

Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

RISE LIFE SCIENCE CORP.

Periods ended February 28, 2021 and February 29, 2020
(unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim financial statements for the three months ended February 28, 2021

RISE LIFE SCIENCE CORP.

Condensed Interim Consolidated Statements of Financial Position

Expressed in Canadian Dollars
(Unaudited)

As at	Note	February 28, 2021	November 30, 2020
Assets			
Current assets:			
Cash		\$ 85,641	\$ 69,063
Accounts receivable		98,431	98,819
Prepaid expenses		7,973	8,541
Inventory		-	3,136
Total current assets		192,045	179,559
Non-current assets:			
Property and equipment		71,818	77,875
		71,818	77,875
Total assets		\$ 263,863	\$ 257,434
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Accounts payable and accrued liabilities	13, 14	\$ 2,493,673	\$ 2,787,952
Lease obligation		55,340	56,498
Secured promissory notes	6(a)	4,019,866	3,908,364
Convertible notes	6(b)	6,684,101	6,668,305
Total current liabilities		13,252,980	13,421,119
Non-current liabilities:			
Loan		60,000	40,000
Total non-current liabilities		60,000	40,000
Shareholders' deficiency:			
Share capital	7	24,998,934	24,997,334
Contributed surplus		9,058,597	8,959,733
Warrants	7	920,506	1,019,370
Other comprehensive loss		197,543	26,407
Accumulated deficit		(48,224,697)	(48,206,685)
Total shareholders' deficiency		(13,049,117)	(13,203,685)
Total liabilities and shareholders' deficiency		\$ 263,863	\$ 257,434
Going concern	2(d)		
Commitments and contingencies	11		
Subsequent events	15		

On behalf of the Board:

"Ashwath Mehra"
Director

"Scott Secord"
Director

RISE LIFE SCIENCE CORP.

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Income (Loss)

For the periods ended February 28, 2021 and February 29, 2020

Expressed in Canadian Dollars

(Unaudited)

	Note	February 28, 2021	February 29, 2020
Revenues			
Product sales and other income	8	\$ -	\$ 16,878
Cost of sales			
Cost of sales		-	(5,381)
Gross Margin			
		-	11,497
Expenses			
Selling, general and administration	4	19,259	317,635
Finance	10	132,793	411,646
Foreign exchange loss (gain)		160,095	(74,095)
Stock based compensation	7(b)	-	2,852
Write-off of equipment		-	1,337
Settlement of debt	12	(293,979)	-
		18,168	659,375
Net loss		\$ (18,168)	\$ (647,878)
Other comprehensive income (loss)			
Currency translation differences		171,136	(73,437)
Comprehensive income (loss)			
		\$ 152,968	\$ (721,315)
Basic and diluted weighted average shares outstanding	7(e)	59,004,872	58,810,352
Basic and diluted earnings (loss) per share		\$ 0.00	\$ (0.01)

RISE LIFE SCIENCE CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

(Unaudited)

	Note	Number of common shares	Share capital	Contributed surplus	Warrants	Other comprehensive loss	Accumulated deficit	Total deficiency
Balance November 30, 2019		63,310,352	24,997,334	7,381,532	2,592,546	(44,788)	(45,003,924)	(10,077,300)
Net Loss							(647,878)	(647,878)
Other comprehensive loss		-	-	-	-	(73,437)		(73,437)
IFRS 16 leases adoption		-	-	-	-	-	1,678	1,678
Expiry of warrants		-	-	131,100	(131,100)	-	-	-
Stock based compensation		-	-	2,852	-	-	-	2,852
Balance, February 29, 2020		60,310,352	\$24,997,334	\$7,515,384	\$2,461,546	\$ (118,225)	\$(45,650,124)	\$(10,794,086)
Balance, November 30, 2020		60,310,352	\$24,997,334	\$8,959,733	\$1,019,370	\$ 26,407	\$(48,206,529)	\$(13,203,685)
Net Loss							(18,168)	(18,168)
Other comprehensive income		-	-	-	-	171,136		171,136
Expiry of warrants		-	-	98,864	(98,864)	-	-	-
Share issue costs		-	1,600	-	-	-	-	1,600
Balance, February 28, 2021		60,310,352	\$24,998,934	\$9,058,597	\$920,506	\$ 197,543	\$(48,224,697)	\$(13,049,117)

RISE LIFE SCIENCE CORP.

