			
$0.05	800,000	0.96	$0.05	800,000	$0.05
$0.13	2,300,000	1.29	$0.13	2,300,000	$0.13
	3,100,000	**1.21**	**0.11**	**3,100,000**	**0.11**

As at October 31, 2019, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
		(in years)			
$0.05	800,000	1.45	$0.05	800,000	$0.05
$0.13	2,300,000	1.79	$0.13	2,300,000	$0.13
$0.07	200,000	2.32	$0.07	200,000	$0.07
	3,300,000	**1.74**	**0.11**	**3,300,000**	**0.11**

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Related parties include the Board of Directors and key management personnel, as well as close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Remuneration of directors and key management personnel of the Company was as follows:

	Three months ended April 30,		Six months ended April 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Consulting fees	**30,000**	29,500	**60,000**	73,000
Benefits	**-**	1,008	**-**	2,016
	30,000	30,508	**60,000**	75,016

As at April 30, 2020, unpaid management and consulting fees in the amount of $165,400 are owed to Management and have been included in accounts payable and accrued liabilities ($135,400 as at October 31, 2019).

During the three month period ended April 30, 2019, unpaid consulting fees in the amount of $75,000 were forgiven by the Company's CEO. The amount has been recorded as forgiveness of debt to Management in the consolidated statement of operations and comprehensive income.

Loan Payable

As at April 30, 2020, the Company has a loan payable to the CEO of the Company in the amount of $92,700 ($192,700 as at October 31, 2019). The loan is non-interest bearing and has no specific terms of repayment.

11. ENTITY-WIDE REPORTING

The Company has reviewed its activities and determined that it operates in a single reportable operating segment.

The Company's non-current assets are all in Canada.

SCHEDULE "E"

CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION OF THE RESULTING ISSUER AS AT APRIL 30, 2020

[see attached]

MOLECULE HOLDINGS INC.

Unaudited Pro Forma Consolidated Statement of Financial Position

April 30, 2020

(Expressed in Canadian Dollars)

Molecule Holdings Inc.
Pro Forma Consolidated Statement of Financial Position (Unaudited)
(in Canadian dollars)

As at April 30, 2020

	Molecule Inc.	Everton Resources Inc.	Pro Forma Adjustments	Notes	Pro Forma Consolidated
	$	$	$		$
ASSETS					
Current assets					
Cash	732,262	49,775	(50,000)	4(d)	1,602,207
			1,025,000	4(e)	
			(82,000)	4(e)	
			(71,830)	4(e)	
			(1,000)	4(e)	
Marketable securities	-	347,752	-		347,752
Sales taxes receivable	109,379	20,359	-		129,738
Inventory	145,352	-	-		145,352
Other receivables	96,932	-	-		96,932
Prepaid expenses	43,358	11,623	-		54,981
	1,127,283	429,509	820,170		2,376,962
Deposit	101,836	-	-		101,836
Capital assets	3,378,381	-	-		3,378,381
Mineral exploration properties	-	1	(1)	4(b)	-
Total assets	4,607,500	429,510	820,169		5,857,179
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	680,048	396,279	(150,400)	4(c)	925,927
Current portion of lease liability	39,242	-	-		39,242
Loan payable	-	92,700	(92,700)	4(c)	-
	719,290	488,979	(243,100)		965,169
Lease liability	158,320	-	-		158,320
Convertible debt	-	-	700,277	4(e)	736,343
			36,066	4(e)	
Other long-term liabilities	40,000	-	-		40,000
Total liabilities	917,610	488,979	493,243		1,899,832
SHAREHOLDERS' EQUITY					
Share capital	5,411,972	42,152,701	1,490,152	4(a)	7,145,224
			(42,152,701)	4(b)	
			243,100	4(c)	
Warrants	-	358,669	5,421	4(a)	58,933
			(358,669)	4(b)	
			53,512	4(e)	
Contributed surplus	183,375	10,497,485	2,574	4(a)	266,264
			76,381	4(e)	
			3,934	4(e)	
			(10,497,485)	4(b)	
Deficit	(1,905,457)	(53,068,324)	(1,557,617)	4(b)	(3,513,074)
			53,068,324	4(b)	
			(50,000)	4(d)	
Total equity	3,689,890	(59,469)	326,926		3,957,347
Total liabilities and equity	4,607,500	429,510	820,169		5,857,179

The accompanying notes are an integral part of the pro forma consolidated statement of financial position

1. BASIS OF PRESENTATION

The unaudited pro forma consolidated statement of financial position of Molecule Holdings Inc. ("Molecule Holdings" or the "Company") has been prepared by management after giving effect to the transaction contemplated by a definitive arrangement agreement signed between Molecule Inc. ("Molecule") and Everton Resources Inc. ("Everton"), dated November 27, 2019, pursuant to which Everton will acquire (the "Proposed Transaction") all of the issued and outstanding securities of Molecule, by way of plan of arrangement (the "Plan of Arrangement"), which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the Proposed Transaction (the "Resulting Issuer").

The pro forma consolidated statement of financial position is comprised of:

(a) A pro forma consolidated statement of financial position, consolidating the unaudited statements of financial position of Molecule Inc. and Everton Resources Inc. at April 30, 2020
(b) Pro forma adjustments as set out in Note 4.

Molecule, a private Ontario corporation, is a beverage formulation, manufacturing and distribution company that holds a Standard Processing Licence under the Cannabis Act and Regulations. Molecule will provide the capacity, knowledge and licensing required to produce and co-package craft cannabis-infused beverages. Everton is a public company listed on the TSX Venture Exchange. Prior to the closing, it is expected that Everton will change its corporate name to "Molecule Holdings Inc" or such other name as may be determined by the board of directors.

The accounting policies used in preparing the pro forma consolidated statement of financial position are set out in Molecule's audited consolidated financial statements for the year ended October 31, 2019 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). In preparing the pro forma statement of financial position, a review of publicly available information was undertaken to identify accounting policy differences between Everton and Molecule. While management believes that the significant accounting policies of Everton and Molecule are consistent in all material respects, accounting policy differences may be identified upon completion of the proposed transaction.

The pro forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been achieved had the Proposed Transaction described in Note 2 and other pro forma adjustments occurred as assumed. Further, the pro forma consolidated statement of financial position is not necessarily indicative of the consolidated financial position that may be attained in the future. The pro forma consolidated statement of financial position should be read in conjunction with: (i) the description of the Proposed Transaction in the Listing Statement and (ii) the historical financial statements, together with the notes thereto, of Everton and Molecule referred to above.

2. PROPOSED TRANSACTION

The unaudited pro forma consolidated statement of financial position gives effect to the Proposed Transaction, as if completed on April 30, 2020, including the following.

(i) Plan of Arrangement

Everton will acquire all of the issued and outstanding securities of Molecule, by way of plan of arrangement (the "Plan of Arrangement"), which will result in the shareholders of Molecule holding the majority of the outstanding shares of Everton upon closing of the Proposed Transaction (the "Resulting Issuer"). One Everton share will be issued for each common share of Molecule issued and outstanding immediately prior to the completion of the Proposed Transaction. All of Molecule's outstanding warrants and stock options will be exchanged for an equivalent number of warrants and stock options, respectively, in Molecule Holdings Inc.

Legally, Everton will be the parent of Molecule, however, since shareholders of Molecule will hold and control the majority of the outstanding shares of the resulting issuer, Molecule is deemed to be the accounting acquirer.

The following are conditions of the Proposed Transaction:

(1) Everton will effect a consolidation (the "Consolidation") of its issued and outstanding common shares on the basis of one new common share (each a "Everton Share") for every ten (10) common shares of Everton issued and outstanding on the effective date of the Consolidation.

(2) Creditors of Everton will convert $243,100 of indebtedness into an aggregate of 1,215,500 Everton Shares at a deemed issue price of $0.20 per share.

(ii) Private Placement

On July 29, 2020, the Company closed a private placement for gross proceeds of $1,025,000. The private placement was comprised of 1,025 subscription receipts ("Subscription Receipts") at a price of $1,000 per Subscription Receipt. The gross proceeds of the financing ($1,025,000) less an amount equal to the agents' expenses ($71,830) and 50% of the agents' fee ($37,600) was deposited in trust, pending the satisfaction of certain escrow release conditions (the "Escrow Release Conditions"), including, among other things, the completion of all conditions precedent to the Plan of Arrangement, to the satisfaction of the agents, prior to December 31, 2020 (the "Escrow Release Deadline"). Upon the satisfaction of the Escrow Release Conditions, each Subscription Receipt shall be deemed automatically exercised, without payment of any additional consideration and without action on the part of the holder thereof, into one Convertible Debenture of the Resulting Issuer. The Convertible Debentures will bear interest at a simple rate of 8.00% per annum, maturing thirty-six (36) months from the completion of the Plan of Arrangement and the listing of the Company's shares on the CSE (the "Maturity Date"). Each Convertible Debenture is convertible at the option of the holder at any time prior to the close of business on the last business day immediately preceding the Maturity Date, into 5,000 units ("Units") of the Resulting Issuer, each Unit consisting of one common share of the Resulting Issuer and one half of one common share purchase warrant of the Resulting Issuer ("Unit Warrants"), together with such number of additional Units to be issued for the conversion of any accrued and unpaid interest on the principal amount being converted at the conversion price of $0.20 (the "Conversion Price"). Each Unit Warrant shall be exercisable to acquire an additional common share of the Resulting Issuer at an exercise price of $0.30 for a period of thirty-six (36) months from the occurrence of the liquidity event. At any time after the date that is one year following the closing date, the Resulting Issuer may force the conversion of the principal amount and all accrued and unpaid interest of the then outstanding Convertible Debentures at the Conversion Price on not less than 30 days' notice if the daily volume weighted-average trading price of the common shares of the Resulting Issuer is greater than $0.50 for any 20 consecutive trading days. In connection with the financing, the agents' also received 410,000 broker warrants, convertible into Units at $0.20 for a period of 36 months from the completion of the Plan of Arrangement and the listing of the Company's shares on the CSE and 40 Convertible Debentures.

(in Canadian dollars)

3. PRELIMINARY ALLOCATION

The acquisition of Everton has been accounted for as an asset acquisition, as the assets acquired and liabilities assumed do not constitute a business, as defined in IFRS 3, Business Combinations. The total consideration has been allocated, on a preliminary pro forma basis, to the fair value of the net assets acquired and liabilities assumed, as at April 30, 2020, the date of the pro forma consolidated statement of financial position. The allocation is based on management's best estimates, taking into account all available information at the time of preparation. The allocation will be finalized once management has gathered and reviewed all relevant information. The final allocation may differ from the preliminary estimates and the difference could be material.

CONSIDERATION PAID	**Estimated fair value**
	$
9,313,447 common shares	1,490,152
1,103,250 warrants	5,421
310,000 stock options	2,574
	1,498,147

ALLOCATION	
	$
ASSETS	
Cash	49,775
Marketable securities	347,752
Sales taxes receivable	20,359
Long-term investment	11,623
Total identifiable assets acquired	429,509
LIABILITIES	
Accounts payable and accrued liabilities	(396,279)
Loan payable	(92,700)
Total liabilities assumed	(488,979)
Net assets acquired	(59,470)

The Company will recognize a listing expense in connection with the acquisition of Everton. The measurement of a listing expense as part of the acquisition of a public company is equal to the consideration paid by the Company less the net assets acquired in the transaction. Based on the preliminary allocation, the Company will recognize a listing expense in the amount of $1,557,617.

4. PRO FORMA ADJUSTMENTS

The unaudited pro forma consolidated statement of financial position includes the following adjustments:

(a) The issuance of 9,313,447 common shares to former shareholders of Everton, valued at $1,490,152, based on the Unit conversion price of the convertible debentures (Note 4(e)), the issuance of 1,103,250 warrants to former warrant holders of Everton, valued at $5,421, based on the Black-Scholes option pricing model, and the issuance of 310,000 stock options to former stock option holders of Everton, valued at $2,574, based on the Black-Scholes option pricing model, to reflect the acquisition of Everton. The preliminary purchase price is as detailed in Note 3. The excess of the purchase price over the fair value of the net assets acquired, $1,557,617, has been recognized as a listing expense. The value of the 1,103,250 warrants, of $5,421, was based on the Black-Scholes option pricing model using the following assumptions: stock price of $0.16, exercise price of $0.70, risk-free interest rate of 0.28%, weighted-average expected life of warrants of 0.75 years, annualized volatility of 100% and dividend rate of 0%. The value of the 310,000 stock options, of $2,574, was based on the Black-Scholes option pricing model using the following assumptions: stock price of $0.16, weighted-average exercise price of $1.09, risk-free interest rate of 0.28%, weighted-average expected life of stock options of 1.20 years, annualized volatility of 100% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of similar companies, as the Company has limited historical data itself on which it could be based. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time with an expiry commensurate with the expected life of the warrants or stock options.

(b) The consolidation of Everton's net assets acquired, as detailed in Note 3.

(c) The issuance of 1,215,500 common shares to creditors of Everton in settlement of $243,100 of indebtedness ($150,400 included in accounts payable and accrued liabilities and $92,700 included in loan payable).

(d) As part of the above transaction, the Company anticipates incurring approximately $50,000 in additional professional fees and other transaction costs, including but not limited to legal fees and audit fees.

(e) Gross proceeds of $1,025,000 from the issuance of 1,025 convertible debentures at a price of $1,000 per debenture, further to the completion of a private placement. The convertible debentures have a maturity date of three years and bear interest at 8.0% per annum, payable semi-annually. The debentures are convertible, at the option of the holder, into common shares of the Company at any time prior to the maturity date at a conversion price of $0.20 per Unit, each Unit consisting of one common share of the Resulting Issuer and one half of one common share purchase warrant of the Resulting Issuer ("Unit Warrants"). Each Unit Warrant shall be exercisable to acquire an additional common share of the Resulting Issuer at an exercise price of $0.30 for a period of thirty-six (36) months from the occurrence of the Liquidity Event.

The agents' compensation under the financing includes a cash fee of $82,000 and 410,000 Broker Warrants. Each Broker Warrant entitles the holder thereof to acquire one Unit of the Resulting Issuer at an exercise price equal to $0.20 for a period of thirty-six (36) months. The Broker Warrants were recorded at a value of $53,512, based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.16, risk-free interest rate of 0.28%, expected life of warrants of 3 years, annualized volatility of 100% and dividend rate of 0%. In addition, the agent is entitled to a corporate finance fee of $41,000, being 4% of the gross proceeds, paid by the issuance of 40 convertible debentures and $1,000 in cash. Other transaction costs amount to $71,830, being legal fees incurred by the agents.

