RYAH GROUP, INC.

FORM 2A

LISTING STATEMENT

April 26, 2021

Cautionary Statement Regarding U.S. Cannabis Involvement

The Resulting Issuer indirectly derives a significant portion of its revenues from the cannabis industry in certain states of the U.S., including Washington and Maryland, which industry is illegal under U.S. federal law. The Resulting Issuer may be considered to have ancillary involvement in the cannabis industry by virtue of having entered into, or in the future entering into, agreements, whether directly or through its subsidiaries, with licenced producers as well as clinics, dispensaries, pharmacies and health institutions with involvement in the cannabis industry, for the distribution of the Resulting Issuer's or its subsidiaries' products in states where local state laws permit such activities. As of the date of this Listing Statement, the Resulting Issuer and its subsidiaries are not directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the recreational cannabis marketplace in either Canada or the U.S., nor are the Resulting Issuer and its subsidiaries directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the medical cannabis marketplace in Canada or the U.S. However, the Resulting Issuer estimates that approximately 45% of its balance sheet for the year ended 2019 relates to the cannabis industry. See "*Narrative Description of the Business*".

The cultivation, distribution, possession, and use of cannabis is illegal under U.S. federal law pursuant to the U.S. CSA. Under the U.S. CSA, cannabis is classified as a Schedule I controlled substance with a high potential for abuse and no currently accepted medical use, which cannot be safely prescribed. Consequently, a range of activities, including cultivation and the personal use of cannabis, are prohibited. The Supremacy Clause of the U.S. Constitution establishes that the U.S. Constitution and federal laws made pursuant to it are paramount, and in case of conflict between federal and state law, the federal law is paramount.

In August 2013, then Deputy Attorney General James Cole authored a memorandum (the "**Cole Memorandum**") which concluded that the U.S. Department of Justice should be focused on addressing only priority cannabis related conduct to enforce the U.S. CSA. States where medical cannabis had been legalized were not characterized as a priority. The enforcement priorities of the Cole Memorandum were reaffirmed, again, in a 2014 memorandum of the U.S. Department of Justice (the "**2014 Cole Memorandum**").

On January 4, 2018, then-U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys (the "**Sessions Memorandum**"), which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the U.S., including the Cole Memorandum and the 2014 Cole Memorandum. With the Cole Memorandum and the 2014 Cole Memorandum rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. If the U.S. Department of Justice pursues prosecutions, then the Resulting Issuer or its subsidiaries could face: (i) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the U.S. CSA for aiding and abetting and conspiring to violate the U.S. CSA by virtue of providing financial support, services, or goods to participants in the cannabis industry, including state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, (ii) restrictions on the entry of employees, directors, officers, managers and investors who are not U.S. citizens from entry into the U.S. for life, or (iii) suspension of its U.S. business.

Former U.S. Attorney General Jeff Sessions resigned on November 7, 2018 and was replaced by Matthew Whitaker as interim Attorney General. On February 14, 2019, William Barr was sworn in as Attorney General. Mr. Barr resigned and was replaced by current U.S. Attorney General Jeffrey A. Rosen, who was was sworn in as acting Attorney General on December 24, 2020. It is unclear what position Attorney General Rosen will take on the enforcement of U.S. federal laws with regard to the U.S. cannabis industry. There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions.

The U.S. Congress has introduced several proposed bills focused on the regulated cannabis industry, including the MORE Act and the *Secure and Fair Enforcement (SAFE) Banking Act of 2019* (the "**SAFE Banking Act**"). The Safe Banking Act was passed by the U.S. House of Representatives on September 25, 2019, but was never passed by the U.S. Senate. On March 18, 2021, a revised version of the SAFE Banking Act was reintroduced in the U.S. House of Representatives, and on March 23, 2021, a nearly identical bill was introduced in the U.S. Senate. On April 19, 2021, the U.S House of Representatives voted to approve the SAFE Banking Act. In order to become law, the SAFE Banking Act would need to be approved by the U.S. Senate and signed by President Joe Biden. As of the date of this Listing Statement, the timing of the U.S. Senate's consideration of the SAFE Banking Act is unclear. If it became law, the SAFE Banking Act would, among other things, provide protection from federal prosecution to banks and other financial institutions that provide financial services to state-licensed, compliant cannabis operators, which may include the provision of loans by financial institutions to such operators. The MORE Act was introduced by then U.S. Senator Kamala Harris and U.S. Representative Jerrold Nadler in July 2019, which, if passed, would have, among other things, remove cannabis as a Schedule I controlled substance under the U.S. CSA, eliminate criminal penalties for an individual who manufactures, distributes, or possesses marijuana, and make available U.S. Small Business Administration funding for regulated cannabis operators. On December 4, 2020, the U.S. House of Representatives voted to approve the MORE Act. On December 7, 2020, the U.S. Senate referred the MORE Act to the Senate Committee on Finance for review, but the MORE Act was never voted on by the U.S. Senate. In March 2021, U.S. Representative Jerrold Nadler announced that he plans to reintroduce the MORE Act before the U.S. House of Representatives, but as of the date of this Listing Statement, such bill has not yet been reintroduced. As a result, if the SAFE Banking Act is not passed, of which there can be no assurance, the Resulting Issuer will not have access to a U.S. banking system, and its business and operations could be adversely affected.

Unless and until the U.S. Congress amends the U.S. CSA with respect to medical and/or adult use cannabis (and there can be no assurance as to the timing or scope of any such potential amendments, if any), there is a significant risk that federal authorities may enforce current U.S. federal law. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Resulting Issuer's business, results of operations, financial condition and prospects would be materially adversely affected.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum and the 2014 Cole

Memorandum discussed above, on February 8, 2018 the Canadian Securities Administrators published Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* ("**Staff Notice 51-352**") setting out the Canadian Securities Administrators' disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis- related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers, such as the Resulting Issuer and its subsidiaries, that provide ancillary services to third parties involved in the U.S. cannabis industry.

Since 2014, the U.S. Congress has passed appropriations bills which included provisions to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law (currently the "**Leahy Amendment**", but also sometimes referred to as the Rohrabacher-Farr Amendment). On December 22, 2018, Congress failed to pass the 2019 *Fiscal Year Appropriations Bill*, including the Leahy Amendment, causing a shutdown of the U.S. federal government. Although certain "nonessential" governmental programs are stalled during a federal government shutdown, federal law enforcement and prosecution actions are exempted from furlough. This means that drug enforcement administration agents and U.S. federal prosecutors can operate without any restriction otherwise imposed by the spending bill regarding interference with the medical cannabis industry.

On December 20, 2019, the *Further Consolidated Appropriations Act, 2020* was passed, which authorizes appropriations to fund the operation of certain agencies in the U.S. federal government through September 30, 2020. Additionally, the U.S. House of Representatives has recently passed a federal appropriations bill for fiscal year 2021 that continues the limitation of federal prosecution, noting that funds from the bill cannot be used by the U.S. Department of Justice to prevent states from enacting "laws that authorize the use, distribution, possession, or cultivation of medical marijuana." However, it is uncertain that an appropriations bill will be enacted. As of the date of this Listing Statement, Congress has not completed action on appropriations for fiscal year 2021. However, there can be no assurance that the Leahy Amendment will be included in future appropriations bills or that there will not be a shutdown of the U.S. federal government in the future. In the event of any such occurrence, there can be no assurance that the U.S. federal government will not seek to prosecute cases involving medical cannabis business that are otherwise compliant with state law.

