

## The Hash Corporation

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used in this management's discussion and analysis of financial condition and results of operations ("MD&A"), unless the context indicates or requires otherwise, all references to the "Company", "we", "us" or "our" refer to The Hash Corporation, as constituted on March 31, 2021.

This MD&A for the three months ended March 31, 2021 and 2020 should be read in conjunction with the Company's unaudited financial statements, the accompanying notes for three months ended March 31, 2021, and 2020 and the audited financial statements and accompanying notes for the year ended December 31, 2020. The financial information presented in this MD&A is derived from the Company's unaudited financial statements for the three months ended March 31, 2021 and 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are in Canadian dollar except where otherwise indicated.

This MD&A is dated as of May 31, 2021.

#### FORWARD-LOOKING INFORMATION

The information provided in this MD&A, including information incorporated by reference, may contain certain forward-looking statements and forward-looking information (collectively referred to as "forward-looking statements") within the meaning of applicable Canadian legislation about our current expectations, estimates and projections about the future, based on certain assumptions made by us in light of the Company's experience and perception of historical trends. Although we believe that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

This forward-looking information is identified by words such as "anticipate", "believe", "expect", "plan", "forecast", "future", "target", "project", "capacity", "could", "should", "focus", "proposed", "scheduled", "outlook", "potential", "may" or similar expressions and includes suggestions of future outcomes, including statements about the Company's intention to produce and the expected costs and timing thereof; the Company's proposed collaboration agreements with other entities; the Company's expected production capacity; the estimated costs of the Company's proposed capital projects and future investments; potential proceeds from the exercise of the Company's outstanding share purchase warrants; actions taken by the Company, or that the Company may take in the future, to adjust its capital structure; potential effects of regulations under the Cannabis Act (Canada) (together with the regulations thereunder (the "Cannabis Regulations"), the "Cannabis Act") and related legislation introduced by provincial governments. Readers are cautioned not to place undue reliance on forward-looking information as the Company's actual results may differ materially from those expressed or implied.

The Company has made certain assumptions with respect to the forward-looking statements regarding, among other things: the Company's ability to generate sufficient cash flow from operations and obtain financing, if needed, on acceptable terms or at all; general economic, financial market, regulatory and political conditions in which the Company operates; the expected yield from the Company's operations; interest in the Company's products or services; anticipated and unanticipated costs; government regulation of the Company's activities; the timely receipt of any required regulatory approvals; the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; the Company's ability to conduct operations in a safe, efficient and effective manner; and the Company's expansion plans and timeframe for completion of such plans.

Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the limited operating history of the Company and history of losses; the Company's ability to continue as a going concern; the Company's ability to generate sufficient revenue to be profitable; the Company's ability to raise the capital necessary for it to execute its strategy; increased competition in the cannabis markets in Canada and internationally; rising energy costs; the Company's reliance on key persons; the Company's compliance with environmental, health and safety laws and regulations; insurance risks; interruptions in the supply chain for key inputs; demand for skilled labour, specialized knowledge, equipment, parts and components; reliance on the operations of the Company's partners; results of litigation; conflicts of interest between the Company and its directors and officers; payment of dividends; the partial dependence of the Company's operations on the maintenance and protection of its information technology systems; unforeseen tax and accounting requirements; regulatory risks relating to compliance with the Cannabis Act and Cannabis Regulations; changes in laws; changes to the market price of cannabis; the ability of the Company to produce and sell cannabis supply with collaboration agreements; failure to execute definitive agreements with entities in which the Company has entered into letters of intent or memoranda of understanding; changes in government; changes in government policy; failure of

*counterparties to perform contractual obligations; the Company's ability to successfully develop new products or find a market for their sale; lack of certainty regarding the expansion of the cannabis market; ability of key employees of the Company to obtain or renew security clearances in the future; reputational risks to third parties with whom the Company does business; failure to comply with laws and regulations; the Company's reliance on its own market research and forecasts; competition from synthetic production and new technologies; the existence and growth of the cannabis industry; misconduct or other improper activities by employees, independent contractors, consultants, commercial partners and vendors; failure to comply with health and data protection laws; inability to obtain or maintain sufficient intellectual property protection for the Company's products; third-party claims of intellectual property infringement; patent terms being insufficient to protect competitive position on product candidates; inability to obtain patent term extensions or non-patent exclusivity; inability to protect the confidentiality of trade secrets; inability to protect trademarks and trade names; and other factors beyond the Company's control.*

