



Redfund Capital Corp.
Condensed Consolidated Interim Financial Statements
For the six months ended
March 31, 2020
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

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

The accompanying unaudited condensed consolidated interim financial statements of Redfund Capital Corp. ("the Company") for the six months ended March 31, 2020 and March 31, 2019, have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

Redfund Capital Corp.
Condensed Consolidated Interim Statements of Financial Position
Unaudited – Prepared by Management

As at March 31, 2020 and September 30, 2019

	Note	March 31, 2020 \$	September 30, 2019 \$
Assets			
Current assets			
Cash		7,468	18,280
Interest Receivable		41,502	24,276
		48,970	42,556
Non-current assets			
Convertible loans receivable	4	699,825	726,886
		699,825	726,886
Total assets		748,795	769,442
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	7	150,922	159,655
Total liabilities		150,922	159,655
Shareholders' equity			
Share capital	5	29,732,573	29,679,528
Reserves	5	6,869,055	6,869,055
Deficit		(36,003,755)	(35,938,796)
Total shareholders' equity		597,873	609,787
Total liabilities and shareholders' equity		748,795	769,442
Nature of operations and going concern	1		
Subsequent event	10		

Approved on behalf of the Board of Directors on May 29, 2020:

"Meris Kott" Director

"Eugene Hodgson" Director

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

Redfund Capital Corp.**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity****Unaudited – Prepared by Management**

For the six months ended March 31, 2020 and March 31, 2019

	Number of shares #	Share capital \$	Reserves \$	Subscriptions received in advance \$	Deficit \$	Total shareholders' equity \$
October 1, 2018	41,196,115	27,303,591	6,443,836	564,208	(33,568,297)	743,338
Private placement units issued	5,724,999	1,717,500	-	(564,208)	-	1,153,292
Share issue costs	-	(36,167)	6,700	-	-	(29,467)
Share-based payments	-	-	473,000	-	-	473,000
Loss and comprehensive loss for the period	-	-	-	-	(1,457,900)	(1,457,900)
March 31, 2019	46,921,114	28,984,924	6,923,536	-	(35,026,197)	882,263
October 1, 2019	51,416,947	29,679,528	6,869,055	-	(35,938,796)	609,787
Shares issued for services	885,291	53,045	-	-	-	53,045
Loss and comprehensive loss for the period	-	-	-	-	(64,959)	(64,959)
March 31, 2020	52,302,238	29,732,573	6,869,055	-	(36,003,755)	597,873

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

Redfund Capital Corp.**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss****Unaudited – Prepared by Management****For the three and six months ended March 31,**

		Three months ended		Six months ended	
		March 31,	March 31,	March 31,	March 31,
	Note	2020	2019	2020	2019
		\$	\$	\$	\$
Income					
Interest income		34,330	16,982	50,941	45,356
		34,330	16,982	50,941	45,356
Expenses					
Bank charges		516	333	990	589
Consulting	7	14,924	180,176	52,326	339,426
Investor relations and marketing		-	104,158	-	285,300
Office		463	2,045	4,858	19,821
Professional fees	7	20,633	-	28,075	7,250
Public relations		-	31,250	-	347,072
Regulatory and filing		10,758	5,180	16,162	26,046
Share-based payments	7	-	-	-	423,000
Travel	7	2,591	18,502	10,359	54,752
Loss from operating expenses		(15,555)	(324,662)	(61,829)	(1,457,900)
Gain on contract settlement	5	-	-	24,000	-
Unrealized gain (loss) on convertible loans receivable, net	4	24,046	-	(27,061)	-
Foreign exchange loss		(2)	-	(69)	-
Income (loss) and comprehensive income (loss)		8,489	(324,662)	(64,959)	(1,457,900)
Loss per share					
Weighted average number of common shares outstanding					
- Basic #	6	52,152,990	47,010,000	51,782,031	46,543,639
- Diluted #	6	52,152,990	47,010,000	51,782,031	46,543,639
Basic loss per share \$	6	0.00	(0.01)	(0.00)	(0.03)
Diluted loss per share \$	6	0.00	(0.01)	(0.00)	(0.03)

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

Redfund Capital Corp.**Condensed Consolidated Interim Statements of Cash Flows****Unaudited – Prepared by Management**