The fair value of the liability component of the convertible debentures was calculated using the discounted cash flows associated with the debt, without consideration for the conversion feature, while the value of the equity conversion feature was determined as the difference between the fair value of the convertible debentures and the fair value of the liability component, and has been included within contributed surplus. Transaction costs related to the issuance of the convertible debentures were capitalized and applied proportionately against the value of the equity and liability components such that the value assigned to each component is stated net of the transaction costs, as follows:

(in Canadian dollars)

	$
Gross proceeds	1,025,000
Transaction costs	(248,342)
Net proceeds	776,658
Liability component	700,277
Conversion feature	76,381
	776,658

The corporate finance fee of $40,000 payable in convertible debentures was allocated as follows:

	$
Liability component	36,066
Conversion feature	3,934
	40,000

5. SHARE CAPITAL

Upon completion of the proposed transactions, the Company's pro forma share capital will be as follows:

Unlimited number of common shares, voting, participating and without par value

Issued and fully paid

Common shares

	Number of shares	$
Balance, April 30, 2020	74,400,100	5,411,972
Shares issued to acquire Everton Resources Inc.	9,313,447	1,490,152
Shares issued in settlement of indebtedness	1,215,500	243,100
Pro forma balance, April 30, 2020	84,929,047	7,145,224

6. INCOME TAXES

The effective pro forma income tax rate is approximately 0%.

SCHEDULE "F"

ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS OF MOLECULE INC. FOR THE YEARS ENDED OCTOBER 31, 2019 AND 2018

[see attached]

MOLECULE INC.

Management's Discussion and Analysis

For the year ended October 31, 2019

This Management's Discussion and Analysis ("MD&A") for Molecule Inc. (the "Company" or "Molecule") should be read in conjunction with the consolidated financial statements for year ended October 31, 2019 and the notes thereto.

The financial information in this MD&A is derived from the Company's consolidated financial statements for the year ended October 31, 2019, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). The effective date of this MD&A is March 4, 2020.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this document may contain "forward-looking statements". Forward-looking statements may include, among others, statements regarding the Company's future plans, costs, objectives, economic performance, or the assumptions underlying any of the foregoing. In this document, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate" and similar words and the negative form thereof are used to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such future performance will be achieved. Forward-looking statements are based on information available at the time and/or management's good faith belief with respect to future events and are subject to known or unknown risks, uncertainties and other unpredictable factors, many of which are beyond the Company's control. These risks and uncertainties include, but are not limited to, those described under the headings "Risk Management and Capital Management" and "Inherent Risk Factors" in this MD&A and could cause actual events or results to differ materially from those projected in any forward-looking statements. The Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking statements contained in this MD&A to reflect subsequent information, events or circumstances or otherwise, except if required by applicable law.

BUSINESS OVERVIEW

Molecule Inc. (the "Company" or "Molecule") was incorporated on September 28, 2018 under the Business Corporations Act (Ontario).

On February 28, 2020, Molecule was issued a Standard Processing Licence by Health Canada (the "Licence") in accordance with the Cannabis Act and Cannabis Regulations. The Licence authorizes Molecule to: possess cannabis; produce cannabis, other than obtaining it by cultivating, propagating or harvesting it; and to sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations and in accordance with the conditions of the Licence.

The Company will engage in the production and co-packing of cannabis-infused beverages by providing the infrastructure, knowhow, technology and licence for craft beverage producers to create cannabis beverages. The address of the Company's corporate office is 591 Reynolds Road, Lansdowne, Ontario K0E 1L0.

<u>Arrangement Agreement with Everton Resources Inc.</u>

On November 27, 2019, the Company entered into a definitive arrangement agreement with Everton Resources Inc. ("Everton") pursuant to which Everton will acquire (the "Proposed Transaction") all of the issued and outstanding securities of Molecule, by way of plan of arrangement (the "Plan of Arrangement"), which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the Proposed Transaction (the "Resulting Issuer").

Prior to the closing of the Proposed Transaction, it is anticipated that Everton will apply to list its common shares on the Canadian Securities Exchange ("CSE") and voluntarily delist its common shares from the TSX Venture Exchange (the "TSXV"). It is expected that the Company will delist from the TSXV immediately prior to the completion of the Proposed Transaction and listing on the CSE.

The Proposed Transaction may be considered a "related party transaction" as such term is defined by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions and Policy 5.9 of the TSXV, since the CEO and director of Everton is also the CEO, director and shareholder of Molecule, and the CFO of Everton, is also the CFO of Molecule. The Proposed Transaction is exempt from the formal valuation requirements set out in the foregoing regulatory instruments due to the fact that the shares of Everton are listed on the TSXV.

As a condition of the Proposed Transaction, Everton will effect a consolidation (the "Consolidation") of its issued and outstanding common shares on the basis of one new common share (each a "Everton Share") for every ten (10) common shares of Everton issued and outstanding on the effective date of the Consolidation. In addition, prior to the closing, it is expected that Everton will change its corporate name to "Molecule Holdings Inc" or such other name as may be determined by the board of directors (the "Name Change").

Pursuant to the Proposed Transaction, one Everton share will be issued for each common share of Molecule (the "Molecule Share(s)") issued and outstanding immediately prior to the completion of the Proposed Transaction, at a deemed value of $0.30 per Everton Share.

As a condition to the closing of the Proposed Transaction, Molecule intends to complete a private placement offering ("Private Placement") of units (the "Molecule Units"), for a minimum of $2 million, each Molecule Unit consisting of one common share of Molecule and a minimum of one-half of one share purchase warrant, with final terms to be determined by the parties in the context of the market.

Concurrently with, and as a condition of, the closing of the Proposed Transaction, creditors of Everton will convert $243,100 of indebtedness into an aggregate of 810,333 Everton Shares at a deemed issue price of $0.30 per share. All the foregoing indebtedness is due to the CEO of Everton, for advances and loans that he has made to Everton in order to satisfy Everton's minimum working capital needs in the absence of any reasonable third-party alternatives.

Post-consolidation and following the completion of the Proposed Transaction, the Resulting Issuer is anticipated to have a total of 84,223,880 common shares issued and outstanding, subject to increase in accordance with the terms of the Arrangement Agreement, including in particular, with respect to the Private Placement. The Resulting Issuer is also anticipated to have 4,456,750 options or warrants (post-Consolidation), exercisable into common shares of the Resulting Issuer, issued and outstanding upon completion of the Proposed Transaction.

In connection with, and immediately prior to, the closing of the Proposed Transaction, Everton intends to create and issue preferred shares ("Preferred Shares"), on the basis of one Preferred Share for every issued and outstanding Everton Share on the record date to be established by the Board of Directors of Everton, to shareholders of Everton. The record date for the issuance of the Preferred Shares is expected to be the same as the record date for the special meeting to be called in connection with the Proposed Transaction. The purpose of the Preferred Shares is to provide the current Everton shareholders with a right to receive, on a pro rata basis, an economic benefit, subject to an aggregate maximum of up to $500,000, in the event that any of the Everton mining royalties are triggered and generate revenue within a maximum period of five (5) years from the date of the issuance of the Preferred Shares. The Preferred Shares would provide that, if triggered, the Preferred Shares would be redeemable, on a pro rata basis, for cash up to an aggregate maximum of $500,000. The Preferred Shares would otherwise not have any rights or recourses.

Completion of the Proposed Transaction will be subject to the satisfaction of various conditions, including (i) the completion of the Private Placement in the minimum amount of $2 million, (ii) the filing of articles of amendment to give effect to the Name Change, the Consolidation and the creation of the Preferred Shares, (iii) the receipt of the approval of the majority of the minority of Everton's shareholders, as well as the approval of a special majority of Molecule's shareholders of the Proposed Transaction, (iv) the satisfaction or waiver of all applicable conditions precedent, and (v) the receipt of conditional approval from the CSE for the proposed listing of the shares of the Resulting Issuer on the CSE.

CORPORATE DEVELOPMENT HIGHLIGHTS

CLOSING OF PRIVATE PLACEMENTS & OTHER FINANCING

On September 28, 2018, on incorporation of the Company, 100 class B common shares were issued for total consideration of $1. These are the only class B common shares to have been issued. They are identical in all respects to the class A common shares.

On November 30, 2018, the Company closed a private placement for gross proceeds of $25,000. The private placement was comprised of 5,000,000 shares at a price of $0.005 per share. A Director of the Company participated in the private placement for a total amount of $15,000.

In December 2018, the Company closed a private placement for gross proceeds of $684,772. The private placement was comprised of 13,695,433 shares at a price of $0.05 per share. A Director of the Company participated in the private placement for an amount of $34,772.

In March/April 2019, the Company closed a private placement for gross proceeds of $3,730,000. The private placement was comprised of 37,300,000 shares at a price of $0.10 per share. A Director of the Company participated in the private placement for an amount of $50,000.

Under shares for debt agreements, the Company issued 5,000,000 shares on November 30, 2018 in settlement of $25,000 in debt, 1,304,567 shares in December 2018 in settlement of $65,228 in debt and 200,000 shares in April 2019 in settlement of $20,000 in debt. In total, the Company issued 6,504,567 shares in settlement of $110,228 in debt. Officers and Directors received a total of 5,304,567 shares in settlement of $85,228 in debt.

On June 13, 2019, the Company acquired all of the issued and outstanding shares of Burrard Bay Capital Corp. ("Burrard Bay") by issuing 10,000,000 common shares at a deemed price of $0.10 per share. At the date of acquisition, Burrard Bay, a Canadian holding company, held cash in the amount of $1,000,000 and had no other assets or liabilities. Given that the economic substance of the transaction was that of a financing, with the Company effectively issuing common shares for cash, it has been recorded as such for accounting purposes, with direct costs recorded as a reduction of share capital.

STANDARD PROCESSING LICENCE

On February 28, 2020, Molecule was issued a Standard Processing Licence by Health Canada (the "Licence") in accordance with the Cannabis Act and Cannabis Regulations. The Licence authorizes Molecule to: possess cannabis; produce cannabis, other than obtaining it by cultivating, propagating or harvesting it; and to sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations and in accordance with the conditions of the Licence.

LEASE OF LAND & BUILDING IN THE THOUSAND ISLANDS' REGION OF EASTERN ONTARIO

Effective April 1, 2019, the Company entered into a lease with Thousand Island Farms Inc., a company owned by Andre Audet, the CEO of Molecule, for a parcel of land and a building located in the Thousand Islands' region of Eastern Ontario. The lease has an initial five year term which expires, unless extended, in April 2024. For and during the first and second year of the lease, the base rent is $60,000, payable in equal monthly instalments of $5,000. For and during the third and fourth year of the lease, the base rent is $63,000, payable in equal monthly instalments of $5,250. For and during the fifth year of the lease, the base rent is $66,150, payable in equal monthly instalments of $5,513. Provided that the Company is not in default in the performance of any term of the lease, Molecule has the irrevocable option to purchase, during the lease term, the premises and land for a purchase price equal to $875,000 if exercised in the first year of the lease, subject to increases in each year of the lease based on the annual Consumer Price Index percentage. The Company paid an amount of $5,000 in consideration for the grant of the purchase option, which is non-refundable.

GRANTING OF STOCK OPTIONS

On July 2, 2019, 1,000,000 stock options were granted to a consultant of the Company at an exercise price of $0.10 per share, which vest evenly over a twelve month period and expire five years following the date upon which the Company's (or its affiliate's) common shares are listed for trading on a nationally recognized stock exchange in Canada.

On July 12, 2019, 1,500,000 stock options were granted to directors, officers and employees of the Company at an exercise price of $0.10 per share, which all vested immediately and expire on July 12, 2024.

ADVISORY AGREEMENT

Effective June 15, 2019, the Company entered into an advisory agreement with a financial services company (the "Consultant"). Under the agreement, the Consultant serves as a strategic advisor to assist the Company in developing a current and ongoing acquisition and capital markets strategy. In consideration for the advisory services, the Company will pay the Consultant a monthly retainer in the amount of $10,000, which is payable in common shares of Molecule on a quarterly basis. The common shares will be valued at $0.10 per share unless the common shares of the Company become listed on a stock exchange at which point, the common shares will be valued based on the greater of $0.10 and the lowest price per common share allowed by the applicable stock exchange. The agreement is for a term of twelve months.

Pursuant to the advisory agreement, the Company issued 300,000 common shares on September 15, 2019 and another 300,000 on December 15, 2019, at a deemed price of $0.10 per share.

SHARES ISSUED IN ACCORDANCE WITH EMPLOYMENT AGREEMENT

On December 1, 2019, the Company issued 1,000,000 common shares, at a deemed value of $0.10 per share, to the Company's Chief Regulatory Officer, in accordance with his terms of employment.

SELECTED FINANCIAL INFORMATION

The following selected financial information is derived from the Company's consolidated financial statements for the year ended October 31, 2019, which were prepared in accordance with IFRS:

	October 31,
Year ended	**2019**
	$
Net loss	**(1,091,247)**
Comprehensive loss	**(1,091,247)**
Basic and diluted loss per common share	**(0.02)**

	October 31,
As at	**2019**
	$
Total assets	**5,050,528**
Total liabilities	**732,328**

PAYMENT OF DIVIDENDS

The Company's current policy is to retain earnings to finance the development of its business. Therefore, the Company does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company's dividend policy will be reviewed from time to time by the Board of Directors in the context of its earnings, financial condition and other relevant factors. Until the time that the Company does pay dividends, which it may never do, shareholders will not be able to receive a return on their Common Shares unless they sell them.

RESULTS OF OPERATIONS

During the year ended October 31, 2019, the Company recorded a net loss and total comprehensive loss of $1,091,247. The loss was primarily attributable to management and consulting fees ($402,285), salaries and benefits ($209,243), professional fees ($229,059) and stock-based compensation ($157,475), as further described below:

- Management and consulting fees of $402,285 for the year ended October 31, 2019 include $85,000 paid/payable to the Company's management and $317,285 paid/payable to consultants providing services in a number of areas, including but not limited to corporate advisory, logistics. marketing and general administration.

- Salaries and benefits of $209,243 for the year ended October 31, 2019 include $40,000 paid/payable to the Company's management and $169,243 paid/payable to other employees, engaged in a number of areas, including but not limited to research and product development, logistics and quality assurance.

- Professional fees of $229,059 for the year ended October 31, 2019 include $53,314 in legal fees related to the organization of the Company and other general corporate matters, $14,000 in audit fees and $161,745 in other professional fees in connection with the preparation and filing of the Company's application for a Standard Processing Licence with Health Canada.