Condensed Interim Consolidated Statements of Cash Flows

Three months ended February 28, 2021 and February 29, 2020

Expressed in Canadian Dollars

(Unaudited)

	February 28, 2021		February 29, 2020	
Operating activities:				
Net loss for the year	\$	(18,168)	\$	(647,878)
Items not involving cash:				
Amortization and depreciation		4,475		17,465
Finance expense		127,012		403,480
Loss (gain) from foreign exchange		160,095		(74,095)
Stock based compensation		-		2,852
Impairment of equipment		-		1,337
Gain on settlement of debt		(293,979)		-
Change in non-cash working capital balances:				
Accounts receivable		270		(36,628)
Prepaid expenses		568		59,008
Inventory		3,081		2,272
Accounts payable and accrued liabilities		13,261		200,953
Deferred charge		-		(11,957)
Cash used in operating activities		(3,385)		(83,191)
Financing activities:				
Proceeds from loan		20,000		-
Release of restricted cash		-		1,925,000
Repayment of debt financing		-		(1,927,332)
Repayment of lease obligation		-		(11,859)
Cash provided by (used) in financing activities		20,000		(14,191)
Change in cash due to foreign exchange		(37)		(202)
Increase (decrease) in cash		16,578		(97,584)
Cash, beginning of the period		69,063		254,170
Cash, end of the period	\$	85,641	\$	156,586

RISE LIFE SCIENCE CORP.

Notes to the Consolidated Financial Statements

Periods ended February 28, 2021 and February 29, 2020

Expressed in Canadian Dollars

(unaudited)

1. Reporting Entity:

RISE Life Science Corp. (the "Company") is a company domiciled and incorporated in Canada. The address of the Company's registered office is 120 Adelaide Street West, Suite 2210, Toronto, Ontario M5H 1T1. The Company's common shares are publicly traded on the Canadian Securities Exchange. The Company developed medical and adult hemp-based formulations to create general use health and well-being products for the emerging consumer category made possible by the legalization of hemp in the United States pursuant to the Agricultural Improvement Act of 2018.

2. Basis of Preparation of the Consolidated Financial Statements:

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and do not include all of the information required for full annual financial statements.

These consolidated financial statements were authorized for issue by the Board of Directors on April 22, 2021.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries, Jamaica-Blu Ltd, Rise Research Inc., Scout Assessment Corp., Rise Life Science (Colorado), LLC, Brand Max Inc. (doing business as Cultivate Kind) and Life Bloom Organics, LLC (the "Group").

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

RISE LIFE SCIENCE CORP.

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2. Basis of Preparation of the Consolidated Financial Statements (continued):

(b) Basis of consolidation (continued)

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive loss to profit or loss or retained accumulated deficit, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(c) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments (note 3(b)) which are measured at fair value.

(d) Going concern

These consolidated financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There are material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. As at February 28, 2021, the Company incurred a net loss of \$18,168, had negative cash outflows from operations since incorporation and has accumulated a deficit of \$48,224,697. The Company also had negative working capital of \$13,060,935.

On March 11, 2020, the World Health Organization categorized Covid-19 as a pandemic. This pandemic began causing significant financial market declines and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The spread of COVID-19 may have a material impact to the Company in a variety of ways including but not limited to being able to raise capital, close upon select transactions and limit access to locations and business units across borders. The pandemic may also impact the ability of the Company's suppliers both now and in the future to deliver components or raw materials on a timely basis or at all. As at February 28, 2021, the Company assessed the possible impacts of COVID-19 on its financial results including evaluating its financial assets, plant and equipment and goodwill for impairment. The Company cannot estimate the length and gravity of the COVID-19 pandemic. The Company is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available and will continue to respond accordingly.

Management has forecast that expected expenditure levels and contracted commitments will exceed the Company's net cash inflows and working capital during the coming year unless further financing is obtained. The Company's future operations are dependent upon its ability to secure additional funds. While the Company is striving to achieve these plans, there is no assurance that these and other strategies will be achieved, or such sources of funds will be available or obtained on favorable terms or obtained at all. Historically, the Company has obtained funding via the issuance of shares, warrants and long-term and/or convertible debt. If the Company cannot secure additional financing on terms that would be acceptable to it or otherwise generate product sales, the Company will have to consider additional strategic alternatives which may include, among other strategies, cost curtailments, delays of additional product launch and exploring the monetization of certain intangible assets, as well as seeking to license and/or divest assets or a merger, sale or liquidation of the Company. Any divestiture of assets would be subject to the satisfaction of obligations under the security interests described in note 6. In conjunction with Covid-19, there can be no assurance that these mitigating factors can be implemented even partly or in whole.

The ability of the Company to continue as a going concern and to realize the carrying amount of its assets and discharge its liabilities and commitments when due is dependent on many factors, including, but not limited to the successful completion of the actions taken or planned, some of which are described above, which are intended to mitigate the adverse conditions and material uncertainties that cast significant doubt about the validity of the going concern assumption used in preparing these consolidated financial statements. There can be no assurance that the Company

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Notes to the Consolidated Financial Statements

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2. Basis of Preparation of the Consolidated Financial Statements (continued):

(d) Going concern (continued)

will be able to obtain sufficient financing to meet future operational needs or that the above described and other strategies will be sufficient to permit the Company to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. Such adjustments, if any could be material. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

(e) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's Canadian operation's functional currency and the overall presentation currency. The Company's U.S. operations have a functional currency of United States dollars. All financial information presented has been rounded to the nearest dollar except where indicated otherwise.