Despite the current state of the federal law and the U.S. CSA, several U.S. states (including states within which the Resulting Issuer might indirectly derive a significant portion of its revenues from) have legalized recreational adult use of cannabis. In addition, well over half of the states of the U.S. have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on THC, while other states have legalized and regulated the sale and use of medical cannabis with strict limits on the levels of THC. However, there can be no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local government authorities will not limit the applicability of state laws within their respective jurisdictions.

Notwithstanding the increasing legalization of medical and/or adult use cannabis at the state-level in the U.S., there are a number of significant risks associated with the business of the Resulting Issuer and its subsidiaries. Unless and until the U.S. Congress amends the U.S. CSA with respect to medical and/or adult use cannabis (and there can be no assurance as to the timing or scope of any such potential amendments, if any), there is a risk that federal authorities may enforce current U.S. federal law, and that the business of the Resulting Issuer or its subsidiaries may be deemed to be in violation of federal law in the U.S. For these reasons, the Resulting Issuer's operations in the U.S. cannabis market may subject the Resulting Issuer to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian and U.S. authorities. There are a number of risks associated with the business of the Resulting Issuer. See also "*Risk Factors – U.S. regulatory risks*.

In accordance with Staff Notice 51-352, please see the table of concordance under Section 4 – "*Narrative Description of the Business – Regulatory Overview*" in this Listing Statement, which is intended to assist readers in identifying those parts of this Listing Statement that address the disclosure expectations outlined in Staff Notice 51-352.

Cautionary Statement Regarding Forward-Looking Information

This Listing Statement and the documents incorporated into this Listing Statement contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as "**forward-looking statements**"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this Listing Statement or the dates of the documents incorporated herein, as applicable. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases, or stating that certain actions, events or results "may" or "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Resulting Issuer and its subsidiaries; statements relating to the business and future activities of the Resulting Issuer and its subsidiaries after the date of this Listing Statement; market position, ability to compete and future financial or operating performance of the Resulting Issuer and its subsidiaries after the date of this Listing Statement; statements based on the audited financial statements of the Resulting Issuer and the audited financial statements of Prime included as Schedules to this Listing Statement; anticipated developments in operations; the future demand for the products of the Resulting Issuer and its subsidiaries; the results of development of products and the timing thereof; the timing and amount of estimated capital expenditure in respect of the business of the Resulting Issuer; operating expenditures; success of marketing activities; estimated budgets; currency fluctuations; requirements for additional capital; government regulation; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; planned business activities and planned future acquisitions; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the management of the Resulting Issuer, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation those risks outlined in Section 17 of this Listing Statement. The list of risk factors set out in this Listing Statement is not exhaustive of the factors that may affect any forward-looking statements of the Resulting Issuer. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of

the matters set out or incorporated by reference in this Listing Statement generally and certain economic and business factors, some of which may be beyond the control of the Resulting Issuer. The Resulting Issuer does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the securityholders of the Resulting Issuer should not place undue reliance on forward-looking statements.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Resulting Issuer believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Resulting Issuer has not independently verified any of the data from third-party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

Except as otherwise indicated, the information provided herein is as of April 26, 2021.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

Unless otherwise indicated, in this Listing Statement, all references to "$" or "CDN" refer to Canadian dollars. For the purposes of this Listing Statement, the exchange rate applied for converting Canadian dollars into U.S. dollars, is CDN $1.289 = USD $1.00.

GLOSSARY OF TERMS

The following glossary of certain of the terms used in this Listing Statement is provided for ease of reference. In this Listing Statement, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

"**2014 Cole Memorandum**" has the meaning ascribed to it on page 2, *Cautionary Statement Regarding U.S. Cannabis Involvement*.

"**affiliate**" means a company that is affiliated with another company as described below.

A company is an "affiliate" of another company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A company is "controlled" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(a) a company controlled by that Person, or

(b) an affiliate of that Person or an affiliate of any company controlled by that Person.

"**associate**" when used to indicate a relationship with a Person, means

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the Person,

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person or company serves as trustee or in a similar capacity,

(d) in the case of a Person that is an individual, a relative of that Person, including

(i) that Person's spouse or child, or

(ii) any relative of the Person or of his spouse who has the same residence as that Person.

"**Board of the Resulting Issuer**" means the board of directors of the Resulting Issuer.

"**Canadian Agreement**" has the meaning ascribed to it in Section 3.1.

"**Cannabis Act**" means the *Cannabis Act* (Canada), Statutes of Canada 2018, c.16, Assented to 2018-06-21, Bill C-45, an *Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts.*

"**Cannabis Regulations**" means the *Cannabis Regulations* (Canada), enacted under the Cannabis Act.

"**CBCA**" means the *Canada Business Corporations Act*.

"**Cole Memorandum**" has the meaning ascribed to it on page 2, *Cautionary Statement Regarding U.S. Cannabis Involvement*.

"**Contribution Agreement**" has the meaning ascribed to it in Section 3.1.

"**COVID-19**" means the Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

"**CSE**" means the Canadian Securities Exchange.

"**DelleD**" has the meaning ascribed to it in Section 3.1.

"**Effective Date Financing**" has the meaning ascribed to it in Section 3.1.

"**Escrow Agreement**" has the meaning ascribed to it in Section 11.

"**European Agreement**" has the meaning ascribed to it in Section 3.1.

"**FPI Protective Restriction**" has the meaning ascribed to it in Section 10.

"**First Australian Agreement**" has the meaning ascribed to it in Section 3.1.

"**France Agreement**" has the meaning ascribed to it in Section 3.1.

"**Germany Agreement**" has the meaning ascribed to it in Section 3.1.

"**Green Revolution Entities**" means Telos 3 LLC, a Washington limited liability company, and LED Corp LLC, a Washington limited liability company.

"**industrial hemp**" means a variety of *Cannabis sativa* that has a THC concentration of 0.3% or less (weight by weight) in the flowering heads and leaves. Unless otherwise specified herein, "hemp" and "industrial hemp" are used interchangeably.

"**industry partners**" means healthcare providers, businesses, and other enterprises and participants within the plant-based medical industry involved in the manufacturing, packaging, marketing, sale, or distribution of one or more of the Resulting Issuer's (or its subsidiaries') product offerings, including, but not limited to, manufacturers, distributors, licenced producers, clinics, dispensaries, and pharmacies.

"**Insider**" if used in relation to an issuer, means:

(a) a director or senior officer of the issuer;

(b) a director or senior officer of the issuer that is an Insider or subsidiary of the issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or

(d) the issuer itself if it holds any of its own securities.

"**IoT**" means the internet of things.

"**Leahy Amendment**" has the meaning ascribed to it on page 4, *Cautionary Statement Regarding U.S. Cannabis Involvement*.

"**Letter Agreement**" means the letter agreement dated June 17, 2019 between Potbotics and Prime with respect to the Merger.

"**licenced producers**" means licenced producers of cannabis or industrial hemp.

"**License Agreement**" has the meaning ascribed to it in Section 3.1.

"**Listing Statement**" means this Form 2A Listing Statement.

"**Listing Date**" means the date on which the Subordinate Voting Shares are listed and posted for trading on the CSE.

"**MD&A**" means management's discussion and analysis.

"**MDE License**" has the meaning ascribed to it in Section 3.1.

"**MediCann**" has the meaning ascribed to it in Section 3.1.

"**Merger**" has the meaning ascribed to it in Section 2.4.

"**Merger Finder**" means Mr. Martin Tremblay.

"**Merger Agreement**" means the Agreement and Plan of Merger and Reorganization dated September 9, 2020, among Prime, Potbotics, and Merger Sub.

