AFFINOR GROWERS

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MAY 31, 2021 AND 2020

AFFINOR GROWERS INC.

Contents

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Affinor Growers Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Affinor Growers Inc. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2021 and 2020, and the consolidated statements of comprehensive loss, 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 May 31, 2021 and 2020, 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 audits 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 generated limited revenue and significant losses, has not generated positive cash flows from operations and has relied upon financing primarily from private placements and exercise of options and warrants to fund 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 audits 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 audits 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 audits.

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 Keith Macdonald.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
October 28, 2021

AFFINOR GROWERS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MAY 31,
(Presented in Canadian Dollars)

	Note		2021		2020
Assets					
Current assets					
Cash		$	433,652	$	14,794
GST receivable			33,315		19,864
Prepaid expenses and deposit	10		86,907		26,119
Due from related parties	10		2		2
			553,876		60,779
Non-current assets					
Property and equipment	4,10		303,987		64,311
Intangible assets	5		903,450		921,501
Deferred lease acquisition costs	4,10		11,725		-
			1,219,162		985,812
Total assets		$	1,773,038	$	1,046,591
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	6,10,13	$	658,688	$	205,452
Subscription proceeds refundable	8		25,000		-
Interest payable	7		-		43,750
Convertible debenture	7		-		447,112
Derivative liability - Convertible debenture	7		-		83,000
			683,688		779,314
Equity					
Share capital	8		27,159,797		25,315,866
Reserves	8		7,022,025		7,022,025
Deficit			(33,092,472)		(32,070,614)
			1,089,350		267,277
Total equity and liabilities		$	1,773,038	$	1,046,591

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 13)
Events after the Reporting Period (Note 18)

These consolidated financial statements are authorized for issue by the Board of Directors on October 28, 2021. They are signed on the Company's behalf by:

/s/ Rick Easthom
Director

/s/ Alan Boyco
Director

AFFINOR GROWERS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED MAY 31,
(Presented in Canadian Dollars)

	Note	2021	2020
Revenue			
Tower sales		$ -	$ 51,150
Licensing fees		-	2,400
		-	53,550
Production costs			
Cost of goods sold		-	(41,088)
Gross revenue		-	12,462
Expenses			
Amortization - intangible assets	5	66,682	62,845
Consulting fees	10	39,500	46,030
Depreciation - property and equipment	4	14,475	17,406
Investor relations and promotion		190,917	22,844
Management fees	10	30,000	60,000
Other operating expenses		7,876	18,722
Professional fees	6,13	453,448	107,942
Registration and information to shareholders		44,233	35,577
Rent (recovery)		(232)	8,334
Research and development		-	34,853
Travel		599	32,169
Wages, employee benefits and training	10	125,758	155,757
		(973,256)	(602,479)
Operating loss		(973,256)	(590,017)
Other items			
Change in fair value of derivative liability	7	83,000	29,851
Interest expense	7	(35,250)	(43,750)
Accretion expense	7	(52,888)	(59,963)
Write-off of property and equipment	4	(41,309)	-
Write-off of intangible assets	5	(4,125)	-
Write-down of due from related parties	10	-	(36,686)
Other		-	6,863
		(50,572)	(103,685)
Income tax recovery		1,970	-
Net and comprehensive loss for the year		$ (1,021,858)	$ (693,702)
Basic and diluted loss per share	9	$ (0.01)	$ (0.00)
Weighted average number of shares		$ 178,631,907	$ 152,908,108

See notes to the consolidated financial statements

AFFINOR GROWERS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Presented in Canadian Dollars)

		Share capital		Reserves				
	Note	Number of shares	Amount	Warrants	Broker's warrants	Equity-settled employee benefits	Deficit	Total equity
Balance as at May 31, 2019		**152,908,108**	**$ 25,315,866**	**$ 1,364,161**	**$ 122,212**	**$ 5,535,652**	**$ (31,376,912)**	**$ 960,979**
Net loss for the year		-	-		-	-	(693,702)	(693,702)
Balance as at May 31, 2020		152,908,108	25,315,866	1,364,161	122,212	5,535,652	(32,070,614)	267,277
Share issuance - private placements	8	41,458,846	1,343,931	-	-	-	-	1,343,931
Share issuance - debt settlement	8	16,666,666	500,000	-	-	-	-	500,000
Net loss for the year		-	-	-	-	-	(1,021,858)	(1,021,858)
Balance as at May 31, 2021		**211,033,620**	**$ 27,159,797**	**$ 1,364,161**	**$ 122,212**	**$ 5,535,652**	**$ (33,092,472)**	**$ 1,089,350**

AFFINOR GROWERS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31,
(Presented in Canadian Dollars)

	2021	2020
Cash flows (used in) operating activities		
Net loss for the year	$ (1,021,858)	$ (693,702)
Items not involving cash:		
Amortization - intangible assets	66,682	62,845
Depreciation - property and equipment	14,475	17,406
Change in fair value of derivative liability	(83,000)	(29,851)
Interest expense	35,250	43,750
Accretion expense	52,888	59,963
Foreign exchange on receivables	-	320
Interest accrued on receivables	-	(6,863)
Write-off of property and equipment	41,309	-
Write-off of intangible assets	4,125	-
Write-down of due from related parties	-	36,686
Changes in non-cash working capital items:		
GST receivable	(13,451)	909
Prepaid expenses and deposit	(60,788)	2,508
Accounts payable and accrued liabilities	358,367	34,718
Customer deposit	-	(53,550)
Net cash (used in) operating activities	(606,001)	(524,861)
Cash flow (used in) investing activities		
Purchase of property and equipment	(233,424)	(24,130)
Intangible assets costs	(52,756)	-
Net cash (used in) investing activities	(286,180)	(24,130)
Cash flows from financing activities		
Proceeds from issuance of common shares	1,387,337	-
Share issuance costs	(22,298)	-
Subscription proceeds refundable	25,000	-
Convertible debenture interest paid	(79,000)	-
Proceeds from convertible debenture	-	500,000
Net cash provided by financing activities	1,311,039	500,000
Change in cash for the year	418,858	(48,991)
Cash, beginning of the year	14,794	63,785
Cash, end of the year	$ 433,652	$ 14,794

See Note 16 for supplemental disclosure with respect to cash flows.

1. NATURE OF OPERATIONS AND GOING CONCERN

Affinor Growers Inc. (the "Company") is incorporated under the Canada Business Corporations Act and its registered office is 4th Floor – 595 Howe Street, Vancouver, BC, Canada, V6C 2T5. The Company is listed on the Canadian Securities Exchange ("CSE"), the Frankfurt Stock Exchange and the OTC QB Exchange.

Affinor Growers Inc. is a vertical farming technology company focused on developing and commercializing the most economical vertical farming technologies that use the least possible resources (e.g. land, water, and energy resources) to produce the highest quality pesticide-free produce year-round, regardless of environmental conditions.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. There are material uncertainties that cast significant doubt about the appropriateness of the going concern assumption.