For the six months ended March 31,

	Note	2020 \$	2019 \$
Operating activities			
Loss and comprehensive loss for the period		(64,959)	(1,457,900)
Adjustments for:			
Share-based payments		-	423,000
Shares issued for services		53,045	-
Unrealized loss on convertible loans receivable, net		27,061	-
Net change in non-cash working capital items	8	(59,674)	(169,835)
		(44,527)	(1,204,735)
Financing activities			
Proceeds from issuance of units		-	1,153,292
Share issue costs		-	(29,467)
Issuance of convertible notes receivable		-	(670,820)
		-	453,005
Investing activities			
Interest income received on convertible notes		33,715	-
		33,715	-
Net decrease in cash		(10,812)	(751,730)
Cash, beginning of period		18,280	928,249
Cash, end of period		7,468	176,519
Supplemental cash flow information	8		

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

Redfund Capital Corp.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited – Prepared by Management

For the six months ended March 31, 2020 and March 31, 2019

1. Nature of operations and going concern

Redfund Capital Corp. (the "Company") was incorporated under the Business Corporation Act of Alberta on August 31, 1998 and was continued to British Columbia on January 30, 2006. The Company's shares are publicly traded on the Frankfurt Exchange and Canadian Stock Exchange (the "CSE") under the symbol "LOAN".

On August 2, 2018, the Company completed a change of business and corporate name change to become a merchant bank focused on medical cannabis non-THC, CBD and hemp in both Canada and the United States. The head office, principal address and records office of the Company are located at 100 - 1111 Melville St Vancouver, British Columbia V6E 3V6.

These condensed consolidated interim financial statements (the "financial statements") have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at March 31, 2020, the Company is not able to finance day to day activities through operations and incurs losses. The continuing operations of the Company are dependent upon its ability to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with equity financings, loans from directors and companies controlled by directors and or private placement of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited financial statements for the year ended September 30, 2019, and do not include all the information required for full annual financial statements in accordance 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"). It is suggested that these financial statements be read in conjunction with the annual audited financial statements.

These financial statements have been prepared on an historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts in these financial statements are presented in Canadian dollars, which is the functional currency of the Company. See Note 2(b) for details of the Company's subsidiaries and their functional currencies.

Redfund Capital Corp.**Notes to the Condensed Consolidated Interim Financial Statements****Unaudited – Prepared by Management**

For the six months ended March 31, 2020 and March 31, 2019

2. Significant accounting policies (continued)**(b) Basis of consolidation**

These financial statements include the accounts of the Company and its subsidiaries. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Entity	Incorporation	Status	Functional Currency
Ultra Invest Canada Inc. ("Ultra Invest")	Canada	Inactive	Canadian
Ona Power Oil & Gas Corp ("Ona")	United States	Inactive	US Dollar

(c) New accounting standards

The Company adopted the following accounting standards that were effective for the Company beginning on October 1, 2019.

- New standard IFRS 16 - *Leases*

IFRS 16, *Leases* ("IFRS 16") was issued by the IASB on January 13, 2016, and replaced IAS 17, *Leases*. It was effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a single, on-balance sheet accounting model that is similar to current finance lease accounting. Leases become an on-balance sheet liability that attract interest, together with a new asset.

The Company does not have any leases and there were no material reporting changes as a result of adopting the new standard.

- New Interpretation IFRIC 23 - *Uncertainty over Income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC Interpretation 23 - *Uncertainty over Income Tax Treatments*. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation was applicable for annual periods beginning on or after January 1, 2019.

There were no reporting changes as a result of adopting the new interpretation.

Redfund Capital Corp.**Notes to the Condensed Consolidated Interim Financial Statements****Unaudited – Prepared by Management**

For the six months ended March 31, 2020 and March 31, 2019

3. Acquisitions and investments**Mary's Wellness Ltd. ("MWL")**

On March 20, 2019, the Company converted its \$100,000 convertible loan receivable to 5% of the common shares in MWL. The investment in MWL was recorded at cost as the Company does not have significant influence nor control over MWL. On September 30, 2019, due to the inability of the Company to obtain recent financial information of MWL and given the Company did not receive any returns from this investment, the Company had impaired this investment to \$nil, resulting in an impairment loss of \$100,000.

