GLOBAL CARE CAPITAL INC.

(FORMERLY RESINCO CAPITAL PARTNERS INC.)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

Grant Thornton

Independent auditor's report

Grant Thornton LLP
Suite 1600, Grant Thornton Place
333 Seymour Street
Vancouver, BC
VB6 0A4

T +1 604 687 2711
F +1 604 685 6569

To the Shareholders of

Global Care Capital Inc. (formerly Resinco Capital Partners Inc.)

Opinion

We have audited the financial statements of Global Care Capital Inc. ("the Company"), which comprise the statements of financial position as at December 31, 2019 and December 31, 2018 and the statements of net loss and comprehensive loss, cash flows, and changes in equity for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of Global Care Capital Inc. as at December 31, 2019 and December 31, 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Global Care Capital Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mark Iwanaka.

Grant Thornton LLP

Vancouver, Canada
June 15, 2020

Chartered Professional Accountants

GLOBAL CARE CAPITAL INC. (FORMERLY RESINCO CAPITAL PARTNERS INC.)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31
(EXPRESSED IN CANADIAN DOLLARS)

	Notes		December 31, 2019		December 31, 2018
ASSETS					
Current Assets					
Cash and cash equivalents		**$**	**14,498**	$	2,338,545
Loans receivable	**5**		**1,354,257**		-
Prepaid expenses			**-**		10,351
Investments at fair value	**4**		**485,851**		4,709,259
Total assets		**$**	**1,854,606**	$	7,058,155
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	**7**	**$**	**254,249**	$	60,161
Total liabilities			**254,249**		60,161
SHAREHOLDERS' EQUITY					
Share capital	**6**		**53,353,405**		45,644,400
Share-based payments reserve	**6**		**16,849,827**		16,938,232
Accumulated deficit			**(68,602,875)**		(55,584,638)
Total shareholders' equity			**1,600,357**		6,997,994
Total liabilities and shareholders' equity		**$**	**1,854,606**	$	7,058,155

These financial statements were approved for issue by the Board of Directors of the Company on June 15, 2020

They are signed on the Company's behalf by:

"Alexander Somjen" Director *"Maciej Lis"* Director

- See accompanying notes to the financial statements -

GLOBAL CARE CAPITAL INC. (FORMERLY RESINCO CAPITAL PARTNERS INC.)
STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN CANADIAN DOLLARS)

	Notes	2019 $	2018 $
Net realized loss on disposal of investments	4	**(59,743)**	(46,371)
Net change in unrealized gain (loss) on investments		**31,674**	(3,654,133)
		(28,069)	(3,700,504)
Dividend income		**101,172**	-
Investment income		**9,254**	21,657
Net investment income (loss)		**82,357**	(3,678,847)
Expenses			
Consulting fees	7	**(415,905)**	(1,220,200)
Corporate development		**(666,322)**	(1,193,991)
Insurance		**(2,898)**	(11,649)
Office and miscellaneous		**(88,257)**	(90,184)
Professional fees		**(163,933)**	(126,965)
Regulatory and transfer agent fees		**(22,214)**	(78,784)
Share based compensation		**-**	(946,923)
Transaction costs		**(497,350)**	-
		(1,856,879)	(3,668,696)
Other item			
Impairment expense	4	**(11,243,715)**	-
Net loss and comprehensive loss for the year		**(13,018,237)**	(7,347,543)
Net loss and comprehensive loss per share, basic and diluted		**(2.69)**	(3.60)
*Weighted average number of shares outstanding		**4,837,217**	2,041,027

*The share numbers have been adjusted to reflect a consolidation of the Company's share capital on a 25:1 basis effective March 13, 2020.

GLOBAL CARE CAPITAL INC. (FORMERLY RESINCO CAPITAL PARTNERS INC.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN CANADIAN DOLLARS)

		2019		2018
Operating activities				
Net loss and comprehensive loss for the year	$	(13,018,237)	$	(7,347,543)
Items not affecting cash:				
Accrued interest on loan receivable		(3,477)		-
Impairment expense		11,243,715		-
Consulting fees		-		335,150
Realized loss on sale of investment		59,743		46,371
Fair value change in investments		(31,674)		3,654,133
Share based compensation		-		946,923
Share dividend received		(101,172)		-
Transactions costs		497,350		-
		(1,353,752)		(2,364,966)
Changes in non-cash working capital items:				
Accounts receivable		-		1,500
Prepaid expenses		10,351		392,649
Accounts payable and accrued liabilities		194,088		(586,985)
Net cash used in operating activities		(1,149,313)		(2,557,802)
Investing activities				
Purchase of investments		-		(3,187,393)
Issuance of loans receivable		(1,350,780)		-
Proceeds from sale of investments		157,796		535,378
Net cash used in investing activities		(1,192,984)		(2,652,015)
Financing activities				
Proceeds from share subscriptions		-		4,176,144
Warrants exercise		18,250		15,000
Net cash provided by financing activities		18,250		4,191,144
Net (decrease) in cash		(2,324,047)		(1,018,673)
Cash and cash equivalents, beginning of the year		2,338,545		3,357,218
Cash and cash equivalents, end of the year	$	14,498	$	2,338,545