*The Company cautions that the foregoing list of important factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such 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 forward-looking statements contained or incorporated by reference in this MD&A are made as of the date of this MD&A or as otherwise specified. Except as required by applicable securities laws, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors affecting those statements, whether as a result of new information, future events or otherwise or the foregoing lists of factors affecting this information.*

*All of the forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements.*

*Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

## **OVERVIEW**

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

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 licenses 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 License and a Cannabis License under the Cannabis Act. The Company does not intend to apply for both these licenses 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.

On April 20, 2020, the Company has entered into five-year collaboration agreement with Medz Cannabis. ("Medz") to produce and sell cannabis-based hashish and other cannabis concentrates. Per the agreement Medz will provide the Company with licensed processing space at Medz licensed facility for the purposes of manufacturing, packing and selling products. The Company is responsible for all costs incurred related to the production and will grant Medz certain profit-sharing rights in connection with the sale of products produced within the Medz facility. The Company will 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 of common space and material storage for the term of two year commencing on February 28, 2021. The Company has the option to renew the lease for additional terms.

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.

On March 11, 2021, the Company entered into a twelve month product acquisition 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 sell hashish to the Purchasers over the term of the agreement.

## 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.

## SELECTED FINANCIAL HIGHLIGHTS

	As at March 31, 2021	As at December 31, 2020	Change	
	\$	\$	\$	%
Cash	2,950,749	2,051,028	899,721	44%
Total assets	4,127,889	2,260,542	1,867,347	83%
Total liabilities	1,223,052	224,825	998,227	444%

Cash as at March 31, 2021, was \$2,950,749 compared to cash of \$2,051,028 as at December 31, 2020. The increase of \$899,721 or 44% is primarily due to proceeds from issuance of shares offset by cash used in operating activities and purchases of equipment.

Total assets as at March 31, 2021, were \$4,127,889 resulting in an increase of \$1,867,347 or 83% compared to December 31, 2020. The increase is primarily attributable to the increase in cash, prepaid expenses, recognition of right-of-use asset, purchase of equipment and sales tax receivable as a result of purchases and expenses incurred, respectively.

Total liabilities as at March 31, 2021, were \$1,223,052 resulting in an increase of \$988,227 or 444% compared to December 31, 2020. The increase is due to the increase in trade and other payables and recognition of lease obligations.

## RESULTS OF OPERATIONS

The following table outlines our statements of loss and comprehensive loss for the three months ended March 31, 2021 and 2020:

	Three months ended March 31,			
	2021	2020	Change	%
	\$	\$	\$	%
<b>Expenses</b>				
Share-based payments	250,123	—	250,123	100%
Salaries and wages	171,630	135,935	35,695	26%
Rent, general office and travel	100,046	21,325	78,721	369%
Professional fees	87,480	2,738	84,742	3095%
Amortization and depreciation	13,244	—	13,244	100%
<b>Total operating expenses</b>	<b>622,523</b>	159,998	462,525	289%
<b>Net loss and comprehensive loss</b>	<b>(622,523)</b>	(159,998)	(462,525)	289%

## REVIEW OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

### *Share-based payments*

Share-based payments increased from \$nil to \$250,123 for the three months ended March 31, 2021, compared to the three months ended March 31, 2020. The increase of \$250,123 or 100% is due to share options granted to BOD member during the three months ended March 31, 2021.

### *Salaries and wages*

Salaries and wages increased from \$135,935 to \$171,630 for the three months ended March 31, 2021, compared to the three months ended March 31, 2020. The increase of \$35,695 or 26% is primarily related to an increase in employees during the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

### *Rent, general office and travel*

Rent, general office and travel expenses are primarily comprised of rent for the facilities and other general office related expenses. Rent, general office and travel expenses increased from \$21,325 to \$100,046 or 369% for the three months ended March 31, 2021, compared to the three months ended March 31, 2020. The increase of \$78,721 is primarily due to the growth of operations. As the Company's operations grow, rent, general office and travel expenses are expected to increase.