- Stock-based compensation of $157,475 for the year ended October 31, 2019 is attributable to the 2,500,000 stock options granted in July 2019 to directors, officers, employees and consultants, under the Company's incentive stock option plan, 1,500,000 of which vested immediately upon grant. The purpose of the option plan is to attract, retain and motivate qualified directors, officers, employees and consultants and to reward them for their contributions toward creating shareholder value through the achievement of the short and long-term goals of the Company.

SUMMARY OF QUARTERLY RESULTS

The following information has been derived from the four most recently completed quarters, since the incorporation of the Company on September 28, 2018, all presented in accordance with IFRS:

For the three months ended	October 31, 2019	July 31, 2019	April 30, 2019	January 31, 2019
	$	$	$	$
Net loss	(357,424)	(457,322)	(100,993)	(175,508)
Comprehensive loss	(357,424)	(457,322)	(100,993)	(175,508)
Basic and diluted loss per common share	(0.005)	(0.007)	(0.003)	(0.013)

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity depends on existing cash reserves, supplemented as necessary by equity and/or debt financings. As at October 31, 2019, the Company had a working capital of $2,119,671, including cash of $2,288,191 and current liabilities of $553,679.

During the year ended October 31, 2019, the Company used cash of $909,499 to fund operating activities.

As the Company's focus has been primarily on the retrofitting of its facility in the Thousand Islands region of Eastern Ontario and on obtaining its licence from Health Canada, it has not generated any operating revenue and has relied exclusively on equity financings. The Company is currently dependent upon additional equity and/or debt financing to fund its ongoing operations until it can achieve profitable operations.

OFF-BALANCE SHEET ARRANGEMENTS

As at October 31, 2019 and as of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

As outlined in the Business Overview section of this MD&A, the Company has entered into a definitive arrangement agreement pursuant to which all of the issued and outstanding securities of Molecule will be acquired by Everton Resources Inc., which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the proposed transaction.

As at the date of this MD&A, other than the arrangement agreement with Everton, there are no proposed asset or business acquisitions or dispositions.

RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Related parties include the Board of Directors and key management personnel, as well as close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Remuneration of directors and key management personnel of the Company was as follows:

	For the year ended October 31, 2019	From the date of incorporation (September 28, 2018) to October 31, 2018
	$	$
Salaries	**40,000**	-
Consulting fees	**85,000**	-
Stock-based compensation	**67,134**	-
	192,134	-

During the year ended October 31, 2019, consulting fees of $40,000 were paid/payable to Andre Audet, the Company's CEO, for services rendered as CEO of the Company. Mr. Audet also received $22,378 in stock-based compensation for the period.

During the year ended October 31, 2019, consulting fees of $5,000 and salary of $40,000 were paid/payable to Phil Waddington, the Company's Chief Regulatory Officer ("CRO"), for services rendered as CRO of the Company. Mr. Waddington also received $22,378 in stock- based compensation for the period.

During year ended October 31, 2019, consulting fees of $40,000 were paid/payable to Brendan Stutt, the Company's CFO, for services rendered as CFO of the Company. Mr. Stutt also received $22,378 in stock-based compensation for the period.

FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities and other current liabilities. The fair value of the Company's financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

	October 31, 2019	October 31, 2018
	$	$
Financial assets		
Amortized cost		
Cash	**2,288,191**	-
Other receivables	**2,874**	-
Total financial assets	**2,291,065**	-
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(516,949)**	-
Other current liabilities	**-**	(61,299)
Total financial liabilities	**(516,949)**	(61,299)

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash. The Company's cash is held at reputable financial institutions with high external credit ratings. It is Management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. The Company's accounts payable and other liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares through equity offerings or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. There have been no changes to the Company's capital management approach during the year ended October 31, 2019.

CHANGE IN ACCOUNTING POLICIES

The Company has not had any changes in accounting policies, other than the adoption of new mandatory standards under IFRS as well as amendments to existing standards, for the year ended October 31, 2019.

INHERENT RISK FACTORS

You should carefully consider the following risks and uncertainties in addition to other information in this MD&A in evaluating Molecule and its business before making any investment decision. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to the Company, or that it currently deems immaterial, may also impair its operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Company's operations could be materially adversely affected. The risk factors described below should be carefully considered by readers, including investors considering a purchase of securities of the Company.

An investment in securities of the Company should only be made by persons who can afford a significant or total loss of their investment.

The Company's business requires compliance with regulatory or agency proceedings, investigations and audits

The Company's business requires compliance with many laws and regulations, specifically Canadian cannabis laws that are still in the early stages and subject to unexpected changes. Failure to comply with these laws and regulations could subject the Company or the businesses in which it invests to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Licensing requirements for cannabis companies in Canada

The market for cannabis and cannabis derivative products in Canada is regulated by the *Cannabis Act* and *Cannabis Regulations*. Health Canada is the primary regulator of the cannabis industry as a whole. There is no guarantee that the Company will obtain all the necessary licences or approvals required for its business. In addition, failure to comply with the requirements of any licence or any failure to maintain such licence would have a material adverse impact on the business, financial condition and operating results of the Company.

There is no assurance that the Company will turn a profit or generate immediate revenues

The Company has no history of earnings or cash flow from operations and the Company may not generate material revenue or achieve self-sustaining operations for several years, if at all. There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company anticipates that it will incur substantial expenses relating to the development and initial operations of its investments and business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of investments, operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

Requirements for Further Financing and Dilution

The Company may not have sufficient financial resources to undertake all of the activities as currently planned. The Company may need to obtain further financing, whether through debt financing, equity financing or other means. To obtain such funds the Company may sell additional securities, the effect of which could result in substantial dilution of the equity interests of the holders of the Company Shares. There can be no assurance that Company will be able to raise the balance of the financing required or that such financing can be obtained without substantial dilution to shareholders or that the terms of such financing will be favourable. Failure to obtain additional financing on a timely basis could cause the Company to reduce or terminate its operations.

The Company has a limited operating history

The Company will not have a record of achievement to be relied upon. The Company's operations are subject to all the risks inherent in the establishment of a new business enterprise, including a lack of operating history. The Company cannot be certain that its investment strategy or development of the Company's business will be successful. The likelihood of the Company's success must be assessed in consideration of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. If the Company fails to address any of those risks or difficulties adequately, the business will likely suffer.

The Company may be vulnerable to unfavorable publicity or consumer perception

Cannabis and cannabis derivatives industries are highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use cannabis industry.

The cannabis industry is subject to increasing competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than the Company. Because of the early stage of the industry in which the Company will operate, the Company will face additional competition from new entrants. If the number of users of marijuana products in Canada increases, the demand for products will increase and competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, financial condition or prospects.

Ongoing Costs and Obligations

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Product Liability

Upon becoming a producer or distributor of products designed to facilitate cannabis ingestion by humans, the Company would face an inherent risk of exposure to product liability claims, regulatory action and litigation if such products are alleged to have caused significant loss or injury. In addition, tampering by unauthorized third parties or product contamination with respect to the cannabis used in such products may impact the risk of injury to consumers. Previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. As a supplier and/or producer and/or distributor and/or retailer of products designed to facilitate the consumption of cannabis, the Company may be subject to various product liability claims, including, among others, that the cannabis product caused injury or illness, included inadequate instructions for use or included inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company. There can be no assurances that the Company will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products or otherwise have a material adverse effect on the business, results of operations, financial condition or prospects of the Company.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such recalls can cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management attention. Although the Company will have detailed procedures in place for testing its products or require that third parties do the same where applicable, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's brands were subject to recall, the image of that brand and the Company could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Product Approvals

The Company may require advance approval of its products from authorities in the applicable jurisdiction. While the Company intends to follow the guidelines and regulations of each applicable local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. If any of the Company's products are not approved or any existing approvals are rescinded, there is the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Product Exchanges, Returns and Warranty Claims

If the Company is unable to maintain or cause the maintenance of an acceptable degree of quality control of products it produces or distributes, the Company may incur costs associated with the exchange and return of the products as well as servicing its customers for warranty claims. Any of the foregoing on a significant scale may have a material adverse effect on the Company's business, results of operations and financial condition.

Results of Future Clinical Research

Research in Canada and internationally regarding the medical benefits, viability, safety, efficacy, dosing and/or social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the proposed management of the Company believe that the articles, reports and studies support their respective beliefs regarding the medical benefits, viability, safety, efficacy, dosing and/or social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, holders or prospective purchasers of the Company Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Reliance on Key Inputs

The business of the Company would be dependent on a number of key inputs and their related costs including raw materials and supplies related to product development and manufacturing operations. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the Company's business, financial condition, and results of operations or prospects. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of the Company.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company's capital expenditure plans may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the Company's business, financial condition, results of operations or prospects.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Company Shares. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Operating Risks and Insurance

The Company's operations will be subject to hazards inherent in the cannabis industry, such as equipment defects, malfunction and failures, natural disasters which result in fires, accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment, labour disputes, and changes in the regulatory environment. These risks could expose the Company to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages. The frequency and severity of such incidents would affect operating costs, insurability and relationships with customers, employees and regulators.

The Company will continuously monitor its operations for quality control and safety. However, there are no assurances that the Company's safety procedures will always prevent such damages. Although the Company will maintain insurance coverage that it believes to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover its liabilities. In addition, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits then maintained by the Company, or a claim at a time when it is not able to obtain liability insurance, could have a material adverse effect on the Company, the Company's ability to conduct normal business operations and on the Company's business, financial condition, results of operations and cash flows in the future.

Dilution

The Company may enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive to the other shareholders and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Company Shares.

Changes in Laws, Regulations and Guidelines

The Company's operations will be subject to various laws, regulations, guidelines and licensing requirements. While the Company is expected to be in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company's business, results of operations and financial condition.

Constraints on Marketing Products

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in Canada limits companies' abilities to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and results of operations could be adversely affected.

CRITICAL ACCOUNTING ESTIMATES

See Note 2 to the Company's consolidated financial statements for the year ended October 31, 2019.

NEW ACCOUNTING POLICIES ISSUED BUT NOT YET EFFECTIVE

See Note 2 to the Company's consolidated financial statements for the year ended October 31, 2019.

OUTSTANDING SHARE DATA

Common shares and convertible securities outstanding at March 4, 2020, consist of:

Security	Expiry date	Range of exercise price	Securities outstanding
		$	#
Common shares	-	-	74,100,100
Stock options	July 12, 2024	0.10	2,500,000

SCHEDULE "G"

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
OF MOLECULE INC. FOR THE THREE AND SIX MONTH PERIOD ENDED APRIL 30, 2020**

[see attached]

MOLECULE INC.

Management's Discussion and Analysis

For the three and six month periods ended April 30, 2020

This Management's Discussion and Analysis ("MD&A") for Molecule Inc. (the "Company" or "Molecule") should be read in conjunction with the condensed consolidated interim financial statements for the three and six month periods ended April 30, 2020 and the consolidated financial statements for year ended October 31, 2019 and the notes thereto.

The financial information in this MD&A is derived from the Company's condensed consolidated interim financial statements for the three and six month periods ended April 30, 2020, which were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). The effective date of this MD&A is August 2, 2020.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this document may contain "forward-looking statements". Forward-looking statements may include, among others, statements regarding the Company's future plans, costs, objectives, economic performance, or the assumptions underlying any of the foregoing. In this document, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate" and similar words and the negative form thereof are used to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether such future performance will be achieved. Forward-looking statements are based on information available at the time and/or management's good faith belief with respect to future events and are subject to known or unknown risks, uncertainties and other unpredictable factors, many of which are beyond the Company's control. These risks and uncertainties include, but are not limited to, those described under the headings "Risk Management and Capital Management" and "Inherent Risk Factors" in this MD&A and could cause actual events or results to differ materially from those projected in any forward-looking statements. The Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking statements contained in this MD&A to reflect subsequent information, events or circumstances or otherwise, except if required by applicable law.

BUSINESS OVERVIEW

Molecule Inc. (the "Company" or "Molecule") was incorporated on September 28, 2018 under the Business Corporations Act (Ontario).

On February 28, 2020, Molecule was issued a Standard Processing Licence by Health Canada (the "Licence") in accordance with the Cannabis Act and Cannabis Regulations. The Licence authorizes Molecule to: possess cannabis; produce cannabis, other than obtaining it by cultivating, propagating or harvesting it; and to sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations and in accordance with the conditions of the Licence.

The Company will engage in the production and co-packing of cannabis-infused beverages by providing the infrastructure, knowhow, technology and licence for craft beverage producers to create cannabis beverages. The address of the Company's corporate office is 591 Reynolds Road, Lansdowne, Ontario K0E 1L0.

Arrangement Agreement with Everton Resources Inc.

On November 27, 2019, the Company entered into a definitive arrangement agreement with Everton Resources Inc. ("Everton") pursuant to which Everton will acquire (the "Proposed Transaction") all of the issued and outstanding securities of Molecule, by way of plan of arrangement (the "Plan of Arrangement"), which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the Proposed Transaction (the "Resulting Issuer").

Prior to the closing of the Proposed Transaction, it is anticipated that Everton will apply to list its common shares on the Canadian Securities Exchange ("CSE") and voluntarily delist its common shares from the TSX

Venture Exchange (the "TSXV"). It is expected that the Company will delist from the TSXV immediately prior to the completion of the Proposed Transaction and listing on the CSE.

The Proposed Transaction is be considered a "related party transaction" as such term is defined by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions and Policy 5.9 of the TSXV, since the CEO and director of Everton is also the CEO, director and shareholder of Molecule, and the CFO of Everton, is also the CFO of Molecule. The Proposed Transaction is exempt from the formal valuation requirements set out in the foregoing regulatory instruments due to the fact that the shares of Everton are listed on the TSXV.

As a condition of the Proposed Transaction, Everton will effect a consolidation (the "Consolidation") of its issued and outstanding common shares on the basis of one new common share (each a "Everton Share") for every ten (10) common shares of Everton issued and outstanding on the effective date of the Consolidation. In addition, prior to the closing, it is expected that Everton will change its corporate name to "Molecule Holdings Inc" or such other name as may be determined by the board of directors (the "Name Change").

Pursuant to the Proposed Transaction, one Everton share will be issued for each common share of Molecule (the "Molecule Share(s)") issued and outstanding immediately prior to the completion of the Proposed Transaction.

Concurrently with, and as a condition of, the closing of the Proposed Transaction, creditors of Everton will convert $243,100 of indebtedness into an aggregate of 1,215,500 Everton Shares at a deemed issue price of $0.20 per share. All the foregoing indebtedness is due to the CEO of Everton, for advances and loans that he has made to Everton in order to satisfy Everton's minimum working capital needs in the absence of any reasonable third-party alternatives.

