

**PRIME BLOCKCHAIN INC.**  
**(formerly Investissements TSPL Inc.)**  
**Management Discussion and Analysis**  
**For the period ending on May 31, 2020**

**Introduction**

The purpose of this MD&A is to help readers understand and evaluate trends and material changes related to Prime Blockchain Inc.'s (formerly Investissements TSPL Inc.) results of operations and financial position ("Prime" or the "Corporation") for the quarters ended May 31, 2020 and May 31, 2019. This report should be read in conjunction with the Unaudited Condensed Interim Financial Statements for these periods and the notes thereto. The Notes referred to in this MD&A address the Notes in the Unaudited Condensed Interim Financial Statements. The Unaudited Condensed Interim Financial Statements are presented in compliance with the IAS 34 Standards "Quarterly Financial Information" which calls for critical accounting estimates. They also demand of management the exercise of its judgement in the application of the accounting methods used by Prime Blockchain Inc. Note 4 of the Financial Statements outlines the particularly complex areas where such judgement is required as well as the hypotheses and estimates where such hypotheses and estimates have a major effect on the Consolidated Financial Statements.

For more information, please visit the SEDAR web site at [www.sedar.com](http://www.sedar.com).

The Financial Statements were not adjusted for the accounting value of Assets and Liabilities, Revenues and Expenses and to the classification used in the preparation of the Cash Flow Statement under the hypothesis of the Corporation's ability to continue as a going concern. These adjustments could be significant.

The financial information presented in this MD&A has been prepared in compliance with International Financial Reporting Standards (IFRS), and amounts are expressed in Canadian dollars, unless otherwise indicated.

In this MD&A, the terms "Officers" and "Management" include Directors, Officers, the Chief Executive Officer and the Chief Financial Officer.

The Condensed Interim Financial Statements of May 31, 2020, were prepared by management and were not audited by the Corporation's auditors Mallette s.e.n.c.r.l.

**Forward-looking information**

The reporting structure reflects how the Officers manage the Corporation and classifies the Corporation's activities for the purpose of planning and evaluating performance. This MD&A includes statements about the Corporation's objectives, strategies, financial condition, results of operations and activities. These statements are considered "forward looking" because they are based on management's current expectations regarding the Corporation's operations, the markets in which the Corporation operates, and various estimates and assumptions.

These forward-looking statements describe Management's expectations as of July 30, 2020.

-The actual results of the Corporation could differ materially from Management's expectations if known or unknown risks affect the Corporation's business, or if the estimates or assumptions prove to be incorrect. Consequently, Management cannot guarantee that any of its forward-looking statements will be realized.

-Forward-looking statements do not account for the effect that transactions or non-recurring items announced or occurring after the preparation of the financial statements may have on the Corporation's business.

-Management does not intend, nor does it undertake to update, any of the forward-looking statements, except as required by law, even if new information comes to its attention or knowledge as a result of future events or for any other reason.

-Risks that could cause actual results to differ materially from management's current expectations are discussed in Section 10, "Risks and Uncertainties".

## **1. ACTIVITIES AND CONTINUITY OF OPERATION**

The Corporation is a Québec-based corporation that was duly incorporated on January 13, 2004, under the Canada Business Corporations Act (CBCA) and is located in Verdun, QC. The Corporation has no commercial activities but is busy investigating acquisition possibilities, so it can become active commercially. The Corporation's name has been changed to Prime Blockchain Inc.

The financial statements of the Corporation have been prepared according to the accounting principles that apply to an operating business. This assumes that the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and pay its debts in the normal course of business. The Corporation incurred a net loss of \$241,338 during the period ended May 31, 2020 (2019 - \$305,994), accumulated a significant deficit as at this date and generated negative cash flows from operating activities. The Corporation has capital requirements, notably for the payment of its operating debts. In this regard, the Corporation issued shares in settlement of operating debts, and for notes and interest payable during the year. Since the year-end it issued shares to pay its operating debts and no notes were issued. The Corporation is seeking additional financing to carry out its future projects and the Corporation's ability to continue as a going concern depends on completing such financing in a timely and satisfactory manner. The financial statements of the Corporation have not been restated if the going concern assumption were unfounded. Management believes that the actions it has taken or plans to take will mitigate the effect of the conditions and facts that cast doubt on the soundness of this assumption.