(f) Use of significant estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Areas where management has made critical judgements in the process of applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the commencement of the period of use of acquired intellectual property and equipment and reportable segments.

The determination of fair values to the net identifiable assets acquired in business acquisitions often require management to make assumptions or estimates about future events. Changes in any of the assumptions or estimates used in determining fair value of acquired assets and liabilities could impact the amount assigned to assets, liabilities and goodwill in the purchase price allocation.

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes to the consolidated financial statements:

- Note 6: The assumptions used to fair value the debt component, the conversion feature and associated warrants on initial recognition.
- Note 7: The assumptions used to value options and warrants issued.

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Notes to the Consolidated Financial Statements

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3. Significant Accounting Policies:

(a) Foreign currency translation

Foreign currency transactions are translated into the entity's functional currency using exchange rates prevailing at the date of the transactions. All foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at reporting date exchange rates are recognized in the consolidated statements of net loss and comprehensive loss.

Assets and liabilities of Rise Life Science (Colorado), LLC, Brand Max Inc. and Life Bloom Organics, LLC, having functional currencies of the US dollar, are translated to the Canadian dollar at the rate of exchange at the reporting date. Revenues and expenses are translated at average rates for the periods, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. The resulting foreign currency translation adjustments are recognized in other comprehensive loss.

(b) Financial instruments

Financial assets

Non-derivative financial assets are classified as "financial assets at fair value" (either through FVOCI or through FVPL), and "financial assets at amortized cost" as appropriate. The Company determines the classification of its financial assets at initial recognition based on the Company's business model and contractual terms of cash flows.

All financial assets are recognized initially at fair value plus, in the case of investments not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Where the fair values of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values.

Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in finance expense in the consolidated statements of net loss and comprehensive loss.

Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of net loss and comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

De-recognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gains or losses reported in finance expense in the consolidated statements of net loss and comprehensive loss.

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Notes to the Consolidated Financial Statements

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3. Significant Accounting Policies (continued):

(b) Financial instruments (continued)

Impairment of financial assets

The impairment model is applicable to financial assets measured at amortized cost where any expected credit losses (ECL) are provided for, irrespective of whether a loss event has occurred as at the reporting date. The Company's only financial assets subject to ECL are accounts receivable which are measured at amortized cost. The Company applies the simplified approach to estimating ECL as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized. The Company has measured the lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to debtors and other relevant factors.

Financial liabilities

Non-derivative financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, secured promissory notes and convertible notes which are each measured at amortized cost.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

Financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance expense in the consolidated statements of net loss and comprehensive loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gains or losses reported in finance expense in the consolidated statements of net loss and comprehensive loss.

(c) Share capital

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

(d) Warrants

Warrants are classified as equity. Incremental costs directly attributable to the exercise of warrants and related issue of common voting shares are recognized as a deduction from equity, net of any tax effects.

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3. Significant Accounting Policies (continued):

(e) Revenue recognition

Revenue from the sales of product is recognized when the contract has commercial substance and when control has been transferred, which is considered to occur when products have been delivered to the location specified in the sales contract and accepted by the customer. Revenue is measured based on the consideration specified in contracts, when they are present by taking into account any variation that may result from rights of return. In the case of other revenue, recognition occurs when services have been delivered and collection is reasonably assured.

(f) Fair value recorded as a result of business combinations or asset acquisitions

The determination of fair values to the net identifiable assets acquired in business combinations or asset acquisitions often require management to make assumptions or estimates about future events. Changes in any of the assumptions or estimates used in determining fair value of acquired assets and liabilities could impact the amount assigned to assets, liabilities and goodwill in the purchase price allocation.

(g) Inventory

Inventories of finished goods and packing materials are valued initially at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. The Company reviews inventory for obsolete and slow-moving goods and any such inventory are written down to net realizable value.

(h) Property and equipment

(i) Recognition and measurement

Items of equipment are measured at cost less accumulated amortization and accumulated impairment losses. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. The costs of the day-to-day servicing of property and equipment are recognized in the statement of net loss and comprehensive loss in the period in which they are incurred.

(ii) Amortization

Amortization is recognized in profit or loss over the estimated useful lives of each part of an item of property and equipment in a manner which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Asset	Basis	Years
Computers and equipment	Straight-line	2-7
Machinery	Straight-line	3-7

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3. Significant Accounting Policies (continued):

(i) Intangible assets

(i) Patents and trademarks

Costs incurred for patents and trademarks are capitalized. Patents are amortized from the date of issuance on a straight-line basis over their respective legal lives or economic life, if shorter. Trademarks have an indefinite life and therefore are not amortized. Costs incurred in successfully obtaining a patent or trademark are measured at cost less accumulated amortization and accumulated impairment losses. The cost of servicing the Company's patents and trademarks is expensed as incurred.