To date, the Company has generated limited revenue and significant losses, has not generated positive cash flows from operations and as at May 31, 2021 has an accumulated deficit of $33,092,472. It has relied upon financing primarily from private equity placements and exercise of options and warrants to fund its operations. The Company's business plan is dependent on raising additional funds to finance its operations within and beyond the next 12 months. While the Company has managed to fund its operations in the past through equity financing, raising additional funds is dependent on a number of factors outside the Company's control and, as such, there is no guarantee that it will be able to obtain additional financing in the future. If the Company is unable to obtain sufficient additional financing, it may have to delay, scale back or eliminate plans for its present or future facilities and curtail operations, which could harm the business, financial condition and results of operations. This could occur in the near term. Until such financing is secured and profitable operations are reached, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement on financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance and in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of preparation

Depending on the applicable IFRS requirements, the measurement basis used in the preparation of these consolidated financial statements is cost, net realizable value, fair value or recoverable amount. These financial statements, except for the statement of cash flows, are based on the accrual basis.

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

c) New, amended and future accounting standards and interpretations

The IFRS pronouncements listed below become effective subsequent to May 31, 2021.

2. BASIS OF PREPARATION *(Continued)*

(i) IAS 1 - *Presentation of Financial Statements* has been amended to:

- clarify the criterion for a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period; and
- amend the definition of material to "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, which provide financial information about a specific reporting entity." Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor."

(i) IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* has been amended to amend the definition of material to reflect the changes outlined above under IAS 1.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The Company's consolidated financial statements consolidate those of the Company and its inactive, wholly-owned subsidiary Affinor Analytics LLC. 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 transactions and balances between companies are eliminated upon consolidation, including unrealized gains and losses on transactions between group companies.

Amounts reported in the consolidated financial statements of the subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

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

b) Foreign currencies

The Company assesses functional currency on an entity by entity basis based on the related fact pattern. However, the presentation currency used in these consolidated financial statements is determined at management's discretion.

The currency of the parent company, and the presentation currency applicable to these consolidated financial statements, is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each statement of financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

c) Cash and cash equivalents

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days. As at May 31, 2021 and 2020, the Company did not have any cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (*Continued)*

d) Property and equipment

Property and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Depreciation is provided at rates calculated to write off the cost of property and equipment, less their estimated residual value, over the estimated useful life of the asset. Depreciation is provided at the following annual rates:

Growing equipment	30% declining balance
Computer equipment	30% declining balance
Lighting equipment	10% declining balance
Office equipment	20% declining balance

Assets are depreciated when they are available for their intended use.

Property and equipment are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive loss.

e) Right-of-use assets and Lease liability

Where the Company has entered a lease, the Company recognizes a right-of-use asset representing its rights to use the underlying assets and a lease liability representing its obligation to make lease payments. The right-of-use asset, where it relates to an operating lease, is presented net of accumulated amortization and is disclosed under right-of-use assets on the statement of financial position. The right of use assets are depreciated over the shorter of the lease term and their estimated useful lives unless it is reasonably certain that the Company will obtain ownership at the end of the lease term, in which case, the estimated useful life of the asset is used.

The lease liability is disclosed as a separate line item, allocated between current and non-current liabilities. The lease liability associated with all leases is measured at the present value of the expected lease payments at inception and discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, the Company's incremental borrowing rate is used to discount the lease liability. Judgement is required to determine the incremental borrowing rate.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date that the Company can demonstrate all of the following: i) the technical feasibility of completing the intangible assets so that it will be available for use or sale; ii) its intention to complete the intangible asset and use or sell it; iii) its ability to use or sell the intangible asset; iv) how the intangible asset will generate probable future economic benefits; v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the

3. SIGNIFICANT ACCOUNTING POLICIES (*Continued)*

intangible asset; and vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Until these criteria are met, expenditures are expensed as incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive loss in the expense category consistent with the function of the intangible assets. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets are amortized annually on a straight-line basis. The Company holds five patents with effective lives of 15 - 20 years each and remaining lives of 13 - 17 years. The patents are amortized over the effective lives of the patents. Costs incurred for patents which are pending or are in the process of being developed will be amortized over the remaining life of the patent when the patent is issued.

See Note 3 n).

g) Derivative liability

The Company evaluates its convertible debt, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for. This accounting treatment requires that the carrying amounts of embedded derivatives be marked-to-market at each statement of financial position date and carried at fair value. In the event that the fair value is recorded as a liability, the change in fair value during the period is recorded in the statement of comprehensive loss as either income or expense. Upon conversion, exercise or modification to the terms of a derivative instrument, the instrument is marked to fair value at the conversion date and then the related fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of financial instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the statement of financial position as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date.

This exercise affects the accounting for (i) certain freestanding warrants that contain exercise price adjustment features, (ii) convertible notes containing full-ratchet and anti-dilution protections and (iii) certain free-standing warrants that contain contingently puttable cash settlement.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) Share capital

Proceeds from the issuance of common shares are classified as equity on the consolidated statement of financial position. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. The proceeds from the issuance of units are allocated between common shares and reserves based on the residual value method. Under this method, the proceeds are allocated to the shares based on their fair value and the residual value is allocated to the warrants.

i) Provisions

Provisions are recognized in the consolidated statement of financial position when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined 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.

j) Revenue recognition

The Company follows a five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. The five steps are to: identify the contract(s) with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to each performance obligation; and recognize revenue as each performance obligation is satisfied.

Revenue is recognized at the point in time when the customer obtains control of the product or service. Control is achieved when a product or service is delivered to the customer, the Company has a present right to payment for the product or service, significant risks and rewards of ownership have transferred to the customer according to contract terms and there is no unfulfilled obligation that could affect the customer's acceptance of the product or service.

k) Share-based payment transactions

The Company's share option plan allows the Company's directors, officers, employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted are measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each consolidated statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

l) Income taxes

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

m) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial 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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the statement of comprehensive loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) 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 measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) 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 measured at FVTPL unless it is measured at amortized cost or FVTOCI. However, an irrevocable election can be made at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value through other comprehensive income.

The Company’s financial instruments are classified and subsequently measured as follows:

Account	Classification
Cash	Amortized cost
Receivables (excluding GST/sales tax receivable)	Amortized cost
Deposits	Amortized cost
Due from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Interest payable	Amortized cost
Convertible debenture	Amortized cost
Derivative liability – convertible debenture	FVTPL

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 comprehensive loss.

n) Impairment of property and equipment and intangible assets (excluding goodwill)

Property and equipment and finite life intangible assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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 estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized immediately in profit or loss for the period. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment loss had previously been recognized. A reversal is recognized immediately in profit or loss for the period.

o) Loss per share

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

p) Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. 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 further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Critical judgments

(i) Going concern – Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.