"**Merger Sub**" means Ryah Acquisition Corp., a Florida corporation incorporated as a

wholly-owned subsidiary of Prime for the purpose of completing the Merger.

"**MORE Act**" means the *Marijuana Opportunity Reinvestment and Expungement Act*.

"**NEO**" or "**named executive officer**" means each of the following individuals:

(a) an individual who acted as chief executive officer of a company, or acted in a similar capacity, for any part of the most recently completed financial year;

(b) an individual who acted as chief financial officer of a company, or acted in a similar capacity, for any part of the most recently completed financial year;

(c) the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000 for that financial year; and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of a company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

"**NGCI**" has the meaning ascribed to it in Section 3.1.

"**Northern Global**" has the meaning ascribed to it in Section 3.1.

"**Ontario Cannabis Act**" means the *Cannabis Act* (Ontario), Statutes of Ontario 2017, c. 26, Sched. 1, Assented to 2017-12-12, Bill 174, *Cannabis, Smoke-Free Ontario and Road Safety Statute Law Amendment Act, 2017*.

"**Person**" shall mean any individual, firm, partnership, limited partnership, limited liability company or partnership, association, trust, trustee, executor, administrator, legal or personal representative, government, governmental body, entity or authority, group, body corporate, corporation, unincorporated organization or association, syndicate, joint venture or any other entity, whether or not having legal personality, and any of the foregoing in any derivative, representative or fiduciary capacity and pronouns have a similar extended meaning.

"**plant-based medical industry**" refers to the industry comprised of healthcare providers, businesses, and other enterprises and participants engaged in providing medical and related services that incorporate, in whole or in part, one or more plants and herbs such as, but not limited to, eucalyptus, hops, chamomile, lavender, lemon, cannabis, balm, sage, thyme, and industrial hemp.

"**Potbotics**" means Potbotics Inc., a corporation existing under the laws of the State of Florida, as constituted prior to giving effect to the Merger.

"**Potbotics Board**" has the meaning ascribed to it in Section 13.1.

"**Potbotics Dashboard**" has the meaning ascribed to it in Section 4.1.

"**Potbotics Database**" has the meaning ascribed to it in Section 4.1.

"**Potbotics FinanceCo**" means Potbotics Financing Inc., an Ontario corporation incorporated as a wholly-owned subsidiary of Potbotics.

"**Potbotics Shares**" means the issued and outstanding common shares, no par value, in the capital of Potbotics.

"**Prime**" means Prime Blockchain Inc., a corporation existing under the federal laws of Canada, as constituted prior to giving effect to the Merger and the change in its corporate name to "RYAH Group, Inc.", and where the context so requires, includes its predecessors.

"**Prime Capital Structure Change**" has the meaning ascribed to it in Section 2.2.

"**Prime Options**" means the stock options of Prime entitling holders thereof to purchase Prime Shares.

"**Prime Shares**" means the issued and outstanding common shares in the capital of Prime, as constituted prior to the Prime Capital Structure Change.

"**Prime Subordinate Voting Shares**" means the issued and outstanding Prime Shares, as constituted following the Prime Capital Structure Change.

"**Prime Super Voting Shares**" means the issued and outstanding super voting shares in the capital of Prime, as constituted following the Prime Capital Structure Change.

"**Prime Warrants**" means warrants of Prime entitling the holders thereof to purchase Prime Shares.

"**Promoter**" has the meaning ascribed to it in the *Securities Act* (Ontario).

"**Resulting Issuer**" means Prime, as constituted after giving effect to the Merger and the change in the corporate name of Prime to "RYAH Group, Inc.", but where the context so requires, includes Prime as constituted prior to such time.

"**Resulting Issuer Finder Warrants**" means warrants of the Resulting Issuer entitling the holders thereof to purchase Subordinate Voting Shares.

"**Resulting Issuer Options**" means options to acquire Subordinate Voting Shares.

"**Resulting Issuer Shares**" means, collectively, the issued and outstanding Subordinate Voting Shares and Super Voting Shares.

"**Resulting Issuer Warrants**" means warrants of the Resulting Issuer entitling the holders thereof to acquire Subordinate Voting Shares.

"**RYAH Cartridges**" has the meaning ascribed to it in Section 3.1.

"**RYAH Dry Herb Inhaler**" has the meaning ascribed to it in Section 3.1.

"**Ryah Medtech**" means RYAH Medtech Inc., a Florida corporation and a wholly-owned subsidiary of Potbotics.

"**RYAH Partner Dashboard**" has the meaning ascribed to it in Section 4.1.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Second Australian Agreement**" has the meaning ascribed to it in Section 3.1.

"**Sessions Memorandum**" has the meaning ascribed to it on page 2, *Cautionary Statement Regarding U.S. Cannabis Involvement.*

"**Staff Notice 51-352**" has the meaning ascribed to it on page 3, *Cautionary Statement Regarding U.S. Cannabis Involvement*.

"**Stock Option Plan**" has the meaning ascribed to it in Section 9.

"**Subordinate Voting Shares**" means the issued and outstanding Prime Subordinate Voting Shares in the capital of the Resulting Issuer, as constituted following the Merger.

"**Super Voting Shares**" means the issued and outstanding Prime Super Voting Shares in the capital of the Resulting Issuer, as constituted following the Merger.

"**THC**" means delta-9-tetrahydrocannabinol.

"**Third Australian Agreement**" has the meaning ascribed to it in Section 3.1.

"**Top Up Financing**" means, collectively, the non-brokered private placements completed by Prime on September 14, 2020, December 1, 2020, January 14, 2021, and January, 25 2021, as described in Section 3.1.

"**TSXV**" means the TSX Venture Exchange.

"**UK Agreement**" has the meaning ascribed to it in Section 3.1.

"**UK Party**" has the meaning ascribed to it in Section 3.1.

"**Unit**" has the meaning ascribed to it in Section 2.4.

"**US$**" refers to U.S. dollars.

"**U.S. Congress**" means the Congress of the United States.

"**U.S. Constitution**" means the Constitution of the United States.

"**U.S. CSA**" means the *Controlled Substance Act of 1970*.

"**Washington Agreement**" has the meaning ascribed to it in Section 3.1.

1. Table of Contents

Glossary of Terms 8
1. Table Of Contents 15
2. Corporate Structure 16
3. General Development Of The Business 20
4 Narrative Description Of The Business 35
5. Selected Consolidated Financial Information 60
6. Management's Discussion And Analysis 63
7. Market For Securities 64
8. Consolidated Capitalization 64
9. Options To Purchase Securities 65
10. Description Of The Securities 67
11. Escrowed Securities 73
12. Principal Shareholders 73
13 Directors And Officers 74
14. Capitalization 81
15. Executive Compensation 84
16. Indebtedness Of Directors And Executive Officers 87
17. Risk Factors 88
18. Promoters 116
19. Legal Proceedings 116
20. Interest Of Management And Others In Material Transactions 117
21. Auditors, Transfer Agents And Registrars 117
22. Material Contracts 117
23 Interest Of Experts 118
24. Other Material Facts 118
25. Financial Statements 118

Schedule "A" - Unaudited Pro Forma Financial Statements
Schedule "B" - Audited Financial Statements of Prime
Schedule "C" - Audited Financial Statements of Potbotics
Schedule "D" - Annual MD&A of Prime
Schedule "E" - Annual MD&A of Potbotics
Schedule "F" - Interim Financial Statements of Potbotics
Schedule "G" - Interim MD&A of Potbotics
Schedule "H" - Interim Financials Statements of Prime
Schedule "I" - Interim MD&A of Prime

2. Corporate Structure

2.1 Corporate Name and Head and Registered Office

This Listing Statement has been prepared in connection with the Merger and proposed listing of the Subordinate Voting Shares on the CSE.