Post-consolidation and following the completion of the Proposed Transaction, the Resulting Issuer is anticipated to have a total of 85,229,047 common shares issued and outstanding, subject to increase in accordance with the terms of the Arrangement Agreement. The Resulting Issuer is also anticipated to have 3,913,250 options or warrants (post-Consolidation), exercisable into common shares of the Resulting Issuer, issued and outstanding upon completion of the Proposed Transaction.

In connection with, and immediately prior to, the closing of the Proposed Transaction, Everton intends to create and issue preferred shares ("Preferred Shares"), on the basis of one Preferred Share for every issued and outstanding Everton Share on the record date to be established by the Board of Directors of Everton, to shareholders of Everton. The record date for the issuance of the Preferred Shares is expected to be February 7, 2020, the same as the record date of the annual and special meeting of shareholders, which was held on April 6, 2020. The purpose of the Preferred Shares is to provide the current Everton shareholders with a right to receive, on a pro rata basis, an economic benefit, subject to an aggregate maximum of up to $500,000, in the event that any of the Everton mining royalties are triggered and generate revenue within a maximum period of five (5) years from the date of the issuance of the Preferred Shares. The Preferred Shares would provide that, if triggered, the Preferred Shares would be redeemable, on a pro rata basis, for cash up to an aggregate maximum of $500,000. The Preferred Shares would otherwise not have any rights or recourses.

Completion of the Proposed Transaction will be subject to the satisfaction of various conditions, including (i) the filing of articles of amendment to give effect to the Name Change, the Consolidation and the creation of the Preferred Shares, (ii) the satisfaction or waiver of all applicable conditions precedent, and (iii) the receipt of conditional approval from the CSE for the proposed listing of the shares of the Resulting Issuer on the CSE.

CORPORATE DEVELOPMENT HIGHLIGHTS

CLOSING OF PRIVATE PLACEMENTS & OTHER FINANCING

On September 28, 2018, on incorporation of the Company, 100 class B common shares were issued for total consideration of $1. These are the only class B common shares to have been issued. They are identical in all respects to the class A common shares.

On November 30, 2018, the Company closed a private placement for gross proceeds of $25,000. The private placement was comprised of 5,000,000 shares at a price of $0.005 per share. A Director of the Company participated in the private placement for a total amount of $15,000.

In December 2018, the Company closed a private placement for gross proceeds of $684,772. The private placement was comprised of 13,695,433 shares at a price of $0.05 per share. A Director of the Company participated in the private placement for an amount of $34,772.

In March/April 2019, the Company closed a private placement for gross proceeds of $3,730,000. The private placement was comprised of 37,300,000 shares at a price of $0.10 per share. A Director of the Company participated in the private placement for an amount of $50,000.

Under shares for debt agreements, the Company issued 5,000,000 shares on November 30, 2018 in settlement of $25,000 in debt, 1,304,567 shares in December 2018 in settlement of $65,228 in debt and 200,000 shares in April 2019 in settlement of $20,000 in debt. In total, the Company issued 6,504,567 shares in settlement of $110,228 in debt. Officers and Directors received a total of 5,304,567 shares in settlement of $85,228 in debt.

On June 13, 2019, the Company acquired all of the issued and outstanding shares of Burrard Bay Capital Corp. ("Burrard Bay") by issuing 10,000,000 common shares at a deemed price of $0.10 per share. At the date of acquisition, Burrard Bay, a Canadian holding company, held cash in the amount of $1,000,000 and had no other assets or liabilities. Given that the economic substance of the transaction was that of a financing, with the Company effectively issuing common shares for cash, it has been recorded as such for accounting purposes, with direct costs recorded as a reduction of share capital.

On July 29, 2020, the Company closed a private placement for gross proceeds of $1,025,000. The private placement was comprised of 1,025 subscription receipts ("Subscription Receipts") at a price of $1,000 per Subscription Receipt. The gross proceeds of the financing ($1,025,000) less an amount equal to the agents' expenses ($71,830) and 50% of the agents' fee ($37,600) was deposited in trust, pending the satisfaction of certain escrow release conditions (the "Escrow Release Conditions"), including, among other things, the completion of all conditions precedent to the Plan of Arrangement, to the satisfaction of the agents, prior to December 31, 2020 (the "Escrow Release Deadline"). Upon the satisfaction of the Escrow Release Conditions, each Subscription Receipt shall be deemed automatically exercised, without payment of any additional consideration and without action on the part of the holder thereof, into one Convertible Debenture of the Resulting Issuer. The Convertible Debentures will bear interest at a simple rate of 8.00% per annum, maturing thirty-six (36) months from the completion of the Plan of Arrangement and the listing of the Company's shares on the CSE (the "Maturity Date"). Each Convertible Debenture is convertible at the option of the holder at any time prior to the close of business on the last business day immediately preceding the Maturity Date, into 5,000 units ("Units") of the Resulting Issuer, each Unit consisting of one common share of the Resulting Issuer and one half of one common share purchase warrant of the Resulting Issuer ("Unit Warrants"), together with such number of additional Units to be issued for the conversion of any accrued and unpaid interest on the principal amount being converted at the conversion price of $0.20 (the "Conversion Price"). Each Unit Warrant shall be exercisable to acquire an additional common share of the Resulting Issuer at an exercise price of $0.30 for a period of thirty-six (36) months from the occurrence of the liquidity event. At any time after the date that is one year following the closing date, the Resulting Issuer may force the conversion of the principal amount and all accrued and unpaid interest of the then outstanding Convertible

Debentures at the Conversion Price on not less than 30 days' notice if the daily volume weighted-average trading price of the common shares of the Resulting Issuer is greater than $0.50 for any 20 consecutive trading days. In connection with the financing, the agents' also received 410,000 broker warrants, convertible into Units at $0.20 for a period of 36 months from the completion of the Plan of Arrangement and the listing of the Company's shares on the CSE and 40 Convertible Debentures.

STANDARD PROCESSING LICENCE

On February 28, 2020, Molecule was issued a Standard Processing Licence by Health Canada (the "Licence") in accordance with the Cannabis Act and Cannabis Regulations. The Licence authorizes Molecule to: possess cannabis; produce cannabis, other than obtaining it by cultivating, propagating or harvesting it; and to sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations and in accordance with the conditions of the Licence.

LEASE OF LAND & BUILDING IN THE THOUSAND ISLANDS' REGION OF EASTERN ONTARIO

Effective April 1, 2019, the Company entered into a lease with Thousand Island Farms Inc., a company owned by Andre Audet, the CEO of Molecule, for a parcel of land and a building located in the Thousand Islands' region of Eastern Ontario. The lease has an initial five year term which expires, unless extended, in April 2024. For and during the first and second year of the lease, the base rent is $60,000, payable in equal monthly instalments of $5,000. For and during the third and fourth year of the lease, the base rent is $63,000, payable in equal monthly instalments of $5,250. For and during the fifth year of the lease, the base rent is $66,150, payable in equal monthly instalments of $5,513. Provided that the Company is not in default in the performance of any term of the lease, Molecule has the irrevocable option to purchase, during the lease term, the premises and land for a purchase price equal to $875,000 if exercised in the first year of the lease, subject to increases in each year of the lease based on the annual Consumer Price Index percentage. The Company paid an amount of $5,000 in consideration for the grant of the purchase option, which is non-refundable.

GRANTING OF STOCK OPTIONS

On July 2, 2019, 1,000,000 stock options were granted to a consultant of the Company at an exercise price of $0.10 per share, which vested evenly over a twelve month period and expire five years following the date upon which the Company's (or its affiliate's) common shares are listed for trading on a nationally recognized stock exchange in Canada.

On July 12, 2019, 1,500,000 stock options were granted to directors, officers and employees of the Company at an exercise price of $0.10 per share, which all vested immediately and expire on July 12, 2024.

ADVISORY AGREEMENT

Effective June 15, 2019, the Company entered into an advisory agreement with a financial services company (the "Consultant"). Under the agreement, the Consultant serves as a strategic advisor to assist the Company in developing a current and ongoing acquisition and capital markets strategy. In consideration for the advisory services, the Company paid the Consultant a monthly retainer in the amount of $10,000, which was payable in common shares of Molecule on a quarterly basis. The agreement was for a term of twelve months.

Pursuant to the advisory agreement, the Company issued 300,000 common shares on each of September 15, 2019, December 15, 2019, March 15, 2020 and June 15, 2020, at a deemed price of $0.10 per share.

SHARES ISSUED IN ACCORDANCE WITH EMPLOYMENT AGREEMENT

On December 1, 2019, the Company issued 1,000,000 common shares, at a deemed value of $0.10 per share, to the Company's Chief Regulatory Officer, in accordance with his terms of employment.

ADOPTION OF RESTRICTED SHARE UNIT PLAN AND GRANTING OF RESTRICTED SHARE UNITS

On June 1, 2020, the Company adopted a Restricted Share Unit ("RSU") plan (the "RSU Plan"). The purpose of the RSU Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants and to reward them for their contributions toward creating shareholder value through the achievement of the short and long-term goals of the Company.

On June 1, 2020, 1,706,667 RSUs were granted to officers, employees and certain consultants of the Company, of which 1,540,000 vest quarterly over a twelve month period and 166,667 vest on the date that is one day following the date upon which the common shares of the Resulting Issuer begin trading on the Canadian Securities Exchange (or any other recognized stock exchange in Canada). Upon vesting, the RSU holder shall be entitled to receive payment from the Company in settlement of such vested RSUs, in a number of shares, issued from treasury, equal to the number of RSUs being settled.

SELECTED FINANCIAL INFORMATION

The following selected financial information is derived from the Company's condensed consolidated interim financial statements for the three and six month periods ended April 30, 2020, which were prepared in accordance with IFRS:

	Three months ended April 30,		Six months ended April 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Net loss	**(317,917)**	(140,992)	**(814,210)**	(316,500)
Comprehensive loss	**(317,917)**	(140,992)	**(814,210)**	(316,500)
Basic and diluted loss per common share	**(0.004)**	(0.004)	**(0.011)**	(0.014)

As at	**April 30, 2020**	October 31, 2019
	$	$
Cash	**732,262**	2,288,191
Sales taxes receivable	**109,379**	305,610
Capital assets	**3,378,381**	2,070,099
Total assets	**4,607,500**	5,050,528
Total liabilities	**917,610**	732,328

PAYMENT OF DIVIDENDS

The Company's current policy is to retain earnings to finance the development of its business. Therefore, the Company does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company's dividend policy will be reviewed from time to time by the Board of Directors in the context of its earnings, financial condition and other relevant factors. Until the time that the Company does pay dividends, which it may never do, shareholders will not be able to receive a return on their Common Shares unless they sell them.

RESULTS OF OPERATIONS

During the three and six month periods ended April 30, 2020, the Company recorded a net loss and total comprehensive loss of $317,917 and $814,210, respectively, as compared to a net loss and total comprehensive loss of $140,992 and $316,500, respectively, during the three and six month periods ended

April 30, 2019, an increase of $176,925 and $497,710, respectively. The increases were primarily attributable to the following items: (i) management and consulting fees (ii) salaries and benefits, (iii) professional fees, (iv) stock-based compensation and (v) government assistance, as further described below:

(i) During the three and six month periods ended April 30, 2020, the Company recorded management and consulting fees of $162,202 and $314,402, respectively, as compared to $66,503 and $119,166 during the three and six month periods ended April 30, 2019, an increase of $95,699 and $195,236, respectively. The increase is due to an increase in the Company's activities, which required additional personnel, including consultants providing services in a number of areas, including but not limited to corporate advisory, logistics, marketing and general administration.

(ii) During the three and six month periods ended April 30, 2020, the Company recorded salaries and benefits of $78,868 and $182,921, respectively, as compared to $45,490 and $57,022 during the three and six month periods ended April 30, 2019, an increase of $33,378 and $125,899, respectively. Again, the increase is due to an increase in the Company's activities, which required additional personnel.

(iii) During the three and six month periods ended April 30, 2020, the Company incurred professional fees of $105,420 and $163,572, respectively, as compared to $15,282 and $125,282 during the three and six month periods ended April 30, 2019, an increase of $90,138 and $38,290, respectively. The increase is primarily due to legal fees incurred in connection with the Plan of Arrangement with Everton Resources Inc, included the Company's annual general and special meeting of shareholders, held in April 2020, at which shareholders voted to approve the Plan of Arrangement.

(iv) During the three and six month periods ended April 30, 2020, the Company recognized stock-based compensation of $8,806 and $125,900, respectively, as compared to $Nil and $Nil during the three and six month periods ended April 30, 2019. The stock-based compensation relates primarily to the 1,000,000 common shares issued to the Company's Chief Regulatory Officer on December 1, 2019, in accordance with his terms of employment.

(v) During the three and six month periods ended April 30, 2020, the Company recognized government assistance in the amount of $96,932 and $96,932, respectively, as compared to $Nil and $Nil during the three and six month periods ended April 30, 2019. The government assistance relates to investment tax credits recognized in connection with the government's Scientific Research and Experimental Development program (SR&ED).

SUMMARY OF QUARTERLY RESULTS

The following information has been derived from the six most recently completed quarters, since the incorporation of the Company on September 28, 2018, all presented in accordance with IFRS:

For the three months ended	April 30, 2020	January 31, 2020	October 31, 2019	July 31, 2019
	$	$	$	$
Net loss	(317,917)	(496,293)	(357,424)	(417,323)
Comprehensive loss	(317,917)	(496,293)	(357,424)	(417,323)
Basic and diluted loss per common share	(0.004)	(0.007)	(0.005)	(0.006)

	April 30,	**January 31,**
For the three months ended	**2019**	**2019**
	$	**$**
Net loss	(140,992)	(175,508)
Comprehensive loss	(140,992)	(175,508)
Basic and diluted loss per		
common share	(0.004)	(0.013)

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity depends on existing cash reserves, supplemented as necessary by equity and/or debt financings. As at April 30, 2020, the Company had a working capital of $407,993, including cash of $732,262 and current liabilities of $719,290.

During the six month period ended April 30, 2020, the Company used cash of $406,098 to fund operating activities.

As the Company's focus has been primarily on the retrofitting of its facility in the Thousand Islands region of Eastern Ontario and on obtaining its licence from Health Canada, it has not generated any operating revenue and has relied exclusively on equity and/or debt financings. The Company may require additional equity and/or debt financing to fund its ongoing operations until it can achieve profitable operations.

OFF-BALANCE SHEET ARRANGEMENTS

As at April 30, 2020 and as of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

As outlined in the Business Overview section of this MD&A, the Company has entered into a definitive arrangement agreement pursuant to which all of the issued and outstanding securities of Molecule will be acquired by Everton Resources Inc., which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the proposed transaction.