(ii) Useful life of intangible assets – Management has judgementally used the maximum legal life of the patents as the useful life of the intangible assets for purposes of amortization.

(iii) Impairment of intangible assets – The determination that there are no indicators of impairment indicating that the carrying amount exceeds the recoverable amount.

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required.

Significant estimates and assumptions

(i) Costs of defence – as management is not able to determine the amount of legal fees that will ultimately be covered pursuant to the Notice of Civil Claim with any degree of certainty, any legal fees covered will be recorded as a recovery in the period of final adjudication (see Note 13).

(Presented in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

	Growing Equipment	Computer Equipment	Lighting Equipment	Office Equipment	Construction-in-Progess	Total
Cost						
As at May 31, 2019	$ 10,700	$ 5,438	$ -	$ 5,863	$ -	$ 22,001
Additions during the year	10,636	-	57,373	-	-	68,009
As at May 31, 2020	21,336	5,438	57,373	5,863	-	90,010
Additions during the year	-	-	-	-	295,460	295,460
Written-off during the year	-	-	(57,373)	-	-	(57,373)
As at May 31, 2021	$ 21,336	$ 5,438	$ -	$ 5,863	$ 295,460	$ 328,097
Accumulated depreciation						
As at May 31, 2019	$ -	$ 3,610	$ -	$ 4,683	$ -	$ 8,293
Depreciation for the year	10,766	549	5,737	354	-	17,406
As at May 31, 2020	10,766	4,159	5,737	5,037	-	25,699
Depreciation for the year	2,938	384	10,327	826	-	14,475
Written-off during the year	-	-	(16,064)	-	-	(16,064)
As at May 31, 2021	$ 13,704	$ 4,543	$ -	$ 5,863	$ -	$ 24,110
Net book value						
As at May 31, 2020	$ 10,570	$ 1,279	$ 51,636	$ 826	$ -	$ 64,311
As at May 31, 2021	$ 7,632	$ 895	$ -	$ -	$ 295,460	$ 303,987

During the year ended May 31, 2021, the Company disposed of its office equipment for $nil. As at May 31, 2021, the Company wrote off the lighting equipment as it was not working as intended.

Construction-in-progress

On January 21, 2021, and as subsequently amended, the Company entered into an industrial lease with the CEO of the Company, whereby the Company leased from the CEO the greenhouse and compost buildings and their equipment and fixtures located on his property in Abbotsford, BC (the "Lease") (see Note 10). Pursuant to the Lease, the CEO is responsible for the Landlord's Work at the Company's expense and the Company is responsible for the Tenant's Work at its expense, in order to render the Premises complete and suitable to open for business. The original commencement date of the Lease was intended to be March 1, 2021. Because the CEO was delayed in delivering possession of all or any portion of the Premises to the Company on or before that date, the date on which the Premises are to be made available to the Company is postponed for a period equal to the ultimate duration of the delay. At commencement, the Lease will be accounted for under IFRS 16, *Leases* and a right-of-use asset and the related lease liability will be recognized on the consolidated statements of financial position at the end of the reporting period in which commencement occurs. As at May 31, 2021, the balance reported of $295,460 represents costs incurred by the Company related to the Landlord's Work. As at May 31, 2021, the Company had $34,500 in construction-related commitments.

At such time as the Landlord's Work and the Tenant's Work have been completed, the total costs incurred will be allocated between leasehold improvements and the appropriate component capital asset categories, depreciation methods will be determined and the recording of depreciation will commence.

(Presented in Canadian Dollars)

5. INTANGIBLE ASSETS

	Patents	Patents Pending	Patent Development	Total
Cost				
As at May 31, 2019	$ 1,000,001	$ 44,000	$ 109,004	$ 1,153,005
Additions during the year	-	-	-	-
As at May 31, 2020	1,000,001	44,000	109,004	1,153,005
Additions during the year	9,013	43,743	-	52,756
Reclassifications during the year	142,456	(33,452)	(109,004)	-
Written-off during the year	-	(4,125)	-	(4,125)
As at May 31, 2021	$ 1,151,470	$ 50,166	$ -	$ 1,201,636
Accumulated amortization				
As at May 31, 2019	$ 164,352	$ -	$ 4,307	$ 168,659
Amortization for the year	55,556	1,228	6,061	62,845
As at May 31, 2020	219,908	1,228	10,368	231,504
Amortization for the year	66,682	-	-	66,682
Reclassifications during the year	11,596	(1,228)	(10,368)	-
As at May 31, 2021	$ 298,186	$ -	$ -	$ 298,186
Net book value				
As at May 31, 2020	$ 780,093	$ 42,772	$ 98,636	$ 921,501
As at May 31, 2021	$ 853,284	$ 50,166	$ -	$ 903,450

During the year ended May 31, 2015, the Company acquired the ownership and commercialization rights of the farming technology *Method and Apparatus for Automated Horticulture and Agriculture* to grow market-ready strawberries using automated, software-driven, vertical farming technology from Vertical Designs Ltd. ("VDL") and Aboriginal Import Export, companies controlled by the CEO of the Company, by issuing 6,388,888 common shares of the Company valued at $1,494,443.

During the year ended May 31, 2016, the Company acquired the remaining patents regarding the proprietary vertical farming systems and license agreements with certain partners covering various provinces of Canada from VDL by issuing 10 million common shares of the Company valued at $1 million.

During the year ended May 31, 2019, the Company acquired the technology *Vertical Growing Tower for Automated Horticulture and Agriculture.* In August 2019, a patent application was filed with the Canadian Intellectual Property Office having a priority date claimed of August 21, 2018.

During the year-ended May 31, 2019, the Company evaluated its portfolio of patents and decided to keep focus on the Company's redesigned vertical rotating tower and the development of a new vertical tower. As a result, the Company wrote-down the value of its patent *Method and Apparatus for Automated Horticulture and Agriculture* to $1. The Company will continue to maintain the patent in the coming years.

As at May 31, 2021, patents and patents pending were comprised of the following:

Patents

- Method and Apparatus for Automated Horticulture and Agriculture (Canada and United States);
- Method and Apparatus for Automated Vertical Horticulture and Agriculture (Canada and United States);
- Vertical Growing Tower for Automated Horticulture and Agriculture (Canada, Colombia and United States);
- Agricultural and Horticultural Growing Tower (Canada); and
- Growing Tower (United States).

(Presented in Canadian Dollars)

5. INTANGIBLE ASSETS *(Continued)*

Patents Pending

Patents were pending for certain of the above-noted patents in various countries including Aruba, Australia, Europe, India, New Zealand, Republic of Korea, Saudi Arabia, South Africa and United Arab Emirates.