Prior to completion of the Merger, (i) the head and registered office of 68 34th Street Suite B421 Brooklyn NY 11232, care of a registered agent, (ii) the head and registered office of Prime was located at 101, rue de la Rotonde, bureau 2605, Verdun, Québec, H3E 0C8, and (iii) the head and registered office of Merger Sub was located at 1201 Hays Street, Tallahassee, FL 32301, in each case under the care of a registered agent.

The full corporate name of the Resulting Issuer is "RYAH Group, Inc." The head and registered office of the Resulting Issuer is located at 101, rue de la Rotonde, bureau 2605, Verdun, Québec, H3E 0C8, care of a registered agent. The Resulting Issuer is a reporting issuer in the Provinces of British Columbia, Alberta and Québec.

2.2 Jurisdiction of Incorporation

The Resulting Issuer was incorporated under the CBCA on January 13, 2004, under the name "Capital Beauport Inc." Other than as set out below, and other than a change of the Resulting Issuer's name on four prior occasions (on August 2, 2005, to "Capital 3429 Inc.", on September 28, 2006, to "IMS Experts-Conseils Inc." / "IMS Experts Consultants Inc.", on July 25, 2008, to "Investissements TSPL Inc.", and on February 15, 2018, to "Prime Blockchain Inc."), no material amendments have been made to the Resulting Issuer's articles or other constating documents since its incorporation.

On August 2, 2005, Prime completed a consolidation of the then outstanding shares on the basis of one (1) post-consolidation share for each two (2) pre-consolidation shares issued and outstanding.

On September 12, 2011, Prime completed a consolidation of the then outstanding shares on the basis of one (1) post-consolidation share for each five (5) pre-consolidation shares issued and outstanding.

On December 4, 2017, Prime completed a consolidation of the then outstanding Prime Shares on the basis of one (1) post-consolidation Prime Share for every twenty (20) pre-consolidation Prime Shares issued and outstanding.

On October 28, 2020, Prime filed articles of amendment to (A) amend the rights and restrictions of the existing class of Prime Shares and re-designate such class of shares as "Subordinate Voting Shares", and (B) create a new class of shares designated as "Super Voting Shares" ((A) and (B), together, the "**Prime Capital Structure Change**"). On October 28, 2020, Prime also filed articles of amendment to change its corporate name from "Prime Blockchain Inc." to "RYAH Group, Inc."

On April 21, 2021, Prime completed the Merger. Immediately prior to the Merger,

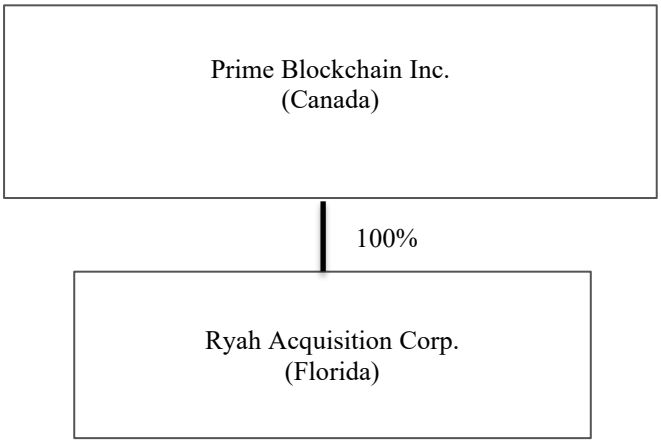
there were an aggregate of 162,000,000 Prime Subordinate Voting Shares and nil Prime Super Voting Shares issued and outstanding. Immediately following the Merger, and prior to conversion of an aggregate of 229,859 Super Voting Shares held by Canadian securityholders into Subordinate Voting Shares, there were an aggregate of 178,575,000 Subordinate Voting Shares and 3,149,878 Super Voting Shares issued and outstanding.

2.3 Inter-corporate Relationships

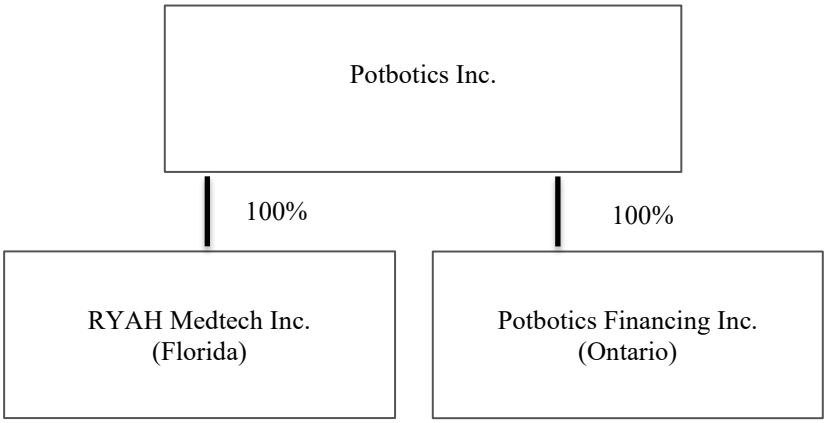
Potbotics, a wholly-owned subsidiary of the Resulting Issuer following the Merger, was formed under the *Florida Business Corporation Act* (codified at Florida Statutes, Chapter 607) on February 17, 2014.

Ryah Medtech, a wholly-owned subsidiary of Potbotics, was formed under the *Florida Business Corporation Act* (codified at Florida Statutes, Chapter 607), on July 17, 2018.

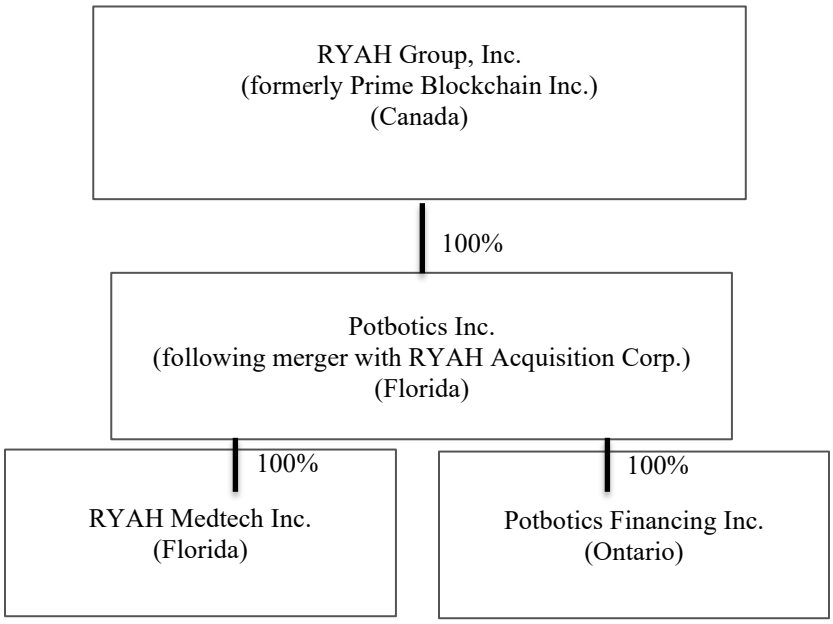
The following diagram presents the corporate structure of Prime, as constituted prior to completion of the Merger:



