

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

DECEMBER 31, 2020





## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2020

### **Date and Subject of this Discussion and Analysis**

This management's discussion and analysis (the "MD&A"), which is dated and has been prepared based on information available as at April 30, 2021, is integral to, and should be read in conjunction with, AMP Alternative Medical Products Inc.'s (formerly AMP German Cannabis Group Inc.) ("AMP" or the "Company") audited financial statements for the year ended December 31, 2020 (the "Audited Financial Statements"), which include the consolidated results of AMP and AMP's operating wholly-owned subsidiaries which are AMP Alternative Medical Products GmbH, and AMP Alternative Medical Products Canada Limited.

The financial information contained herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included are quoted in Euros ("€"), which is the functional currency of the Company or Canadian dollars ("\$"), unless stated otherwise.

### **Cautionary Statement Regarding Forward-Looking Information**

This MD&A and the documents incorporated by reference herein contain forward-looking information (collectively "**forward-looking statements**") within the meaning of the applicable Canadian securities laws concerning our planned activities for the current financial year. The Company's representatives may also make forward-looking statements orally from time to time.

Statements in this document that are not historical facts, including statements about the Company's beliefs and expectations, recent business and economic trends constitute forward-looking statements. Forward-looking statements include, without limitation, statements regarding the outlook for future operations, forecasts of future revenue and expenditures, market conditions, specifically the Canadian and German stock markets or other business plans. Forward-looking statements include statements regarding the intent, belief or current expectations of the Company, primarily with respect to the results of operations, financial position or cash flows of the Company.

The statements are based on current plans, estimates, and projections and are subject to change. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, and the Company undertakes no obligation to update publicly any changes in light of new information or future events.

Shareholders and potential investors are cautioned that any such forward-looking statements are not guarantees and involve risks and uncertainties, and that actual results may differ from those in the forward-looking statements as a result of various factors such as general economic and business conditions particularly in North America and Europe, including changes in interest rates, actions by government authorities in Canada, Germany or the European Union, including changes in government regulation, political conditions in Europe and future decisions by the Company's directors or officers in response to changing conditions, the ability to execute prospective business plans and misjudgments in the course of preparing forward-looking statements.

Material factors and assumptions underlying the Company's expectations regarding forward-looking statements include, among others: the ability of the Company to obtain financing on acceptable terms, that the Company will be able to maintain appropriate levels of liquidity in order to make investments when attractive opportunities arise, stability in the global economic environment particularly in Canada and Germany and broadly in regard to North America and the European Union, and Canadian and German interest rates and that interest rates and foreign exchange rates, particularly in regard to the Canadian dollar and Euro, will not vary materially from current levels.

The status of the equity markets in Canada and Germany, in particular, the Canadian Securities Exchange and the Frankfurt Stock Exchange, may affect the financial performance of the Company. In addition, as the Company's cash and assets are held in €s and to a lesser extent in \$, high annual inflation in Germany, the European Union and Canada may affect the financial performance and condition of the Company. A majority of the Company's assets have an economic interest in Germany.

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Therefore, the fluctuation between the \$ and the € may affect financial performance. The economic health of the economies of Germany and the European Union may also affect the financial performance of the Company.

Shareholders and potential investors are advised that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to the Company or persons acting on its behalf contained in this MD&A. This forward-looking statement dated April 29, 2021 references CSA Staff Notice 51-330 Guidance regarding the Application of Forward-Looking Information Requirements under National Instrument 51-102 Continuous Disclosure Obligations dated November 20, 2009.

**Description of AMP**

AMP is a pharmaceutical narcotic supplier of medical cannabis to German pharmacies with offices in Erfurt and Berlin, Germany.

AMP’s common shares trade on the Frankfurt Stock Exchange under the trading symbol is “C4TA” and on the Canadian Securities Exchange (“CSE”) under the trading symbol, “XCX” and is a securities reporting issuer in the Canadian provinces of British Columbia, Alberta, Ontario and Quebec.

**Highlights During 2020**

- Obtained all the required licenses and permits to import EU-GMP medical cannabis into Germany from within and outside the European Union (EU),
- Secured medical cannabis flower and extracts from leading medical cannabis suppliers for import into Germany,
- Commenced first sales of medical cannabis in Q4, 2020, generating over €100,000 in revenue,

**Operations**

AMP operates in accordance with the German Narcotic Drug Act (BtMG) and with the Free State of Thuringia, ensuring medical cannabis products imported by AMP from around the world and sold in Germany meet the European Union - Good Manufacturing Practice (EU-GMP) standard.