GLOBAL CARE CAPITAL INC. (FORMERLY RESINCO CAPITAL PARTNERS INC.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN CANADIAN DOLLARS)

	Number of Shares		Share Capital		Share-based payments reserve		Accumulated deficit		Total Shareholders' Equity
Balance, December 31, 2017	1,845,640	$	40,436,949	$	16,003,610	$	(48,237,095)	$	8,203,464
Shares issued on acquisition of ReFormation	1,080,000		3,645,000		-		-		3,645,000
Shares issued on acquisition of Vancity Green	600,000		1,200,000		-		-		1,200,000
Shares issued as finders' fees	115,600		335,150		-		-		335,150
Warrant exercise	4,000		15,000		-		-		15,000
Fair value re-allocation pursuant to warrant Exercise	-		12,301		(12,301)		-		-
Share based compensation	-		-		946,923		-		946,923
Loss and comprehensive loss for the year	-		-		-		(7,347,543)		(7,347,543)
Balance, December 31, 2018	3,645,240	$	45,644,400	$	16,938,232	$	(55,584,638)	$	6,997,994
Balance, December 31, 2018	**3,645,240**	**$**	**45,644,400**	**$**	**16,938,232**	**$**	**(55,584,638)**	**$**	**6,997,994**
Shares issued on acquisition of ReFormation	1,160,000		7,105,000		-		-		7,105,000
Shares issued as finders' fees	81,200		497,350		-		-		497,350
Warrant exercise	6,800		18,250		-		-		18,250
Fair value re-allocation pursuant to warrant exercise	-		88,405		(88,405)		-		-
Loss and comprehensive loss for the year	-		-		-		(13,018,237)		(13,018,237)
Balance, December 31, 2019	**4,893,240**	**$**	**53,353,405**	**$**	**16,849,827**	**$**	**(68,602,875)**	**$**	**1,600,357**

*The share numbers have been adjusted to reflect a consolidation of the Company's share capital on a 25:1 basis effective March 13, 2020.

1. NATURE OF OPERATIONS

Global Care Capital Inc. (formerly Resinco Capital Partners Inc.) ("Global Care Capital" or the "Company") was incorporated under the laws of British Columbia on May 25, 2004. On April 13, 2020, the Company changed its name from Resinco Capital Partners Inc. to Global Care Capital Inc. The Company's shares are listed for trading on the Canadian Securities Exchange ("CSE") under the ticker symbol "HLTH", the Frankfurt Stock Exchange under the symbol L6V1.F and in the US on the OTC market, under the symbol RSCZF. The registered office of the Company is Suite 810 – 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

Global Care Capital is a global investment company which specializes in providing early-stage financing to private and public companies in the medical marijuana, pharmaceutical, technology, and mining sectors. The Company engages in new, early stage investment opportunities in previously underdeveloped assets and obtaining significant positions in early stage investment opportunities that adequately reflect the risk profile.

On March 13, 2020, the Company completed a share consolidation of its share capital on the basis of twenty-five (25) existing common shares for one (1) new common share. As a result of the share consolidation, the 122,331,000 common shares issued and outstanding were consolidated to 4,893,240 common shares. All common shares and per share amounts have been restated to give effect to the share consolidation (Note 6).

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these financial statements are based on the IFRS issued and outstanding as at the date the Board of Directors approved these financial statements for issue.

Basis of presentation

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

Functional and presentation currency

These financial statements are presented in Canadian Dollars, which is the Company's functional and presentation currency.

Use of estimates and judgments

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

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

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.

Critical accounting estimates are estimates, judgments and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Impairment of investments
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Fair value of private company investments – Where the fair values of investments in private companies recorded on the statements 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 is not available, judgment is required to establish fair value and this value may not be indicative of recoverable value.

Share-based payments – The fair value of share options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets – Judgment is required in determining whether deferred tax assets are recognized in the statements of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statements of financial position could be impacted.

Additionally, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

IFRS 9, Financial Instruments

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss (FVTPL), those measured at fair value through other comprehensive

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

income (FVTOCI), and those measured at amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company classifies its accounts payable and accrued liabilities as other financial liabilities. These financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Company has assessed the classification and measurement of financial assets and financial liabilities in the following table:

	Measurement Category
Financial assets:	
Cash and cash equivalents	Amortized cost
Loan receivable	Amortized cost
Investments at fair value	FVTPL
Financial liabilities:	
Accounts payable and accrued liabilities	Amortized cost

Investments

All investments are classified upon initial recognition at fair value through profit or loss, with changes in fair value recognized in the statements of net loss and comprehensive loss.