The following diagram presents the corporate structure of Potbotics, as constituted prior to completion of the Merger:



The Merger, which resulted in a reverse take-over of Prime by the shareholders of Potbotics, resulted in the following corporate structure:



2.4 Fundamental Change

On September 9, 2020, Prime, Merger Sub, a wholly-owned subsidiary of Prime, and Potbotics entered into the Merger Agreement. Pursuant to the terms of the Merger Agreement and in accordance with the provisions of the *Florida Business Corporations Act*, on April 21, 2021, Merger Sub merged with and into Potbotics (the "**Merger**"). As a result of the Merger, the separate corporate existence of Merger Sub ceased, and Potbotics continued as the surviving corporation and a wholly-owned subsidiary of Prime. Upon consummation of the Merger, (i) Prime filed articles of amendment with the Director under the CBCA to change its corporate

name to "RYAH Group, Inc.", (ii) each shareholder of Potbotics received 0.035 Super Voting Share for each Potbotics Share held, (iii) all unexercised Prime Warrants adjusted automatically in accordance with their terms such that, upon exercise, the Prime Warrants entitle the holders thereof to acquire Subordinate Voting Shares on substantially similar terms as such Prime Warrants, and (iv) all unexercised Prime Options adjusted automatically in accordance with their terms such that, upon exercise, the Prime Options entitle the holders thereof to acquire Subordinate Voting Shares on substantially similar terms as such Prime Options.

In connection with the Merger, and as consideration for the Merger Finder's assistance with the Merger and related transactions, the Resulting Issuer issued to the Merger Finder an aggregate of 15,000,000 Subordinate Voting Shares, representing 4.04% of the issued and outstanding Subordinate Voting Shares following the Merger (calculated on a fully diluted basis, following conversion of an aggregate of 229,859 Super Voting Shares held by Canadian securityholders into Subordinate Voting Shares).

Following the Merger, including the conversion of an aggregate of 229,859 Super Voting Shares held by Canadian securityholders into Subordinate Voting Shares, there are an aggregate of 201,576,818 Subordinate Voting Shares and approximately 2,920,019 Super Voting Shares issued and outstanding. Of these issued and outstanding Resulting Issuer Shares, (i) former shareholders of Potbotics hold 2,920,019 Super Voting Shares, representing 100% of the Super Voting Shares issued and outstanding, (ii) the original shareholders of Prime hold 34,789,098 Subordinate Voting Shares, representing approximately 17.26% of the issued and outstanding Subordinate Voting Shares, (iii) subscribers in the Effective Date Financing hold 2,000,000 Subordinate Voting Shares, representing approximately 0.99% of the issued and outstanding Subordinate Voting Shares, (iv) subscribers in the Additional Financing hold 77,226,843 Subordinate Voting Shares, representing approximately 38.31% of the issued and outstanding Subordinate Voting Shares, (v) subscribers in the Top Up Financing hold 48,000,000 Subordinate Voting Shares, representing approximately 23.81% of the issued and outstanding Subordinate Voting Shares, and (vi) the Merger Finder holds 15,000,000 Subordinate Voting Shares, representing approximately 7.44% of the issued and outstanding Subordinate Voting Shares, in each case on a non-diluted basis.

Following completion of the Merger, and as of the date of this Listing Statement, the Resulting Issuer owns, controls and directs 100% of the votes attaching to all voting securities of its only direct subsidiary, Potbotics, while Potbotics owns, controls and directs 100% of the votes attaching to all voting securities of the Resulting Issuer's indirect subsidiaries, RYAH Medtech and Potbotics FinanceCo.

The Resulting Issuer has applied to the CSE to list the Subordinate Voting Shares on the CSE under the trading symbol "RYAH"." The listing of the Subordinate Voting Shares on the CSE remains subject to the Resulting Issuer having obtained the approval of the CSE for the listing, and having satisfied all customary listing conditions of the CSE. The Merger and the Listing constitutes a fundamental change of the Resulting Issuer under CSE Policy 8 – "*Fundamental Changes and Changes of*

Business”.

2.5 Non-Corporate Issuers and Issuers Incorporated Outside of Canada

The Resulting Issuer is neither a non-corporate issuer nor an issuer incorporated outside of Canada.

3. General Development of the Business

3.1 General Development of the Business

Prime

Prime was incorporated on January 13, 2004 pursuant to the CBCA. Since its incorporation, Prime had been evaluating numerous business opportunities in order to become commercially active. However, Prime’s efforts did not result in the completion of any material transaction. Prior to completion of the Merger, Prime continued to have no commercial activities.

On March 15, 2018, Prime entered into an agreement to complete a merger with Gestion La Marino Inc. (“**GLM**”), a crypto-currency mining company located in Québec City, Québec, Canada. After a few months of cryptocurrency mining operations, the parties determined that certain operational targets set during negotiations were not being met, and as a result, negotiated the cancellation and reversal of the completed transaction. Consequently, all Prime Shares issued to certain individuals as part of the consideration to enter into the transaction were returned to Prime’s treasury and all the equipment and assets of GLM were returned to GLM.

On June 17, 2019, Prime entered into the Letter Agreement with Potbotics in connection with the Merger, and as of September 9, 2020, the parties entered into the Merger Agreement, which replaced the Letter Agreement.

Financing Activities of Prime

On March 18, 2019, Prime completed a non-brokered private placement by issuing 1,700,000 units of Prime, for gross proceeds of $85,000. Each unit consisted of one (1) Prime Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Share at an exercise price of $0.20 per Prime Share for a period of two years. In addition Prime issued 241,613 Prime Shares in settlement of certain operating expenses having an aggregate value of $10,569.

On May 23, 2019, Prime completed a non-brokered private placement by issuing 1,100,000 units of Prime, for gross proceeds of $55,000. Each unit consisted of one (1) Prime Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Share at an exercise price of $0.20 per Prime Share for a period of two years. In addition Prime issued 476,854 Prime Shares in settlement of certain operating expenses having an aggregate value of $23,843.

On August 20, 2019, Prime completed a non-brokered private placement by issuing 1,300,000 units of Prime, for gross proceeds of $52,000. Each unit consisted of one (1) Prime Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Share at an exercise price of $0.20 per Prime Share for a period of five years. In addition Prime issued 110,296 Prime Shares in settlement of certain operating expenses having an aggregate value of $5,515.

On October 2, 2019, Prime completed a non-brokered private placement by issuing 2,050,000 units of Prime, for gross proceeds of $82,000. Each unit consisted of one (1) Prime Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Share at an exercise price of $0.075 per Prime Share for a period of five years. In addition Prime issued 490,816 Prime Shares in settlement of certain operating expenses having an aggregate value of $24,510.

On December 23, 2019, Prime completed a non-brokered private placement by issuing 1,650,000 units of Prime, for gross proceeds of $66,000. Each unit consisted of one (1) Prime Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Share at an exercise price of $0.075 per Prime Share for a period of five years. In addition Prime issued 292,386 Prime Shares in settlement of certain operating expenses having an aggregate value of $14,619.30

On April 6, 2020, Prime completed a non-brokered private placement by issuing 2,125,000 units of Prime for gross proceeds of $85,000. Each unit consisted of one (1) Prime Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Share at an exercise price of $0.075 per Prime Share for a period of two years from the Listing Date. On April 6, 2020, Prime also issued an aggregate of 430,994 Prime Shares, having an aggregate value of $21,550 to an executive officer, in satisfaction of amounts payable for past services rendered for and on behalf of Prime.

