

# The Hash Corporation

## Financial Statements

For the three months ended March 31, 2021 and 2020  
[expressed in Canadian dollars, except share amounts]

### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under Part 4, subsection 4.3(3)(a) of National Instrument 51-102 – *Continuous Disclosure Obligations*, if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of The Hash Corporation [the “Company”] have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

The Hash Corporation

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

[unaudited] [expressed in Canadian dollars]

[see going concern uncertainty – note 2]

| As at,                            | Notes | March 31,<br>2021 | December 31,<br>2020 |
|-----------------------------------|-------|-------------------|----------------------|
|                                   |       | \$                | \$                   |
| <b>ASSETS</b>                     |       |                   |                      |
| <b>Current assets</b>             |       |                   |                      |
| Cash and cash equivalents         |       | 2,950,749         | 2,051,028            |
| Sales tax receivable              |       | 174,080           | 44,966               |
| Prepaid expenses and other assets |       | 720,993           | 20,559               |
|                                   |       | <u>3,845,822</u>  | <u>2,116,553</u>     |
| <b>Non-current assets</b>         |       |                   |                      |
| Deposits                          |       | 44,876            | 40,344               |
| Equipment, net                    | 3     | 174,385           | 103,645              |
| Right-of-use asset, net           | 4     | 62,806            | —                    |
|                                   |       | <u>4,127,889</u>  | <u>2,260,542</u>     |
| <b>LIABILITIES</b>                |       |                   |                      |
| <b>Current liabilities</b>        |       |                   |                      |
| Trade and other payables          |       | 1,157,515         | 224,825              |
| Lease obligations                 | 5     | 38,000            | —                    |
|                                   |       | <u>1,195,515</u>  | <u>224,825</u>       |
| <b>Non-current liabilities</b>    |       |                   |                      |
| Lease obligations                 | 5     | 27,537            | —                    |
|                                   |       | <u>1,223,052</u>  | <u>224,825</u>       |
| <b>SHAREHOLDERS' EQUITY</b>       |       |                   |                      |
| Share capital                     | 6     | 9,179,194         | 8,020,096            |
| Warrants                          | 6     | 2,082,017         | 1,999,595            |
| Contribution surplus              | 7     | 250,123           | —                    |
| Accumulated deficit               |       | (8,606,497)       | (7,983,974)          |
|                                   |       | <u>2,904,837</u>  | <u>2,035,717</u>     |
|                                   |       | <u>4,127,889</u>  | <u>2,260,542</u>     |
| Commitments and contingencies     | 9     |                   |                      |
| Subsequent events                 | 11    |                   |                      |

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

On behalf of the Board:

\_\_\_\_\_

\_\_\_\_\_

**The Hash Corporation**

**CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**

[unaudited] [expressed in Canadian dollars, except number of shares]

|  |       | <b>Three months ended March 31,</b> |                  |
|--|-------|-------------------------------------|------------------|
|  |       | <b>2021</b>                         | <b>2020</b>      |
| Notes                                  |       | <u>\$</u>                           | <u>\$</u>        |
| <b>Expenses</b>                        |       |                                     |                  |
|  | 7     | <b>250,123</b>                      | —                |
|  |       | <b>171,630</b>                      | 135,935          |
|  |       | <b>100,046</b>                      | 21,325           |
|  |       | <b>87,480</b>                       | 2,738            |
|  | 3 & 4 | <b>13,244</b>                       | —                |
|  |       | <b>622,523</b>                      | 159,998          |
| <b>Net loss and comprehensive loss</b> |       | <b>(622,523)</b>                    | <b>(159,998)</b> |
| <br>                                   |       |                                     |                  |
| Net loss per share                     |       |                                     |                  |
|  | 8     | <b>(0.003)</b>                      | (0.001)          |
| <br>                                   |       |                                     |                  |
| Weighted average number of shares      |       |                                     |                  |
|  | 8     | <b>226,895,846</b>                  | 159,070,290      |