On June 22, 2021, the Company applied for the following patents: *System and Method for Plant Cultivation and Drying* (United States); and *Automated Plant Growing Apparatus and Methods* (United States).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILTIES

	As at	
	May 31, 2021	May 31, 2020
Accounts payable	$ 451,188	$ 166,322
Accrued liabilities	207,500	39,130
	$ 658,688	$ 205,452

Accounts payable includes legal fees of $278,303 (2020 - $60,735) and accrued liabilities includes legal fees of $170,000 (2020 - $nil) (see Note 13).

7. CONVERTIBLE DEBENTURE

On November 1, 2019, the Company entered into an agreement to issue a convertible debenture (the "Debenture") for aggregate proceeds of $500,000 (the "Principal Amount") for a 12-month term from date of issuance bearing interest at a rate of 15% per annum. On November 27, 2020, the Company and the creditor entered into a debt settlement agreement, whereby the Company agreed to issue the creditor 16,666,666 common shares of the Company at a deemed price of $0.03 per share as full and final payment of the Principal Amount (see Note 8). The Company and the creditor also agreed that the outstanding interest of $75,000 would bear simple interest at the rate of 15% per annum until repaid by the specified date. During the year ended May 31, 2021, $79,000 was paid to the creditor, being the outstanding interest of $75,000 plus additional interest of $4,000.

The Principal Amount and any accrued and unpaid interest on the Debenture were convertible at the election of the holder into common shares in the capital of the Company, in whole or in part, at any time following the issue date but on or before the maturity date at the specified conversion price. Further, the Company had the right to force settlement of the Principal Amount together with any interest accrued but unpaid interest as specified. The conversion feature of the Debenture met the definition of a derivative liability instrument because neither the exercise price of the conversion feature nor the number of potential common shares were fixed. Therefore, the conversion feature did not meet the criteria as outlined in IAS 32 *Financial Instruments: Presentation*. As a result, the conversion feature of the Debenture was required to be recorded as a derivative liability recorded at fair value, with the changes in fair value each period being recorded through profit and loss. In accordance with IAS 32, for convertible notes with embedded derivative liabilities, the embedded derivative liability was determined first and the residual value was assigned to the debt host liability.

On inception of the Debenture, the fair value of the derivative liability related to the conversion feature was $112,851. The derivative liability was calculated using the Binomial option pricing valuation model with the following assumptions:

	May 31, 2020
Risk-free interest rate	0.26% - 1.61%
Expected life (years)	0.42 - 1.00
Expected volatility	162.59% - 263.18%
Expected dividend yield	Nil

(Presented in Canadian Dollars)

7. CONVERTIBLE DEBENTURE *(Continued)*

The change in the derivative liability related to the conversion feature is as follows:

	As at	
	May 31, 2021	May 31, 2020
Balance, beginning of year	$ 83,000	$ -
Fair value at inception	-	112,851
Change in fair value of derivative liabilty	(83,000)	(29,851)
Balance, end of year	$ -	$ 83,000

With the conversion feature initially being valued at $112,851, the resulting residual value allocated to the host Debenture was $387,149, being the difference between the face value of the Debenture and the fair value of the conversion feature derivative liability.

The change in the Debenture is as follows:

	As at	
	May 31, 2021	May 31, 2020
Balance, beginning of year	$ 447,112	$ -
Principal Amount received	-	500,000
Fair value of derivative liability	-	(112,851)
Discounted convertible debenture	447,112	387,149
Accretion expense	52,888	59,963
Common shares issued on settlement	(500,000)	-
Balance, end of year	$ -	$ 447,112

8. SHARE CAPITAL AND RESERVES

(i) Authorized:

At May 31, 2021 and 2020, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(ii) Share issuances:

a) On August 21, 2020, the Company closed a private placement of 12,744,561 units (“Units”) at a price of $0.03 per Unit for gross proceeds of $382,337. Each Unit consists of one common share and one common share purchase warrant giving the warrant holder the right to buy another common share for two years at $0.06 per common share. In the event that the Company’s common shares trade at a price on the CSE (or such other exchange on which the common shares may be traded at such time) of greater than $0.20 per share for a period of 20 consecutive trading days, the issuer may accelerate the expiry date of the warrants by giving notice to the holders thereof by way of a news release, and in such case, the warrants will expire on the 30th day after the date of such notice. Under the residual value approach, $nil was assigned to the warrants component of the Units.

b) On November 27, 2020, the Company issued 16,666,666 common shares of the Company at a deemed price of $0.03 per share to settle the $500,000 Principal Amount of the Debenture (see Note 7).

(Presented in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES *(Continued)*

c) On February 26, 2021, the Company closed a private placement of 28,714,285 units ("Units") at a price of $0.035 per Unit for gross proceeds of $1,005,000. Each Unit consists of one common share and one common share purchase warrant giving the warrant holder the right to buy another common share for one year at $0.05 per common share. Cash finder's fees of $18,209 and additional share issue costs of $25,197 were paid in respect of the private placement. Under the residual value approach, $nil was assigned to the warrants component of the Units.

The Company did not issue any common shares during the year ended May 31, 2020.

(iii) Warrants:

The continuity of warrants for the year ended May 31, 2021 is as follows:

Expiry date		Exercise price	May 31, 2020	Issued	Exercised	Expired	May 31, 2021
August 17, 2020		$ 0.10	2,000,000	-	-	(2,000,000)	-
August 21, 2022	*	$ 0.06	-	12,744,561	-	-	12,744,561
February 26, 2022		$ 0.05	-	28,714,284	-	-	28,714,284
Outstanding			2,000,000	41,458,845	-	(2,000,000)	41,458,845
Weighted average exercise price			$ 0.10	$ 0.05	$ -	$ 0.10	$ 0.05

* These warrants have a forced exercise price. If the closing price of the Company's shares are $0.20 or greater for a period of 20 consecutive trading days, the warrant holder will have 30 days to exercise their warrants, otherwise the warrants expire on the 30th day.

As at May 31, 2021, the weighted average remaining life is 0.89 years (May 31, 2020 – 0.21 years).

The continuity of warrants for the year ended May 31, 2020 is as follows:

Expiry date	Exercise price	May 31, 2019	Issued	Exercised	Expired	May 31, 2020
August 17, 2020	$ 0.10	2,000,000	-	-	-	2,000,000
March 8, 2020	$ 0.25	24,997,916	-	-	(24,997,916)	-
April 17, 2020	$ 0.20	3,203,631	-	-	(3,203,631)	-
Outstanding		30,201,547	-	-	(28,201,547)	2,000,000
Weighted average exercise price		$ 0.23	$ -	$ -	$ 0.24	$ 0.10

(iv) Broker's Warrants:

There were no broker's warrants outstanding during the year ended May 31, 2021.