On August 24, 2020, Prime completed a non-brokered private placement by issuing 1,755,000 units of Prime for gross proceeds of $70,200. Each unit consisted of one (1) Prime Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Share at an exercise price of $0.075 per Prime Share for a period of two years from the Listing Date. On August 24, 2020, Prime also issued an aggregate of 3,460,000 Prime Shares, having an aggregate value of $138,400 to executive officers, in satisfaction of amounts payable for past services rendered for and on behalf of Prime. Also, 1,545,000 share units were issued for an aggregate value of $61,800.

On September 14, 2020, Prime advanced an unsecured loan in the amount of $100,000 to Potbotics, evidenced by a promissory note issued to Potbotics dated September 14, 2020. Pursuant to the promissory note, the principal amount advanced bears interest at a rate of 6% per annum, with both the principal amount and interest thereon repayable on September 14, 2022.

On September 14, 2020, Prime also completed a non-brokered private placement by issuing 2,800,000 units of Prime for gross proceeds of $112,000. Each unit consisted of one (1) Prime Share and one (1) share purchase warrant, with each warrant entitling

the holder thereof to acquire one (1) Prime Share at an exercise price of $0.075 per Prime Share for a period of two years from the Listing Date.

On November 17, 2020, Prime advanced an unsecured loan in the amount of $400,000 to Potbotics, evidenced by a promissory note issued to Potbotics dated November 17, 2020. Pursuant to the promissory note, the principal amount advanced bears interest at a rate of 6% per annum, with both the principal amount and interest thereon repayable on November 17, 2022.

On December 1, 2020, Prime completed a non-brokered private placement by issuing 12,500,000 units of Prime for gross proceeds of $500,000, at a price of $0.04 per unit. Each unit consisted of one (1) Prime Subordinate Voting Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Subordinate Voting Share at an exercise price of $0.075 per Subordinate Voting Share for a period of two years from the Listing Date. In addition, Prime issued an aggregate of (i) 666,843 Prime Subordinate Voting Shares, having an aggregate value of $26,673.72 to an executive officer, in satisfaction of amounts payable for past services rendered for and on behalf of Prime, and (ii) 25,000 Prime Subordinate Voting Shares in order to rectify an error associated with an earlier issuance of securities by Prime.

On December 15, 2020, Prime completed a non-brokered private placement (the "**Additional Financing**") by issuing 48,000,000 units of Prime for gross proceeds of $1,920,000. Each unit consisted of one (1) Prime Subordinate Voting Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Subordinate Voting Share at an exercise price of $0.075 per Prime Subordinate Voting Share for a period of two years from the Listing Date.

On January 14, 2021, Prime completed a non-brokered private placement issuing an aggregate of 41,260,000 units of Prime for aggregate gross proceeds of $1,650,400. Each unit consisted of (1) Prime Subordinate Voting Share and (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Subordinate Voting Share at an exercise price of $0.075 per share for a period of two years from the date of issue. In addition, Prime issued an aggregate of 289,735 Prime Subordinate Voting Shares, having an aggregate value of $11,589.40 to an executive officer, in satisfaction of amounts payable for past services rendered for and on behalf of Prime.

On January 25, 2021, Prime completed a non-brokered private placement by issuing an aggregate of 20,000,000 share units of Prime for aggregate gross proceeds of $800,000. Each unit consisted of (1) Prime Subordinate Voting Share and (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Subordinate Voting Share at an exercise price of $0.075 per share for a period of two years from the date of issue. In addition, Prime issued an aggregate of 239,148 Prime Subordinate Voting Shares, having an aggregate value of $9,565.92 to an executive officer, in satisfaction of amounts payable for past services rendered for and on behalf of Prime.

On April 22, 2021, the Resulting Issuer completed a non-brokered private placement (the "**Effective Date Financing**") by issuing 2,000,000 units of the Resulting Issuer, for aggregate gross proceeds of $200,000. Each unit consisted of (1) Subordinate Voting Share and (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Subordinate Voting Share at an exercise price of $0.10 per share for a period of two years from the date of issue.

Potbotics

Introduction and Background

Potbotics was incorporated in the State of Florida under the *Florida Business Corporation Act* (codified at Florida Statutes, Chapter 607), on February 17, 2014 as a private company. Potbotics has its registered office 68 34th Street Suite B421 Brooklyn NY 11232. Potbotics began operations in 2015, and was engaged in the development and commercialization of various innovative technology solutions (both software and hardware) for the plant-based medical industry. Since its formation, Potbotics was focused on leveraging its know-how in predictive analytics to pioneer products to be used, within its suite of vertically-integrated technologies, to provide users with added control over their health and wellness.

Potbotics has leveraged the extensive research and technological knowledge of its former Executive Chairman, Dr. Boris Goldstein, and the business and entrepreneurial knowledge of its Chief Executive Officer, Gregory Wagner, to develop four principal products through Ryah Medtech, its wholly-owned subsidiary: (i) the RYAH Dry Herb Inhaler, (ii) the RYAH™ App, (iii) the RYAH Cartridges, and (iv) the PotBot™ App.

On December 19, 2017, Potbotics unveiled its first product, RYAH™ (the "**RYAH Dry Herb Inhaler**"), a smart, dose-measuring dry herb inhaler designed to provide users with added control over their vaping experience, with the goal of creating a consistent, reliable user experience every time. The RYAH Dry Herb Inhaler utilizes disposable, commercial-grade dry-herb cartridges ("**RYAH Cartridges**") designed to be used exclusively with the RYAH Dry Herb Inhaler, and provides users with the ability to manage the airflow and temperature, and set inhalation limits within each vaping session.

On September 26, 2018, Potbotics entered into a letter of intent with Express Capital Corp., to complete a business combination by way of a transaction that would have constituted a reverse takeover of Express Capital Corp. by Potbotics. However, the parties later agreed not to proceed with the proposed business combination, and on June 20, 2019, terminated the letter of intent.

On February 1, 2019, Potbotics entered into a contribution agreement (the "**Contribution Agreement**") with Ryah Medtech, pursuant to which Potbotics agreed to redirect to Ryah Medtech all of Potbotics' business relating to the RYAH Dry Herb Inhaler in exchange for one hundred (100) common shares of Ryah Medtech, making Ryah Medtech a wholly-owned subsidiary of Potbotics. Potbotics did not receive any consideration in connection with this restructuring.

On January 31, 2019, Ryah Medtech entered into a distribution agreement (the "**Washington Agreement**") with the Green Revolution Entities, which are independent third parties and/or producers and processor of cannabis, to launch the RYAH Dry Herb Inhaler and the RYAH Cartridges within the State of Washington. The Resulting Issuer is expected to (but there can be no guarantee that it will) introduce the RYAH Dry Herb Inhaler and the RYAH Cartridges to the plant-based medical market within the State of Washington as early as calendar Q2 2021, subject to market conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans) and the operations of the Green Revolution Entities. The RYAH Cartridges are anticipated to be available in one or more varieties, each having a different herbal content independently determined by the Green Revolution Entities. The Green Revolution Entities will choose the herbal content of, and fill, the RYAH Cartridges, without any involvement from the Resulting Issuer. In September 2019, Ryah Medtech re-entered into the Washington Agreement with the Green Revolution Entities in order to better reflect the commercial arrangement.

On April 25, 2019, Ryah Medtech filed an application with Health Canada for a medical device establishment licence ("**MDE License**"), which is required for Ryah Medtech to import into and sell in Canada the RYAH Cartridges. On May 31, 2019, Health Canada issued a MDE License (License #10337) to Ryah Medtech, for the RYAH Cartridges.