### *Professional fees*

Professional fees increased from \$2,738 to \$87,480 or 3095% for the three months ended March 31, 2021, compared to the three months ended March 31, 2020. Professional fees include legal, accounting and consulting expenses that fluctuate from period to period based on the nature of the transactions the Company undertakes.

### *Depreciation*

Depreciation expense increased from \$nil to \$13,244 or 100% for the three months ended March 31, 2021, compared to the three months ended March 31, 2020. The increase is related to depreciation on equipment and amortization of the right-of-use asset.

## SELECTED QUARTERLY INFORMATION

The following table sets forth selected unaudited quarterly statements of operations data for each of the eight quarters commencing April 1, 2019 and ending March 31, 2021. The information for each of these quarters has been prepared on the same basis as the audited financial statements for the year ended December 31, 2020. This data should be read in conjunction with our audited annual financial statements for the year ended December 31, 2020 and unaudited financial statements for the

period ending March 31, 2021. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Total operating expenses	622,523	295,617	1,373,719	191,804	159,998	230,488	1,749,062	33,220
Net loss	(622,523)	(295,617)	(1,373,719)	(191,804)	(159,998)	(230,488)	(1,749,062)	(33,220)
Net loss per share - basic and diluted	(0.003)	(0.001)	(0.006)	(0.001)	(0.001)	(0.002)	(0.028)	(0.001)

## FINANCIAL POSITION

	As at March 31, 2021	As at December 31, 2020	Change	
			\$	%
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents	2,950,749	2,051,028	899,721	44%
Sales tax receivable	174,080	44,966	129,114	287%
Prepaid expenses and other assets	720,993	20,559	700,434	3407%
<b>Total current assets</b>	<b>3,845,822</b>	<b>2,116,553</b>	<b>1,729,269</b>	<b>82%</b>
<b>Non-current</b>				
Deposits	44,876	40,344	4,532	11%
Equipment, net	174,385	103,645	70,740	68%
Right-of-use assets, net	62,806	—	62,806	100%
<b>Total non-current assets</b>	<b>282,067</b>	<b>143,989</b>	<b>138,078</b>	<b>96%</b>
<b>Total assets</b>	<b>4,127,889</b>	<b>2,260,542</b>	<b>1,867,347</b>	<b>83%</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Trade and other payables	1,157,515	224,825	932,690	415%
Lease obligations	38,000	—	38,000	100%
<b>Total current liabilities</b>	<b>1,195,515</b>	<b>224,825</b>	<b>970,690</b>	<b>432%</b>
<b>Non-current</b>				
Lease obligations	27,537	—	27,537	100%
<b>Total liabilities</b>	<b>1,223,052</b>	<b>224,825</b>	<b>998,227</b>	<b>444%</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	9,179,194	8,020,096	1,159,098	14%
Warrants	2,082,017	1,999,595	82,422	4%
Contribution surplus	250,123	—	250,123	100%
Accumulated deficit	(8,606,497)	(7,983,974)	(622,523)	8%
<b>Total shareholders' equity</b>	<b>2,904,837</b>	<b>2,035,717</b>	<b>869,120</b>	<b>43%</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,127,889</b>	<b>2,260,542</b>	<b>1,867,347</b>	<b>83%</b>

### Assets

#### Current assets

Current assets increased by \$1,729,269 or 82%, primarily due to an increases in cash from proceeds from share issuance, prepaid expenses and sales tax receivable as a result of purchases and expenses incurred, respectively.

#### Non-current assets

Non-current assets increased by \$138,078 or 96% primarily due to the recognition of the right-of-use asset and purchase of equipment during the three months ended March 31, 2021.

## Liabilities

### Current liabilities

Trade and other payables increased by \$932,690 or 415%, primarily due to purchase of prepaid expenses.

Lease obligation increased by \$38,000 or 100%, due to commencement of lease.

### Shareholders' equity

Shareholders' equity increased by \$869,120 or 43% compared to December 31, 2020, primarily due increases in share capital and warrants related to share issuance and increase in contribution surplus for share-based compensation for the three months ended March 31, 2021, offset by net loss of \$622,523.