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

The Hash Corporation

**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three months ended March 31, 2021 and 2020

[unaudited] [expressed in Canadian dollars, except number of shares]

|                                     | Share capital      |                  | Warrants           |                  | Contribution Surplus | Accumulated deficit | Total            |
|-------------------------------------|--------------------|------------------|--------------------|------------------|----------------------|---------------------|------------------|
|                                     | #                  | \$               | #                  | \$               | \$                   | \$                  | \$               |
| <b>Balance, December 31, 2019</b>   | <b>159,070,290</b> | <b>6,629,052</b> | <b>135,654,573</b> | <b>1,776,600</b> | —                    | <b>(5,962,836)</b>  | <b>2,442,816</b> |
| Net loss and comprehensive loss     | —                  | —                | —                  | —                | —                    | (159,998)           | (159,998)        |
| <b>Balance, March 31, 2020</b>      | <b>159,070,290</b> | <b>6,629,052</b> | <b>135,654,573</b> | <b>1,776,600</b> | —                    | <b>(6,122,834)</b>  | <b>2,282,818</b> |
| <b>Balance, December 31, 2020</b>   | <b>224,220,290</b> | <b>8,020,096</b> | <b>73,804,573</b>  | <b>1,999,595</b> | —                    | <b>(7,983,974)</b>  | <b>2,035,717</b> |
| Shares and warrants issued [note 6] | 15,050,000         | 1,159,098        | 1,505,000          | 82,422           | —                    | —                   | 1,241,520        |
| Share-based compensation [note 7]   | —                  | —                | —                  | —                | 250,123              | —                   | 250,123          |
| Net loss and comprehensive loss     | —                  | —                | —                  | —                | —                    | (622,523)           | (622,523)        |
| <b>Balance, March 31, 2021</b>      | <b>239,270,290</b> | <b>9,179,194</b> | <b>75,309,573</b>  | <b>2,082,017</b> | <b>250,123</b>       | <b>(8,606,497)</b>  | <b>2,904,837</b> |

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

The Hash Corporation

**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

[unaudited] [expressed in Canadian dollars]

| <b>For the three months ended March 31,</b>     | <b>2021</b>      | <b>2020</b>      |
|---|------------------|------------------|
|   | <b>\$</b>        | <b>\$</b>        |
| <b>Operating activities</b>                     |                  |                  |
| Net loss  | (622,523)        | (159,998)        |
| Add items not affecting cash                    |                  |                  |
| Amortization and depreciation                   | 13,244           | —                |
| Share-based payments                            | 250,123          | —                |
| Changes in non-cash working capital balances    |                  |                  |
| Sales tax receivable                            | (129,114)        | —                |
| Prepaid expenses and other assets               | (700,434)        | —                |
| Trade and other payables                        | 932,690          | (54,922)         |
| <b>Cash used in operating activities</b>        | <b>(256,014)</b> | <b>(214,920)</b> |
| <b>Investing activities</b>                     |                  |                  |
| Deposits  | (4,532)          | —                |
| Purchase of equipment                           | (81,253)         | (29,455)         |
| <b>Cash used in investing activities</b>        | <b>(85,785)</b>  | <b>(29,455)</b>  |
| <b>Financing activities</b>                     |                  |                  |
| Proceeds from issuance of shares, net           | 1,241,520        | —                |
| <b>Cash provided by financing activities</b>    | <b>1,241,520</b> | <b>—</b>         |
| <b>Net change</b>                               | <b>899,721</b>   | <b>(244,375)</b> |
| Cash and cash equivalents, beginning of period  | 2,051,028        | 2,672,404        |
| <b>Cash and cash equivalents, end of period</b> | <b>2,950,749</b> | <b>2,428,029</b> |

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

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

March 31, 2021 and 2020

#### 1. Nature of business

The Hash Corporation (the “Company”) was incorporated under the Business Corporations Act (Ontario) on March 28, 1967 as Northville Explorations Ltd. On January 22, 2014, the Company changed its name to Senternet Phi Gamma Inc. and on July 8, 2019 the Company changed its name to its present name.