Ultra Invest

On August 2, 2018, the Company issued 10,304,000 common shares to the shareholders of Ultra Invest, to acquire all of the issued and outstanding shares of Ultra Invest, a private company controlled by the Company's CEO, Meris Kott, with a fair value of \$1,932,000 (the "Acquisition"). At the time of the Acquisition, Ultra Invest did not constitute a business as defined under IFRS 3, as it had neither operations nor assets; therefore, the Acquisition was accounted under IFRS 2.

Redfund Capital Corp.**Notes to the Condensed Consolidated Interim Financial Statements****Unaudited – Prepared by Management**

For the six months ended March 31, 2020 and March 31, 2019

4. Convertible loans receivable

		Convertible debenture receivable	
		Face value	Fair value
Balance, September 30, 2018		\$ -	\$ -
Biominales Pharma Corp.			
	Loan granted	250,000	250,000
	Impairment reversal	255,000	255,000
	Fair value adjustments	-	(9,712)
	Interest income received	(79,795)	-
	Interest income accrued	73,930	-
		499,135	495,288
RxMM Health Capital Inc.			
	Loan granted	220,740	220,740
	Fair value adjustments	-	10,858
	Interest income received	(8,208)	-
	Interest income accrued	30,142	-
		242,674	231,598
Mary's Wellness			
	Loan granted	100,000	100,000
	Converted to investment (Note 3)	(100,000)	(100,000)
		-	-
Winterlife Inc.			
	Loan granted	100,080	100,080
	Impairment of convertible receivable	(100,080)	(100,080)
		-	-
Balance, September 30, 2019		\$ 741,809	726,886
Biominales Pharma Corp.			
	Loan balance	499,135	495,288
	Fair value adjustments	-	(54,368)
	Interest income received	(33,715)	-
	Interest income accrued	(6,476)	-
		458,944	440,920
RxMM Health Capital Inc.			
	Loan balance	242,674	231,598
	Fair value adjustments	-	27,307
	Interest income accrued	23,702	-
		266,376	258,905
Balance, March 31, 2020		\$ 725,320	699,825

Redfund Capital Corp.**Notes to the Condensed Consolidated Interim Financial Statements****Unaudited – Prepared by Management**

For the six months ended March 31, 2020 and March 31, 2019

4. Convertible loans receivable (continued)**Biolog, Inc.**

On August 21, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biolog, Inc. ("Biolog"), a private company incorporated in the State of Utah. The Company has agreed to advance up to USD\$800,000 in tranches. Advances are secured by the assets of Biolog and bear interest at 14%, payable monthly, and the promissory note is due on September 1, 2020. On the Effective Date, the Company advanced \$194,000. The note may be converted into common shares of Biolog at a price equal to a 10% discount to the valuation of Biolog immediately from any financing immediately prior to the date of conversion.

In addition, Biolog issued warrants equivalent to 20% of the amount of the note based upon its valuation as of the Effective Date which is stipulated to be USD\$10,000,000. The option to settle the convertible note and warrants in common shares of Biolog represents an embedded derivative in the form of a call option to the Company. Biolog is a private company and its shares cannot be reliably valued using any market-derived indicators. Accordingly, the derivative asset was initially recognized by the Company at \$nil value. As at September 30, 2019 and March 31, 2020, the fair value of the derivative asset remained the same.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been unable to review financial information of Biolog and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable remains impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount. This loan continues to be secured by the borrowers' assets.

Biominerales Pharma Corp.

On August 27, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biominerales Pharma Corp. ("Biopharma"), a private company incorporated under the laws of the Province of Quebec. The Company has agreed to advance up to USD\$196,184. Advances are secured by the assets of Biopharma and bears interest at 14% annually, payable monthly; and the promissory note is due on October 1, 2020. On the Effective Date, the Company advanced \$255,000 under the note. The note may be converted into common shares of Biopharma at a price equal to a 10% discount to the price assigned to the common shares of Biopharma from any financing immediately prior to the date of conversion. The Company is not able to exert significant influence over the operations of Biopharma.