Purchases and sales of investments are recognized on the settlement date.

Investments at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the statements of comprehensive income (loss). Investments are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the statements of net loss and comprehensive loss. within net change in unrealized gains or losses on investments on investments in the period in which they arise.

The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements.

The Company is also required to disclose details of its investments (and other financial assets and liabilities for which fair value is measured or disclosed in the financial statements) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith (Note 8).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Public investments

Securities, including shares, which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing bid prices at the statement of financial position dates or the closing bid price on the last day the security traded if there were no trades at the statement of financial position date. These are included in Level 1 in Note 8.

1. *Private investments*

All privately-held investments are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted using one or more of the valuation indicators described below. These are included in Level 3 in Note 8.

The determinations of fair value of the Company's privately-held investments at other than initial cost is subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

The absence of the occurrence of any of these events, any significant change in trends in general market conditions, or any significant change in share performance of comparable publicly-traded companies indicates generally that the fair value of the investment has not materially changed.

The fair value of a privately-held investment may be adjusted if:

a. there has been a significant subsequent equity financing provided by outside arm's length investors, at a valuation above or below the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
b. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have an impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;
c. the investee company is placed into receivership or bankruptcy;
d. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
e. receipt/denial by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed/prohibit with its project(s);
f. filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
g. release by the investee company of positive/negative exploration results; and
h. important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Adjustments to the fair value of a privately-held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed.

In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

Revenue recognition

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.
Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statements of net loss and comprehensive loss and are calculated on an average cost basis.

Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the statements of loss and comprehensive loss as incurred. Dividend income is recorded on the declaration date and when the right to receive the dividend has been established.

Interest income is recorded on an accrual basis when reasonable assurance exists regarding measurement and collectability.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Share-based payments

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payments expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of share options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

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

Share capital

Proceeds from the exercise of share options and warrants, in addition to the estimated fair value attributable to these equity instruments, are recorded as share capital when exercised. In a unit offering, the Company prorates the proceeds between common shares and warrants using the relative fair value method. Share issuance costs are recorded as a reduction of share capital.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the profit and loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for shares held. Diluted loss per share is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. These instruments are currently excluded from the calculation of diluted earnings per share as they are antidilutive for the periods presented.

Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially 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 purpose. 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 operations, 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 substantially enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, 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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Changes in accounting policies

- IFRS 16, Leases

  The Company adopted IFRS 16, Leases, on January 1, 2019. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying that model, a lessee is required to recognize assets and liabilities. A lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently. There was no material impact on the Company’s financial statements upon adoption of this standard.

- IFRIC 23 – Uncertainty over Income Tax Treatments

  In June 2017, the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments. This interpretation specifies that if an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, it shall determine the tax result consistently with the tax treatment used or planned to be used in its income tax filing. If it is not probable, the entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either of the following methods, depending on which one the entity expects to better predict the resolution of the uncertainty:

    - Most likely amount: single most likely amount in a range of possible outcomes;
    - Expected value: sum of the probability-weighted amounts in a range of possible outcomes.

  The Company adopted IFRIC 23, Uncertainty over Income Tax Treatments, on January 1, 2019. There was no material impact on the Company’s financial statements upon adoption of this standard.

(EXPRESSED IN CANADIAN DOLLARS)

4. INVESTMENTS AT FAIR VALUE

At December 31, 2019, the Company held the following investments:

Investee	Shares #	Cost $	Fair value $
Public Companies			
Global Gaming Technologies Corp.	720,000	2,160,001	-
Hashchain Technology Inc.	950,000	246,975	9,500
Metaverse Capital Corp.	5,058,583	101,172	-
Total of 5 other public company investments, each valued under $15,000		5,205,872	14,350
		7,714,020	23,850
Private Companies			
CannBioRx Life Sciences Corp. (formerly Katexco Pharmaceuticals Corp.)	263	200,000	272,000
Vancity Green List Inc.	100	1,200,000	-
ReFormation Pharmaceuticals Corp.	56,000,000	10,750,000	1
Pembrook Copper Corp.	320,000	452,000	190,000
		12,602,000	462,001
		20,316,020	485,851

At December 31, 2018, the Company held the following investments:

Investee	Shares #	Cost $	Fair value $
Public Companies			
Bearing Lithium Corp.	200,000	75,000	48,000
Block X Capital Corp.	286,933	5,020,527	14,346
Global Gaming Technologies Corp.	833,333	2,500,000	454,333
Hashchain Technology Inc.	950,000	246,975	28,500
Lithium Americas Corp.	25,000	165,418	107,750
Total of 5 other public company investments, each valued under $15,000		185,345	21,330
		8,193,265	674,259
Private Companies			
CannBioRx Life Sciences Corp. (formerly Katexco Pharmaceuticals Corp.)	2,000,000	200,000	200,000
Vancity Green List Inc.	100	1,200,000	-
ReFormation Pharmaceuticals Corp.	27,000,000	3,645,000	3,645,000
Pembrook Copper Corp.	320,000	452,000	190,000
		5,497,000	4,035,000
		13,690,265	4,709,259

4. INVESTMENTS AT FAIR VALUE (continued)

Block X Capital Corp.