(ii) Licenses

The Company's licenses are recorded at cost and amortized over their estimated useful lives.

(iii) Other intangible assets

The Company's other intangible assets are recorded at cost and amortized over their estimated useful life.

(iv) Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

(j) Impairment

(i) Financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss for financial assets carried at amortized cost. The loss is the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(ii) Non-financial assets

The carrying amounts of non-financial assets, intangible assets and property and equipment, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite lives and intangible assets not yet put into use are evaluated for impairment at least annually.

An impairment exists when the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. The fair value less costs to sell calculation is based on available data from observable market prices, less incremental costs. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. Qualitative factors, including market size and market growth trends, strength of customer demand and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. A change in any of the significant assumptions or estimates used to evaluate the underlying assets could result in a material change to the carrying amount of the asset and/or its recoverable amount

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3. Significant Accounting Policies (continued):

(j) Impairment (continued)

(ii) Non-financial assets (continued)

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment had been recognized. Write-downs as a result of impairment are recognized in the consolidated statements of net loss and comprehensive loss.

The Company's impairment tests for goodwill and intangible assets are based on the greater of value in use calculations that use a discounted cash flow model and estimated fair value less cost to sell. The value-in-use calculations employ the following key assumptions: future cash flows, growth projections including economic risk assumptions and estimates of achieving key operating metrics. The cash flows are derived from the Company's budget for the future and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit ("CGU") being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The estimated fair value less cost to sell is based on the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as a personnel expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

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3. Significant Accounting Policies (continued):

(l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

RISE LIFE SCIENCE CORP.

Notes to the Consolidated Financial Statements

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(unaudited)

3. Significant Accounting Policies (continued):

(i) As a lessee (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) Finance income and finance costs

Finance income comprises interest income on funds invested which is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings which are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive (loss) income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates 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 the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. 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. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Scientific research and experimental development tax credits, which are earned as a result of incurring qualifying research and development expenditures, are recorded as a reduction of the related expense or cost of the asset acquired when there is reasonable assurance that they will be realized.

(o) Earnings (loss) per share

The Company presents basic earnings (loss) per share ("EPS") data for its common voting shares. Basic EPS is calculated by dividing the profit or loss attributable to common voting shareholders of the Company by the weighted average number of common voting shares outstanding during the period, adjusted for own shares held. Common voting share equivalents have been excluded from the calculation of diluted loss per share as their effect is anti-dilutive.

RISE LIFE SCIENCE CORP.

Notes to the Consolidated Financial Statements

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(unaudited)

3. Significant Accounting Policies (continued):

(p) Segment reporting

The Company's strategic decision-making group, consisting of the executive chairman and chief financial officer examine performance of the Company on a geographical perspective, The Company has identified one reportable segment.

(q) Government grants and assistance

An unconditional government grant and or assistance is recognized in profit or loss as a deduction from the related expenditure the grant or assistance pertained to. When conditions exist and is it probable that those conditions will be met, then a deduction from the related expenditure the grant or assistance pertained to will be recognized. If the grant or assistance is not specific to a related expenditure and conditions exist, only when it is probable that the conditions can be met will revenue be recognized.

(r) New standards and interpretations issued, not yet adopted

I. IAS 1 – Presentation of financial statements

The amendment to IAS 1 clarifies how to classify debt and other liabilities as either current or non-current. The amendment will be effective for annual periods beginning on or after January 1, 2023. The Company is currently evaluating the new guidance and impacts on its consolidated financial statements.

II. IAS 16 - Proceeds before intended use

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the assets for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). It also clarifies that an entity is testing whether the asset is functioning properly when it assesses the technical and physical performance of the asset. The amendment also requires certain related disclosures. This amendment will be effective for annual periods beginning on or after January 1, 2022. The Company is currently evaluating the new guidance and impacts on its consolidated financial statements.

III. IAS 37 - Onerous contracts - Cost of fulfilling a contract

The amendment to IAS 37 clarifies the meaning of costs to fulfil a contract and that before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to the contract. This amendment will be effective for annual periods beginning on or after January 1, 2022. The Company is currently evaluating the new guidance and impacts on its consolidated financial statements.