As at the date of this MD&A, other than the arrangement agreement with Everton, there are no proposed asset or business acquisitions or dispositions.

RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Related parties include the Board of Directors and key management personnel, as well as close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Remuneration of directors and key management personnel of the Company was as follows:

	Three months ended April 30,		Six months ended April 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Salaries	**30,000**	10,000	**60,000**	10,000
Consulting fees	**40,000**	20,000	**70,000**	25,000
Stock-based compensation	**-**	-	**100,000**	-
	70,000	30,000	**230,000**	35,000

During the three and six month periods ended April 30, 2020, consulting fees of $15,000 and $30,000 were paid/payable to Andre Audet, the Company's CEO, for services rendered as CEO of the Company (2019 - $10,000 and $10,000).

During the three and six month periods ended April 30, 2020, salary of $30,000 and $60,000 was paid/payable to Phil Waddington, the Company's Chief Regulatory Officer ("CRO"), for services rendered as CRO of the Company (2019 - $10,000 and $10,000). During the three and six month periods ended April 30, 2020, Mr. Waddington also received $Nil and $100,000 in stock- based compensation (2019 - $Nil and $Nil). During the three and six months ended April 30, 2019, Mr. Waddington also received consulting fees of $5,000.

During the three and six months ended April 30, 2020, consulting fees of $25,000 and $40,000 were paid/payable to Brendan Stutt, the Company's CFO, for services rendered as CFO of the Company. (2019 - $10,000 and $10,000).

FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities and other long-term liabilities. The fair value of the Company's financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

	April 30, 2020	October 31, 2019
	$	$
Financial assets		
Amortized cost		
Cash	**732,262**	2,288,191
Other receivables	**96,932**	2,874
Total financial assets	**829,194**	2,291,065
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(680,048)**	(516,949)
Other long-term liabilities	**(40,000)**	-
Total financial liabilities	**(720,048)**	(516,949)

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash. The Company's cash is held at reputable financial institutions with high external credit ratings. It is Management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. The Company's accounts payable and other liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares through equity offerings or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. There have been no changes to the Company's capital management approach during the six months ended April 30, 2020.

CHANGE IN ACCOUNTING POLICIES

The Company has not had any changes in accounting policies, other than the adoption of new mandatory standards under IFRS as well as amendments to existing standards, for the six months ended April 30, 2020.

INHERENT RISK FACTORS

You should carefully consider the following risks and uncertainties in addition to other information in this MD&A in evaluating Molecule and its business before making any investment decision. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to the Company, or that it currently deems immaterial, may also impair its operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Company's operations could be materially adversely affected. The risk factors described below should be carefully considered by readers, including investors considering a purchase of securities of the Company.

An investment in securities of the Company should only be made by persons who can afford a significant or total loss of their investment.

The Company's business requires compliance with regulatory or agency proceedings, investigations and audits

The Company's business requires compliance with many laws and regulations, specifically Canadian cannabis laws that are still in the early stages and subject to unexpected changes. Failure to comply with these laws and regulations could subject the Company or the businesses in which it invests to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Licensing requirements for cannabis companies in Canada

The market for cannabis and cannabis derivative products in Canada is regulated by the *Cannabis Act* and *Cannabis Regulations*. Health Canada is the primary regulator of the cannabis industry as a whole. There is no guarantee that the Company will obtain all the necessary licences or approvals required for its business. In addition, failure to comply with the requirements of any licence or any failure to maintain such licence would have a material adverse impact on the business, financial condition and operating results of the Company.

There is no assurance that the Company will turn a profit or generate immediate revenues

The Company has no history of earnings or cash flow from operations and the Company may not generate material revenue or achieve self-sustaining operations for several years, if at all. There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company anticipates that it will incur substantial expenses relating to the development and initial operations of its investments and business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of investments, operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

Requirements for Further Financing and Dilution

The Company may not have sufficient financial resources to undertake all of the activities as currently planned. The Company may need to obtain further financing, whether through debt financing, equity financing or other means. To obtain such funds the Company may sell additional securities, the effect of which could result in substantial dilution of the equity interests of the holders of the Company Shares. There can be no assurance that the Company will be able to raise the balance of the financing required or that such financing can be obtained without substantial dilution to shareholders or that the terms of such financing will be favourable. Failure to obtain additional financing on a timely basis could cause the Company to reduce or terminate its operations.

The Company has a limited operating history

The Company will not have a record of achievement to be relied upon. The Company's operations are subject to all the risks inherent in the establishment of a new business enterprise, including a lack of operating history. The Company cannot be certain that its investment strategy or development of the Company's business will be successful. The likelihood of the Company's success must be assessed in consideration of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. If the Company fails to address any of those risks or difficulties adequately, the business will likely suffer.

The Company may be vulnerable to unfavorable publicity or consumer perception

Cannabis and cannabis derivatives industries are highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use cannabis industry.

The cannabis industry is subject to increasing competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than the Company. Because of the early stage of the industry in which the Company will operate, the Company will face additional competition from new entrants. If the number of users of marijuana products in Canada increases, the demand for products will increase and competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, financial condition or prospects.

Ongoing Costs and Obligations

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Product Liability

Upon becoming a producer or distributor of products designed to facilitate cannabis ingestion by humans, the Company would face an inherent risk of exposure to product liability claims, regulatory action and litigation if such products are alleged to have caused significant loss or injury. In addition, tampering by unauthorized third parties or product contamination with respect to the cannabis used in such products may impact the risk of injury to consumers. Previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. As a supplier and/or producer and/or distributor and/or retailer of products designed to facilitate the consumption of cannabis, the Company may be subject to various product liability claims, including, among others, that the cannabis product caused injury or illness, included inadequate instructions for use or included inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company. There can be no assurances that the Company will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products or otherwise have a material adverse effect on the business, results of operations, financial condition or prospects of the Company.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such recalls can cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management attention. Although the Company will have detailed procedures in place for testing its products or require that third parties do the same where applicable, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's brands were subject to recall, the image of that brand and the Company could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Product Approvals

The Company may require advance approval of its products from authorities in the applicable jurisdiction. While the Company intends to follow the guidelines and regulations of each applicable local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. If any of the Company's products are not approved or any existing approvals are rescinded, there is the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Product Exchanges, Returns and Warranty Claims

If the Company is unable to maintain or cause the maintenance of an acceptable degree of quality control of products it produces or distributes, the Company may incur costs associated with the exchange and return of the products as well as servicing its customers for warranty claims. Any of the foregoing on a significant scale may have a material adverse effect on the Company's business, results of operations and financial condition.

Results of Future Clinical Research

Research in Canada and internationally regarding the medical benefits, viability, safety, efficacy, dosing and/or social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the proposed management of the Company believe that the articles, reports and studies support their respective beliefs regarding the medical benefits, viability, safety, efficacy, dosing and/or social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, holders or prospective purchasers of the Company Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Reliance on Key Inputs

The business of the Company would be dependent on a number of key inputs and their related costs including raw materials and supplies related to product development and manufacturing operations. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the Company's business, financial condition, and results of operations or prospects. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of the Company.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company's capital expenditure plans may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the Company's business, financial condition, results of operations or prospects.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Company Shares. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Operating Risks and Insurance

The Company's operations will be subject to hazards inherent in the cannabis industry, such as equipment defects, malfunction and failures, natural disasters which result in fires, accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment, labour disputes, and changes in the regulatory environment. These risks could expose the Company to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages. The frequency and severity of such incidents would affect operating costs, insurability and relationships with customers, employees and regulators.

The Company will continuously monitor its operations for quality control and safety. However, there are no assurances that the Company's safety procedures will always prevent such damages. Although the Company will maintain insurance coverage that it believes to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover its liabilities. In addition, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits then maintained by the Company, or a claim at a time when it is not able to obtain liability insurance, could have a material adverse effect on the Company, the Company's ability to conduct normal business operations and on the Company's business, financial condition, results of operations and cash flows in the future.

Dilution

The Company may enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive to the other shareholders and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Company Shares.

Changes in Laws, Regulations and Guidelines

The Company's operations will be subject to various laws, regulations, guidelines and licensing requirements. While the Company is expected to be in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company's business, results of operations and financial condition.

Constraints on Marketing Products

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in Canada limits companies' abilities to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and results of operations could be adversely affected.

COVID-19 Outbreak

Since the emergence in or about December 2019 of a novel strain of coronavirus ("COVID-19"), the highly contagious virus has spread across the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Since that time in response to the outbreak, governmental authorities in Canada and internationally have implemented various measures with the aim of preventing or limiting further spread of COVID-19. These measures, which have included travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, and social distancing, have, among other things, resulted in widespread business, employment and economic disruptions. The global pandemic continues to rapidly evolve and the ultimate impact of the COVID-19 outbreak is highly uncertain.

The continued global spread of COVID-19 could have an adverse impact on the business, operations and financial results of the Company, including with respect to issues related to labour, processing and supply chain. Molecule has not yet begun production but is implementing or will implement precautionary measures, which would not have otherwise been implemented prior to the COVID-19 outbreak, at its facility to ensure the safety of its personnel, suppliers and consumers, which may adversely impact Molecule's labour productivity and its supply chains. For example, mandatory or voluntary self-quarantines may limit the staffing of Molecule's facility. In addition, it's possible that the COVID-19 pandemic may adversely affect Molecule's ability to successfully market and sell its products. Although the opposite may be true, sales volumes of cannabis-infused products may be adversely impacted by consumer "social distancing" behaviours. Continued spread of COVID-19 globally could also lead to a deterioration of general economic conditions including a possible national or global recession. Due to the unpredictability and scale of the effects of COVID-19, Molecule is unable to accurately estimate the impact or level of materiality of COVID-19 on its business, operations or financial results. Molecule will monitor the situation in order to assess any possible adverse impact on its business, supply chain and customers on an ongoing basis and to determine which measures, if any, will be taken to mitigate such adverse impact.

CRITICAL ACCOUNTING ESTIMATES

See Note 2 to the Company's consolidated financial statements for the year ended October 31, 2019.

NEW ACCOUNTING POLICIES ISSUED BUT NOT YET EFFECTIVE

See Note 2 to the Company's consolidated financial statements for the year ended October 31, 2019.

OUTSTANDING SHARE DATA

Common shares and convertible securities outstanding at August 2, 2020, consist of:

Security	Expiry date	Range of exercise price	Securities outstanding
		$	#
Common shares	-	-	74,700,100
Stock options	July 12, 2024	0.10	2,500,000
Restricted share units	-	-	1,706,667

In addition to the above table, there are also outstanding subscription receipts, broker warrants and convertible debentures, issued in connection with the private placement which closed on July 29, 2020 – see Corporate Development Highlights section.

SCHEDULE "H"

ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS OF EVERTON RESOURCES INC. FOR THE YEARS ENDED OCTOBER 31, 2019 AND 2018

[see attached]

EVERTON RESOURCES INC.

Management's Discussion and Analysis

For the years ended October 31, 2019 and 2018

This Management's Discussion and Analysis ("MD&A") for Everton Resources Inc. (the "Company" or "Everton") should be read in conjunction with the consolidated financial statements for the years ended October 31, 2019 and 2018 and the notes thereto.

The financial information in this MD&A is derived from the Company's consolidated financial statements for the years ended October 31, 2019 and 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). The effective date of this MD&A is February 4, 2020.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains or may refer to certain statements that may be deemed "forward-looking statements". Forward-looking statements include estimates and statements that describe the Company's future development plans, objectives or goals, including words to the effect that the Company expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "anticipates", "believes", "could", "estimates", "expects", "may", "shall", "will", or "would". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for mineral commodities; exploration successes; new opportunities; continued availability of capital and financing; general economic, market or business conditions; and litigation, legislative, environmental or other judicial, regulatory, political and competitive developments. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Everton does not undertake to update any forward-looking statement that may be made from time to time by Management or on its behalf, except in accordance with applicable public disclosure rules and regulations. Readers are cautioned not to place undue reliance on forward looking statements.

BUSINESS OVERVIEW

Everton Resources Inc. ("Everton" or the "Company") was incorporated under the Business Corporations Act (Alberta) on November 7, 1996 and commenced operations on December 19, 1996. In November 2002, the Company commenced its current nature of operations which involves the acquisition, exploration, and evaluation of mineral resource properties. Everton and its subsidiaries (the "Company") are in the exploration stage and do not derive any revenue from the exploration and evaluation of their properties. The address of the Company's corporate office is 38 Scott Road, Chelsea, Quebec, J9B 1R5. Everton's common shares are listed for trading on the TSX Venture Exchange ("TSX-V"') under the symbol "EVR".

<u>Arrangement Agreement with Molecule Inc.</u>

On November 27, 2019, the Company entered into a definitive arrangement agreement with Molecule Inc. ("Molecule") pursuant to which Everton will acquire (the "Proposed Transaction") all of the issued and outstanding securities of Molecule, by way of plan of arrangement (the "Plan of Arrangement"), which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the Proposed Transaction (the "Resulting Issuer").

Molecule, a private Ontario corporation, is a beverage formulation, manufacturing and distribution company in the late stages of the application review process to obtain a Cannabis Processing License (the "License") under the Cannabis Act and Regulations. Molecule will provide the capacity, knowledge and licensing required to produce and co-package craft cannabis-infused beverages.

Prior to the closing of the Proposed Transaction, it is anticipated that the Company will apply to list its common shares on the Canadian Securities Exchange ("CSE") and voluntarily delist its common shares from the TSX Venture Exchange (the "TSXV"). It is expected that the Company will delist from the TSXV concurrently with the listing on the CSE immediately following the completion of the Proposed Transaction.

The Proposed Transaction may be considered a "related party transaction" as such term is defined by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions and Policy 5.9 of the TSXV, since the CEO and director of Everton is also the CEO, director and shareholder of Molecule, and the CFO of Everton, is also the CFO of Molecule. As a result, Everton will need to obtain the approval of the majority of the minority of shareholders in respect of the Proposed Transaction. The Proposed Transaction is exempt from the formal valuation requirements set out in the foregoing regulatory instruments due to the fact that the shares of Everton are listed on the TSXV.

The board of directors of Everton constituted an independent committee of three independent board members (the "Independent Committee") to analyze the Proposed Transaction. The Independent Committee concluded that the Proposed Transaction is in the best interest of Everton and will provide a recommendation to shareholders in the Company's circular, to be mailed out to Everton shareholders in connection with the approval of the Proposed Transaction.