EU-GMP certification is an internationally recognized system, which ensures that pharmaceutical goods, including medical cannabis, meet the highest consumer health and safety standards. All medical cannabis imported into or produced in Germany is regulated by EU-GMP, and the cultivation facility must be inspected and certified by a German state.

The Thuringia State Office for Consumer Protection (Thueringer Landesamt fuer Verbraucherschutz) (“TLV”) has granted an import license to AMP for cannabis products for medical purposes according to Section 72 of the German Medicine Law (Arzneimittelgesetz - AMG). TLV deals with economic consumer protection and policy for the Free State of Thuringia in Germany.

AMP’s supply chain has been EU-GMP certified, ensuring the pharmaceutical goods’ quality and integrity is maintained during transportation, warehousing, handling, testing and distribution from the supplier to distributor in Germany.

AMP engaged Diapharm GmbH & Co. KG, a leading German pharmaceutical consulting company to audit our suppliers to ensure they meet the EU-GMP pharmaceutical quality and consistency standards required to export to Germany.

AMP has entered into supply agreements with Aphria Inc. from Canada, Bedrocann International from the Netherlands and Little Green Pharma from Australia for cannabis flower and extracts.

During 2021, AMP hired a national sales director and expanded its sales team to six sales representatives covering Germany and entered into a co-promotion agreement with CC Pharma GmbH, the German distribution subsidiary of Aphria for the marketing of sales of Aphria branded medical products for the German market.

**Results of Operations**

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The table below highlights the results of operations for the year ended December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		
Sales	€ 105,200	€ -
Cost of goods sold	<u>105,353</u>	<u>-</u>
Gross Profit (loss)	<u>(153)</u>	<u>-</u>
<b>Expenses</b>		
General and administrative expenses	1,584,882	1,610,057
Interest, net	46,069	17,416
Share based compensation	315,880	353,554
Transfer agent, filing fees and shareholder communication	<u>83,413</u>	<u>121,392</u>
Total expenses	<u>(2,030,244)</u>	<u>(2,102,419)</u>
<b>Loss before other income (expense)</b>	<u>(2,030,397)</u>	<u>(2,102,419)</u>
<b>Other income (expenses)</b>		
Foreign exchange gain (loss)	99,413	(96,419)
Unrealized gain (loss) on marketable securities	(809)	(120,768)
Impairment of loans and investment loans	(189,071)	(464,113)
Gain on sale of subsidiaries	<u>7,256</u>	<u>-</u>
<b>Loss for the year</b>	(2,113,607)	(2,783,719)
<b>Other comprehensive income (loss)</b>		
Foreign currency translation gain	<u>(74,675)</u>	<u>93,921</u>
<b>Comprehensive loss for the year</b>	(2,188,282)	(2,689,799)

*Revenue and cost of goods sold*

During the year, the Company recognized €105,200 in sales from the import and sale of medical cannabis into Germany.

Cost of goods sold primarily include the direct costs of purchasing products and transporting them into Germany and then to the customers location.

*General and administrative expenses*

The significant items included in general and administrative expenses for the year ended December 31, 2020 and 2019 were:

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	2020	2019
Consulting and executive management fees	€ 927,197	€ 1,074,529
Office and supplies	145,487	180,123
Professional fees	234,038	201,868
Rent and insurance	74,316	46,903
Salaries and benefits	<u>203,844</u>	<u>106,644</u>
	<u>€ 1,584,882</u>	<u>€ 1,610,057</u>

Consulting and executive management fees include the cost of the Company’s executive and management teams and pharmaceutical consultants’ fees for EU-GMP audits.

Office and supplies include the cost of maintaining multiple office locations includes general office operating costs, information technology, communication and other related expenses.

The majority of professional fees relate to expenses for lawyers, accountants, auditors and tax advisors and laboratory costs for product quality testing.

The increase in salaries and benefits during year was due the addition of employees and staff.

*Interest*

The majority of the interest expense relates to the Company’s unsecured revolving credit drawdown facility for €1.5 million, bearing interest rate of 10% per annum and maturing on December 31, 2023 from a EU private equity investment company. As of December 31, 2020, €1,064,844 (December 31, 2019 - €367,349) was drawn-down against the credit facility.