The Company is positioning itself to focus on the production and sale of cannabis-based hashish and other cannabis products. The Company intends to apply its separation and curing techniques to produce a suite of high-quality cannabis resin products, which are all-natural and free of additive and carcinogenic solvents. At present, the Company does not possess the licences required to carry on its business in producing and selling cannabis-based hashish and other cannabis concentrates. In particular, the Company does not have a Standard Processing Licence and a Cannabis Licence under the Cannabis Act. The Company does not intend to apply for both these licences and instead relies on the Collaboration Agreement with Medz Cannabis Incorporated, an Ontario-based, privately-owned company, licensed for the cultivation, processing and sale of medical cannabis under the Cannabis Act (see Note 9).

The head office of the Company is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9.

#### Impact of COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19,” has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company’s business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

#### 2. Basis of presentation

##### [a] Statement of compliance

These unaudited condensed interim financial statements (“financial statements”) were prepared using the same accounting policies and methods as those used in the Company’s financial statements for the year ended December 31, 2020. These financial statements have been prepared in compliance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed. These financial statements should be read in conjunction with the Company’s financial statements for the year ended December 31, 2020.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 26, 2021.

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

March 31, 2021 and 2020

#### **[b] Going concern uncertainty**

The financial statements of the Company for the three months ended March 31, 2021 and 2020, have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at March 31, 2021, the Company has an accumulated deficit of \$8,606,497 (2020 - \$7,983,974), a net loss of \$622,523 (2020 - \$159,998) for the three months ended March 31, 2021, and a working capital surplus of \$2,650,307 (2020 - \$1,891,728). Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so. While the Company has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in the future. The Company will need to raise capital in order to fund its operations. This need may be adversely impacted by uncertain market conditions, COVID-19, approval by regulatory bodies, and adverse results from operations. The above events and conditions indicate there is a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

#### **[c] Functional currency and presentation currency**

These financial statements are presented in Canadian dollar, which is the functional currency of the Company.

#### **[d] Use of estimates and judgments**

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, consistent with those disclosed in the audited financial statements for the year ended December 31, 2020 and described in these financial statements. Actual results could differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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### Notes to the financial statements

[expressed in Canadian dollars]

March 31, 2021 and 2020

#### 3. Equipment

Equipment as at March 31, 2021, is as follows:

|                                 | Leasehold improvements | Computer equipment | Production equipment | Total          |
|---------------------------------|------------------------|--------------------|----------------------|----------------|
|                                 | \$                     | \$                 | \$                   | \$             |
| <b>Cost</b>                     |                        |                    |                      |                |
| Balance, December 31, 2020      | 4,000                  | 9,670              | 108,657              | 122,327        |
| Additions                       | 39,954                 | —                  | 41,299               | 81,253         |
| <b>Balance, March 31, 2021</b>  | <b>43,954</b>          | <b>9,670</b>       | <b>149,956</b>       | <b>203,580</b> |
| <b>Accumulated depreciation</b> |                        |                    |                      |                |
| Balance, December 31, 2020      | —                      | 302                | 18,380               | 18,682         |
| Depreciation                    | 1,258                  | 711                | 8,544                | 10,513         |
| <b>Balance, March 31, 2021</b>  | <b>1,258</b>           | <b>1,013</b>       | <b>26,924</b>        | <b>29,195</b>  |
| Balance, December 31, 2020      | 4,000                  | 9,368              | 90,277               | 103,645        |
| <b>Balance, March 31, 2021</b>  | <b>42,696</b>          | <b>8,657</b>       | <b>123,032</b>       | <b>174,385</b> |

#### 4. Right-of-use asset

The right-of-use asset as at March 31, 2021, is as follows:

|                                 | \$            |
|---------------------------------|---------------|
| Balance – January 1, 2021       | —             |
| Additions                       | 65,537        |
| Depreciation                    | (2,731)       |
| <b>Balance – March 31, 2021</b> | <b>62,806</b> |

#### 5. Lease obligations

The lease obligations as at March 31, 2021, is as follows:

|                                 | \$            |
|---------------------------------|---------------|
| Balance – January 1, 2021       | —             |
| Additions                       | 65,537        |
| <b>Balance – March 31, 2021</b> | <b>65,537</b> |
| Current                         | 38,000        |
| Non-current                     | 27,537        |

Lease obligations are related to the Medz Cannabis Inc. facility (note 9).