On January 23, 2018, Lions Gate Metals Inc. changed its name to Block X Capital Corp.

CannBioRx Life Sciences Corp. (formerly Katexco Pharmaceuticals Corp.)

On October 19, 2018, the Company subscribed for 2,000,000 common shares at $0.10 per share for a total investment of $200,000 in Katexco Pharmaceuticals Corp.

Katexco Pharmaceuticals Corp., 180 Therapeutics and CannBioRex Pharmaceuticals amalgamated into an entity called CannBioRx Life Sciences Corp ("CannBioRx"). CannBioRx signed a definitive business combination agreement with KBL Merger Corp. IV (NASDAQ:KBLM) ("KBLM"), KBLM is a blank check company that completed its IPO in June 2017, raising $115 million with the goal of identifying and acquiring a company with strong value proposition in the U.S. healthcare or health-care related wellness industry.

During the year ended December 31, 2019, the quantity of CannBioRx common shares held was reduced to 263, as a result of CannBioRx completing a share consolidation. As at December 31, 2019, the fair value of the 263 CannBioRx common shares is $272,000.

Global Gaming Technologies Corp.

On February 12, 2019, Global Blockchain Technologies Corp. changed its name to Global Gaming Technologies Corp ("Global"). On March 19, 2019, Global reverse-split its issued and outstanding shares on a 10:1 basis. The number of shares stated reflect the reverse-split.

On December 31, 2019, the Company impaired its investment in Global to $Nil due to the fact that Global needs to raise significant money to settle its debt and the uncertainty of its ability to raise these funds in a timely manner, resulting in $392,544 of impairment expense.

Metaverse Capital Corp.

On June 20, 2019, the Company received 5,058,583 common shares of Metaverse Capital Corp. ("Metaverse") valued at $101,172 as a stock dividend, which was recorded as dividend income. As at December 31, 2019, the fair value of Metaverse is $Nil

On December 31, 2019, the Company impaired its investment in Metaverse to $Nil due to the fact that the Metaverse is delisted, resulting in $101,172 of impairment expense.

ReFormation Pharmaceuticals Corp.

On October 22, 2018, the Company acquired 48% of ReFormation Pharmaceuticals Corp. ("ReFormation") in exchange for 1,080,000 of the Company's common shares, with a fair value of $3,645,000. ReFormation is a medical marijuana pharmaceutical company with its research and development team at the University of Oxford. ReFormation is focused on an innovative approach to repair vital organs by combining cannabinoids and an endogenous trigger of repair.

On January 16, 2019, the Company entered into an Amalgamation Agreement and acquired the remaining 52% of ReFormation in exchange for 1,160,000 of the Company's common shares with a fair value of $7,105,000. The Company issued 81,200 finder's fee shares with a fair value of $497,350, which are recorded as a transaction cost.

On December 31, 2019, the Company recorded a write down of ReFormation to $1, as a result of the fair value of the investment being not reliably measurable under IFRS 13. This resulted in $10,749,999 of impairment expense.

(EXPRESSED IN CANADIAN DOLLARS)

4. INVESTMENTS AT FAIR VALUE (continued)

Vancity Green List Inc.

On December 28, 2018, the Company acquired 100% of Vancity Green List Inc. ("Vancity") by way of a three-cornered amalgamation. Vancity is a leading website application that connects personal use cannabis growers and local dispensaries. In consideration, the Company issued 600,000 common shares with a fair value of $1,200,000. As at December 31, 2019, the fair value of Vancity was $Nil. (2018 - $Nil)

Disposition of Investments

During the year ended December 31, 2019, the Company received gross proceeds of $157,796 from the sale of investments. The dispositions were comprised of 200,000 shares of Bearing Lithium Corp. for $45,986, 9,984 shares of Lions Bay Mining Corp. for $1,218, 25,000 shares of Lithium Americas Corp. for $102,898, and 113,333 shares of Global Gaming Technologies Corp. for $7,694.