IV. Annual improvements to IFRS standards 2018-2020

The annual improvements process addresses issues in the 2018-2020 reporting cycles including changes to IFRS 9, Financial Instruments, IFRS 1, First Time adoption of IFRS, IFRS 16, Leases, and IAS 41, Biological Assets. i) The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. ii) The amendment to IFRS 1 allows a subsidiary adopting IFRS at a later date than its parent to also measure cumulative translation differences using the amounts reported by the parent based on the parent's date of transition to IFRS. iii) The amendment to IFRS 16's illustrative example 13 removes the illustration of payments from the lessor related to leasehold improvements. These amendments will be effective for annual periods beginning on or after January 1, 2022. The Company is currently evaluating the new guidance and impacts on its consolidated financial statements.

RISE LIFE SCIENCE CORP.

Notes to the Consolidated Financial Statements

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4. Selling, General and Administrative Expense:

Included in selling, general and administrative expense for the years ended February 28, 2021 and February 29, 2020 are the following:

	2021		2020
Salaries and related costs	\$ -	\$	10,772
Amortization and depreciation	4,475		17,465
	\$ 4,475	\$	28,237

5. Capital Disclosures:

The Company's objectives when managing capital are to ensure its ability to continue as a going concern in order to pursue investments and opportunities which contribute to the success of the Company while providing shareholder returns. The company attempts to maximise returns to shareholders by also minimizing shareholder dilution and, when possible utilizing non-dilutive funding arrangements.

The Company includes equity comprised of share capital, contributed surplus, warrants and accumulated deficit in its definition of capital. The Company has financed its operations and capital requirements primarily through the issuance of shares and on some occasions, secured and convertible notes since inception.

The Company manages its capital structure and makes adjustments to it in light of economic conditions and risk characteristics of its underlying assets. The Company may issue new shares or raise debt. The Company is not subject to any externally imposed capital requirements and the overall strategy with respect to capital management remains unchanged from the preceding fiscal year.

RISE LIFE SCIENCE CORP.

Notes to the Consolidated Financial Statements

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6. Notes Payable:

(a) The following summarizes the Company's promissory notes payable as at February 28, 2021 and November 30, 2020:

	2021		2020
Secured promissory notes (i)	\$ 1,751,334	\$	1,751,334
Accrued interest	2,268,532		2,157,030
	\$ 4,019,866	\$	3,908,364
Current portion:			
Principal and accrued interest	\$ 4,019,866	\$	3,908,364

(i) On June 16, 2016, the Company entered into an amending agreement whereby it extended the terms and maturity of previously issued secured promissory notes together with accrued interest into new secured promissory notes. The notes continue to bear interest at 12% per annum, compounded quarterly, and were to be repaid as follows:

- \$300,000 due on December 31, 2018;
- \$400,000 due on December 31, 2019;
- \$600,000 due on December 31, 2020; and
- \$451,334 plus all accrued interest and any other amounts due on December 31, 2021.
- The principal and interest payments will be accelerated based on payments of ten percent (10%) of all gross sales on Scout Assessment Corp. Assets.
- As of February 28, 2021, no principal payments have been made.

The notes are secured by a general security interest in favor of the lender over all tangible and intangible assets of the Company's subsidiary Scout Assessment Corp., excluding the assets relating to the Scout DS®, which were acquired on July 31, 2013.

Interest expense of \$111,502 (February 29, 2020 – \$99,080) was recognized during the period in relation to these notes.

As a result of not paying the amounts when due, the notes are in default. Accordingly, the principal and all accrued interest have been shown as a current liability.

RISE LIFE SCIENCE CORP.

Notes to the Consolidated Financial Statements

Periods ended February 28, 2021 and February 29, 2020

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6. Notes Payable (continued):

- (b) The following summarizes the Company's convertible notes and other loans payable as at February 28, 2021 and November 30, 2020:

	2021		2020	
\$50,000 convertible promissory note (i)	\$	50,000	\$	50,000
\$4,035,000 convertible notes (ii)		4,035,000		4,035,000
\$1,330,000 convertible notes (iii)		1,330,000		1,328,556
\$274,000 convertible notes (iv)		273,582		269,361
Escrowed funds (iv)		-		-
Loan		13,630		13,915
Accrued interest		981,889		971,473
		6,684,101		6,668,305
Less: Current portion		6,684,101		6,668,305
Non-current portion	\$	-	\$	-

The following reconciles the carrying value of the convertible notes and other loans payable to their face value:

	2021		2020	
Discounted balance	\$	6,684,101	\$	6,668,305
Add: Unaccrued portion of discount related to Deferred financing charges and debt discount (v)		418		6,083
	\$	6,684,519	\$	6,674,388
Less: Current portion		6,684,519		6,674,388
Long term portion	\$	-	\$	-

- (i) On July 31, 2016, a private lender subscribed to a secured convertible note in the amount of \$50,000, bearing interest at 8% per annum and maturing on July 31, 2017. The note is convertible at \$0.20 per share. The net present value of future cash flows of the debt component was determined to be \$45,295 using a discount rate of 20% per annum, which was the interest rate of two promissory notes previously issued. Accordingly, the conversion feature was assigned a value of \$4,705. As of February 28, 2021, the note is still outstanding.
- (ii) On November 14, 2018, the Company completed a tranche of units (the "November 14th" units), raising \$4,035,000. The units were issued comprising of convertible notes and warrants. The notes bear interest at 12% per year, to be paid quarterly in cash to the holders of the notes. The maximum term of the notes is 24 months and the minimum is 12 months, after which time the Company can repay the principal amount of the notes and any accrued but unpaid interest without any penalty or bonus.