The following table sets out a maturity analysis of the lease payments payable, showing the undiscounted lease payments to be paid on annual basis, reconciled to the lease obligation.



## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

March 31, 2021 and 2020

|  | \$            |
|--|---------------|
| Less than one year                               | 38,000        |
| One to two years                                 | 34,833        |
| <b>Total undiscounted lease payments payable</b> | <b>72,833</b> |
| Less: impact of present value                    | (7,296)       |
| <b>Balance as at March 31, 2021</b>              | <b>65,537</b> |

#### 6. Share capital

##### [a] Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

##### [b] Issued and outstanding

The Company's share capital is as follows:

|   | Common Shares      |                  | Warrants           |                  |
|---|--------------------|------------------|--------------------|------------------|
|   | #                  | \$               | #                  | \$               |
| <b>December 31, 2019 and March 31, 2020</b> | <b>159,070,290</b> | <b>6,629,052</b> | <b>135,654,573</b> | <b>1,776,600</b> |
| <b>December 31, 2020</b>                    | <b>224,220,290</b> | <b>8,020,096</b> | <b>73,804,573</b>  | <b>1,999,595</b> |
| Shares and warrants issued [i]              | 15,050,000         | 1,159,098        | 1,505,000          | 82,422           |
| <b>March 31, 2021</b>                       | <b>239,270,290</b> | <b>9,179,194</b> | <b>75,309,573</b>  | <b>2,082,017</b> |

- i. On March 15, 2021, the Company completed a private placement through the issuance of 15,050,000 common shares at a price of \$0.10 per share for total gross proceeds of \$1,505,000. Total cash transaction costs related to the private placement were \$263,480. The Company also issued 1,505,000 compensation warrants. The fair value of the warrants was determined to be \$82,422. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 0.31%, Expected life – 2 years, Expected annual volatility – 106%, Expected dividends – Nil, Share price \$0.10 Exercise price – \$0.10.

The change in the number of warrants issued during the three months ended March 31, 2021 and 2020, were as follows:

|  | Number of warrants | Weighted average exercise price |
|--|--------------------|---------------------------------|
|  | #                  | \$                              |
| Outstanding as at December 31, 2019 and March 31, 2020 | 135,654,573        | 0.01                            |
| Outstanding as at December 31, 2020                    | 73,804,573         | 0.03                            |
| Granted  | 1,505,000          | 0.10                            |
| <b>Outstanding as at March 31, 2021</b>                | <b>75,309,573</b>  | <b>0.03</b>                     |

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

March 31, 2021 and 2020

#### Measurement of fair values

The fair value of warrants granted during the three months ended March 31, 2021, were estimated at the date of grant using the Black-Scholes option pricing model with the following inputs:

|                         |                |
|-------------------------|----------------|
|                         | <b>2021</b>    |
| Grant date share price  | <b>\$0.10</b>  |
| Exercise price          | <b>\$0.10</b>  |
| Expected dividend yield | —              |
| Risk free interest rate | <b>0.31%</b>   |
| Expected life           | <b>2 Years</b> |
| Expected volatility     | <b>106%</b>    |

The following table is a summary of the Company's warrants outstanding as at March 31, 2021:

| <b>Expiry Date</b>                        | <b>Exercise price</b> | <b>Number outstanding</b> |
|---|-----------------------|---------------------------|
|   | <b>\$</b>             | <b>#</b>                  |
| 3 months after listing on public exchange | 0.04                  | 22,250,000                |
| 3 months after listing on public exchange | 0.02                  | 37,850,000                |
| August 30, 2021                           | 0.02                  | 10,832,573                |
| September 19, 2021                        | 0.02                  | 500,000                   |
| November 5, 2021                          | 0.05                  | 1,858,000                 |
| December 23, 2021                         | 0.05                  | 214,000                   |
| July 8, 2022                              | 0.05                  | 300,000                   |
| March 15, 2023                            | 0.10                  | 1,505,000                 |
|   | <b>0.03</b>           | <b>75,309,573</b>         |