During the year ended December 31, 2018, the Company received gross proceeds of $535,378 from the sale of investments. The dispositions were comprised of 1,001,993 shares of Almonty Industries Inc. for $490,022, 123,076 shares of BriaCell Therapeutics Corp. for $16,000, 79,000 shares of Central Iron Ore Limited for $1,580, 41,666 shares of Fura Gems Inc. for $25,826 and 195,000 shares of Tanzania Minerals Corp. for $1,950.

5. LOANS RECEIVABLE

On March 15, 2019, through the Company's wholly-owned investment, ReFormation, entered into a right of first negotiation with 180 Therapeutics LP ("180"). 180 is a clinical stage biopharmaceutical company focused on the discovery and development of novel biological therapies for the treatment of fibrosis. In partnership with 180, the Company will work with 180 to develop the effectiveness of the HMGB1 molecule; this molecule primes the body's stem cells to accelerate repair and regeneration following injuries. ReFormation has agreed to fund the project of up to US $1,200,000. On March 15, 2019 the Company advanced $1,200,780 to 180 on behalf of ReFormation by way of loan to ReFormation Pharmaceuticals Corp (Note 7). The loan is due on demand and non-interest bearing.

On August 13, 2019, the Company entered into a promissory note agreement with Gen X and loaned Gen X $150,000 for working capital purposes. The loan accumulates interest at 6% annually, not in advance, and is repayable on demand.

The continuity for loans receivable for the year ended December 31, 2019 is as follows:

	Balance, December 31, 2018	Principal	Accrued Interest	Balance, December 31, 2019
ReFormation - loan receivable	$-	$1,200,780	$-	$1,200,780
Gen X - promissory note	-	150,000	3,477	153,477
Total	$-	$1,350,780	$3,477	$1,354,257

6. SHARE CAPITAL

a) Authorized share capital

At December 31, 2019, the authorized share capital comprised an unlimited number of common shares without par value.

b) Share consolidation

On March 13, 2020, the Company completed a consolidation of its share capital on a on 25:1 basis. The share and per share amounts have been adjusted within these financial statements to reflect the share consolidation.

c) Issued share capital

At December 31, 2019 the Company had 4,893,240 common shares issued and outstanding (December 31, 2018 – 3,645,240).

Fiscal 2019

On January 15, 2019, the Company issued 1,160,000 common shares with a fair value of $7,105,000 pursuant to the acquisition of ReFormation (Note 4). The Company issued 81,200 common finders' fee shares with a fair value of $497,350, which was measured on the basis of the Company's observable market price.

The Company also issued 6,800 common shares pursuant to a warrant exercise for gross proceeds of $18,250. The Company re-allocated $88,405 from share-based payments reserve to share capital.

Fiscal 2018

On November 1, 2018, the Company issued 1,080,000 common shares with a fair value of $3,645,000 pursuant to the acquisition of ReFormation (Note 4). The Company issued 75,600 common finder shares with a fair value of $255,150, which was measured on the basis of the Company's observable market price.

On November 16, 2018, the Company issued 4,000 common shares pursuant to a warrant exercise for gross proceeds of $15,000. The Company re-allocated $12,301 from share-based payments reserve to share capital.

On December 28, 2018, the Company issued 600,000 common shares with a fair value of $1,200,000 pursuant to the acquisition of Vancity (Note 4). The Company issued 40,000 finder shares with a fair value of $80,000, which was measured on the basis of the Company's observable market price.

d) Share options

The Board of Directors of the Company may from time-to-time grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to five years from the date of grant. The Company's share option plan requires that options vest 20% immediately, with 20% vesting every six months thereafter; however, the Board may change such provisions at its discretion or as required on a grant-by-grant basis.

(EXPRESSED IN CANADIAN DOLLARS)

6. SHARE CAPITAL

d) Share options (continued)

The continuity for share options for the year ended December 31, 2019 is as follows:

Expiry date	Exercise price $	Balance at December 31, 2018 #	Expired #	Balance at December 31, 2019 #
November 24, 2022	11.625	8,000	(8,000)	-
June 22, 2023	5.50	164,560	-	164,560
		172,560	(8,000)	164,560
Weighted average exercise price		5.25	11.63	5.50

The continuity for share options for the year ended December 31, 2018 was as follows:

Expiry date	Exercise price $	Balance at December 31, 2017 #	Granted #	Expired #	Balance at December 31, 2018 #
November 24, 2022	11.625	12,000	-	(4,000)	8,000
June 22, 2023	5.50	-	172,560	(8,000)	164,560
		12,000	172,560	(12,000)	172,560
Weighted average exercise price		11,625	5.50	7.50	5.25

On June 22, 2018, the Company granted 172,560 share options with an exercise price of $5.50 per share expiring on June 22, 2023. The fair value of the share options was estimated to be $946,923 using the Black-Scholes pricing model with the following assumptions: term of 5 years; expected volatility of 271.74%; risk-free rate of 1.99%; and expected dividends of zero. As at December 31, 2019, 164,560 (2018 – 172,560) stock options were exercisable.