At any time prior to repayment of the notes by the Company, the outstanding principal amount of each note and any accrued and unpaid interest is convertible at the sole discretion of the noteholder into common shares of the Company at the conversion price of \$0.15 per share. In addition, the notes are convertible by the Company in its discretion into common shares at the conversion price of \$0.15 per share in the event that the Company's common shares trade at \$0.35 or more for 21 or more consecutive trading days on the Canadian Securities Exchange. The purchasers of the notes were also issued an aggregate of 26,897,310 common share purchase warrants of the Company where each warrant issued is exercisable for 24 months from the date of issue for \$0.15 per warrant, into (i) one common share, and (ii) one half of one common share purchase warrant (each whole such warrant a "Bonus Warrant"). Each Bonus Warrant shall be exercisable into one Common Share at an exercise price of C\$0.20 per share and shall expire 12 months from the date of its issuance.

RISE LIFE SCIENCE CORP.

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6. Notes Payable (continued):

(b) The following summarizes the Company's convertible notes payable as at February 28, 2021 and November 30, 2020 (continued):

(iii) On December 4, 2018, the Company completed a second tranche of units (the "December 4th" units), raising an additional \$1,490,000. Units issued comprised of notes and warrants. The notes bear interest at 12% per year, to be paid quarterly in cash to the holders of the notes. The maximum term of the notes is 24 months and the minimum is 12 months, after which time the Company can repay the principal amount of the notes and any accrued but unpaid interest without any penalty or bonus.

At any time prior to repayment of notes by the Company, the outstanding principal amount of each note and any accrued and unpaid interest is convertible at the sole discretion of the noteholder into common shares of the Company at the conversion price of \$0.15 per share. In addition, the notes are convertible by the Company in its discretion into common shares at the conversion price of \$0.15 per share in the event that the Company's common shares trade at \$0.35 or more for 21 or more consecutive trading days on the Canadian Securities Exchange.

The purchasers of the notes in this second tranche closing were also issued an aggregate of 9,932,340 common share purchase warrants of the Company where each warrant issued is exercisable for 24 months from the date of issue for \$0.15 per warrant, into (i) one common share, and (ii) one half of one common share purchase warrant (each whole such warrant a "Bonus Warrant"). Each Bonus Warrant shall be exercisable into one Common Share at an exercise price of C\$0.20 per share and shall expire 12 months from the date of its issuance.

\$160,000 of the December 4th notes had been converted into shares.

(iv) On April 1, 2019, the Company completed a tranche of units (the "April 1st" units), raising an additional \$274,000. Units issued comprised of convertible notes and warrants. The notes bear interest at 12% per year, to be paid quarterly in cash to the holders of the notes. The maximum term of the notes is 24 months and the minimum is 12 months, after which time the Company can repay the principle amount of the notes and any accrued but unpaid interest without any penalty or bonus.

At any time prior to repayment of notes by the Company, the outstanding principal amount of each note and any accrued and unpaid interest is convertible at the sole discretion of the noteholder into common shares of the Company at the conversion price of \$0.15 per share. In addition, the notes are convertible by the Company in its discretion into common shares at the conversion price of \$0.15 per share in the event that the Company's common shares trade at \$0.35 or more for 21 or more consecutive trading days on the Canadian Securities Exchange.

The purchasers of the notes in this tranche were also issued an aggregate of 1,826,484 common share purchase warrants of the Company. Each warrant issued is exercisable for 24 months from the date of issue for \$0.15 per warrant, into (i) one common share, and (ii) one half of one common share purchase warrant (each whole such warrant a "Bonus Warrant"). Each Bonus Warrant shall be exercisable into one Common Share at an exercise price of C\$0.20 per share and shall expire 12 months from the date of its issuance.

Also, on April 1, 2019, the Company raised an additional \$2,050,000 which was deposited with an escrow agent. The escrowed funds were to be released to the Company for the purchase of additional April 1st units providing the Company was successful in completing a CBD-related investment (the "Transaction") within the agreed upon time. Should the Company fail to complete the Transaction, then the escrowed funds would be returned to the subscribers. The additional \$2,050,000 had been recorded at face value and the funds held in escrow shown as restricted cash.