The following table is a summary of the Company's warrants outstanding as at March 31, 2020:

| <b>Expiry Date</b>                        | <b>Exercise price</b> | <b>Number outstanding</b> |
|---|-----------------------|---------------------------|
|   | <b>\$</b>             | <b>#</b>                  |
| 3 months after listing on public exchange | 0.04                  | 22,250,000                |
| August 30, 2021                           | 0.02                  | 10,832,573                |
| July 8, 2020                              | 0.01                  | 100,000,000               |
| September 19, 2021                        | 0.02                  | 500,000                   |
| November 5 2019                           | 0.05                  | 1,858,000                 |
| December 31, 2021                         | 0.05                  | 214,000                   |
|   | <b>0.01</b>           | <b>135,654,573</b>        |

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

March 31, 2021 and 2020

#### 7. Share-based compensation

The Company has established a share option plan (the "Option Plan") for directors, officers, employees and consultants of the Company. The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan, the term and vesting periods, and the exercise price of options granted to individuals under the Option Plan.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company's option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the aggregate number of common shares that are outstanding unless the Board has increased such limit by a Board resolution. If any options terminate, expire, or are cancelled as contemplated by the Option Plan, the number of options so terminated, expired or cancelled shall again be available under the Option Plan.

#### Share-based payment arrangements

The changes in the number of share options for the three months ended March 31, 2021 and 2020, were as follows:

|  | Number of<br>options<br># | Weighted average<br>exercise price<br>\$ |
|--|---------------------------|--|
| Outstanding as at December 31, 2019 and March 31, 2020 | 20,000,000                | 0.05                                     |
| Outstanding as at December 31, 2020                    | 15,500,000                | 0.05                                     |
| Granted  | 4,000,000                 | 0.11                                     |
| <b>Outstanding as at March 31, 2021</b>                | <b>19,500,000</b>         | <b>0.06</b>                              |
| <b>Exercisable as at March 31, 2021</b>                | <b>4,000,000</b>          | <b>0.11</b>                              |

The fair value of share options granted during the three months ended March 31, 2021, were estimated at the date of grant using the Black-Scholes option pricing model with the following inputs:

|                         |                |
|-------------------------|----------------|
|                         | <b>2021</b>    |
| Grant date share price  | <b>\$ 0.10</b> |
| Exercise price          | <b>\$ 0.11</b> |
| Expected dividend yield | <b>—</b>       |
| Risk free interest rate | <b>0.26%</b>   |
| Expected life           | <b>3 years</b> |
| Expected volatility     | <b>106%</b>    |

Expected volatility was estimated by using the historical volatility of comparable companies in similar industries as the Company. The expected option life represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on government bonds with a remaining term equal to the expected life of the options.

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### Notes to the financial statements

[expressed in Canadian dollars]

March 31, 2021 and 2020

The following table is a summary of the Company's share options outstanding as at March 31, 2021:

| Options outstanding  |                         |                      | Weighted average<br>remaining<br>contractual life<br># | Options exercisable     |  |
|----------------------|-------------------------|----------------------|--|-------------------------|--|
| Exercise price<br>\$ | Number outstanding<br># | Exercise price<br>\$ |  | Number exercisable<br># |  |
| 0.05                 | 15,500,000              | 0.05                 | —  |                         |  |
| 0.11                 | 4,000,000               | 0.11                 | 4,000,000  |                         |  |
| <b>0.06</b>          | <b>19,500,000</b>       | <b>0.11</b>          | <b>4,000,000</b>                                       |                         |  |

The following table is a summary of the Company's share options outstanding as at March 31, 2020:

| Options outstanding  |                         |                      | Weighted average<br>remaining<br>contractual life<br>[years]<br># | Options exercisable     |  |
|----------------------|-------------------------|----------------------|---|-------------------------|--|
| Exercise price<br>\$ | Number outstanding<br># | Exercise price<br>\$ |   | Number exercisable<br># |  |
| 0.05                 | 20,000,000              | —                    | —   |                         |  |
| <b>0.05</b>          | <b>20,000,000</b>       | —                    | —   |                         |  |

The Company recognized \$250,123 (2020 – \$nil) of share-based compensation expenses for the three months ended March 31, 2021.