See Note 11.

e) Finders' warrants

The continuity for finders' warrants for the year ended December 31, 2019 is as follows:

Expiry date	Exercise price $	Balance at December 31, 2018 #	Issued #	Exercised #	Expired #	Balance at December 31, 2019 #
November 17, 2019	2.50	47,012	-	(5,800)	(41,212)	-
November 17, 2019	3.75	-	2,900	-	(2,900)	-
December 27, 2019	11.25	80,000	-	-	(80,000)	-
		127,012	2,900	(5,800)	(124,112)	-
Weighted average exercise price		8.00	3.75	2.50	5.91	-

(EXPRESSED IN CANADIAN DOLLARS)

6. SHARE CAPITAL (continued)

e) Finders' warrants (continued)

During the year ended December 31, 2019, the Company received gross proceeds of $14,500 from the exercise of 5,800 finders' warrants. The Company re-allocated $85,330 from share-based payments reserve to share capital. The Company issued 2,900 finders' warrants with an exercise price of $3.75 and expire on November 17, 2019.

The continuity for finders' warrants for the year ended December 31, 2018 was as follows:

Expiry date	Exercise price $	Balance at December 31, 2017 #	Issued #	Forfeited/ Exercised #	Expired #	Balance at December 31, 2018 #	Fair Value $
November 17, 2019	2.50	47,012	-	-	-	47,012	691,641
December 27, 2019	11.25	80,000	-	-	-	80,000	2,730,916
		127,012	-	-	-	127,012	
Weighted average exercise price		8.00	-	-	-	8.00	

f) Warrants

The continuity for warrants for the year ended December 31, 2019 is as follows:

Expiry date	Exercise price $	Balance at December 31, 2018 #	Granted #	Exercised #	Expired #	Balance at December 31, 2019 #
November 17, 2019	3.75	395,800	-	(1,000)	(394,800)	-
December 27, 2019	11.25	800,000	-	-	(800,000)	-
		1,195,800	-	(1,000)	(1,194,800)	-
Weighted average exercise price		8.77	-	3.75	8.77	-

During the year ended December 31, 2019 the Company issued 1,000 common shares pursuant to a warrant exercise for gross proceeds of $3,750. The Company re-allocated $3,075 from share-based payments reserve to share capital.

The continuity for warrants for the year ended December 31, 2018 was as follows:

Expiry date	Exercise price $	Balance at December 31, 2017 #	Granted #	Forfeited/ Exercised #	Expired #	Balance at December 31, 2018 #
November 17, 2019	3.75	399,800	-	(4,000)	-	395,800
December 27, 2019	11.25	800,000	-	-	-	800,000
		1,199,800	-	-	-	1,195,800
Weighted average exercise price		8.75	-	3.75	-	8.75

(EXPRESSED IN CANADIAN DOLLARS)

6. SHARE CAPITAL (continued)

f) Warrants (continued)

During the year ended December 31, 2018, the Company issued 4,000 common shares pursuant to a warrant exercise for gross proceeds of $15,000. The Company re-allocated $12,301 from share-based payments reserve to share capital.

See Note 11.

7. RELATED PARTY TRANSACTIONS

The following directors and/or senior officers transacted with the Company in the reporting year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. The aggregate value of transactions relating to key management personnel were as follows:

	December 31, 2019 $	December 31, 2018 $
Consulting fees paid to the CEO	203,400	108,900
Share based compensation	-	131,700
Consulting fees to a former corporate secretary	-	6,300
Rent, accounting and corporate fees paid to a company controlled by the corporate secretary	95,721	112,917
Consulting fees and rent paid to companies controlled by the CFO	47,250	51,450
Total	346,371	411,267

As at December 31, 2019, there was $132,150 (December 31, 2018 - $14,832) due to current officers and management of the Company and a loan receivable of $1,200,780 (December 31, 2018 - $Nil) due from ReFormation Pharmaceuticals Corp (Note 5). ReFormation Pharmaceuticals is a wholly-owned subsidiary of the Company.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, loans receivable, investments and accounts payable and accrued liabilities. The carrying value of loans receivable and accounts payable and accrued liabilities approximates their fair value due to the short-term nature. Cash and cash equivalents are recorded at fair value using Level 1 of the fair value hierarchy. Investments are recorded at fair value using Level 1 to 3 of the fair value hierarchy.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

(EXPRESSED IN CANADIAN DOLLARS)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial instruments (continued)

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The following table presents the Company's investments, measured at fair value on the statements of financial position and categorized into levels of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
December 31, 2019	23,850	-	462,001	485,851
December 31, 2018	674,259	-	4,035,000	4,709,259