The continuity of broker's warrants for the year ended May 31, 2020 is as follows:

Expiry date	Exercise price	May 31, 2019	Issued	Exercised	Expired	May 31, 2020
April 17, 2020	$ 0.20	70,747	-	-	(70,747)	-
Outstanding		70,747	-	-	(70,747)	-
Weighted average exercise price		$ 0.20	$ -	$ -	$ 0.20	$ -

(Presented in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES *(Continued)*

(v) Share Purchase Options Compensation Plan:

The Company maintains a share-based payment plan (the "Plan") whereby the Board of Directors may, from time to time, grant to directors, officers, employees and consultants options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board, but the exercise price cannot be lower than the market price. The Plan provides that the maximum number of common shares in the capital of the Company which may be reserved for issuance under the Plan may not exceed 10% of the publicly traded shares issued and outstanding on the grant date of the options (on a non-diluted basis), this number being equal to 211,033,620 shares on May 31, 2021.

Options granted are exercisable at the day of grant unless they have a vesting period which is specified at the time of the stock option grant. Options granted to suppliers of investor relations services must, at a minimum, vest in stages over a period not less than 12 months with no more than one fourth of the options vesting in any three-month period.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

A summary of changes in the Company's common share purchase options for the year ended May 31, 2021 is as follows:

Expiry date		Exercise price	May 31, 2020	Granted	Exercised	Expired/ cancelled	May 31, 2021
December 20, 2020		$ 0.155	500,000	-	-	(500,000)	-
January 16, 2021		$ 0.19	900,000	-	-	(900,000)	-
April 5, 2021		$ 0.115	2,000,000	-	-	(2,000,000)	-
May 18, 2021		$ 0.11	500,000	-	-	(500,000)	-
July 16, 2021	*	$ 0.10	100,000	-	-	-	100,000
August 24, 2021	*	$ 0.115	600,000	-	-	-	600,000
September 28, 2021	*	$ 0.10	1,000,000	-	-	-	1,000,000
Options outstanding			5,600,000	-	-	(3,900,000)	1,700,000
Weighted average exercise price			$ 0.13	$ -	$ -	$ 0.14	$ 0.11

* Options expired subsequent to year-end.

As at May 31, 2021, the weighted average remaining life is 0.28 years (May 31, 2020 – 0.93 years).

(Presented in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES *(Continued)*

A summary of changes in the Company's common share purchase options for the year ended May 31, 2020 is as follows:

Expiry date	Exercise price	May 31, 2019	Granted	Exercised	Expired/ cancelled	May 31, 2020
June 2, 2019	$ 0.85	100,000	-	-	(100,000)	-
June 5, 2019	$ 1.03	100,000	-	-	(100,000)	-
June 8, 2019	$ 0.10	200,000	-	-	(200,000)	-
June 27, 2019	$ 0.67	200,000	-	-	(200,000)	-
August 11, 2019	$ 0.47	300,000	-	-	(300,000)	-
October 18, 2019	$ 0.165	800,000	-	-	(800,000)	-
October 25, 2019	$ 0.17	700,000	-	-	(700,000)	-
October 28, 2019	$ 0.25	200,000	-	-	(200,000)	-
November 3, 2019	$ 0.135	100,000	-	-	(100,000)	-
November 17, 2019	$ 0.16	500,000	-	-	(500,000)	-
November 22, 2019	$ 0.15	1,250,000	-	-	(1,250,000)	-
December 20, 2020	$ 0.155	500,000	-	-	-	500,000
January 16, 2021	$ 0.19	900,000	-	-	-	900,000
April 5, 2021	$ 0.115	2,000,000	-	-	-	2,000,000
May 18, 2021	$ 0.11	500,000	-	-	-	500,000
July 16, 2021	$ 0.10	100,000	-	-	-	100,000
August 24, 2021	$ 0.115	600,000	-	-	-	600,000
September 27, 2021	$ 0.10	1,000,000	-	-	-	1,000,000
Options outstanding		10,050,000	-	-	(4,450,000)	5,600,000
Options exercisable		10,050,000	-	-	(4,450,000)	5,600,000
Weighted average exercise price		$ 0.18	$ -	$ -	$ 0.24	$ 0.13

(vi) Subscription Proceeds Refundable

During the year ended May 31, 2021, the Company received $25,000 pursuant to three unit subscription agreements for an aggregate of 500,000 units at $0.05 per unit in respect of the private placement announced on March 9, 2021. Subsequent to the year end, the private placement was cancelled and the subscription proceeds were returned to the subscribers.

9. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended May 31, 2021 was based on the loss attributable to common shareholders of $1,021,858 (2020 – $693,702) and a weighted-average number of common shares outstanding of 178,631,907 (2020 – 152,908,108).

Diluted loss per share did not include the effect of 1,700,000 share purchase options and 41,458,845 warrants for the year ended May 31, 2021 (2020 – 5,600,000 share purchase options and 2,000,000 warrants) as they are anti-dilutive.

(Presented in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

Related party transactions were recorded at the exchange value, which is the consideration determined and agreed to by the related parties. The Company's related parties include directors, key management and companies controlled by directors and key management, as described below:

(i) Transactions with key management personnel

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Years Ended	
	May 31, 2021	May 31, 2020
Consulting fees (net)	$ 17,000	$ 40,000
Management fees	30,000	60,000
Wages and employee benefits	75,723	153,211
Severance	50,000	-
Total	$ 172,723	$ 253,211

		Transactions for the Years Ended		Balance Due	
	Services	May 31, 2021	May 31, 2020	As at May 31, 2021	As at May 31, 2020
Aboriginal Import Export [(a)]	Consulting fees	$ (40,000)	$ 40,000	$ -	$ 40,000
Ron Fraser, Chief Operating Officer [(b)]	Consulting fees	$ 15,000	$ -	$ -	$ -
Sarj Dhaliwal, Chief Financial Officer [(c)]	Consulting fees	$ 36,000	$ -	$ -	$ -
Randy Minhas, Chief Financial Officer [(d)]	Salaries, benefits and severance	$ 125,723	$ 153,211	$ -	$ 23,947
Rick Easthom, Director [(e)]	Consulting fees	$ 6,000	$ -	$ -	$ -
Softail Enterprises Inc. [(f)]	Management fees	$ 30,000	$ 60,000	$ 68,250	$ 36,750
Brian Whitlock, Director [(g)]	None	$ -	$ -	$ -	$ 9,065

(a) Aboriginal Import Export (“AIE”) is a company controlled by Nicholas Brusatore. Mr. Brusatore was appointed as Chief Executive Officer (“CEO”) effective December 1, 2020 and receives compensation of $1 per year. Mr. Brusatore was originally appointed CEO effective January 29, 2018, was compensated through AIE, resigned as CEO effective September 28, 2018 and remained as a consultant until September 28, 2019. During the year ended May 31, 2021, $40,000 recorded as consulting fees during the year ended May 31, 2020, and included in accounts payable as at May 31, 2020, were reversed.
(b) Ron Fraser was appointed Chief Operating Officer on December 8, 2020, resigned effective February 1, 2021 and received a monthly fee of $6,000.
(c) Sarj Dhaliwal was appointed Chief Financial Officer (“CFO”) effective December 1, 2020 and receives a monthly fee of $6,000.
(d) Randy Minhas was appointed as CFO effective May 2, 2018, was appointed President and CEO on September 18, 2018 and resigned as President, CEO and CFO effective November 30, 2020. The balance owing to Mr. Minhas as at May 31, 2020 was for unpaid wages and reimbursable expenses.
(e) Rick Easthom is a director and the Chairman of the Board of Directors of the Company.
(f) Softail Enterprises Inc. is a company controlled by Brian Whitlock, a former director of the Company.
(g) Brian Whitlock resigned as a director on November 30, 2020.