*Share based compensation*

Share based compensation is a non-cash expense with the Company using a fair value method to calculate a deemed value for all stock-based payments.

During the year ended December 31, 2020, the Company granted 3,340,500 options (2019 – 3,143,779 options) with a fair value of €315,880 (2019 - €353,554), which was recognized on the respective dates of grant.

*Impairment of loans, investment loans and sale of inactive subsidiaries*

The Company reported €189,071 in impairment of loan receivables from the write-off of a business venture formed to explore the production of CBD medical cannabis in Switzerland for export to Germany and write-off and sale of a non-core investment loan receivable.

During the year ended December 31, 2020 the Company sold two inactive subsidiaries for a gain of €7,256.

**Quarterly Results**

The table below shows the results for the Company for each of the most recent eight quarters in thousands of Euro’s:

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	(in thousands, except per share amounts)							
	Q4, 2020		Q3, 2020		Q2, 2020		Q1, 2020	
Revenue	€	62	€	43	€	-	€	-
Loss and comprehensive loss		515		846		393		434
Basic and diluted loss per share		0.02		0.03		0.02		0.01
	Q4, 2019		Q3, 2019		Q2, 2019		Q1, 2019	
Revenue	€	-	€	-	€	-	€	-
Loss and comprehensive loss		1,114		707		544		325
Basic and diluted loss per share		0.05		0.03		0.04		0.03

**Financial Condition, Liquidity and Capital Resources**

As at December 31, 2020, the Company had working capital of €41,584 compared to a working capital deficit of €359,143 as at December 31, 2019. The improvement of the working capital position was primarily a result of the reclassification of Company’s revolving credit facility to long-term debt. During the year, the terms of the credit facility were amended which included an extension of the maturity date to December 31, 2023 and an increase of the limit to €1.5 million from €1.0 million.

At December 31, 2020, the Company had total assets of €371,558, which predominantly included €60,446 in cash and \$238,524 in accounts receivable and prepaid expenses. Accounts receivable and prepaid expenses increased due to pre-cautionary cash management in preparation for potential disruptions related to the Covid-19 pandemic.

Total liabilities increased to €1.3 million as at December 31, 2020, compared to €635,511 the year before due to an increase in drawdowns on the Company’s unsecured revolving loan facility.

Shareholder equity declined to a deficit of €1.0 million on December 31, 2020 compared to a deficit of €0.1 million the year earlier due to higher operating expenses. Subsequent to December 31, 2020 and up to the date of this management’s discussion and analysis the Company completed a non-brokered placement for proceeds of €1.1 million (\$1.7 million).

**Going Concern Considerations**

During the year ended December 31, 2020, there was a global outbreak of coronavirus (COVID-19). The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the Company’s operations, the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company’s planned future operations.

**Related Party Transactions**

The Company paid or accrued management, consulting, and board meeting fees of €307,909 (2019 - €679,140) and rent of €nil (2019 - €33,438) to directors and executive officers of the Company.

The Company issued 285,785 common shares (2019 – 166,667 common shares) to directors and executive officers for proceeds of \$100,025 (2019 - \$25,000).

Included in accounts payable at December 31, 2019 is €16,017 (2019 - €76,611) owing to directors and officers of the Company for director and accounting fees and expenses incurred on behalf of the Company.

During the year, the Directors and officers were granted options with a recorded stock-based compensation fair value

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of €177,565 (2019 - €199,191).

**Critical Accounting Estimates and Policies**

Set out below are the Company’s critical accounting policies and estimates:

**Change in functional and presentation currencies**

Effective October 1, 2020 the Company changed from a Canadian dollar presentation currency to a Euro presentation currency. The functional currency of the Company and AMP Canada also changed from Canadian dollars to the Euro effective October 1, 2020. The functional currency of AMP Germany has not changed and remains the Euro.

A change in presentation currency is accounted for as a change in accounting policy and is applied retrospectively as if the new presentation currency had always been the presentation currency. Consequently, the comparatives for the year ended December 31, 2019 and as at, December 31, 2019 and 2018 have been restated to be presented in Euro using average exchange rates for income and expenses and the closing rate at the statement of financial position date for assets and liabilities. Capital stock and accumulated deficit have been translated using historical rates. Resulting exchange differences have been recognized within equity.