On May 21, 2019, Potbotics obtained a patent from the U.S. Patent and Trademark Office (Patent # 10,296,714 B2) to utilize artificial intelligence to analyze medical cannabis data. The patent paved the way for Potbotics to utilize artificial intelligence in its software platforms to better identify and understand correlations between plant strains and medical indications. See also Section 4.1 – "*Narrative Description of the Business, Intangible Properties".*

On June 17, 2019, Ryah Medtech entered into a product supply and distribution agreement (the "**Canadian Agreement**") with Northern Green Canada Inc. ("**NGCI**"), an independent third party and a private, federally licenced cannabis producer based in the Province of Ontario, to launch the RYAH Dry Herb Inhaler and the RYAH Cartridges in the Province of Ontario. The Canadian Agreement (i) grants to NGCI a non-exclusive right to sell the RYAH Dry Herb Inhaler and the RYAH Cartridges in the Province of Ontario, and (ii) requires NGCI to place an initial order for a minimum of 50 RYAH Dry Herb Inhalers and 4,900 RYAH Cartridges. Pursuant to the Canadian Agreement, Ryah Medtech will provide NGCI with manual or automatic filling machines designed to be used to fill the RYAH Cartridges. The Resulting Issuer is expected to (but there can be no guarantee that it will) introduce the RYAH Dry Herb Inhaler and the RYAH Cartridges to the plant-based medical market within Canada as early as calendar Q3 2021, subject to market conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans) and the operations of NGCI. The RYAH Cartridges are anticipated to be available in one or more varieties, each having a different herbal content independently determined by NGCI. NGCI will choose the herbal content of, and fill, the RYAH Cartridges, without any involvement from the Resulting Issuer.

On July 15, 2019, Ryah Medtech introduced the RYAH Dry Herb Inhaler and RYAH Cartridges in the State of Maryland through an informal pilot program conducted in partnership with Sweetspot, an independent third party medical cannabis dispensary located in the State of Maryland. During the period of the pilot program, the RYAH Cartridges were made available in two different varieties, each having a different herbal content. Sweetspot chose the herbal content of, and filled, the RYAH Cartridges, without any involvement from the Resulting Issuer. The pilot program was successfully concluded in September 2019. As of the date of this Listing Statement, the timing and the mechanics of an official launch of the RYAH Dry Herb Inhaler and RYAH Cartridges in the State of Maryland remains unclear and subject to various factors, including market and regulatory conditions, and the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans.

On September 19, 2019, Ryah Medtech entered into a product supply and distribution agreement (the "**First Australian Agreement**") with Cannatrek Medical Pty Ltd. ("**CMPL**"), an independent third party and a holder of certain cannabis cultivation, processing, and/or dispensary license(s) in Australia, to launch the RYAH Dry Herb Inhaler and the RYAH Cartridges in Australia. The First Australian Agreement (i) grants to CMPL a non-exclusive right to sell the RYAH Dry Herb Inhaler and the RYAH Cartridges within Australia, and (ii) requires CMPL to place an initial order for a minimum of 50 RYAH Dry Herb Inhalers and 4,900 RYAH Cartridges. Pursuant to the First Australian Agreement, the Resulting Issuer will provide CMPL with manual or automatic filling machines designed to be used to fill the RYAH Cartridges. The Resulting Issuer is expected to (but there can be no guarantee that it will) introduce the RYAH Dry Herb Inhaler and the RYAH Cartridges to the plant-based medical market within Australia as early as calendar Q3 2021, subject to market conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans) and the operations of CMPL. The RYAH Cartridges are anticipated to be available in one or more varieties, each having a different herbal content independently determined by CMPL. CMPL will choose the herbal content of, and fill, the RYAH Cartridges, without any involvement from the Resulting Issuer.

On October 15, 2019, Ryah Medtech entered into a product supply and distribution agreement (the "**UK Agreement**") with an independent third party pharmaceutical company (the "**UK Party**") based in the United Kingdom, to launch the RYAH Dry Herb Inhaler and the RYAH Cartridges in the United Kingdom. The UK Party is engaged in supplying certain cannabis and hemp vaporizable matter for both clinical research programs as well as to patients of a licensed distributor based in the United Kingdom pursuant to an arrangement with the distributor. The UK Agreement (i) grants to the UK Party an exclusive right to sell the RYAH Dry Herb Inhaler and the RYAH Cartridges within the United Kingdom, and (ii) requires the UK Party to meet certain minimum order requirements. In particular, the UK Agreement originally obliged the UK Party to place an initial minimum order for 5,300 RYAH Dry Herb Inhalers and 686,000 RYAH Cartridges during the period beginning on November 1, 2019 and ending on October 31, 2020, with the minimum order quantity increasing each year thereafter during the term of the UK Agreement. However, as a result of the uncertainty with respect to the immediate and eventual impact of COVID-19 on the Resulting Issuer's proposed business plans, Ryah Medtech and the UK Party have, as

of the date of this Listing Statement, amended the relevant period to the period beginning on November 1, 2020 and ending on October 31, 2021.

Pursuant to the UK Agreement, Ryah Medtech will provide the UK Party with manual or automatic filling machines designed to be used to fill the RYAH Cartridges. The Resulting Issuer is expected to (but there can be no guarantee that it will) introduce the RYAH Dry Herb Inhaler and the RYAH Cartridges to the plant-based medical market within the United Kingdom as early as calendar Q3 2021, subject to market conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans) and the operations of the UK Party. The RYAH Cartridges are anticipated to be available in one or more varieties, each having a different herbal content independently determined by the UK Party. The UK Party will choose the herbal content of, and fill, the RYAH Cartridges, without any involvement from the Resulting Issuer.

On October 18, 2019, Ryah Medtech entered into a product supply and distribution agreement (the "**Second Australian Agreement**") with an independent third party (the "**Second Australian Party**") and a holder of certain cultivation, processing and/or dispensary license(s) for medicinal cannabis plant/genetic materials and oils in Australia, to launch the RYAH Dry Herb Inhaler and the RYAH Cartridges in Australia. The Second Australian Agreement (i) grants to the Second Australian Party a non-exclusive right to sell the RYAH Dry Herb Inhaler and the RYAH Cartridges within Australia, and (ii) requires the Second Australian Party to place an initial order for a minimum of 50 RYAH Dry Herb Inhalers and 2,450 RYAH Cartridges. Pursuant to the Second Australian Agreement, Ryah Medtech will provide the Second Australian Party with manual or automatic filling machines designed to be used to fill the RYAH Cartridges. The Resulting Issuer is expected to (but there can be no guarantee that it will) introduce the RYAH Dry Herb Inhaler and the RYAH Cartridges to the plant-based medical market within Australia as early as calendar Q3 2021, subject to market conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans) and the operations of the Second Australian Party. The RYAH Cartridges are anticipated to be available in one or more varieties, each having a different herbal content independently determined by the Second Australian Party. The Second Australian Party will choose the herbal content of, and fill, the RYAH Cartridges, without any involvement from the Resulting Issuer.

On November 7, 2019 Potbotics' wholly-owned subsidiary, Potbotics FinanceCo, was incorporated in the Province of Ontario.