In addition, Biopharma issued 18,684 warrants, exercisable at a price of \$2.10 per warrant, to acquire one Class A common share in the capital of Biopharma for a period of 24 months. The option to settle the convertible note and the stock warrants in Class A common shares of Biopharma represents an embedded derivative in the form of a call option. Biopharma is a private company and its shares cannot be reliably valued using any market-derived indicators. As at September 30, 2018, the Company had not received repayment of such note and management has assessed the high likelihood of collectability. Thus, the entire balance of convertible note receivable had been impaired.

On October 1, 2018, a further \$250,000 was loaned to Biopharma under the same terms as the previously loaned \$255,000. This loan continues to be secured by the borrowers' assets. During the period ended March 31, 2020, Biopharma has made monthly interest payments in accordance with the promissory note totaling \$33,715.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been able to review financial information of Biominerales and has assessed the high likelihood of collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable remains and the previous impairment of \$255,000 had been reversed as at September 30, 2019.

Redfund Capital Corp.**Notes to the Condensed Consolidated Interim Financial Statements****Unaudited – Prepared by Management**

For the six months ended March 31, 2020 and March 31, 2019

4. Convertible loans receivable (continued)**RxMM Health Capital Inc.**

On October 1, 2018, the Company entered into a US\$500,000 promissory note with RxMM Health (“RxMM”). The loan is secured by a general security agreement on assets of RxMM. The loan bears an interest at 14% compounded monthly and is repayable within 24 months. Furthermore, RxMM granted additional consideration to the Company providing an option to purchase common shares of RxMM equal to 20% of the amount of the loan based on a valuation agreed upon between RxMM and the Company. On October 9, 2018, the Company made a first tranche loan of \$220,740 CDN to RxMM. This loan continues to be secured by the borrowers’ assets.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been able to review qualitative information of RxMM and has assessed the high likelihood of collectability in respect to the principal portion of the loan.

Mary’s Wellness Ltd.

On October 15, 2018, the Company entered into a \$1,000,000 promissory note with Mary’s Wellness Ltd. (“MWL”). The loan was secured by a general security agreement on assets of MWL. The loan bore an interest rate of 12.5% per annum compounded monthly and was repayable by November 1, 2020. Furthermore, MWL granted additional consideration to the Company providing an option to purchase common shares of MWL equal to 20% of the amount of the loan based on a valuation agreed upon between MWL and the Company. On October 19, 2018, the Company made a first tranche loan of \$100,000 CDN to MWL. This loan was secured by the borrowers’ assets. The entire loan was converted on March 20, 2019 to a 5% equity interest in MWL. (Note 3).

Winterlife Inc.

On November 1, 2018, the Company entered into a USD\$1,000,000 promissory note with Winterlife Inc. (“Winterlife”). The loan is secured by a general security agreement on assets of Winterlife made effective on November 1, 2018. The loan bears an interest rate of 14% per annum compounded monthly and is repayable by November 1, 2020. Furthermore, Winterlife granted additional consideration to the Company providing an option to purchase common shares of Winterlife equal to 20% of the amount of the loan based on a valuation agreed upon between Winterlife and the Company. On November 6, 2018, the Company made a first tranche loan of \$100,080 CDN to Winterlife. This loan continues to be secured by the borrowers’ assets.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been unable to review financial information of Winterlife and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable has been impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount. This loan continues to be secured by the borrowers’ assets. The Company has received \$nil of total interest since the loan’s inception.

Redfund Capital Corp.**Notes to the Condensed Consolidated Interim Financial Statements****Unaudited – Prepared by Management**

For the six months ended March 31, 2020 and March 31, 2019

5. Share capital

The authorized share capital of the Company consists of unlimited common shares without par value and unlimited preferred shares without par value. All issued shares are fully paid.

Transactions for the issue of share capital during the six months ended March 31, 2020:

The Company issued a total of 885,291 shares to consultants on the following dates for consulting services rendered:

- October 2, 2019: 500,000 shares for \$25,001;
- November 4, 2019: 200,000 shares for \$16,000; and
- January 20, 2020: 185,291 shares for \$12,044.

The fair value of the above share issuances was recognized and included in consulting expenses. In connection with the shares issued for services the Company recognized a gain on contract settlement in the amount of \$24,000.