In late 2012, the Corporation had failed to comply with legal requirements regarding the filing of its financial statements, Management Discussions and Analysis and annual certificates. Consequently, on January 23, 2013, the "Autorité des Marchés financiers" (the "AMF") issued a Cease Trade Order ("CTO") against the Corporation, its securityholders, all brokers and their representatives, as well as any other person, from any activity related to trading in Corporation's securities. In addition, in September 2016, the Corporation's shares were delisted from the NEX market due to non-payment of maintenance fees.

Serge Beausoleil, a shareholder of the Corporation since 2012, undertook in the fall of 2016 to reactivate the Corporation with the consent of the Board of Directors. To this end, he mandated Mallette S.E.N.C.R.L. to prepare the various audited financial statements required and to ask for a revocation of the CTO by the regulatory authorities. Mr. Beausoleil then hired the law firm of Stein Monast S.E.N.C.R.L. so that an application for the revocation of the CTO be filed with the regulators. Mr. Beausoleil and about fifteen people, all Accredited Investors ("Lenders"), advanced to the Corporation the sums required to obtain the lifting of the CTO and to finance the maintenance of its activities.

The CTO was lifted on August 2, 2017 subject to one condition. TSPL was required to hold a general meeting of shareholders, within 90 days of the revocation of the CTO, to elect a new board of directors, which was held in late October 2017.

During the year ended August 31, 2019, the Corporation completed the following private placements:

- (i) On November 20, 2018, the Corporation completed a private placement by issuing 2,100,000 common share units, at \$0.05, for an amount of \$105,000. Each unit consisted in one share and one warrant, each warrant giving the holder the right to acquire an additional share at a price of \$0.20. per share for a period of two years. The shares had a value of \$86,066 and the warrants a value of \$18,934. The Corporation also issued 254,978 shares as payment for operating expenses at a value of \$25,498.
- (ii) On January 14, 2019, the Corporation completed a private placement by issuing 650,000 common share units, at \$0.05, for an amount of \$32,500. Each unit consisted in one share and one warrant, each warrant giving the holder the right to acquire an additional share at a price of \$0.20. per share for a period of two years. The shares had a value of \$26,639 and the warrants a value of \$5,861. The Corporation also issued 94,752 shares as payment for operating expenses at a value of \$9,475
- (iii) On March 18, 2019, the Corporation completed a private placement by issuing 1,700,000 common share units, at \$0.05, for an amount of \$85,000. Each unit consisted in one share and one warrant, each warrant giving the holder the right to acquire an additional share at a price of \$0.20. per share for a period of two years. The shares had a value of \$69,672 and the warrants a value of \$15,328. The Corporation also issued 241,613 shares as payment for operating expenses at a value of \$10,569.
- (iv) On May 23, 2019, the Corporation completed a private placement by issuing 1,100,000 common share units, at \$0.05, for an amount of \$55,000. Each unit consisted in one share and one warrant, each warrant giving the holder the right to acquire an additional share at a price of \$0.20. per share for a period of two years. The shares had a value of \$45,082 and the warrants a value of \$9,918. The Corporation also issued 476,854 shares as payment for operating expenses at a value of \$23,843.
- (v) On August 20, 2019, the Corporation completed a private placement by issuing 1,300,000 common share units, at a price of \$0.04, for an amount of \$52,000. Each unit consisted in one share and one warrant, each warrant giving the holder the right to acquire an additional share at a price of \$0.20. per share for a period of five years. The shares had a value of \$34,666 and the warrants a value of \$17,334. The Corporation also issued 110,296 shares as payment for operating expenses at a value of \$5,515.

During the period ended May 31, 2020, the Corporation completed the following private placements:

- (v) On October 25, 2019, the Company completed a private placement by issuing 2,050,000 common share units for an amount of \$82,000. Each unit consisted in one share and one warrant, each warrant giving the holder the right to acquire an additional share at a price of \$0.20 per share for a period of five years. The shares had a value of \$54,667 and the warrants a value of \$27,333. The Company also issued 490,816 common shares as payment for operating expenses at a value of \$24,510.
- (vi) On December 23, 2019, the Company completed a private placement by issuing 1,650,000 common share units for an amount of \$66,000. Each unit consisted in one share and one warrant, each warrant giving the holder the right to acquire an additional share at a price of \$0.20 per share for a period of two years. The shares had a value of \$44,000 and the warrants a value of \$22,000. The Company also issued 292,386 common shares as payment for operating expenses at a value of \$14,619.
- (vi) On April 6, 2020, the Company completed a private placement by issuing 1,700,000 common share units for an amount of \$85,000. Each unit consisted in one share and one warrant, each warrant giving the holder the right to acquire an additional share at a price of \$0.20 per share for a period of two years. The shares had a value of \$58,130 and the warrants a value of \$26,870. The Company also issued 430,994 common shares as payment for operating expenses at a value of \$21,550.