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6. Notes Payable (continued):

(b) The following summarizes the Company's convertible notes payable as at February 28, 2021 and November 30, 2020 (continued):

(v) The November 14th, December 4th and April 1st units issued were classified as a compound financial instrument in accordance with IAS 32. Using the residual method, fair value was first allocated to the convertible notes with the residual to equity. The fair value of the debt component was determined with reference to a comparable debt issued on a standalone basis with no conversion feature. Applying a discount of 18%, it was determined that the notes except for those held in escrow had a fair value of \$ 3,712,200, \$1,370,800 and \$252,080 respectively before transaction costs. The conversion features were allocated a fair value of \$32,400 and the warrants were allocated a fair value of \$312,000, \$108,400 and \$11,120 respectively before transaction costs. The difference between fair value and face value of the notes is being accreted into the statement of loss and comprehensive loss over the term of the debt. Upon conversion to common shares, any unaccreted differences between fair value and face value are applied to equity.

Interest expense of \$10,416 (February 29, 2020 – \$174,410) and accretion expense of \$1,444 (February 29, 2020 - \$111,449) were recognized during the period in relation to all these notes. \$981,889 of interest is past due as of February 28, 2021 and remains unpaid.

7. Share Capital:

(a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares and an unlimited number of class A common voting shares. No class A common voting shares have been issued.

(b) Options

The Company has a stock option plan which is administered by the Board of Directors of the Company with stock options granted to directors, management, employees, management company employees and consultants as a form of compensation. The number of common shares reserved for issuance of stock options is limited to a maximum of 10% of the issued and outstanding shares of the Company at any one time.

Changes in the number of options outstanding during the periods ended February 28, 2021 and February 29, 2020 are as follows:

			2021		2020
	Options		Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Balance, beginning of year	2,251,400	\$	0.30	3,551,400	\$ 0.30
Granted	-		-	-	-
Forfeited, cancelled or expired	(200,000)		0.15	(150,000)	0.45
Balance, end of period	2,051,400	\$	0.32	3,401,400	\$ 0.30
Options exercisable, end of period	2,051,400	\$	0.32	3,391,804	\$ 0.30
Weighted average fair value of options granted during the period		\$	-	\$	-

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7. Share Capital (continued):

(b) Options (continued)

Range of exercise prices	Outstanding number	Weighted average remaining contractual life	Weighted average exercise price	Exercisable number
\$0.22	200,000	0.44 years	\$0.22	200,000
\$0.30	1,650,000	2.38 years	\$0.30	1,650,000
\$0.40	200,000	2.21 years	\$0.45	200,000
\$25.00	1,400	1.33 years	\$25.00	1,400
\$0.15 - \$25.00	2,051,400	2.17 years	\$0.32	2,051,400

For the period ended February 28, 2021, option compensation expense of \$nil (February 29, 2020 - \$2,853) was recognized for options granted and which had vested.

(c) Warrants

Changes in the number of warrants outstanding during the years ended February 28, 2021 and February 29, 2020 are as follows:

	2021			2020		
	Warrants	Amount	Weighted Average Exercise Price	Warrants	Amount	Weighted Average Exercise Price
Balance, beginning of period	16,716,778	\$ 1,019,370	\$ 0.14	51,360,740	\$ 2,592,546	\$ 0.19
Expired	(9,932,340)	(98,864)	(0.15)	(258,750)	(131,000)	(0.96)
Balance end of period	6,784,438	\$ 920,506	\$ 0.14	51,101,990	\$ 2,461,546	\$ 0.19
Weighted average remaining contractual life (years)			.34			.80

- (i) The Company has 913,242 warrants contingently issuable upon the exercise of warrants issued in connection with private placements (note 6 (ii)(iii)(iv))

(d) Per share amounts

The weighted average number of common shares outstanding for the period ended February 28, 2021 and February 29, 2020 was 59,004,872 and 58,810,352 respectively after considering shares held in escrow which are excluded from the weighted average number of common shares calculation. The dilution created by options, warrants and convertible notes has not been reflected in the per share amounts as the effect would be anti-dilutive.

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8. Revenue:

In the current year, the Company generates revenue from the sale of product which is either sold online, through the Company's business to business network or through distribution deals and or partnerships. In the prior year, in addition to the sale of product, certain revenues characterised as other were recognized which principally consisted of consulting revenue.

In the following table, revenue for the period ended February 28, 2021 and February 29, 2020 is disaggregated by channel of revenue and timing of revenue recognition.

	2021		2020	
Revenue channel				
Online	\$	-	\$	16,878
	\$	-	\$	16,878
Timing of revenue recognition				
Transfer of control		-		16,878
	\$	-	\$	16,878

9. Segment Information:

The Company's strategic decision-making group, consisting of the executive chairman, chief financial officer examine performance of the Company from a geographical perspective and has identified the United States as one reportable segment.