Transactions for the issue of share capital during the six months ended March 31, 2019:

On October 11, 2018, the Company closed a private placement by issuing 5,724,999 units at \$0.30 per unit for gross proceeds of \$1,717,500. Each unit consisted of one common share and one warrant entitling the holder to one additional common share for \$0.55 for a period of two years from date of issuance. \$564,208 of the subscription proceeds were received during the year ended September 30, 2018. A cash commission of \$29,497 was paid and 21,467 broker warrants were issued, containing the same exercise terms as the private placement warrants. The fair value of the 21,467 broker warrants was estimated at \$6,700.

Redfund Capital Corp.**Notes to the Condensed Consolidated Interim Financial Statements****Unaudited – Prepared by Management**

For the six months ended March 31, 2020 and March 31, 2019

5. Share capital (continued)**Stock options**

The Company has adopted a stock option plan whereby the Company may from time to time grant to Directors, Officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company's common shares issued and outstanding at the time of granting stock options. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

A summary of the status of the Company's stock options as at March 31, 2020 and September 30, 2019, and changes during the period/year then ended is as follows:

	Six months ended March 31, 2020		Year ended September 30, 2019	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of period/year	1,350,000	0.43	-	-
Granted	-	-	1,350,000	0.43
Options outstanding, end of period/year	1,350,000	0.43	1,350,000	0.43

As at March 31, 2020 the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
1,050,000	1,050,000	0.51	October 12, 2023
300,000	300,000	0.17	September 6, 2024
1,350,000	1,350,000		

The following table summarizes information about the stock options outstanding as at March 31, 2020:

Number of options outstanding #	Weighted average remaining life (years)	Weighted average exercise price \$
1,350,000	3.73	0.43

On October 12, 2018, the Company granted 1,050,000 options to Officers, Directors and consultants of the Company. Each option is exercisable into one common share of the Company for \$0.51 per share and expires October 12, 2023. These options vested quarterly over one year, and had a fair value on grant of \$402,000 using the Black-Scholes option pricing model with the following assumptions: i) exercise price: \$0.51; ii) share price: \$0.51; iii) term: 5 years; iv) volatility: 100%; v) risk-free rate: 2.38%.

On September 6, 2019, the Company granted 300,000 options to Officers, Directors and consultants of the Company. Each option is exercisable into one common share of the Company for \$0.17 per share and expires September 6, 2024. These options had a fair value on grant of \$16,519 using the Black-Scholes option pricing model with the following assumptions: i) exercise price: \$0.17; ii) share price: \$0.09; iii) term: 5 years; iv) volatility: 100%; v) risk-free rate: 1.40%.

Redfund Capital Corp.**Notes to the Condensed Consolidated Interim Financial Statements****Unaudited – Prepared by Management**

For the six months ended March 31, 2020 and March 31, 2019

5. Share capital (continued)**Warrants**

As an incentive to complete private placements, the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements.

Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model.

A summary of the status of the Company's warrants as at March 31, 2020 and September 30, 2019, and changes during the period/year then ended is as follows:

	Six months ended March 31, 2020		Year ended September 30, 2019	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period/year	23,970,298	0.33	18,223,832	0.26
Private placement warrants issued	-	-	5,724,999	0.55
Broker warrants issued	-	-	21,467	0.55
Warrants outstanding, end of period/year	23,970,298	0.33	23,970,298	0.33

As at March 31, 2020 the Company had private placement warrants outstanding and exercisable as follows:

Warrants outstanding #	Exercise price \$	Expiry date
3,555,555	0.14	January 8, 2021
3,555,555	0.14	August 16, 2021
11,112,722	0.34	August 2, 2020
5,724,999	0.55	October 12, 2020
21,467	0.55	October 12, 2020
23,970,298		

The following table summarizes information about the warrants outstanding as at March 31, 2020:

Range of prices \$	Number of warrants outstanding #	Weighted average remaining life (years)	Weighted average exercise price \$
0.14	7,111,110	1.08	0.14
0.34	11,112,722	0.34	0.34
0.55	5,746,466	0.53	0.55
	23,970,298	0.60	0.33

Redfund Capital Corp.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited – Prepared by Management

For the six months ended March 31, 2020 and March 31, 2019

5. Share capital (continued)

Warrants (continued)

On October 11, 2018, the Company issued 5,724,999 warrants as part of the previously disclosed private placement on the same date. In addition, the Company issued 21,467 broker warrants containing the same exercise terms as the private placement warrants (see Issued Share Capital above). The broker warrants had a fair value of \$6,700 using the Black-Scholes option pricing model with the following assumptions: i) exercise price: \$0.55; ii) share price: \$0.51; iii) term: 2 years; iv) volatility: 111%; v) risk-free rate: 0.66 %. The value of these broker warrants was included in reserves for the year ended September 30, 2019.