## **COVID-19**

The Corporation does not have any ongoing operations. This situation does not impose a reduction in its operations or the need to rearrange operations based on the availability or non-availability of employees due to health issues and/or COVID-19.

The current COVID-19 pandemic and the effects this situation has had on the worldwide financial markets has added to the significant doubt to the Company's ability to continue as a going concern. This could render the Corporation's ability to seek and obtain financing, while it's still not listed, more difficult. To date, Prime Blockchain has been able to continue securing funding from its current group of investors. To meet its needs it is contacting investors by phone internet and other remote access methods and any interested party can exchange documents with the Corporation through contact-less methods that do not require face-to-face encounters. These methods are slower and slightly more expensive but as effective.

The current financial crisis has also slowed down the pace at which the proposed merger with RYAH/PotBotics is progressing. Ryah is actively seeking the required capital so it can meet the CSE Listing conditions but these discussions and negotiations are taking longer than anticipated.

## **2. FINANCIAL OVERVIEW**

Prime Blockchain incurred costs for its operations and continuation of the efforts to complete the CSE Listing Application and answer the questions from the CSE, during the quarter. It also continued to incur expenses as part of the continuing effort and obligations to complete the RTO with RYAH/PotBotics announced in late June 2019.

The Corporation's operations were partly financed via accounts payable. As a consequence of the Corporation not generating revenues and its limited access to the financial markets due to COVID-19 and the fact that its shares are not yet listed on an exchange some of the Corporation's service providers accept that part of their invoices be settled through the issuance of common shares. The Corporation also secured financing through private placement of common share units.

No amount was payable to a director at May 31, 2020 (\$1,281 - August 31, 2019).

Office expenses during the three-month period ended May 31, 2020, were \$2,422 vs \$2,468 in 2019, while for the nine-month period the expenses were \$4,387 vs \$3,106 in 2019. This increase came mainly from the purchase of office equipment, compared to no such purchase in the same period in 2019.

During the three-month period ended May 31, 2020, the Corporation incurred \$261 of Business Development Expenses vs \$7,010 for the same period in 2019 and for nine months \$12,215 vs \$17,987 in 2019. These expenses are mostly incurred to complete the RTO with RYAH/PotBotics and meet its obligations under the agreement. The lockdown instituted by various governments had as a consequence to slow down the pace at which RYAH\Potbotics and Prime could perform some of their operations, continue the activities related to the RTO as well as affect their ability to raise capital.

The Corporation does not have any employees. Any work done by the corporation is done through consultants. Consulting fees were incurred as part of the day-to-day management of its operations as well as hiring certain individuals for project specific purposes. As such it incurred \$14,720 in consulting fees, in the three-month period to May 31, 2020, compared to \$74,038 in 2019, when it was looking for projects or acquisition targets. This reduction of \$59, 318 in consulting fees was mostly the result of the Corporation temporarily ceasing to use consultants because of the Covid-19 crisis. For the nine-month period the amount paid was \$140,060 vs \$204,178 in 2019. This reduction was mostly due to a reduction in the number of consultants used by the Corporation due to the Covid-19 crisis. Some of the consulting fees are incurred as part of being a reporting issuer and the various activities and regulatory requirements related to that status. Some of these fees were paid to a related party which is discussed at length in the relevant portion of this MD&A.

During the three-month period ending on May 31, 2020, rent was \$0 vs \$9,000 in 2019. The 2019 amount was higher because an amount was paid during that period for unpaid back rent. For the nine-month period the rent was \$6,000 vs \$15,000 in 2019. While there was no change to the rental agreement the Corporation wanted to reduce its expenses and asked for forbearance of the rental payments. Once the situation related to Covid-19 is back to normal the rental situation will be addressed.

The Corporation incurred professional fees of \$1,544 compared to \$5,725 for the three-month period ending on May 31, 2020, vs. 2019. The main reason for this reduction was due to the Covid-19 situation which slowed down the Corporation's activities as well as the work being done leading up to the RTO

with Potbotics. For the nine-month period ending on May 31, 2020, these fees were \$45,353 vs \$53,631 in 2019. The reduction in costs is mainly due to the slowdown caused by the current health crisis.