(Presented in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS *(Continued)*

Settlement Agreement and Release

On November 27, 2020, the Company entered into a settlement agreement and release (the “SAAR”) with its then President, Chief Executive Officer, Chief Financial Officer and Director (the “Executive”), whereby the terms and conditions for the cessation of the Executive’s employment with the Company as of November 27, 2020 were agreed to. Pursuant to the SAAR, the Executive received all outstanding and accrued salary owing up to November 30, 2020 and $50,000, net of applicable deductions, as full and final settlement in exchange for his resignation.

(ii) Due from related parties

On May 2, 2018, the Company advanced $220,000 to Vertical Designs Ltd. (“VDL”), a company controlled by the Company’s CEO. This advance (the “VDL Advance”) is secured by a promissory note and the assets of VDL, bears interest at 15% per annum commencing on May 2, 2018 and matured on December 31, 2018. Interest of $27,304 was earned and not accrued during the year ended May 31, 2019 and a payment of $14,536 was received. As at May 31, 2019, the Company wrote the balance down to $1 as collectability was considered doubtful. See (iii) below.

On August 9, 2018, the Company advanced US$75,000 to VDL Colombia S.A.S., a company in which a director of the Company had an ownership interest. This advance matured on August 31, 2018, and is secured by a promissory note, the assets of the company, and the shares of the company pledged by shareholders of the company and bears interest at 15% per annum commencing on August 31, 2018. Prior to May 31, 2019, the director divested his interest in VDL Colombia S.A.S. As at May 31, 2020, the Company wrote the balance down to $1 as collectability was considered doubtful.

	As at	
	May 31, 2021	May 31, 2020
Balance, beginning of year	$ 1	$ 30,144
Interest accured	-	6,863
Provision for credit loss	-	(36,686)
Foreign exchange	-	(320)
Balance, end of year	$ 1	$ 1

(iii) Industrial Lease

On January 21, 2021, the Company entered into an industrial lease with the CEO of the Company, whereby the Company (the “Tenant”) leased from the CEO (the “Landlord”) the greenhouse and compost buildings and their equipment and fixtures (the “Premises”) located on his property in Abbotsford, BC (collectively, the “Property”). In May 2021, the Company and the CEO entered into a lease amending agreement (collectively with the industrial lease, (the “Lease”). The Lease has a 10-year term commencing on March 1, 2021 and ending on February 28, 2031. In the event that the Landlord’s Work (as defined) is not complete to a stage sufficient to permit the Company to commence the Tenant’s Work (as defined) and the Landlord is delayed in delivering possession of all or any portion of the Premises to the Company on or before the commencement date, then the date on which the Premises are to be made available to the Company, the commencement date, the obligation of the Company to pay rent and the expiry date of the term will be will be postponed for a period equal to the duration of the delay. The Company paid a $5,000 security deposit and gross rent during the term is $81,000 per year, payable monthly. The Company has no obligation to pay or reimburse the Landlord or anyone else for any costs or expenses of owning or operating the Property including, without limitation, realty taxes, insurance, alterations, repairs or maintenance. The Company is responsible for paying the costs of supplying utilities and services to the Premises and for operating, maintaining and repairing the Premises that are not supplied, or required to be made by, the Landlord.

10. RELATED PARTY TRANSACTIONS *(Continued)*

The Landlord will provide and carry out, at the Company's expense, all equipment and work (as specified) other than the Tenant's Work (the "Landlord's Work") and the Company will provide and carry out, at its expense, all equipment and work (as specified) other than the Landlord's Work (the "Tenant's Work") required to be provided in order to render the Premises complete and suitable to open for business. In consideration for the Company being responsible for all of the costs associated with the Landlord's Work, the cost of the Landlord's Work will be included in the total amount recoverable by the Company and to the Free Rent Period. All leasehold improvements (as defined and excluding trade fixtures (including the items installed as the Tenant's Work) and furniture and fixtures not in the nature of fixtures) immediately on their placement become the Landlord's property without compensation to the Company. The Company is responsible for repairing any significant or substantial damage caused to the Property by the leasehold improvements or trade fixtures, personal property, partitions and equipment or its removal.

Provided that the Tenant's Work has been completed as specified and there is no active, outstanding or unresolved dispute with respect thereto then, in consideration of the Company providing the VDL Advance (see (ii) above), the Company performing the Tenant's Work at its sole cost and expense and the Company paying for the Landlord's Work at the Company's sole cost, the rent payable under the Lease will not be payable by the Company until such time as the Company has recovered (i) the entire cost of the Tenant's Work and the Landlord's Work and (ii) the VDL Advance, with such recovery to be calculated based on the Company's EBITDA (being earnings before interest, taxes, depreciation and amortization) generated from the sale of products grown and prepared at the Premise (the "Free Rent Period"). For the sake of clarity, the Free Rent Period is not a deferral of rent payable but a free rent period until such time as the Company recovers its costs for the Tenant's Work, the Landlord's Work and the VDL Advance.

During the Free Rent Period, the Company must provide the Landlord with monthly progress reporting (the "Free Rent Reports") on the status (as specified) of its cost recovery. In the event that the Company fails to comply with the requirements of the Free Rent Period, rent immediately becomes payable to the Landlord for the remainder of the balance of the term. In the event that the foregoing has occurred, and provided that the Company has not recovered the costs or any portion of the costs with the VDL Advance or the Landlord's Work, then the Landlord will immediately pay to the Company the outstanding balance of the VDL Advance and the Landlord's Work that the Company has not recovered at the time rent becomes payable. At such time during the term when the Company has recovered the final, total costs of the VDL Advance, the Tenant's Work and the Landlord's Work, rent will immediately become payable to the Landlord for the remainder of the balance of the term.

Provided that the Company is not in default of its obligations under the Lease, it has one additional option to extend the term of the Lease as it relates to all of the Premises (the "Option") for an additional five years at a rent to be determined based on the fair market rent at the time of the Option is exercised. If, at the expiration of the initial term or any subsequent renewal or extension thereof, the Company continues to occupy the Premises without further written agreement, the tenancy will be from month to month and either party can terminate the Lease by giving one month's written notice to the other.