As a condition of the Proposed Transaction, Everton will effect a consolidation (the "Consolidation") of its issued and outstanding common shares on the basis of one new common share (each a "Everton Share") for every ten (10) common shares of Everton issued and outstanding on the effective date of the Consolidation. In addition, prior to the closing, it is expected that Everton will change its corporate name to "Molecule Holdings Inc" or such other name as may be determined by the board of directors (the "Name Change").

Molecule is incorporated under the Business Corporations Act (Ontario) and currently has 72,800,100 common shares issued and outstanding. Pursuant to the Proposed Transaction, one Everton share will be issued for each common share of Molecule (the "Molecule Share(s)") issued and outstanding immediately prior to the completion of the Proposed Transaction, at a deemed value of $0.30 per Everton Share.

As a condition to the closing of the Proposed Transaction, Molecule intends to complete a private placement offering ("Private Placement") of units (the "Molecule Units"), for a minimum of $2 million, each Molecule Unit consisting of one common share of Molecule and a minimum of one-half of one share purchase warrant, with final terms to be determined by the parties in the context of the market.

Concurrently with, and as a condition of, the closing of the Proposed Transaction, creditors of Everton will convert $323,100 of indebtedness into an aggregate of 1,077,000 Everton Shares at a deemed issue price of $0.30 per share. All the foregoing indebtedness is due to the CEO of Everton, for advances and loans that he has made to Everton in order to satisfy Everton's minimum working capital needs in the absence of any reasonable third-party alternatives.

Post-consolidation and following the completion of the Proposed Transaction, the Resulting Issuer is anticipated to have a total of 83,190,547 common shares issued and outstanding, subject to increase in accordance with the terms of the Arrangement Agreement, including in particular, with respect to the Private Placement. The Resulting Issuer is also anticipated to have 4,457,750 options or warrants (post-Consolidation), exercisable into common shares of the Resulting Issuer, issued and outstanding upon completion of the Proposed Transaction.

The Independent Committee has also negotiated, and Molecule has agreed, that in connection with, and immediately prior to, the closing of the Proposed Transaction, Everton intends to create and issue preferred shares ("Preferred Shares"), on the basis of one Preferred Share for every issued and outstanding Everton Share on the record date to be established by the Board of Directors of Everton, to shareholders of Everton. The record date for the issuance of the Preferred Shares is expected to be the same as the record date for the special meeting to be called in connection with the Proposed Transaction. The purpose of the Preferred Shares is to provide the current Everton shareholders with a right to receive, on a pro rata basis, an economic benefit, subject to an aggregate maximum of up to $500,000, in the event that any of the Everton mining royalties are triggered and generate revenue within a maximum period of five (5) years from the date of the issuance of the Preferred Shares. The Preferred Shares would provide that, if triggered, the Preferred Shares would be redeemable, on a pro rata basis, for cash up to an aggregate maximum of $500,000. The Preferred Shares would otherwise not have any rights or recourses.

Completion of the Proposed Transaction will be subject to the satisfaction of various conditions, including (i) the completion of the Private Placement in the minimum amount of $2 million, (ii) the filing of articles of amendment to give effect to the Name Change, the Consolidation and the creation of the Preferred Shares, (iii) the receipt of the approval of the majority of the minority of Everton's shareholders, as well as the approval of a special majority of Molecule's shareholders of the Proposed Transaction, (iv) the satisfaction or waiver of all applicable conditions precedent, and (v) the receipt of conditional approval from the CSE for the proposed listing of the shares of the Resulting Issuer on the CSE.

GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The Company is in the exploration stage and has not earned revenue from operations. As at October 31, 2019, the Company has a working capital deficiency of $459,584 and a deficit of $52,504,188. The Company has no income or cash inflow from operations. Continued operation of the Company is dependent on financial support through completion of equity financings, or the achievement of profitable operations in the future. Such material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient. These consolidated financial statements do not include any adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the Company be unable to continue as a going concern and these adjustments could be material.

EXPLORATION OUTLOOK

As of February 4, 2020, the date of this MD&A, the only mineral property which Everton continues to hold an interest in is its Opinaca property, in Quebec, Canada.

DOMINICAN REPUBLIC PROPERTIES

In January 2019, the Company completed the sale of its three remaining mineral concessions in the Dominican Republic, known as the Cabirma de Cerro, Mermejal and Arroyo Carpintero properties, in accordance with a Mineral Property Purchase and Sale Agreement (the "Sale Agreement") with Precipitate Gold Corp. ("Precipitate"). Upon closing, Everton received $25,000 and 7,000,000 common shares of Precipitate, with a fair value of $770,000, based on the quoted market price of Precipitate shares on the TSX Venture Exchange at the time, for total consideration of $795,000. The Company recognized a gain of $279,876 on the sale of these mineral exploration properties.

CANADIAN PROPERTIES

Opinaca

The Opinaca A property is adjacent to the northern boundary of Goldcorp's Eleonore property hosting the Roberto gold deposit containing a significant proven and probable gold reserves estimate. The Opinaca B property is located about 8 km southeast of the Eleonore property.

On December 9, 2004, the Company signed an option agreement with Azimut Exploration Inc. ("Azimut") to earn a 50% undivided interest in the Opinaca property by incurring a minimum of $2,800,000 in exploration work and making cash payments totaling $180,000 over 5 years. The Company made the cash payments and incurred the required exploration expenditures to earn its initial 50% interest in the property.

On November 15, 2011 (amended on November 1, 2013), the Company and Azimut Exploration Inc. ("Azimut") executed an option agreement with Hecla Mining Company, formerly Aurizon Mines Ltd., ("Hecla") whereby Hecla could acquire a 50% ownership interest in the Opinaca property (leaving each of the Company and Azimut with 25%), by making total cash payments of $580,000, $290,000 of which was payable to Everton, and incurring exploration expenditures of $6,000,000, including a minimum of 3,800 metres of drilling prior to November 15, 2013 and 1,200 metres of drilling prior to November 15, 2014.

On November 7, 2013, the Company announced that Hecla had informed them of its intent to renew its option on the Opinaca A & B gold properties, for a third year.

In December 2014, Hecla advised the company that it would drop its option on the Opinaca A property while retaining its option on the Opinaca B property.

As at October 31, 2019, the Company holds a 25% interest in the Opinaca B property, with the remaining interest held by Azimut (25%) and Hecla (50%). Hecla is currently the operator.

As at October 31, 2019, the Company holds a 50% interest in the Opinaca A property, with the remaining 50% interest held by Azimut.

During the year ended October 31, 2019, the Company wrote down the carrying value of the property to $1 and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $3,095,636 ($260,449 of mineral exploration property costs and $2,835,187 of exploration and evaluation costs).

<u>Detour Lake</u>

On April 27, 2016, the Company staked 136 claims covering 7,437 ha (74.37 sq. km) in James Bay Quebec. On October 12, 2016, the Company staked an additional 23 claims related to this property, bringing the total number of claims to 159.

Everton purchased a list of targets on the areas of interest by issuing 1,700,000 common shares and by paying $25,000 on signing and $25,000 in 90 days following the signing to Diagnos, as well as, a 2% royalty on the net return of the smelting revenues associated with the minerals and concentrates to be extracted from the concessions identified by DIAGNOS. The purchase agreement stipulated that Everton could, at any time, reduce the royalty from 2% to 1% by paying $1,000,000.

The Detour Gold Quebec project area is a highly prospective area for gold deposits associated with the Sunday Lake and Lower Detour deformation zones. It is mostly known for hosting the Detour Lake Mine which has a gold reserve measured over 15.5 M ounces (reference: Detour Lake 2014, NI43-101 Technical Report) and the Casa Berardi Mine.

The claims were acquired using Diagnos' proprietary Computer Aided Resource Detection System (CARDS) to target the gold potential in the Detour Lake area of Quebec. The CARDS system uses powerful pattern recognition algorithms to analyze digitally compiled exploration data, and identifies precise areas (gold targets) with, geological, topography and geophysical signatures similar to areas of known mineralization. The database modelling included: 1) levelled and merged High-Resolution Aeromagnetic Data Compilation of the Abitibi and the Ontario side of the Detour Lake area; 2) topography; and 3) over 18,814 compiled assays (7,353 with Au = 1 g/t Au) from Quebec government-registered drill hole assays and surface samples. Based on analysis and on known lithology and structural geology in the region, over 6 high priority gold targets have been identified and staked. One of these priority gold targets is located 16 km north of the Casa Berardi Mine and overlaps the road.

During the year ended October 31, 2018, the Company allowed the 159 claims making up this property to expire and wrote down the carrying value of the property to $Nil and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $260,582 ($85,989 of mineral exploration property costs and $174,593 of exploration and evaluation costs).

Chapais

On December 5, 2017, the Company entered into an option agreement with Albert Mining Inc. ("Albert Mining") to earn up to a 75% interest in seven mining claims located in the Chapais mining district of Quebec. To earn the 75% interest, the Company was to pay $30,000 in cash, incur exploration expenditures totaling $370,000 over a three-year period, and issue to Albert Mining a total of 2,500,000 common shares at two separate dates during the three-year period.

During the year ended October 31, 2019, the Company terminated the option agreement, wrote down the cost of the Chapais property to $Nil and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $149,882. This was based on the Company's decision that poor exploration results to date did not warrant further exploration on the property.

As at October 31, 2019 and October 31, 2018, the carrying values of the Company's mineral exploration properties and exploration and evaluation assets were as follows:

	October 31, 2019		October 31, 2018	
	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$
Dominican Republic				
a) Cabirma del Cerro	**-**	**-**	1	-
b) Arroyo Carpintero	**-**	**-**	-	515,123
	-	**-**	1	515,123
Canada (Quebec)				
d) Opinaca	**1**	**-**	260,450	2,835,187
e) Detour Lake	**-**	**-**	-	-
f) Chapais	**-**	**-**	-	119,882
	1	**-**	260,450	2,955,069
TOTAL	**1**	**-**	260,451	3,470,192

The following table reflects the changes to mineral exploration properties and exploration and evaluation assets for the period from October 31, 2017 to October 31, 2019:

	Year ended October 31, 2019	Year ended October 31, 2018
	$	$
Balance, beginning of the year	**3,730,643**	3,843,912
Additions		
Drilling	**-**	125,864
Assaying	**-**	10,885
Project consulting	**-**	650
Renewal of licenses and permits	**-**	2,240
General field expenses	**-**	16,565
	-	156,204
Mineral exploration properties	**30,000**	-
Sale of mineral exploration properties and exploration and evaluation assets	**(515,124)**	-
Write-down of mineral exploration properties and exploration and evaluation assets	**(3,245,518)**	(260,582)
Quebec resource tax credits	**-**	(8,891)
Balance, end of the year	**1**	3,730,643
Mineral exploration properties	**1**	260,451
Exploration and evaluation assets	**-**	3,470,192
	1	3,730,643

SELECTED FINANCIAL INFORMATION

The following selected financial information is derived from the Company's consolidated financial statements for the years ended October 31, 2019 and 2018, which were prepared in accordance with IFRS:

For the year ended October 31	**2019**	2018
	$	$
Net loss	**(2,920,353)**	(346,017)
Comprehensive loss	**(2,920,353)**	(346,017)
Basic and diluted loss per common share	**(0.031)**	(0.004)

	October 31,	October 31,
As at	**2019**	2018
	$	$
Long-term investment	**964,250**	-
Mineral exploration properties	**1**	260,451
Exploration and evaluation assets	**-**	3,470,192
Total assets	**978,134**	3,758,552
Total liabilities	**473,467**	333,532

PAYMENT OF DIVIDENDS

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration and development programs, future growth, and any other factors the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

RESULTS OF OPERATIONS

During the year ended October 31, 2019, the Company recorded a net loss and total comprehensive loss of $2,920,353, as compared to a net loss and total comprehensive loss of $346,017 during the year ended October 31, 2018, an increase of $2,574,336. The increase for the year ended October 31, 2019 was primarily attributable to variances in the following items: (i) gain on sale of mineral exploration properties, (ii) writedown of mineral exploration properties and exploration and evaluation assets, (iii) unrealized gain (loss) on financial assets at fair value through profit or loss (iv) forgiveness of debt to Management and (v) write off of accounts payable and accrued liabilities, as further described below:

(i) During the year ended October 31, 2019, the Company recognized a gain on sale of mineral exploration properties of $279,876, as compared to $Nil during the year ended October 31, 2018. The gain was recognized in connection with the sale of the Company's three remaining concessions in the Dominican Republic.

(ii) During the year ended October 31, 2019, the Company recorded a writedown of mineral exploration properties and exploration and evaluation assets of $3,245,518, as compared to $Nil during the year ended October 31, 2018. The writedown was in relation to the Company's Opinaca property ($3,095,636) and its Chapais property ($149,882).

(iii) During the year ended October 31, 2019, the Company recorded an unrealized gain on financial assets at fair value through profit or loss of $228,750, as compared to a loss of $5,000 during the year ended October 31, 2018, a variance of $233,750. The variance is a result of an increase in the market price of the Company's marketable securities and long-term investment.

(iv) During the year ended October 31, 2019, the Company recorded forgiveness of debt to Management of $75,000, as compared to $Nil during the year ended October 31, 2018. The debt forgiveness relates to accrued consulting fees to the Company's CEO, which he elected to cancel to the benefit of the Company.

(v) During the year ended October 31, 2019, the Company recorded a write off of accounts payable and accrued liabilities of $Nil, as compared to $150,000 during the year ended October 31, 2018.

SUMMARY OF QUARTERLY RESULTS

The following information has been derived from the eight most recently completed quarters, all presented in accordance with IFRS:

For the three months ended	October 31, 2019	July 31, 2019	April 30, 2019	January 31, 2019
	$	$	$	$
Net earnings (loss)	(2,854,338)	(39,443)	(69,366)	42,794
Comprehensive income (loss)	(2,854,338)	(39,443)	(69,366)	42,794
Basic and diluted earnings (loss) per common share	(0.0306)	(0.0004)	(0.0007)	0.0005

For the three months ended	October 31, 2018	July 31, 2018	April 30, 2018	January 31, 2018
	$	$	$	$
Net loss	(163,164)	(38,358)	(98,818)	(45,677)
Comprehensive loss	(163,164)	(38,358)	(98,818)	(45,677)
Basic and diluted loss per common share	(0.0017)	(0.0004)	(0.001)	(0.0005)

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity depends on existing cash reserves, supplemented as necessary by equity and/or debt financings. As at October 31, 2019, the Company had a working capital deficiency of $459,584, including cash of $4,775 and current liabilities of $473,467.

During the year ended October 31, 2019, the Company used cash of $152,743 to fund operating activities.