Financial fees were \$23 vs \$204 in 2019, and \$260 for the nine-month period ending on May 31, 2020, vs \$599 in 2019 which are mainly due to the reduction in the Corporation's activities and the related bank fees. Issuer expenses were \$777 during the three-month period ending on May 31, 2020, vs \$5856 in 2019, while the same expenses for the nine-month period were \$13,623 vs \$11,493 in 2019. This difference is mostly due to the reduced corporate activities and the reduction in number and amounts of the completed financings.

### **3. SUMMARY OF RESULTS**

Years ended August 31	<b>2019</b>	2018	2017
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	-	-	-
Expenses	508 981	687 359	320 159
Gain on debt settlement	6 417	14 265	89 349
Loss resulting from the holding of an investment	-	27 909	
Net loss and comprehensive income	(502 564)	(701 003)	(230 810)
Basic and fully diluted net loss per share	(0.030)	(0.070)	(0.030)

The following table sets out selected unaudited financial information of the Company for the last eight quarters:

<b>In Dollars</b>	<b>May 31, 2020</b>	<b>Feb. 29, 2020</b>	<b>Nov. 30, 2019</b>	<b>Aug. 31, 2019</b>	<b>May 31, 2019</b>	<b>Feb. 28, 2019</b>	<b>Nov. 30, 2018</b>	<b>Aug. 31, 2018</b>
Gain on debt settlement	-	-	-	6 417	-	-	-	(4 323)
Revenue	-	-	-	-	-	-	-	-
Expenses	19 747	110 773	110 818	202 987	104 301	127 293	74 400	123 769
Loss resulting from the holding of an investment	-	-	-	-	-	-	-	(27 909)
Net loss	(19 747)	(110 773)	(110 818)	(196 570)	(104 301)	(127 293)	(74 400)	156 001
Basic loss per share	(0.001)	(0.005)	(0.050)	(0.030)	(0.006)	(0.008)	(0.005)	0.070

### **4. SUMMARY OF STATEMENTS OF FINANCIAL POSITION**

	<b><u>May 31, 2020</u></b>	<b><u>August 31, 2019</u></b>
Current assets	\$ 24,521	\$ 1,502
Total Assets	\$ 24,521	\$ 1,502
Current liabilities	\$ 81,585	\$ 110,347
Total Liabilities	\$ 81,585	\$ 110,347

## **5. SUMMARY OF CASH FLOWS**

<b>Period ended May 31,</b>	<b>2020</b>	<b>2019</b>
Operating Activities	(\$275,072)	\$(281,342)
Financing activities	\$273,679	\$281,649
Net increase (decrease) in cash	\$(1,393)	\$307

At May 31, 2020, Prime Blockchain Inc. had a negative working capital amounting to \$57,064 compared to a negative working capital amounting to \$108,845 at August 31, 2019.

## **6. SUMMARY OF SHAREHOLDERS' EQUITY**

	<b>July 30, 2020</b>	<b>May 31, 2020</b>	<b>August 31, 2019</b>	<b>August 31, 2018</b>
Number of shares outstanding	27,629,097	27,629,097	21,014,901	12,986,408
Stock options	4,500,000	4,500,000	3,900,000	1,845,000
Warrants	23,310,637	23,310,637	17,910,637	11,060,637

The Corporation had adopted a Stock Option Plan, in 2012, under which the Board of Directors could grant to the Directors, Officers, Employees and Consultants stock options that could be exercised for a period of up to five years from the date of grant. This plan came to an end and was replaced by a new plan that was adopted by the shareholders at the meeting on October 31, 2017.

One million eight hundred and forty-five thousand (1,845,000) options were granted in the 2018 giving the holders the right to acquire one Common Share per option at a price of \$0.10 per share. Two million fifty-five thousand (2,055,000) options were granted in June 2019 giving the holders the right to acquire one Common share per option at a price of \$0.10 per share. Six hundred thousand (600,000) options were granted in October 2019 giving the right to acquire one Common share per option at a price of \$0.10 per share. 1,200,000 options expire on January 3, 2023, 645,000 options expire on August 21, 2023 and 2,055,000 options expire May 23, 2024.

On June 10, 2019, the Board of Directors adopted a resolution by which the various warrants previously issued by the Corporation would benefit from a five (5) year exercise period during which they could be exercised instead of two (2) years as originally issued. This new period started on the date when they were originally issued and will end on the fifth anniversary from said date.

## **7. OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation is not party to any off-balance sheet commitments as at the date of this MD&A

## **8. RELATED PARTY TRANSACTIONS**

Related parties of the Corporation include the Corporation's key management personnel, as well as entities directly or indirectly controlled by key management personnel or entities where key management personnel are directors or officers.