During the term of the Lease, including any Option to renew, and provided that the Company is not in default under the Lease, the Landlord must not permit any conveyance, sale or transfer of his interest in the Property to a bona fide third party (collectively, the "Offer") to occur until he has first offered the Company the right to acquire his interest in the Property on the same terms and conditions as set out in the Offer.

Delayed possession

As at May 31, 2021 and the date of these financial statements, the Landlord's Work had not been completed to a stage sufficient to permit the Company to commence the Tenant's Work. Accordingly, the commencement date and possession by the Tenant has been delayed and the expiry date of the term will ultimately be extended in length equal to the aggregate delay.

10. RELATED PARTY TRANSACTIONS *(Continued)*

Right-of-use asset / Lease liability

IFRS 16 *Leases* requires that the Tenant, recognize a right-of-use asset and a lease liability on its consolidated statement of financial position at the commencement date of the lease. As noted above, the commencement date has been delayed and, accordingly, a right-of-use asset and the related lease liability have not been recognized as at May 31, 2021.

Costs incurred

As at May 31, 2021, $295,460 (2020 – $nil) in costs relating to the Landlord's Work had been incurred by the Company (see Note 4).

Technology License Agreement

On March 30, 2020, the Company entered into a technology license agreement with a company controlled by the current CEO of the Company (the "licensee") pursuant to which the Company granted the licensee a limited, exclusive (on the property owned by the licensee in Abbotsford, BC and excluding the Company's use (as defined)), non-transferable, sublicensable, license to use, sell, offer for sale, advertise, market and distribute the Company's vertical growing tower for horticulture and agriculture through embodying products (as defined) and advertise and market these products and services utilizing its own trade-marks for an initial term of two years. The license agreement was cancelled effective March 30, 2021. No amounts were received, or are receivable, from the licensee.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The fair values of the Company's cash, receivables (excluding GST/sales tax), accounts payable and accrued liabilities and subscription proceeds refundable approximate their carrying values because of the short-term nature of these instruments.

The Company's financial instruments are exposed to certain financial risks, including market risk, liquidity risk, credit risk and currency risk.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, such as foreign exchange rates and interest rates. The objectives of the Company are to ensure cash inflows in the short and medium term, while reducing exposure to capital markets. The Company does not trade in financial assets for speculative purposes.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

As at May 31, 2021, the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms (see Note 13) and the company had cash of $433,652 to cover financial liabilities of $683,688. The ability of the Company to continue its activities relies upon the support of its suppliers and obtaining additional financing.

(iii) Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. The Company is exposed to credit risk on cash, receivables (excluding GST/sales taxes) and the deposit. Cash is held with a Canadian chartered bank and management considers this risk to be negligible.

(Presented in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

(iv) Currency risk

The Company is exposed to currency risk arising from exchange rate fluctuations against its reporting Canadian currency. Currency transaction risk is the impact of exchange rate fluctuations on the Company's consolidated statement of comprehensive loss, which is the effect of currency rates on expected future cash flows. Management considers this risk to be negligible.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at May 31, 2020, the Company's derivative liability of $83,000 was included in Level 3 of the fair value hierarchy.

12. INCOME TAX

The Company is subject to income taxes in Canada. The provision for income taxes varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before taxes as follows:

	2021	2020
	27.00%	27.00%
Loss for the year before income taxes	$ (1,021,858)	$ (693,702)
Income tax benefit computed at statutory rates	(275,902)	(187,300)
Deductible and non-deductible amounts	(68,782)	(65,796)
Tax assets not recognized	344,684	253,096
Income tax expense	$ -	$ -

The significant components of the Company's deferred tax assets are as follows:

	2021	2020
Exploration and evaluation assets	$ 1,138,000	$ 2,290,000
Non-capital and net capital losses carried forward	21,245,000	20,389,000
Investment tax credits	6,000	6,000
Share issue costs	37,000	4,000
Property and equipment and intangible assets	94,000	257,000
	$ 22,520,000	$ 22,946,000

(Presented in Canadian Dollars)

12. INCOME TAX *(Continued)*

The Company has non-capital losses of approximately $21,133,000 (2020 - $20,249,000) which are available to reduce taxes in future periods, for which no deferred income tax asset has been recognized in the consolidated statement of financial position, that can be carried over the following years:

2025	$ 2,000
2026	189,000
2027	448,000
2028	345,000
2029	139,000
2030	37,000
2031	63,000
2032	87,000
2033	205,000
2034	5,036,000
2035	3,780,000
2036	977,000
2037	1,376,000
2038	4,794,000
2039	1,192,000
2040	1,219,000
2041	1,244,000
	$ 21,133,000

13. COMMITMENTS AND CONTINGENCIES

Temporary Order and Notice of Hearing

On March 8, 2018, the Company completed a non-brokered private placement by issuing 24,997,916 units (“Unit”) at a price of $0.16 per Unit for gross proceeds of $3,999,667, all of which was raised under the Consultant Exemption under National Instrument 45-106. A large portion of the funds was paid out in the form of consulting fees as the Company had entered into 14 three-month contracts for consulting services totalling $3,500,000 for accounting, corporate and administrative services, internet marketing, investor relations, merger and acquisition consulting and cannabis consulting. As at May 31, 2018, $175,000 in GST paid on the consulting fees was included in receivables. Of this amount, $47,500 has been recovered from four consultants.

On November 26, 2018, the British Columbia Securities Commission (the “BCSC”) issued a Temporary Order and Notice of Hearing (the “Order”) to respondents, including the Company, pursuant to Section 161 of the Securities Act (the “Act”) advising that a hearing would be held under section 161 (3) of the Act to determine whether to extend the temporary order under Section 161. The BCSC’s concern is that the named issuers paid the majority of the private placement proceeds received, including those noted above, back when little or no consulting services had been or were intended to be performed and that this conduct is abusive to the capital markets. Considering the length of time to hold a hearing under section 161 (a) of the Act, the BCSC issued the following temporary orders under section 161 (1)(c): (i) that the exemption under section 2.24 of National Instrument 45-106 does not apply to the named issuers for a distribution to a consultant; and (ii) it does not apply to any issuer listed on the Canadian Securities Exchange for distribution to named respondents.

At a hearing held on December 7, 2018, the executive director asked the BCSC to extend the temporary orders, which were to expire on December 11, 2018, until a hearing was held and a decision rendered. The temporary orders were extended at the completion of the hearing until a decision was issued on this application.

On January 15, 2019, the BCSC issued its decision with respect to the temporary orders. With respect to the Company, it found that the executive director had not provided *prima facie* evidence of having engaged in conduct contrary to the public interest and, accordingly, the temporary orders were not extended. It was also concluded that it is in the public interest to not proceed with the hearing until the BCSC investigation has concluded.