The Company holds investments in Pembrook, CannBioRx (formerly Katexco), ReFormation, Metaverse and Vancity Green, all private company investments are considered Level 3. The fair value of investments in Level 3 for Pembrook is determined by referring to the most recent equity financing the investee undertook during the year or by taking a weighted average of the net assets of the private company and the value of its historical share issuance transactions. The fair value of investments for CannBioRx (formerly Katexco) is based on the most recently completed private placement. The fair value for Vancity Green is based on the Company's most recent financings or transactions and an assessment as to whether there have been any adverse changes from the date of acquisition. The fair value for ReFormation is based on an assessment as to whether there have been any changes in the Company's circumstances since the date of acquisition. All changes in fair value of these private company investments are recognized in profit or loss on the statements of loss and comprehensive loss.

The amounts included in profit or loss are comprised entirely of unrealized gains and losses. There were no transfers between levels during the year.

The following table reconciles the Company's Level 3 fair value investments:

Level 3	Year ended December 31, 2019	Year ended December 31, 2018
	$	$
Balance, beginning of year	4,035,000	180,000
Additions	7,105,000	5,045,000
Unrealized (loss)/gain	72,000	(1,190,000)
Impairment expense	(10,749,999)	-
Balance, end of year	462,001	4,035,000

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk management

The Company is or may be subject to certain risks including interest rate risk, currency risk, credit risk and market risk. Risk management strategies may expose the Company to further gains or losses, but serve to stabilize future cash flows, reduce the volatility of operating results and increase overall financial strength.

Interest rate risk

The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and cash equivalents and on the Company's obligations are not considered significant.

Currency risk

The Company has foreign investments and is therefore subject to currency risk. Management believes these investment and transaction amounts are not significant and there are no material foreign currency commitments. The currency risk is therefore manageable and not significant. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

Credit risk

Credit risk is the risk associated with the inability of a third party to fulfil its payment obligations. The Company is exposed to the risk that third parties that owe money or securities in connection with services provided, or for other purposes, will default on their underlying obligations.

Prior to accepting any service engagement or providing any loan, the Company assesses future recoverability by examining the entities' financial conditions, properties and assets, business development activities and management. The Company manages its exposure to credit risk by reviewing the outstanding balances on an ongoing basis, monitoring the amount attributable to each counterparty and the length of time taken for amounts to be settled. Where necessary, management takes appropriate action to follow up on those balances considered overdue.

Liquidity risk

Liquidity risk is the risk that the Company will have insufficient cash resources to meet its financial obligations as they become due. The Company's liquidity and operating results may be adversely affected if the Company does not have access to the capital markets, whether as a result of a downturn in general market conditions or related to matters specific to the Company, or if the value of the Company's investments decline, resulting in lower proceeds and/or losses on disposition. The Company generates cash flows primarily from the disposition of its investments and from its financing activities.

The Company's investments focus on early-stage companies which can at times be relatively illiquid and if the Company decides to dispose of certain securities, it may not be able to do so at favorable prices at that time, or at all. However, the Company has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions such that, in the absence of overall market disruptions or exceptional circumstances, liquidity risk can be minimized.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Company's investments are primarily concentrated in early-stage companies, which results in exposure to higher volatility than broader market investments and indexes. The Company's investments are accounted for at fair value and are sensitive to changes in market bid prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. A 10% change in the fair values of the Company's investments at December 31, 2019 would have a $48,000 (2018- $470,000) impact on operations.

Concentration risk

The Company is subject to concentration risk due to the nature of the Company's operations as an investment company and the number of investments held in the portfolio which consists primarily of early stage companies and their related technologies. As a result, the investment portfolio is directly exposed to the risks associated with companies operating in these industry sectors.

As at December 31, 2019, approximately 95% (2018 - 87%) of the fair value of the Company's investment portfolio consisted of investments in two companies with the largest single investment comprising 56% (2018-77%) of the total portfolio value.

9. MANAGEMENT OF CAPITAL

The Company considers its common shares and options to comprise its capital.

The Company's objectives when managing capital are:

(a) To ensure that the Company maintains the level of capital necessary to meet its operational requirements;
(b) To allow the Company to respond to changes in economic and/or marketplace conditions by maintaining its ability to purchase new investments;
(c) To create sustained growth in shareholder value by increasing shareholders' equity and minimizing shareholder dilution; and
(d) To maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to meet its objectives, in order of preference, by:

(a) Realizing proceeds from the disposition of investments and provision of corporate services; and
(b) Raising funds through equity financings.

The Company is not subject to any externally imposed capital requirements. Management monitors the Company's capital to ensure capital resources will be sufficient to discharge its liabilities on an ongoing basis.