The Corporation considers its directors and executives to be key management personnel. Key management personnel compensation for the years consisted of stock-based compensation and consulting fees, and are as follows:

	Period ended May 31,	
	2020	2019
Consulting fees*	70,000	90,000
Remuneration of directors – stock-based compensation	19,440	-
Office expense- rent	6,000	15,000
Total	\$ 95,440	\$ 105,000

\* Consulting fees for a director of the Corporation are paid to a separate management company controlled by this individual.

These transactions were carried out under terms equivalent to those prevailing in the case of arm's length transactions.

## **9. OUTLOOK**

As at May 31, 2020, accounts payable totaled \$81,585 (\$105,005 as at August 31, 2019) and no amount, payable to a director, without interest (\$1,281 as at August 31, 2019).

Management believes that the Corporation's cash position is insufficient to finance its operating activities.

The Corporation is expected to proceed with some advances and the issuance of equity units by way of private placement in order to complete its restructuring efforts.

## **10. RISKS AND UNCERTAINTIES**

In addition to the credit, liquidity and interest rate risks disclosed in the financial statements in Note 12 - "Financial Instruments", management presents, below, a non-exhaustive list of additional risk factors that a potential investor should take into account regarding the Corporation, namely:



1. The Corporation has limited operations and some assets. It does not have a history of generating revenues, it does not generate income and does not pay dividends.
2. An investment in the common shares of the Corporation is considered highly speculative given the current nature of its business and its current development stage.
3. The Corporation 's Management devotes only part of their time to its affairs and some of them are or will be engaged in other projects, companies or companies. As a result, conflicts of interest may arise from time to time.
4. The Management cannot offer guarantees that an active and liquid market for its common shares will develop. As a result, investors may find it difficult, if not impossible, to sell their common shares.
5. The Corporation's shares do not currently trade on a public market. Once trading in the common shares of the Corporation resumes it may be interrupted for various reasons, including the failure by the Corporation to submit documents to the regulators on a timely basis.

## **11. MAJOR ACCOUNTING METHODS AND ESTIMATES**

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the values of assets and liabilities and the presentation of contingent assets and liabilities as of the date of the financial statements. Similarly, income and expenses for the years presented are subject to estimates and assumptions. On a regular basis, the Corporation re-evaluates these estimates and assumptions, including those relating to the provision for credit losses, future income tax assets and certain accrued liabilities. It is therefore possible that actual results differ from these estimates.

Management bases its estimates and assumptions on past experiences and factors that are believed to be reasonable in the circumstances, which are the basis of our judgment of the carrying amount of assets and liabilities that are not apparent in any other way. Actual results may differ from these estimates.

There has been no material change in the accounting policies and estimates of the Corporation since May 31, 2019. A full description of the accounting policies is presented in the corresponding section 4 of the financial statements.

On September 1, 2018, the Corporation applied the following amendments:

### **IFRS 9 - Financial Instruments**

The Company has applied IFRS 9 - Financial Instruments to its fiscal year beginning September 1, 2018, which is the date of first application. IFRS 9 replaces the guidance of IAS 39 - Financial Instruments: Recognition and Measurement, related to the classification and measurement of financial assets and liabilities, impairment as well as the general requirements for hedge accounting. The Company has applied the provisions of IFRS 9 retrospectively. The Company has elected not to restate the financial information of the corresponding periods, as permitted by the standard. The

comparative financial statements are presented according to IAS 39 and, consequently, cannot be compared to the financial information for the year ended August 31, 2019. As a consequence of IFRS 9, amendments were made to IFRS 7 - Financial Instruments: Disclosures which require extensive disclosures, both quantitative and qualitative, arising from IFRS 9 which were also adopted by the Company for the fiscal year beginning September 1, 2018.

The adoption of IFRS 9 has resulted in changes in accounting methods for two main areas: classification and measurement and impairment. The new methods have been applied from September 1, 2018.

The adoption of IFRS 9 did not result in any adjustments in the measurement of financial assets and liabilities.

#### IFRS 15 - Revenue from Contracts with Customers

In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15 - Revenue from Contracts with Customers to replace IAS 18 - Revenue and IAS 11 - Construction Contracts. This new standard provides guidance on the method to be used and when to recognize revenue as per a unique model with the exception of leases, financial instruments and insurance contracts. This standard is retrospectively applicable from January 1, 2018. This new standard did not have any impact on the Company's financial statements.