13. COMMITMENTS AND CONTINGENCIES (*Continued*)

During the year ended May 31, 2021, the Notice of Hearing was amended to remove the Company as a respondent and there is no current proceeding against the Company. The BCSC could re-institute proceedings in the future.

Notice of Civil Claim

In relation to the above noted issue, the Company was served with a notice of civil claim (the "Claim") filed on July 11, 2019 with the Supreme Court of British Columbia (the "Court") by Michael Tietz and Duane Lowen under the Class Proceedings Act, RSBC 1996, c 50, naming the Company as a defendant along with 86 additional defendants. The Claim relates to allegations of conspiracy, secondary market misrepresentations and fraudulent/negligent misrepresentations arising out of certain agreements entered into with consultants of the Company.

The class action proceeding is currently in abeyance pending the decision by the Court on whether to grant the Plaintiff's application for leave to bring the Claim.

Correspondence to the Company from the insurance underwriters (the "Underwriters") advised that the BCSC Order (as described above) does not constitute a claim against either the Company or the officers (and that coverage is not triggered) and that the securities action under the Claim does constitute a claim against the Company and the officers (and that coverage would be triggered) under the applicable insurance coverage (*Directors and Officers Liability Insurance Policy with Public Company Securities Claims Coverage)* (the "Policy"). Based on the definition of "Loss" under the Policy, which includes costs of defence (as defined, and including legal fees) and the nature of certain of the Plaintiff's allegations, certain of the claimed damages may be excluded from coverage depending on the outcome of the allegations. Accordingly, the Underwriters reserve their rights, based on final adjudication, to deny certain coverage including any costs of defence that relate to damages that are subject to exclusions and are not covered under the Policy.

As at May 31, 2021, the Company had incurred $360,714 (2020 - $6,645) in legal fees (inclusive of GST) in respect of the Claim (see Note 6). As management is not able to determine the amount of legal fees that may or may not be ultimately covered under the policy with any degree of certainty, all legal fees have been expensed and none of the GST has yet been claimed. Any legal fees ultimately covered under the Policy will be recorded as a recovery in the period of final adjudication.

Letter of Intent

On April 17, 2019, the Company entered into a binding letter of intent with a private, British Columbia corporation (the "Vendor"), in the business of precision metal fabrication, machining and finishing, for the purpose of purchasing, either directly or indirectly, specified assets of the vendor's business. During the year ended May 31, 2021, the Company and the Vendor agreed to terminate the negotiations.

14. MANAGEMENT OF CAPITAL RISK

The Company manages its cash and shareholders' equity as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. This objective will be achieved by identifying the right agriculture projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

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, acquire or dispose of assets or adjust the amount of cash.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

(Presented in Canadian Dollars)

14. MANAGEMENT OF CAPITAL RISK *(Continued)*

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve. The Company is not subject to external capital requirements. There were no changes in the Company's approach to capital management during the period.

15. SEGMENTED FINANCIAL INFORMATION

The Company operates in one industry segment, the agriculture technology industry. The Company operates in North America.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company entered into the following transactions which had no impact on cash flow:

	Years Ended	
	May 31, 2021	May 31, 2020
Property and equipment additions included in accounts payable	$ 62,037	$ -
Deferred lease acquisition costs included in accounts payable	$ 11,725	$ -
Common shares issued on settlement of convertible debenture	$ 500,000	$ -
Share issuance costs included in accounts payable	$ 21,107	$ -
Deposits on asset purchases transferred to property and equipment	$ -	$ 43,879

17. COMPARATIVE AMOUNTS

Certain of the prior year's comparative amounts have been reclassified to conform with the current year's presentation.

18. EVENTS AFTER THE REPORTING PERIOD

Events not reported elsewhere in these consolidated financial statements are as follows:

On July 21, 2021 and August 10, 2021, the Company entered into advisory board agreements (the "ABA"), whereby two individuals were retained as advisors to serve as members of the Company's Advisory Board and as consultants to the Company. Pursuant to the ABAs, the advisors will provide strategic advice on the direction and strategy of the Company, advise and assist with business development of the Company and facilitate introductions between the Company and advantageous third parties. As compensation for providing these services, the advisors will receive a nominal monthly cash fee and be granted stock options (250,000 and 1,000,000 *(granted, see below)*), each of which is exercisable to acquire one common share of the Company at $0.04 and $0.05 per share for a period of 10 years from the date of grant and which will vest as to 50% on the date of grant and 50% on January 1, 2022, so long as the advisor is providing services to the Company as a member of the Advisory Board or otherwise as an employee or consultant to the Company. The ABAs have an initial term of two years unless earlier terminated and each party can terminate the ABA by giving 30 days written notice to the other.

On July 21, 2021, the Company granted an aggregate of 6,500,000 options to directors of the Company (4,000,000), the CFO of the Company (2,000,000), a consultant (250,000) and a member of the Company's Advisory Board (250,000), each of which is exercisable to acquire one common share of the Company at $0.04 per share for a period of 10 years from the date of grant and which will vest as to 50% on the date of grant and 50% on January 1, 2022.

On August 10, 2021, the Company entered into an indemnity agreement (the "IA") with one of the advisors, whereby the Company agreed to provide an indemnity as a condition for the advisor to act as a member of the Company's Advisory Board. Pursuant to the IA, the Company will indemnify the advisor in resect of third-party proceedings if he is or was a party or is threatened to be made a party to any threatened, pending or completed action or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of:

18. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

- the fact that he is or was an advisor to the Company or any subsidiary of the Company;
- any action or inaction on his part while an advisor to the Company; or
- the fact that he is or was serving at the request of the Company as an advisor to another corporation, partnership, joint venture, trust or other enterprise,

against expenses (including legal fees), judgments, fines and amounts paid in settlement (as specified) actually and reasonably incurred by the advisor in connection with such action or proceeding if he acted honestly and in good faith with a view to the best interests of the Company, and, with respect to any criminal or administrative action or proceeding that is enforced by monetary penalty, if he had reasonable grounds for believing that his conduct was lawful. The indemnification provisions for proceedings by or in the right of the Company are similar to those described above for third-party proceedings. If the advisor is required to pay any tax on account of receipt of any amount under the IA, the Company will increase the amount payable to the advisor so that the amount he receives, after deduction of all applicable taxes, is equal to the amount he would have otherwise received under the IA had such tax not been payable.

On August 10, 2021, the Company granted 1,000,000 options to a member of the Company's Advisory Board, each of which is exercisable to acquire one common share of the Company at $0.05 per share for a period of 10 years from the date of grant and which will vest as to 50% on the date of grant and 50% on January 1, 2022.

On September 9, 2021, the Company received a $50,000 loan from a non-related shareholder of the Company. The loan is unsecured and bears interest at 10% per annum.