6. Loss per share

The calculation of basic and diluted loss per share for the six months ended March 31, 2020 was based on the loss attributable to common shareholders of \$64,959 (2019 - \$1,457,900) and a weighted average number of common shares outstanding of 51,782,031 (2019 – 46,543,639).

All options and warrants were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

7. Related party payables and transactions

A number of key management personnel and directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. There were no loans to management personnel or Directors, or entities over which they have control or significant influence, during the six months ended March 31, 2020 or March 31, 2019.

Meris Kott, the Company's President and CEO receives a monthly consulting fee and incentive stock options. All other key management personnel and directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on thirty days notice. Key management personnel and directors participate in the Company's stock option plan.

No stock options were granted during the six months ended March 31, 2020. Stock options were granted during the six months ended March 31, 2019 to directors and management which had a fair value on grant date of \$291,892.

The Company transacted with the following related parties:

- (a) 1060606 BC Ltd. ("106 BC Ltd.") is a consulting firm over which the CEO of the Company has significant influence and ownership. Charges are for consulting, travel, office rent and administration.
- (b) Kelly McQuiggan was a former CFO. He is a consultant of Invictus Accounting Group LLP ("Invictus") a firm in which he has influence. Invictus provided the Company with professional services.
- (c) Ryan Cheung was a former CFO. He is owner of MCPA Services Inc. ("MCPA"). MCPA provided the Company with professional services.
- (d) Stephen Brohman is the Company's CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA"), a firm in which he has significant influence. DBM CPA provides the Company with professional services.

Redfund Capital Corp.**Notes to the Condensed Consolidated Interim Financial Statements****Unaudited – Prepared by Management**

For the six months ended March 31, 2020 and March 31, 2019

7. Related party payables and transactions (continued)

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

	Transactions 6 months ended March 31, 2020 \$	Transactions 6 months ended March 31, 2019 \$	Balances outstanding March 31, 2020 \$	Balances outstanding September 30, 2019 \$
106 BC Ltd.				
- consulting services	40,754	230,630	17,000	-
- travel	10,359	36,250	-	-
	51,113	266,880	17,000	-
Amanda de Freitas	-	-	-	40,000
DBM CPA	10,500	-	14,000	-
Invictus	-	-	12,779	9,013
MCPA	-	5,250	-	-
	61,613	272,130	43,779	49,013

All related party balances are unsecured and are due within thirty days without interest.

The transactions with the key management personnel and Directors are included in operating expenses as follows:

- (a) Consulting and travel expenses
 - Includes Meris Kott fee related to consulting, administrative and travel related expenses.
- (b) Office rent
 - Charged by 106 BC Ltd.
- (c) Professional fees
 - Includes the accounting services of Company's former CFO's, Ryan Cheung and Kelly McQuiggan, charged to the Company by MCPA and Invictus.
 - Includes the accounting services of the Company's current CFO, Stephen Brohman, charged to the Company by DBM CPA.

Redfund Capital Corp.**Notes to the Condensed Consolidated Interim Financial Statements****Unaudited – Prepared by Management**

For the six months ended March 31, 2020 and March 31, 2019

8. Supplemental cash flow information

Changes in non-cash operating working capital during the six months ended March 31, 2020 and March 31, 2019 were comprised of the following:

	March 31, 2020	March 31, 2019
	\$	\$
Receivables and prepayments	(50,941)	92,500
Accounts payable and accrued liabilities	(8,733)	(262,335)
Net change	(59,674)	(169,835)

There were no non-cash financing or investing activities during the six months ended March 31, 2020 and 2019.

During the six months ended March 31, 2020 and March 31, 2019 there were no amounts paid on account of interest or income taxes.

9. Financial risk management**Capital management**

The Company is a merchant bank and considers items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at March 31, 2020 is comprised of shareholders' equity of \$597,873 (September 30, 2019 - \$609,787). There were no changes to the Company's management of capital during the six months ended March 31, 2020.