#### IFRS 2 - Share-based Payment

In June 2016, the IASB issued an amendment to IFRS 2 - Share-based Payment to clarify the measurement for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. This amendment did not have any impact on the Company's financial statements.

#### **New standards and interpretations not yet effective**

The International Financial Reporting Interpretation Committee and IASB have published new standards whose application will be mandatory for fiscal years beginning after September 1, 2019 or subsequent years. Many of these new accounting policies do not apply to the Corporation, so they are not discussed below.

#### IFRS 9 - Financial Instruments

The IASB issued the document "Prepayment Features with Negative Compensation" (amendments to IFRS 9).

The amendments to IFRS 9, issued by the IASB in October 2017, clarify the fact that a negative compensation can be considered as a reasonable compensation, regardless of the cause of early termination. Financial assets that include prepayment features can be measured at amortized cost

or at fair value through other comprehensive income as long as they respect the relevant provisions of IFRS 9.

These amendments will be applicable to the fiscal years beginning on or after April 1, 2019. The Company has assessed that the application of these amendments to IFRS 9 did not have any impact on its financial statements.

#### IFRS 16 - Leases

This standard, issued in 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases. It provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. However, lessor accounting remains largely unchanged under IAS 17 - Leases and the distinction between operating and finance leases is retained. This standard will apply to fiscal years beginning on or after January 1, 2019. This standard did not have any significant impact on the Company's financial statements.

#### IFRIC 23 - Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23 - Uncertainty over Income Tax Treatments. IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12 - Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether a company considers each tax treatment independently or collectively, the assumptions a company makes about the examination of tax treatments by taxation authorities, how a company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how a company considers changes in facts and circumstances. This standard will apply to fiscal years beginning on or after January 1, 2019, with earlier adoption permitted. This standard did not have any significant impact on the Company's financial statements.

## **12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **Credit risk**

Credit risk is the risk of financial loss for the Corporation if a counterparty fails to meet its obligations. Credit risk on cash is limited as the contracting party is usually a financial institution with a high credit rating. The maximum credit risk is equal to cash.

### **Liquidity risk**

Liquidity risk is the risk that the Corporation will not be able to meet all its cash flow commitments at the appropriate time.

The Corporation monitors its liquidity, which enables it to seek additional liquidity in a timely manner as required. The necessary financing comes from equity capital financings that allow the Corporation to continue its activities.

As at May 31, 2020, the Corporation had current liabilities consisting of operating debts \$ 81,585 (August 31, 2019- \$ 110,347).

### **Fair Value**

The carrying amount of cash, accounts payable and of the amount payable to a director represents a reasonable estimate of their fair value due to the short-term maturities of these instruments.

Financial instruments measured at fair value are classified according to a hierarchy that reflects the importance of the inputs used in making the valuations. This hierarchy has three levels:

Level 1 - quoted prices (unadjusted) in active markets for similar assets or liabilities; cash is classified at this level.

Level 2 - Valuation based on observable market data for the asset or liability, either directly or indirectly.

Level 3 - Valuation based on inputs other than observable market inputs for the asset or liability.

During the period ended February May 31, 2020 and 2019, there were no movements between the different levels in the financial asset valuations.

### **13. SIGNIFICANT EVENTS**

On June 17, 2019, the Company concluded the negotiations with PotBotics/RYAH (RYAH) by signing a formal letter of intent. On March 31, 2020, the deadline of the formal letter of intent has been extended to May 31, 2020. The transaction was structured in the form of a reverse takeover of the Company by RYAH. The Company shall purchase all the shares and other securities of RYAH. The final transaction is subject to the reception of legal and fiscal guarantees as well as for securities. The transaction is also conditional upon the reception of a notice of conditional approval of the listing of the resulting company's shares on the Canadian Stock Exchange (CSE).

At the annual general and special meeting held on August 19, 2019, the following resolutions were adopted:

- Change the name of the Company
- Consolidate the Company's shares, as determined by the Board of Directors; and
- Create a new class of super-voting shares and amend the articles of the Company so that the common shares of the Company would be converted into subordinated voting shares with one vote per share.

As per the signed LOI with PotBotics these changes are to be implemented only upon the merger between the Companies and the listing of the shares being approved by the CSE. These changes are to be acted upon a decision of the current board of Directors of the Corporation.

### **13. SUBSEQUENT EVENTS**

**None**

### **14. OTHER INFORMATION**

Additional information about the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

*(s) Serge Beausoleil*

Serge Beausoleil  
Director and Chief Financial Officer  
July 30, 2020