**Revenue recognition**

Revenue from the sale of products is recognized when the quantity of product sold and the sales price are fixed, the title has passed to the buyer and collection is reasonably assured.

**Income taxes**

Income tax expense comprises current and deferred tax. Current and deferred tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or in reserves as part of shareholders’ equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be realized.

Deferred income tax assets and deferred income tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

**Critical Risk Factors**

*Limited Operating History*

The Company has just commenced sales of products and as such, has no history of earnings. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources. There is no assurance that the Company will be successful in

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achieving a return on shareholders’ investment and the likelihood of success must be considered in light of the early stage of operations.

*Negative Cash Flow for the Foreseeable Future*

The Company has commenced sales of products during late 2020 and as such has no history of earnings or cashflow from operations. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative cash flow.

*Reliance on Management*

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

*Additional financing needs*

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

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

*Difficulty to Forecast*

The Company must rely largely on its own market research to forecast demand for its products as detailed forecasts are not generally obtainable from other sources at this early stage. A failure in the demand for its products could have a material adverse effect on the business, results of operations and financial condition of the Company.

*Compliance with Laws*

The Company’s operations are subject to various laws, regulations and guidelines. The Company endeavours to comply with all relevant laws, regulations and guidelines. However, there is a risk that the Company’s interpretation of laws, regulations and guidelines, including, but not limited to the Cannabis Regulations, the regulations thereunder and applicable stock exchange rules and regulations, may differ from each other, and the Company’s operations may not be in compliance with such laws, regulations and guidelines. In addition, achievement of the Company’s business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals.

The impact of regulatory compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals required by the Company may significantly delay or impact the development of the Company’s business and operations and could have a material adverse effect on the business, results of operations and financial condition of Company. Any potential noncompliance could cause the business, financial condition and results of operations of the Company to be adversely affected.

The Company incurs ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed. Amendments to current laws and regulations, or more stringent application of existing laws or regulations, may have a material adverse impact on the Company resulting in increased cost to purchase products. The introduction of new tax laws, regulations or rules, or changes to, or differing interpretations of, or application of, existing tax laws, regulations or rules in any of the countries in which the Company operates could result in an increase in the Company’s taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted or applied in a manner which could result in the Company’s profits being subject to additional taxation or which could otherwise have a material adverse effect on the Company.



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*Regulation of the Cannabis Industry*

The cannabis-related business and activities of the Group are heavily regulated in all jurisdictions where it carries on business. The Company’s operations are subject to various laws, regulations and guidelines by governmental authorities, particularly The Federal Opium Agency of Germany’s Federal Institute for Drugs and Medical Devices (the “BfArM”), relating to the marketing, management, transportation, storage, sale, pricing and disposal of medical cannabis and cannabis oil, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company’s products and services. Achievement of the Company’s business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the production and sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of documentation that may be required by governmental authorities. Any delays in obtaining or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions, including the revocation or imposition of additional conditions on licenses to operate the Company’s business, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. To the extent that there are changes to the existing laws and regulations or the enactment of future laws and regulations that affect the sale or offering of the Company’s products or services in any way, this could have a material adverse effect on the business, results of operations and financial condition of the Company.

*Changes in Laws, Regulations and Other Guidelines*

The Company’s operations are subject to a variety of laws, regulations, and guidelines relating to the marketing, acquisition, management, distribution (including import), transportation, storage, sale and disposal of medical cannabis products. While the Company is currently in compliance with all such laws, regulations and guidelines, any rulings to the contrary or any changes to such laws and regulations that are beyond the control of the Company could have a material adverse effect on the business, results of operations, financial condition and prospects of the Company.

*Conflicts of Interest*

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

*Litigation*

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

*Uninsurable Risks*

The business of the Company may not be insurable or the insurance may not be purchased due to high cost. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company.

*Economic Environment*

The Company’s operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently impact the Company’s future sales and profitability.

*Global Economy Risk*

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Company is subject to liquidity risks in meeting our development and future operating cost requirements in instances

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where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company’s ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company. If uncertain market conditions persist, the Company’s ability to raise capital could be jeopardized, which could have an adverse impact on the Company’s operations.