## LIQUIDITY, CAPITAL RESOURCES AND FINANCING

The general objectives of our capital management strategy are to preserve our capacity to continue operating, provide benefits to our stakeholders and provide an adequate return on investment to our shareholders by continuing to invest in our future that is commensurate with the level of operating risk we assume. We determine the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and risks of the underlying assets. We are not subject to any externally imposed capital requirements.

The financial statements and this MD&A has 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. The financial statements and this MD&A 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 outcome of these matters cannot be predicted at this time.

As at March 31, 2021, the Company had cash of \$2,950,749 (2020 - \$2,051,028) representing an increase of \$899,721 from December 31, 2020. This increase is primarily due to \$1,241,520 cash from investing activities, offset by \$256,014 cash used in operating activities and \$85,785 cash used in investing activities.

### Net cash in cash and cash equivalents provided by (used in)

	For the three months ended March 31,	
	2020	2019
	\$	\$
Cash and cash equivalents, beginning of period	<u>2,051,028</u>	2,672,404
Net cash provided by (used in):		
Cash used in operating activities	<u>(256,014)</u>	(214,920)
Cash used in investing activities	<u>(85,785)</u>	(29,455)
Cash provided by financing activities	<u>1,241,520</u>	—
Net change in cash during the period	<u>899,721</u>	(244,375)
Cash and cash equivalents, end of period	<u>2,950,749</u>	2,428,029

### Cash Used in Operating Activities

Cash flows used in operating activities for the three months ended March 31, 2021, were \$256,014 compared to cash used in operating activities of \$214,920 for the three months ended March 31, 2020. The increase in cash used in operating activities is primarily due increase in net loss as a result of growth in operations.

#### *Cash Flows Used in Investing Activities*

Cash flows used in investing activities for the three months ended March 31, 2021, were \$85,785 compared to \$29,455 for the three months ended March 31, 2020. The increase is due to the purchase of equipment during the three months ended March 31, 2021.

#### *Cash Flows Provided by Financing Activities*

Cash flows provided by financing activities for the three months ended March 31, 2021, were \$1,241,520 compared \$nil for the three months ended March 31, 2020. The increase is due to proceeds from share issuances for the three months ended March 31, 2021.

### **CONTRACTUAL OBLIGATIONS**

We have no significant contractual arrangements other than those noted in our financial statements.

### **OFF-BALANCE SHEET ARRANGEMENTS**

We have no off-balance sheet arrangements other than those noted in our financial statements.

### **TRANSACTIONS WITH RELATED PARTIES**

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 during the three months ended March 31, 2021 and 2020 is comprised of:

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

During the three months ended March 31, 2021, the Company granted BOD members a total of 4,000,000 share options, vesting immediately, exercise price of \$0.11 and expire 3 years from date of grant. The fair value of the share options was determined to be \$250,123 using the Black-Scholes option pricing model.

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

### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

#### *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company does not currently have any outstanding trade receivables with customers.

The Company 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.

#### *Liquidity risk*

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and if desired, the issuance of debt. The Company's trade and other payables are all due within twelve months from the date of these financial statements.

If unanticipated events occur that impact the Company's ability to complete products for sale, the Company may need to take additional measures to increase its liquidity and capital resources, including issuing debt or additional equity financing or strategically altering the business forecast and plan. In this case, there is no guarantee that the Company will obtain satisfactory financing terms or adequate financing. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on the Company's results of operations or financial condition.

#### *Market risk*

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

- Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is not exposed to foreign currency risk as at March 31, 2021, as it does not hold any material financial instruments in foreign currency.

- Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as at March 31, 2021, as there are no borrowings outstanding.

- Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its Company, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at March 31, 2021.

#### *Fair values*

The carrying values of cash, sales tax receivables and trade and other payables approximate fair values due to the short-term nature of these items or they are being carried at fair value. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the year, there were no transfers of amounts between levels. The Company did not have any financial instruments stated at fair value as at March 31, 2021 and 2020.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Refer to the audited financial statements for December 31, 2020, for a full discussion of our critical accounting policies and estimates.



## OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares.

The Company's outstanding capital was as follows as at the date of this MD&A:

Common Shares	280,120,390
Share Options	13,000,000
Warrants	37,759,573

## 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.

## DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company uses the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture Company to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.