#### 8. Loss per share

Net loss per common share represents net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period.

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of warrants and share options. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but would have decreased the loss per share (anti-dilutive) for the three months ended March 31, 2021 and 2020, presented are as follows:

|               | March 31, 2021<br># | March 31, 2020<br># |
|---------------|---------------------|---------------------|
| Warrants      | 75,309,573          | 135,654,573         |
| Share Options | 19,500,000          | 20,000,000          |
|               | <b>94,809,573</b>   | 89,304,573          |

#### 9. Commitments and contingencies

##### Commitments

##### *Medz Cannabis Collaboration Agreement*

On April 20, 2020, the Company entered into a five-year collaboration agreement with Medz Cannabis Inc. ("Medz") to produce and sell cannabis-based hashish and other cannabis concentrates. Per the agreement, Medz is to provide the Company with licensed processing space at the Medz licensed facility for the purposes of manufacturing, packing and

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### Notes to the financial statements

[expressed in Canadian dollars]

March 31, 2021 and 2020

selling products. The Company is responsible for all costs incurred related to the production and is to grant Medz certain profit sharing rights in connection with the sale of products produced within the Medz facility. The Company is to pay Medz a 3.5% royalty on all revenues generated from sale of the products produced in the Medz facility, and a 5% royalty on any tolling or service revenue earned by the Company on certain service contracts.

The Company has entered into a long-term lease for approximately 1,900 square feet of production and office space as well as access to common space for a term of two years commencing on February 28, 2021. The Company has the option to renew the lease for additional terms.

#### *Black Rose Organics Inc. Agreement*

On February 3, 2021, the Company entered into a five-year collaboration agreement with Black Rose Organics Inc. ("BRO"). Under the terms of the agreement the Company is to have access to a production space licensed for Cannabis Production within BRO's facility. BRO is to also assist the Company with obtaining the necessary license amendments from Health Canada to permit the Company and BRO to produce and sell cannabis products. The Company and BRO are to share profits from the sale of products produced by the Company in the BRO facility.

#### *Product Sales Agreement*

On March 11, 2021, the Company entered into a twelve-month product sales agreement with Canada House Cannabis Group Inc. d.b.a. Canada House Wellness Group ("Canada House") and Abba Medix Corp. ("Abba"), collectively the "Purchasers". The Company has a commitment to make available for sale to the Purchasers during the initial twelve-month term of the agreement minimum quantities of the Company's products. During the initial twelve-month term the Company shall not supply such products to any other third party in the province of Quebec.

### Contingencies

#### *Legal matters*

From time to time, the Company may be named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at the reporting date, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to profit or loss of that period.

### 10. Related party transactions and balances

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly.

Key management personnel compensation for the three months ended March 31, 2021 and 2020, comprised of:

|   | 2021           | 2020           |
|---|----------------|----------------|
|   | \$             | \$             |
| Salaries, benefits, bonuses and management fees | 124,481        | 107,500        |
| Share-based payments                            | 250,123        | —              |
| <b>Total</b>                                    | <b>374,604</b> | <b>107,500</b> |

During the three months ended March 31, 2021, the Company granted to members of the Board of Directors of the Company a total of 4,000,000 share options, vesting immediately, exercise price of \$0.11 and expire three years from

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

March 31, 2021 and 2020

the date of grant. The fair value of the share options was determined to be \$250,123 using the Black-Scholes option pricing model (note 7).

The Company owes related parties \$3,716, included in trade and other payables as at March 31, 2021.

#### **11. Subsequent events**

On May 27, 2021, 37,850,000 warrants were exercised at \$0.02 per warrant for total proceeds of \$757,000. Resulting in the issuance of 37,850,000 common shares.

On May 27, 2021, the Company issued 3,000,000 common shares and 300,000 warrants as part of a private placement for total proceeds of \$300,000.

In May 2021, 6,500,000 share options were cancelled. Of the total share options cancelled, 3,000,000 were held by related parties.

In May 2021, 9,000,000 share options were modified to vest immediately. Of the total share options modified, 5,000,000 are held by related parties.