The Company currently has no source of revenues except for interest received from convertible loans. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to borrow or raise additional financing from equity markets.

Redfund Capital Corp.**Notes to the Condensed Consolidated Interim Financial Statements****Unaudited – Prepared by Management**

For the six months ended March 31, 2020 and March 31, 2019

9. Financial risk management (continued)**Financial instruments - fair value**

The Company's financial instruments consist of cash, interest receivable, convertible loans receivable, and accounts payable and accrued liabilities.

The carrying value of accounts payable and accrued liabilities approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
March 31, 2020				
Cash	7,468	-	-	7,468
Convertible loans receivable	-	-	699,825	699,825
	7,468	-	699,825	707,293
September 30, 2019				
Cash	18,280	-	-	18,280
Convertible loans receivable	-	-	726,886	726,886
	18,280	-	726,886	745,166

Within Level 3, the Corporation includes the convertible loans receivable and private company investments. The key assumptions driving the valuation of the private company investments include, but are not limited to, the value at which a recent financing was completed by the investee, significant changes in general market conditions and company specific information. For those investments valued based on general market condition and company specific information, these inputs can be highly judgmental. A +/- 25% change in the fair value of these investments will result in a corresponding +/- \$169,000 (September 30, 2019 - \$169,000) change to the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different circumstances.

The fair value of the convertible loans receivable, which is not traded in an active market, is determined by discounting the stream of future interest and principal repayments at the rate of interest prevailing the balance sheet date for instruments of similar term and risk, and adding this value to the value of the convertibility feature which is estimated using a Black-Scholes model based on assumptions including risk free interest rate, expected dividend yield, expected volatility and expected remaining life of the convertible loans receivable.

Management estimates that the market interest rate on similar borrowing without the conversion feature was approximately 25% and has used an implied volatility of 87.35% in valuing the convertibility feature. Holding all other variables constant, a fluctuation in interest rates of 1% would have impacted the valuation by approximately \$5,000 while a fluctuation in the implied volatility use of 25% would have impacted the valuation by approximately \$1,000.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

Redfund Capital Corp.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited – Prepared by Management

For the six months ended March 31, 2020 and March 31, 2019

9. Financial risk management (continued)

Financial instruments - risk

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

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

b) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

b) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

Historically, the Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

10. Subsequent event

On April 1, 2020, the Company issued consideration for the definitive agreement, which was signed February 6, 2020, for an equity investment in Sunshine State Tea Company ("SSTC") based in Boca Raton, Florida. SSTC's main product line is infused CBD tea with zero percent THC. The Company has purchased 18% of SSTC with consideration in common shares and has agreed to the valuation of SSTC being \$1,500,000. The Company will allocate \$500,000 in a promissory note toward the project within the first three years. The transaction is a non-arm's-length transaction in that the Company's Chief Executive Officer, is an insider of SSTC. The Company relied on certain valuation and minority approval exemptions from Multilateral Instrument 61-10.

Although the Company only owns an 18% ownership interest in SSTC, the Company will have control over SSTC by virtue of combined ownership interest, representation on the Board of Directors, and interchange of managerial personnel.

The Company's 18% ownership in SSTC, when combined with the shares owned by the Company's CEO, it gives the Company voting control and the ability to control the key operating activities of SSTC. Therefore, SSTC will be consolidated effective April 1, 2020.

As at the date of authorization of these financial statements, the initial accounting for the acquisition of SSTC is incomplete. As a result, the Company is unable to provide disclosure in accordance with IFRS 3 Business Combinations in respect of the following: (i) the amount and qualitative factors that make up goodwill that may be recognized, and the amount if any, of goodwill that is expected to be deductible for tax purposes; (ii) the fair values and gross contractual amounts of receivables acquired; (iii) the amounts recognized for each major class of assets and liabilities assumed; (iv) the amount of separately recognized transactions which may include acquisition-related professional fees and other costs that may be recognized as an expense in profit or loss.

On May 15, 2020, the Company announced it has granted an aggregate of 1,440,000 options to purchase common stock to certain Directors, Officers, and consultants at an exercise price of \$0.08 per share and will expire in five years.

On May 21, 2020, the Company announced it has granted 150,000 options to purchase common stock to an officer at an exercise price of \$0.08 per share and will expire in five years.