The Company does not have any exploration obligations on its properties. Any exploration projects undertaken by the Company are at the sole discretion of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

As at October 31, 2019 and as of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

As outlined in the Business Overview section of this MD&A, the Company has entered into a definitive arrangement agreement pursuant to which Everton will acquire all of the issued and outstanding securities of Molecule, which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the proposed transaction.

As at the date of this MD&A, other than the arrangement agreement with Molecule, there are no proposed asset or business acquisitions or dispositions.

RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Related parties include the Board of Directors and key management personnel, as well as close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Remuneration of directors and key management personnel of the Company was as follows:

For the year ended October 31	**2019**	2018
	$	$
Management and consulting fees	**133,000**	175,283
Benefits	**2,016**	2,688
	135,016	177,971

During the year ended October 31, 2019, consulting fees of $75,000 were paid/payable to a Corporation owned by Andre Audet, the Company's CEO, for services rendered as CEO of the Company (2018 - $120,000). In addition, short-term benefits in the amount of $2,016 were paid on his behalf (2018 - $2,688). During the year ended October 31, 2019, unpaid consulting fees in the amount of $75,000 were forgiven by Andre Audet. The amount was recorded as forgiveness of debt to Management in the consolidated statement of operations and comprehensive income. As at October 31, 2019, unpaid consulting fees in the amount of $135,400 remain outstanding and payable to Andre Audet and have been included in accounts payable and accrued liabilities ($141,250 as at October 31, 2018).

During the year ended October 31, 2019, consulting fees of $40,000 were paid/payable to Brendan Stutt, the Company's CFO, for services rendered as CFO of the Company (2018 - $Nil).

During the year ended October 31, 2019, consulting fees of $18,000 were paid/payable to a Corporation owned by Lucie Letellier, the Company's former CFO, for services rendered as CFO of the Company (2018 - $54,000).

During the year ended October 31, 2019, consulting fees of $Nil were paid/payable to Salvador Brouwer, a former Director of the Company (2018 - $1,283).

Loan Payable

As at October 31, 2019, the Company has a loan payable to the CEO of the Company in the amount of $192,700 ($98,000 as at October 31, 2018). The loan is non-interest bearing and has no specific terms of repayment.

FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash, marketable securities, long-term investment, accounts payable and accrued liabilities and loan payable. Marketable securities and long-term investment are carried at fair value. The fair value of the Company's other financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

	October 31, 2019	October 31, 2018
	$	$
Financial assets		
Amortized cost		
Cash	**4,775**	11,414
Fair value through profit or loss		
Marketable securities	**-**	7,500
Long-term investment	**964,250**	-
Total financial assets	**969,025**	18,914
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(280,767)**	(235,532)
Loan payable	**(192,700)**	(98,000)
Total financial liabilities	**(473,467)**	(333,532)

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash. The Company's cash is held at reputable financial institutions with high external credit ratings. It is Management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

The Company holds shares in publicly listed companies in the mineral exploration industry. The Company is exposed to other price risk regarding these shares as unfavorable market conditions could result in the disposal at less than their value at October 31, 2019. As at October 31, 2019, the value of these listed shares was $964,250. At October 31, 2019, had the price for these publicly listed shares been 10% lower, the comprehensive loss for the period would have been $96,425 larger. Conversely, had the price been 10% higher, the comprehensive loss would have been $96,425 smaller.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern in order to maintain its properties in good standing, support normal operating requirements, continue the exploration and evaluation of its mineral properties and support any expansionary plans, and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity.

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 or acquire or dispose of assets. In order to facilitate the management of its capital requirements, management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company prepares annual budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

There were no significant changes to capital management policies of the Company during the year ended October 31, 2019.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months.

As at October 31, 2019, the Company was in violation of the above TSXV requirement. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

CHANGE IN ACCOUNTING POLICIES

The Company has not had any changes in accounting policies, other than the adoption of new mandatory standards under IFRS as well as amendments to existing standards, for the year ended October 31, 2019.

RISK AND UNCERTAINTIES

Mineral exploration and development of mineral properties involves significant risks, many of which are outside of the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

Financial Risk

The Company is considered to be in the exploration stage, and it is dependent on obtaining regular financing in order to continue exploration. Despite previous success in acquiring such financing, there is no guarantee of obtaining any future financing, or that it will be available on acceptable terms.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mining exploration companies.

Risk on the Uncertainty of Title

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

Environmental Risk

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

CRITICAL ACCOUNTING ESTIMATES

See Note 2 to the Company's consolidated financial statements for the years ended October 31, 2019 and 2018.

NEW ACCOUNTING POLICIES ISSUED BUT NOT YET EFFECTIVE

See Note 2 to the Company's consolidated financial statements for the years ended October 31, 2019 and 2018.

OUTSTANDING SHARE DATA

Common shares and convertible securities outstanding at February 4, 2020, consist of:

Security	Expiry date	Range of exercise price	Securities outstanding
		$	#
Common shares	-	-	93,134,470
Warrants	Up to February 21, 2021	0.07	16,267,500
Stock options	Up to February 24, 2022	0.05 - 0.13	3,300,000

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

Additional information on the Company is available on SEDAR (www.sedar.com).

SCHEDULE "I"

INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF EVERTON RESOURCES INC. FOR THE THREE AND SIX MONTH PERIOD ENDED APRIL 30, 2020

[see attached]

EVERTON RESOURCES INC.

Management's Discussion and Analysis

For the three and six month periods ended April 30, 2020

This Management's Discussion and Analysis ("MD&A") for Everton Resources Inc. (the "Company" or "Everton") should be read in conjunction with the condensed consolidated interim financial statements for the three and six month periods ended April 30, 2020 and the consolidated financial statements for the years ended October 31, 2019 and 2018 and the notes thereto.

The financial information in this MD&A is derived from the Company's condensed consolidated interim financial statements for the three and six month periods ended April 30, 2020, which were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). The effective date of this MD&A is June 17, 2020.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains or may refer to certain statements that may be deemed "forward-looking statements". Forward-looking statements include estimates and statements that describe the Company's future development plans, objectives or goals, including words to the effect that the Company expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "anticipates", "believes", "could", "estimates", "expects", "may", "shall", "will", or "would". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for mineral commodities; exploration successes; new opportunities; continued availability of capital and financing; general economic, market or business conditions; and litigation, legislative, environmental or other judicial, regulatory, political and competitive developments. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Everton does not undertake to update any forward-looking statement that may be made from time to time by Management or on its behalf, except in accordance with applicable public disclosure rules and regulations. Readers are cautioned not to place undue reliance on forward looking statements.

BUSINESS OVERVIEW

Everton Resources Inc. ("Everton" or the "Company") was incorporated under the Business Corporations Act (Alberta) on November 7, 1996 and commenced operations on December 19, 1996. In November 2002, the Company commenced its current nature of operations which involves the acquisition, exploration, and evaluation of mineral resource properties. Everton and its subsidiaries (the "Company") are in the exploration stage and do not derive any revenue from the exploration and evaluation of their properties. The address of the Company's corporate office is 38 Scott Road, Chelsea, Quebec, J9B 1R5. Everton's common shares are listed for trading on the TSX Venture Exchange ("TSX-V"') under the symbol "EVR".

Arrangement Agreement with Molecule Inc.

On November 27, 2019, the Company entered into a definitive arrangement agreement with Molecule Inc. ("Molecule") pursuant to which Everton will acquire (the "Proposed Transaction") all of the issued and outstanding securities of Molecule, by way of plan of arrangement (the "Plan of Arrangement"), which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the Proposed Transaction (the "Resulting Issuer").

Molecule, a private Ontario corporation, is a beverage formulation, manufacturing and distribution company that holds a Standard Processing Licence under the Cannabis Act and Regulations. Molecule will provide the capacity, knowledge and licensing required to produce and co-package craft cannabis-infused beverages.

Prior to the closing of the Proposed Transaction, it is anticipated that the Company will apply to list its common shares on the Canadian Securities Exchange ("CSE") and voluntarily delist its common shares from the TSX

Venture Exchange (the "TSXV"). It is expected that the Company will delist from the TSXV concurrently with the listing on the CSE immediately following the completion of the Proposed Transaction.

The Proposed Transaction is considered a "related party transaction" as such term is defined by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions and Policy 5.9 of the TSXV, since the CEO and director of Everton is also the CEO, director and shareholder of Molecule, and the CFO of Everton, is also the CFO of Molecule. As a result, Everton required the approval of the majority of the minority of shareholders in respect of the Proposed Transaction, which was obtained at the annual general and special meeting of shareholders held on April 6, 2020.

The board of directors of Everton constituted an independent committee of three independent board members (the "Independent Committee") to analyze the Proposed Transaction. The Independent Committee concluded that the Proposed Transaction is in the best interest of Everton and provided a recommendation to shareholders in the Company's circular, in connection with the approval of the Proposed Transaction.

As a condition of the Proposed Transaction, Everton will effect a consolidation (the "Consolidation") of its issued and outstanding common shares on the basis of one new common share (each a "Everton Share") for every ten (10) common shares of Everton issued and outstanding on the effective date of the Consolidation. In addition, prior to the closing, it is expected that Everton will change its corporate name to "Molecule Holdings Inc" or such other name as may be determined by the board of directors (the "Name Change").

Molecule was incorporated under the Business Corporations Act (Ontario) and currently has 74,400,100 common shares issued and outstanding. Pursuant to the Proposed Transaction, one Everton share will be issued for each common share of Molecule (the "Molecule Share(s)") issued and outstanding immediately prior to the completion of the Proposed Transaction, at a deemed value of $0.30 per Everton Share.

On June 9, 2020, the Company announced that in connection with the Plan of Arrangement and pursuant to an engagement letter dated June 5, 2020, Molecule had engaged Gravitas Securities Inc. as lead agent in connection with a best efforts brokered private placement of up to 2,500 subscription receipts of Molecule ("Subscription Receipts") at a price of $1,000 per Subscription Receipt, for gross proceeds of up to $2.5 million (the "Offering"). The gross proceeds of the brokered financing less an amount equal to the agents' expenses and 50% of the agents' fee will be delivered to and held by a licensed Canadian trust company or other escrow agent mutually acceptable to Gravitas Securities Inc. and Molecule, in an interest-bearing account, pending the satisfaction of certain escrow release conditions (the "Escrow Release Conditions"), including, among other things, the completion of all conditions precedent to the Plan of Arrangement, to the satisfaction of the agents, prior to December 31, 2020 (the "Escrow Release Deadline").. Upon the satisfaction of the Escrow Release Conditions, each Subscription Receipt issued in connection with the Offering shall be deemed automatically exercised, without payment of any additional consideration and without action on the part of the holder thereof, into one Convertible Debenture of the Resulting Issuer. The Convertible Debentures will bear interest at a simple rate of 8.00% per annum, maturing thirty-six (36) months from the completion of the Plan of Arrangement and the listing of the Company's shares on the CSE (the "Maturity Date"). Each Convertible Debenture is convertible at the option of the holder at any time prior to the close of business on the last business day immediately preceding the Maturity Date, into 4,444 units ("Units") of the Resulting Issuer, each Unit consisting of one common share of the Resulting Issuer and one half of one common share purchase warrant of the Resulting Issuer ("Unit Warrants"), together with such number of additional Units to be issued for the conversion of any accrued and unpaid interest on the principal amount being converted at the conversion price of $0.225 (the "Conversion Price"). Each Unit Warrant shall be exercisable to acquire an additional common share of the Resulting Issuer at an exercise price of $0.325 for a period of thirty-six (36) months from the occurrence of the Liquidity Event. At any time after the date that is one year following the last closing date of the Offering, the Resulting Issuer may force the conversion of the principal amount and all accrued and unpaid interest of the then outstanding Convertible Debentures at the Conversion Price on not less than 30 days' notice if the daily volume weighted average trading price of the common shares of the Resulting Issuer is greater than $0.50 for any 20 consecutive trading days. If: (i) the Escrow Release Conditions are not satisfied or waived on or before the Escrow Release Deadline, or (ii) prior to the Escrow Release Deadline, the Plan of Arrangement is terminated or Molecule advises the escrow agent or publicly announces that it does not intend to satisfy the Escrow Release Conditions, the Subscription Receipt holders will be entitled to a return of the total subscription price paid, the escrowed funds (plus accrued interest earned thereon) will be returned to the Subscription Receipt holders on a pro rata basis and the Subscription Receipts will be cancelled without any further action on the part of the holders. Molecule will be responsible for the payment of any shortfall between the escrowed funds and the subscription price paid by the holders of the Subscription Receipts. Completion of the Offering would satisfy a condition of the Arrangement that Molecule complete a financing of a minimum of CAD $2,000,000.

Concurrently with, and as a condition of, the closing of the Proposed Transaction, creditors of Everton will convert $243,100 of indebtedness into an aggregate of 810,333 Everton Shares at a deemed issue price of $0.30 per share. All the foregoing indebtedness is due to the CEO of Everton, for advances and loans that he has made to Everton in order to satisfy Everton's minimum working capital needs in the absence of any reasonable third-party alternatives.

The Independent Committee has also negotiated, and Molecule has agreed, that in connection with, and immediately prior to, the closing of the Proposed Transaction, Everton intends to create and issue preferred shares ("Preferred Shares"), on the basis of one Preferred Share for every issued and outstanding Everton Share on the record date, to shareholders of Everton. The record date for the issuance of the Preferred Shares is expected to be February 7, 2020, the same as the record date for the annual and special meeting of shareholders, which was held on April 6, 2020. The purpose of the Preferred Shares is to provide the current Everton shareholders with a right to receive, on a pro rata basis, an economic benefit, subject to an aggregate maximum of up to $500,000, in the event that any of the Everton mining royalties are triggered and generate revenue within a maximum period of five (5) years from the date of the issuance of the Preferred Shares. The Preferred Shares would provide that, if triggered, the Preferred Shares would be redeemable, on a pro rata basis, for cash up to an aggregate maximum of $500,000. The Preferred Shares would otherwise not have any rights or recourses.

Completion of the Proposed Transaction remains subject to the satisfaction of various conditions, including (i) the completion of the Private Placement in the minimum amount of $2 million, (ii) the filing of articles of amendment to give effect to the Name Change, the Consolidation and the creation of the Preferred Shares, (iii) the satisfaction or waiver of all applicable conditions precedent, and (iv) the receipt of conditional approval from the CSE for the proposed listing of the shares of the Resulting Issuer on the CSE.