*Going-Concern Risk*

The financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company’s future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing an equity or debt financing or in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

*Financial Risk Exposures*

The Company may have financial risk exposure to varying degrees relating to the currency of each of the countries where it operates and has financial risk exposure towards digital currencies. The level of the financial risk exposure related to a currency and exchange rate fluctuations will depend on the Company’s ability to hedge such risk or use another protection mechanism.

*Attracting and keeping senior management and key personnel and consultants*

The success of the Company depends on the continued ability to attract, retain, and motivate highly qualified management, clinical, and scientific personnel and industry consultants.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

**Other MD&A Requirements**

As specified by National Instrument 51-102, the Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR website – [www.sedar.com](http://www.sedar.com).

The Company’s Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

**Outstanding Share Data**

The authorized share capital of the Company is an unlimited number of Class A Voting Common Shares (the “common shares”). As at December 31, 2020 there were 27,160,611 shares outstanding, with the following common shares having been issued since January 1, 2019:

- a) on October 9, 2020, the Company completed a non-brokered placement of 1,089,802 common shares at a price of CDN\$0.35 per share for proceeds of CDN\$381,431 (€245,504). The Company paid cash finder’s fees of CDN\$1,225 and issued 3,500 finders warrants with a fair value of CDN\$460. The finders’ warrants are exercisable at CDN\$0.35 each and expire on March 18, 2021;
- b) on September 18, 2020, the Company completed a non-brokered placement of 1,115,785 common shares at a price of CDN\$0.35 per share for proceeds of CDN\$390,525 (€250,679). The Company paid cash finder’s fees of CDN\$1,715 and issued 4,900 finders warrants with a fair value of CDN\$910. The finders’ warrants are exercisable at CDN\$0.35 each and expire on March 18, 2021;
- c) In September 2020 the Company issued 7,000 common shares at a price of CDN\$0.25 per share for proceeds of CDN\$1,750 (€1,123) upon the exercise of finders’ warrants;
- d) On March 6, 2020, the Company completed a non-brokered placement of 3,470,000 common shares at a price of

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CDN\$0.25 per common share for proceeds of CDN\$867,500 (€586,149). The Company paid cash finder's fees of CDN\$10,500, other share issuance costs of CDN\$5,000 and issued 42,000 finders warrants with a fair value of CDN\$3,485. The finders’ warrants are exercisable at CDN\$0.25 each and expired on September 6, 2020;

- e) In the fourth quarter of 2019 the Company issued 240,228 common shares at a price of CDN\$0.15 per share for proceeds of CDN\$36,034 (€24,636) upon the exercise of finders’ warrants;
- f) On October 10, 2019, the Company issued 200,000 common shares at a price of CDN\$0.15 per share for proceeds of CDN\$30,000 (€20,579) upon the exercise of 200,000 stock options;
- g) On September 5, 2019, the Company issued 820,000 common shares at a price of CDN\$0.15 per share for proceeds of CDN\$123,000 (€84,250) upon the exercise of 820,000 stock options;
- h) On June 12, 2019, the Company completed a non-brokered placement of 10,000,000 common shares at a price of CDN\$0.15 per common share for proceeds of CDN\$1,500,000 (€998,045). The Company paid finder's fees and other share issuance costs of CDN\$158,735 and issued 240,228 finders warrants with a fair value of CDN\$51,290. The finders’ warrants are exercisable at CDN\$0.15 each and expired on December 12, 2019.

Subsequent to December 31, 2020 the company completed a non-brokered private placement raising \$1,693,300 from the issuance of 3,386,600 common shares at \$0.50 each. There are 30,547,211 common shares outstanding at the date of this report.

The following table sets out the number of outstanding and vested options as at the date of this report:

Outstanding	Vested	Exercise price	Expiry date
2,124,500	2,124,500	\$0.350	September 8, 2022
490,000	490,000	\$0.385	September 8, 2022
255,000	255,000	\$0.385	September 8, 2022
<u>340,000</u>	<u>340,000</u>	\$0.385	September 8, 2022
3,209,500	320,000		

There are 160,930 finder warrants outstanding as at the date of this report. Each finders warrant is exercisable into one common share at \$0.50 each on, or before August 10, 2021.

***Directors and Officers***

Directors:

Kenneth MacLeod  
Claudio Morandi

Officers:

Dr. Stefan Feuerstein – President and director  
Alex Blodgett - Chief Executive Officer and director  
Nick Furber - Chief Financial Officer and director