(EXPRESSED IN CANADIAN DOLLARS)

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	Year Ended December 31 2019 $	2018 $
Net loss for the year	(13,018,000)	(7,347,543)
Expected income tax expense (recovery)	(3,515,000)	(1,984,000)
Change in unrecognized temporary differences	478,000	1,617,000
Impairment, equity-settled compensation and other	3,037,000	367,000
Total income tax expense (recovery)	-	-

The significant components of the Company's unrecorded non-tax effected deferred tax assets are as follows:

	Year Ended December 31h 2019 $	2018 $
Deferred tax assets		
Canadian non-capital losses available for future periods	49, 519,000	47,588,000
Equipment	3,000	3,000
Share issue costs	313,000	469,000
Allowable capital losses	438,000	438,000
Total unrecognized deferred tax assets	50,273,000	48,498,000

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	Year Ended December 31 2019 $	2018 $
Temporary differences		
Canadian non-capital losses available for future periods	2029-2039	2029-2039
Equipment	No expiry date	No expiry date
Share issue costs	2038-2041	2038-2041
Allowable capital losses	No expiry date	No expiry date

11. SUBSEQUENT EVENTS

Post-share consolidation trading

On March 13, 2020, the Company's shares began trading on a post-share consolidation basis on the Canadian Securities Exchange.

COVID-19

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. The impact on the Company is not currently determinable but management continues to monitor the situation.

11. SUBSEQUENT EVENTS (continued)

Private placement

On April 9, 2020, the Company completed a non-brokered private placement of 25,000,000 units (the "Units" and each individually, a "Unit") for gross proceeds of $2,500,000 (the "Offering"). Each Unit is comprised of one common share of the Company at a price of $0.10 per common share and one-half of one common share purchase warrant at a price of $0.20. Each whole warrant will be exercisable for a period of 24 months from the closing of the Offering. In connection with the private placement, the Company incurred $194,425 in transaction costs and issued 1,944,250 finder warrants to arm's length individuals. Each finder warrant will be exercisable for a period of 24 months at a price of $0.10.

Acquisition of ViralClear Rapid Test Corp.

On April 15, 2020, the Company entered into a share purchase agreement to acquire all of the issued and outstanding common shares of ViralClear Rapid Test Corp d/b/a/ ViraxClear ("ViralClear"). On April 17, 2020, The Company issued 24,000,000 common shares of the Company with a fair value of $30,000,000 to the holders of ViralClear common shares. On April 22, 2020, the Company issued 2,400,000 common shares of the Company to an arm's-length party in connection with the acquisition of ViralClear.

At closing, the ViralClear option holders exchanged their outstanding ViralClear options (the "ViralClear Options") for replacement Global Care Capital options (each a "Global Care Capital Option"). Each ViralClear Option exchanged for a Global Care Capital Option on a 1:1 basis for 2,900,000 Global Care Capital Options. 2,400,000 Global Care Capital Options have an exercise price of $0.50 per share until April 15, 2022; and 500,000 Global Care Capital Options have an exercise price of $0.20 per Global Care Capital common share until April 15, 2022. On April 22, 2020, 250,000 options with an exercise price of $0.50 were exercised.

Grant and Expiry of Stock Options

On April 9, 2020, the Company granted 2,299,463 share options with an exercise price of $0.66 per share expiring on April 9, 2022 to certain officers, directors and consultants of the Company.

On April 13, 2020, 8,000 options with exercise price of $5.50 expired without exercise.

Acquisition of High Standard Health Care Ltd. common shares

On June 5, 2020, the Company acquired 70% of the issued and outstanding common shares of High Standard Health Care Ltd. ("High Standard"), pursuant to a Share Purchase Agreement dated May 29, 2020 (the "Transaction").

On June 5, 2020, the Company issued of 27,000,000 common shares to High Standard shareholders with a fair market value of $6,885,000 and 3,000,000 common share purchase warrants in consideration for the Transaction. Each warrant permits the holder to acquire one common share of the Company at a price of $0.375 until June 5, 2021.

11. SUBSEQUENT EVENTS (continued)

Acquisition of High Standard Health Care Ltd. common shares (continued)

In addition, the Company will pay $5,000,000 cash or issue common shares ("Performance Shares") at the discretion of the Company at the time a Milestone Target is met for every $14,300,000 in gross revenue generated by High Standard effective upon High Standard reaching $21,430,000 in revenue ("Milestone Targets") up to a maximum of $286,000,000 in gross revenue or 20 Milestone Targets on or before May 31, 2025 for total value of up to $100,000,000 if all Milestone Targets are achieved. The Company may issue up to 26,500,000 Payment Shares in satisfaction of met Milestone Targets.

On June 5, 2020, the Company granted 1,000,000 share options to an officer of High Standard exercisable at a price of $0.285 per share until June 5, 2025 as consideration for the acquisition of High Standard.