GOING CONCERN

The condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The Company is in the exploration stage and has not earned revenue from operations. As at April 30, 2020, the Company has a working capital deficiency of $59,470 and a deficit of $53,068,324. The Company has no income or cash inflow from operations. Continued operation of the Company is dependent on financial support through completion of equity financings, or the achievement of profitable operations in the future. Such material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient. The condensed consolidated interim financial statements do not include any adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the Company be unable to continue as a going concern and these adjustments could be material.

EXPLORATION OUTLOOK

As of June 17, 2020, the date of this MD&A, the only mineral property which Everton continues to hold an interest in is its Opinaca property, in Quebec, Canada.

DOMINICAN REPUBLIC PROPERTIES

In January 2019, the Company completed the sale of its three remaining mineral concessions in the Dominican Republic, known as the Cabirma de Cerro, Mermejal and Arroyo Carpintero properties, in accordance with a Mineral Property Purchase and Sale Agreement (the "Sale Agreement") with Precipitate Gold Corp. ("Precipitate"). Upon closing, Everton received $25,000 and 7,000,000 common shares of Precipitate, with a fair value of $770,000, based on the quoted market price of Precipitate shares on the TSX Venture Exchange at the time, for total consideration of $795,000. The Company recognized a gain of $279,876 on the sale of these mineral exploration properties during the 2019 fiscal year.

CANADIAN PROPERTIES

Opinaca

The Opinaca A property is adjacent to the northern boundary of Goldcorp's Eleonore property hosting the Roberto gold deposit containing a significant proven and probable gold reserves estimate. The Opinaca B property is located about 8 km southeast of the Eleonore property.

On December 9, 2004, the Company signed an option agreement with Azimut Exploration Inc. ("Azimut") to earn a 50% undivided interest in the Opinaca property by incurring a minimum of $2,800,000 in exploration work and making cash payments totaling $180,000 over 5 years. The Company made the cash payments and incurred the required exploration expenditures to earn its initial 50% interest in the property.

On November 15, 2011 (amended on November 1, 2013), the Company and Azimut Exploration Inc. ("Azimut") executed an option agreement with Hecla Mining Company, formerly Aurizon Mines Ltd., ("Hecla") whereby Hecla could acquire a 50% ownership interest in the Opinaca property (leaving each of the Company and Azimut with 25%), by making total cash payments of $580,000, $290,000 of which was payable to Everton, and incurring exploration expenditures of $6,000,000, including a minimum of 3,800 metres of drilling prior to November 15, 2013 and 1,200 metres of drilling prior to November 15, 2014.

On November 7, 2013, the Company announced that Hecla had informed them of its intent to renew its option on the Opinaca A & B gold properties, for a third year.

In December 2014, Hecla advised the company that it would drop its option on the Opinaca A property while retaining its option on the Opinaca B property.

As at April 30, 2020, the Company holds a 25% interest in the Opinaca B property, with the remaining interest held by Azimut (25%) and Hecla (50%). Hecla is currently the operator.

As at April 30, 2020, the Company holds a 50% interest in the Opinaca A property, with the remaining 50% interest held by Azimut.

During the year ended October 31, 2019, the Company wrote down the carrying value of the property to $1 and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $3,095,636 ($260,449 of mineral exploration property costs and $2,835,187 of exploration and evaluation costs).

Chapais

On December 5, 2017, the Company entered into an option agreement with Albert Mining Inc. ("Albert Mining") to earn up to a 75% interest in seven mining claims located in the Chapais mining district of Quebec. To earn the 75% interest, the Company was to pay $30,000 in cash, incur exploration expenditures totaling $370,000 over a three-year period, and issue to Albert Mining a total of 2,500,000 common shares at two separate dates during the three-year period.

During the year ended October 31, 2019, the Company terminated the option agreement with Albert Mining, wrote down the cost of the Chapais property to $Nil and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $149,882. This was based on the Company's decision that poor exploration results to date did not warrant further exploration on the property.

As at April 30, 2020 and October 31, 2019, the carrying values of the Company's mineral exploration properties and exploration and evaluation assets were as follows:

	April 30, 2020		October 31, 2019	
	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$
Dominican Republic				
a) Cabirma del Cerro	**-**	**-**	-	-
b) Arroyo Carpintero	**-**	**-**	-	-
	-	**-**	-	-
Canada (Quebec)				
c) Opinaca	**1**	**-**	1	-
d) Chapais	**-**	**-**	-	-
	1	**-**	1	-
TOTAL	**1**	**-**	1	-

The following table reflects the changes to mineral exploration properties and exploration and evaluation assets for the period from October 31, 2018 to April 30, 2020:

	Six months ended April 30, 2020	Year ended October 31, 2019
	$	$
Balance, beginning of the year	**1**	3,730,643
Additions to mineral exploration properties	**-**	30,000
Sale of mineral exploration properties and exploration and evaluation assets	**-**	(515,124)
Write-down of mineral exploration properties and exploration and evaluation assets	**-**	(3,245,518)
Balance, end of the year	**1**	1
Mineral exploration properties	**1**	1
Exploration and evaluation assets	**-**	-
	1	1

SELECTED FINANCIAL INFORMATION

The following selected financial information is derived from the Company's condensed consolidated interim financial statements for the three and six month periods ended April 30, 2020, which were prepared in accordance with IFRS:

	Three months		Six months	
	ended April 30,		ended April 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Net loss	**(231,807)**	(69,366)	**(564,136)**	(26,572)
Comprehensive loss	**(231,807)**	(69,366)	**(564,136)**	(26,572)
Basic and diluted loss per common share	**(0.0025)**	(0.0007)	**(0.0061)**	(0.0003)

	April 30,	October 31,
As at	**2020**	2019
	$	$
Cash	**49,775**	4,775
Marketable securities	**347,752**	-
Long-term investment	**-**	964,250
Mineral exploration properties	**1**	1
Total assets	**429,510**	978,134
Total liabilities	**488,979**	473,467

PAYMENT OF DIVIDENDS

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration and development programs, future growth, and any other factors the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

RESULTS OF OPERATIONS

During the three and six month periods ended April 30, 2020, the Company recorded a net loss and total comprehensive loss of $231,807 and $564,136, respectively, as compared to a net loss and total comprehensive loss of $69,366 and $26,572, respectively, during the three and six month periods ended April 30, 2019, an increase of $162,441 and $537,564, respectively. The increases were primarily attributable to the following items: (i) professional fees, (ii) change in fair value of financial assets at fair value through profit or loss, (iii) writedown of mineral exploration properties and exploration and evaluation assets, (iv) gain on sale of mineral exploration properties and (v) forgiveness of debt to Management, as further described below:

(i) During the three and six month periods ended April 30, 2020, the Company incurred professional fees in the amount of $45,776 and $74,101, respectively, as compared to $2,596 and $8,933 during the three and six month periods ended April 30, 2019, an increase of $43,180 and $65,168, respectively. The increase is a due to additional legal services in connection with the Company's Proposed Transaction with Molecule Inc.

(ii) During the three and six month periods ended April 30, 2020, the Company recorded a decrease in fair value of financial assets at fair value through profit or loss of $112,508 and $375,667, respectively, as compared to a decrease of $105,000 and $103,750 during the three and six month periods ended April 30, 2019, a decrease of $7,508 and $271,917, respectively. The decrease is a result of fluctuations in the market price of the Company's financial assets measured at fair value through profit or loss.

(iii) During the three and six month periods ended April 30, 2020, the Company recorded a writedown of mineral exploration properties and exploration and evaluation assets of $Nil and $Nil, respectively, as compared to $Nil and $149,882 during the three and six month periods ended April 30, 2019. The writedown was recorded in connection with the Company's decision to discontinue exploration work on its Chapais property, as poor exploration results to date did not warrant further exploration on the property.

(iv) During the three and six month periods ended April 30, 2020, the Company recognized a gain on sale of mineral exploration properties of $Nil and $Nil, respectively, as compared to $Nil and $279,876 during the three and six month periods ended April 30, 2019. The gain was recognized in connection with the sale of the Company's three remaining concessions in the Dominican Republic.

(v) During the three and six month periods ended April 30, 2020, the Company recorded forgiveness of debt to Management of $Nil and $Nil, respectively, as compared to $Nil and $75,000 during the three and six month periods ended April 30, 2019. The debt forgiveness relates to accrued consulting fees to the Company's CEO, which he elected to cancel to the benefit of the Company.

SUMMARY OF QUARTERLY RESULTS

The following information has been derived from the eight most recently completed quarters, all presented in accordance with IFRS:

	April 30,	**January 31,**	**October 31,**	**July 31,**
For the three months ended	**2020**	**2020**	**2019**	**2019**
	$	**$**	**$**	**$**
Net loss	(231,807)	(332,329)	(2,854,338)	(39,443)
Comprehensive loss	(231,807)	(332,329)	(2,854,338)	(39,443)
Basic and diluted loss				
per common share	(0.0025)	(0.0036)	(0.0306)	(0.0004)

	April 30,	**January 31,**	**October 31,**	**July 31,**
For the three months ended	**2019**	**2019**	**2018**	**2018**
	$	**$**	**$**	**$**
Net (loss) earnings	(69,366)	42,794	(163,164)	(38,358)
Comprehensive (loss) income	(69,366)	42,794	(163,164)	(38,358)
Basic and diluted (loss) earnings				
common share	(0.0007)	0.0005	(0.0017)	(0.0004)

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity depends on existing cash reserves and its ability to dispose of its marketable securities, supplemented as necessary by equity and/or debt financings. As at April 30, 2020, the Company had working capital deficiency of $59,470, including cash of $49,775, marketable securities of $347,752 and current liabilities of $488,979.

During the six month period ended April 30, 2020, the Company used cash of $95,831 to fund operating activities.

The Company does not have any exploration obligations on its properties. Any exploration projects undertaken by the Company are at the sole discretion of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

As at April 30, 2020 and as of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

As outlined in the Business Overview section of this MD&A, the Company has entered into a definitive arrangement agreement pursuant to which Everton will acquire all of the issued and outstanding securities of Molecule, which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the proposed transaction.

As at the date of this MD&A, other than the arrangement agreement with Molecule, there are no proposed asset or business acquisitions or dispositions.

RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Related parties include the Board of Directors and key management personnel, as well as close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Remuneration of directors and key management personnel of the Company was as follows:

	Three months ended April 30,		Six months ended April 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Consulting fees	**30,000**	29,500	**60,000**	73,000
Benefits	**-**	1,008	**-**	2,016
	30,000	30,508	**60,000**	75,016

During the three and six month periods ended April 30, 2020, consulting fees of $15,000 and $30,000 were paid/payable to a corporation owned by Andre Audet, the Company's CEO, for services rendered as CEO of the Company (2019 - $15,000 and $45,000). In addition, short-term benefits in the amount of $Nil and $Nil were paid on his behalf (2019 - $1,008 and $2,016). During the three month period ended April 30, 2019, unpaid consulting fees in the amount of $75,000 were forgiven by Andre Audet. The amount was recorded as forgiveness of debt to Management in the consolidated statement of operations and comprehensive income. As at April 30, 2020, unpaid consulting fees in the amount of $165,400 remain outstanding and payable to Andre Audet and have been included in accounts payable and accrued liabilities ($135,400 as at October 31, 2019).

During the three and six month periods ended April 30, 2020, consulting fees of $15,000 and $30,000 were paid/payable to Brendan Stutt, the Company's CFO, for services rendered as CFO of the Company (2019 - $10,000 and $10,000).

During the three and six month periods ended April 30, 2020, consulting fees of $Nil and $Nil were paid/payable to a corporation owned by Lucie Letellier, the Company's former CFO, for services rendered as CFO of the Company (2019 - $4,500 and $13,500).

Loan Payable

As at April 30, 2020, the Company has a loan payable to the CEO of the Company in the amount of $92,700 ($192,700 as at October 31, 2019). The loan is non-interest bearing and has no specific terms of repayment.

FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash, marketable securities, long-term investment, accounts payable and accrued liabilities and loan payable. Marketable securities and long-term investment are carried at fair value. The fair value of the Company's other financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

	April 30, 2020	October 31, 2019
	$	$
Financial assets		
Amortized cost		
Cash	**49,775**	4,775
Fair value through profit or loss		
Marketable securities	**347,752**	-
Long-term investment	**-**	964,250
Total financial assets	**397,527**	969,025
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(396,279)**	(280,767)
Loan payable	**(92,700)**	(192,700)
Total financial liabilities	**(488,979)**	(473,467)

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash. The Company's cash is held at reputable financial institutions with high external credit ratings. It is Management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

The Company holds shares in a publicly listed company in the mineral exploration industry. The Company is exposed to market risk regarding these shares as unfavorable market conditions could result in the disposal at less than their value at April 30, 2020. As at April 30, 2020, the value of these listed shares was $347,752. At April 30, 2020, had the price for these publicly listed shares been 10% lower, the comprehensive loss for the period would have been $34,775 greater. Conversely, had the price been 10% higher, the comprehensive loss would have been $34,775 less.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern in order to maintain its properties in good standing, support normal operating requirements, continue the exploration and evaluation of its mineral properties and support any expansionary plans, and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity.

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 or acquire or dispose of assets. In order to facilitate the management of its capital requirements, management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company prepares annual budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

There were no significant changes to capital management policies of the Company during the six month period ended April 30, 2020.

CHANGE IN ACCOUNTING POLICIES

The Company has not had any changes in accounting policies, other than the adoption of new mandatory standards under IFRS as well as amendments to existing standards, for the six month period ended April 30, 2020.

RISK AND UNCERTAINTIES

Mineral exploration and development of mineral properties involves significant risks, many of which are outside of the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

Financial Risk

The Company is considered to be in the exploration stage, and it is dependent on obtaining regular financing in order to continue exploration. Despite previous success in acquiring such financing, there is no guarantee of obtaining any future financing, or that it will be available on acceptable terms.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mining exploration companies.

Risk on the Uncertainty of Title

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

Environmental Risk

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

CRITICAL ACCOUNTING ESTIMATES

See Note 2 to the Company's consolidated financial statements for the years ended October 31, 2019 and 2018.

NEW ACCOUNTING POLICIES ISSUED BUT NOT YET EFFECTIVE

See Note 2 to the Company's consolidated financial statements for the years ended October 31, 2019 and 2018.

OUTSTANDING SHARE DATA

Common shares and convertible securities outstanding at June 17, 2020, consist of:

Security	Expiry date	Range of exercise price	Securities outstanding
		$	#
Common shares	-	-	93,134,470
Warrants	Up to February 21, 2021	0.07	16,267,500
Stock options	Up to August 15, 2021	0.05 - 0.13	3,100,000

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

Additional information on the Company is available on SEDAR (www.sedar.com).