	2021			2020		
	United States	All Other	Consolidated	United States	All Other	Consolidated
Revenue from external customers (i)	\$ -	\$ -	\$ 31,791	\$ 16,878	\$ -	\$ 974,269
Non-current assets	71,818	-	71,818	764,117	1,048	765,165
Comprehensive gain (loss)	146,766	6,201	152,968	(12,923)	(708,392)	721,315

(i) All revenues were generated within the United States

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10. Finance Expense:

During the periods ended February 28, 2021 and February 29, 2020 the Company incurred finance expense as follows:

	2021	2020
Interest and accretion on notes payable (note 6)	\$ 132,327	\$ 411,350
Bank charges and other interest	466	296
	132,793	411,646

During the periods ended February 28, 2021 and February 29, 2020, the Company paid finance expense as follows:

	2021	2020
Interest and accretion on notes payable (note 6)	\$ -	\$ -
Bank charges and other interest paid	466	296
	466	296

11. Commitments and Contingencies:

(a) Lease

The Company has a lease commitment of \$3,000 per month which extends from the year end to the end of the lease arrangement which is July 31, 2021.

(b) Contingencies

From time to time the Company can become subject to legal proceedings, claims, and litigation arising in the ordinary course of business. While the final outcome of these matters is currently not determinable, the Company does not expect that the ultimate costs to resolve these matters will have a material adverse effect on its consolidated financial position, results of operations, or cash flow.

12. Settlement of Debt

During the period the Company entered into negotiations with certain parties. As a result of the negotiations, the Company was able to settle certain amounts in its favour and recognized \$293,979 in its consolidated statement of loss and comprehensive income (loss).

13. Financial Instruments and Risk Management:

Fair values of financial assets and financial liabilities

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The carrying amounts of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, and secured promissory and convertible notes approximate fair value.

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13. Financial Instruments and Risk Management (continued):

The Company's activities expose it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk, and liquidity risk. These financial instrument risks are actively managed by the Company's management under the policies approved by the Board of Directors. The principal financial risks are managed by the Company's finance department who work hand in hand with the Board and other key management personnel.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate or ensuring terms in place cover risk of loss as a means of mitigating the risk of financial loss from defaults. The Company may use information supplied by independent rating agencies where available, and if not available, the Company may use other publicly available financial information and its own records to rate its customers.

Credit risk arises from cash and deposits with banks as well as credit exposure to outstanding receivables, the carrying amounts represent the Company's maximum exposure to credit risk.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Company manages liquidity risk by forecasting its cash needs on a regular basis and seeking additional financing from operations and other sources including debt and equity markets as required.

	Payment due by Period				
	< 1 year	2 - 3 years	4 - 5 years	Total	
Accounts payable and accrued liabilities	\$ 2,493,673	\$ -	\$ -	\$ 2,493,673	
Secured promissory notes	4,019,866	-	-	4,109,866	
Convertible notes	6,684,101	-	-	6,684,101	
Lease obligation	55,340	-	-	55,340	
Loan	-	60,000	-	60,000	
	\$ 13,252,980	\$ 60,000	\$ -	\$ 13,312,980	

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value risk with respect to secured notes and convertible notes which bear interest at fixed rates.

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14. Related Party Transactions:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors, Interim Chief Executive Officer and Chief Financial Officer are key management personnel.

In addition to their salaries, the Company may provide non-cash benefits and participation in the Stock Option Plan (note 7(b)). Compensation for key management personnel for the periods ended February 28, 2021 and February 29, 2020 is as follows:

	2021	2020
Salaries, fees and short-term employee benefits	\$ 135,000	\$ 135,000
	\$ 135,000	\$ 135,000

(b) Key management personnel and shareholder transactions

Included in accounts payable and accrued liabilities is \$970,347 due to key management.

15. Subsequent Events:

Subsequent to period end, the Company completed a non-brokered private placement offering raising gross proceeds of USD \$710,000 and \$621,000. The gross proceeds of the offering are being held in escrow on behalf of the subscribers by an escrow agent pursuant to the terms of a subscription receipt agreement. Each subscription receipt will be automatically converted, without payment of any additional consideration and without further action on the part of the holder thereof, into units (Units) of the Company upon satisfaction or waiver of the escrow release conditions set out in the subscription receipt agreement and prior to a termination event, subject to adjustment in certain events. Each Unit will consist of a number of common shares in the capital of the Company and a number of common share purchase warrants of the Company that will be determined at a later date with reference to a financing proposed to be completed by Britannia Bud Canada Holdings Inc. ("Britannia") in connection with the proposed share purchase, merger, amalgamation or statutory plan of arrangement transaction between the Company and Britannia, to be carried out substantially in accordance with the Letter of Intent dated September 14, 2020, as amended, pursuant to which the Company would combine businesses with Britannia.