On November 25, 2019, Ryah Medtech received a "CE Mark" Certificate (Certificate # 1622 - RED – 194603) for the RYAH Dry Herb Inhaler, which is a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area. The Certificate was issued by an independent third party (a "**Notified Body**") based in Ottawa, Canada, and which has been designated by the European Union to evaluate whether a certain product complies with the relevant legislation in force. Receipt of the CE Mark for the RYAH Dry Herb Inhaler marks a key development in that it better positions the Resulting Issuer to consider, and if deemed advisable, expand into one or more European markets in the distant future. Although the expansion into Europe is not

expected to occur earlier than calendar Q3 2021, the actual timing of such expansion remains subject to various factors, including market and regulatory conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans), and there can be no guarantee that the Resulting Issuer will complete any such expansion into Europe. See also Section 3.1 – "*Introduction and Background*", for details pertaining to the Resulting Issuer's involvement in Europe as of the date of this Listing Statement.

On December 5, 2019, Potbotics announced that it has passed CE-RED NB and IEC 60601 medical device safety tests, for the RYAH Dry Herb Inhaler. IEC 60601 is a series of technical standards for the safety and essential performance of medical electrical equipment, published by the International Electrotechnical Commission. It is a widely accepted benchmark and compliance with IEC60601-1 has become a requirement for the commercialization of electrical medical equipment in various countries.

On January 31, 2020, Ryah Medtech entered into an informal, non-binding arrangement with DelleD SAS ("**DelleD**"), a biotech company specialized in medical cannabis in France, with an aim to participate in the French National Medical Cannabis Experimentation and ultimately, distribute the RYAH Dry-Herb Inhaler and software platform throughout France. The informal arrangement entails two sequential phases of collaboration. In Phase 1, DelleD is expected to submit a proposal to the Agence Nationale du Médicament et des Produits de Santé ("**ANSM**") for the provision of a comprehensive solution for the French National Medical Cannabis Experimentation study. As part of the proposal, Ryah Medtech is expected to provide ANSM with, among other things, RYAH Dry Herb Inhalers and certain data software solutions. As part of Phase 1, DelleD will choose the herbal content of, and fill, the RYAH Cartridges, without any involvement from the Resulting Issuer, and will be responsible for, among other things, determining quality control procedures and distribution capabilities in connection with the study. In Phase 2, Ryah Medtech and DelleD are expected to implement a long-term commercial strategy for France, with Ryah Medtech expected to engage DelleD to distribute the RYAH Dry Herb Inhalers within France. DelleD will choose the herbal content of, and fill, the RYAH Cartridges, without any involvement from the Resulting Issuer.

On March 3, 2021, Ryah Medtech and DelleD entered into a product supply and distribution agreement (the "**France Agreement**") in order to give effect to implement and give effect to the informal arrangement. The France Agreement has an initial term of two years, and is subject to automatic renewal for an additional one year term unless terminated in accordance with its terms. Among other things, the France Agreement (i) grants DelleD exclusive distribution rights within France, once Ryah Medtech has secured an European Union Medical Device Registration for the RYAH Dry Herb Inhaler during the term of the France Agreement, (ii) requires DelleD to retain Ryah Medtech to design, develop and maintain a custom, branded mobile application for use of the RYAH Dry Herb Inhalers and RYAH Cartridges within France, and (iii) does not require DelleD to place any initial orders for RYAH Dry Herb Inhalers or RYAH Cartridges. Pursuant to the France Agreement, Ryah Medtech will provide DelleD with manual or automatic filling machines designed to be used

to fill the RYAH Cartridges. The France Agreement may be terminated by Ryah Medtech (or rendered into a non-exclusive agreement) in the event that the parties are unsuccessful in the 2021 ANSM tender for at least 300 RYAH Dry Herb Inhalers, or in the event that DelleD fails to retain Ryah Medtech to develop the custom, branded mobile application, or satisfy its payment obligations in connection therewith.

In the event that Ryah Medtech secures an European Union Medical Device Registration for the RYAH Dry Herb Inhaler, the Resulting Issuer expects to (but there can be no guarantee that it will) introduce the RYAH Dry Herb Inhalers and the RYAH Cartridges to the plant-based medical market within France as early as calendar Q4 2021, subject to market conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans) and the operations of DelleD. The RYAH Cartridges are anticipated to be available in one or more varieties, each having a different herbal content independently determined by DelleD. DelleD will choose the herbal content of, and fill, the RYAH Cartridges, without any involvement from the Resulting Issuer.

On September 8, 2020, Ryah Medtech entered into a multi-country supply and distribution agreement (the "**European Agreement**") with Northern Green Global GmbH ("**Northern Global**"), to facilitate the commercial distribution, through Northern Global, of the RYAH Dry Herb Inhaler and data analytics platform together with Northern Global's plant-based medicine and GMP certifications throughout certain German speaking countries in Europe, including Germany, Switzerland, Austria, Luxemburg and Poland. The European Agreement, which has a term of three years, (i) grants Northern Global exclusive distribution rights within the specified countries, (ii) requires Northern Global to place an initial order for a minimum of 1,000 RYAH Dry Herb Inhalers and 1,000 RYAH Cartridges on or before March 1, 2022. Pursuant to the European Agreement, Ryah Medtech will provide Northern Global with manual or automatic filling machines designed to be used to fill the RYAH Cartridges. The Resulting Issuer is expected to (but there can be no guarantee that it will) introduce the RYAH Dry Herb Inhaler and the RYAH Cartridges to the plant-based medical market within one or more of Germany, Switzerland, Austria, Luxemburg and Poland as early as calendar Q3 2021, subject to market conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans) and the operations of Northern Global. The RYAH Cartridges are anticipated to be available in one or more varieties, each having a different herbal content independently determined by Northern Global. Northern Global will choose the herbal content of, and fill, the RYAH Cartridges, without any involvement from the Resulting Issuer.

On September 20, 2020, Ryah Medtech entered into a supply and distribution agreement (the "**Third Australian Agreement**") with MediCann Health Aust Pty Ltd. ("**MediCann**"), to facilitate the commercial distribution, through MediCann of the RYAH Dry Herb Inhaler and data analytics platform together in Australia.

The Third Australian Agreement, which has a term of three years, (i) grants MediCann non-exclusive distribution rights within Australia, (ii) requires MediCann to place an initial order for a minimum of 50 RYAH Dry Herb Inhalers and 2,352 RYAH Cartridges. Pursuant to the Third Australian Agreement, Ryah Medtech will provide MediCann with manual or automatic filling machines designed to be used to fill the RYAH Cartridges. The Resulting Issuer is expected to (but there can be no guarantee that it will) introduce the RYAH Dry Herb Inhaler and the RYAH Cartridges to the plant-based medical market within Australia as early as calendar Q3 2021, subject to market conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans) and the operations of MediCann. The RYAH Cartridges are anticipated to be available in one or more varieties, each having a different herbal content independently determined by MediCann. MediCann will choose the herbal content of, and fill, the RYAH Cartridges, without any involvement from the Resulting Issuer.

On March 10, 2021, Ryah Medtech entered into a supply and distribution agreement (the "**Germany Agreement**") with a third party distributor based in Germany (the "**German Distributor**"), to facilitate the commercial distribution, through the German Distributor of the RYAH Dry Herb Inhaler and and the RYAH Cartridges in Germany.

The Germany Agreement, which has a term of three years, grants the German Distributor non-exclusive distribution rights within Germany, and does not require the German Distributor to place any initial orders for RYAH Dry Herb Inhalers or RYAH Cartridges. Pursuant to the Germany Agreement, Ryah Medtech will provide the German Distributor with manual or automatic filling machines designed to be used to fill the RYAH Cartridges. The Resulting Issuer is expected to (but there can be no guarantee that it will) introduce the RYAH Dry Herb Inhaler and the RYAH Cartridges to the plant-based medical market within Germany as early as calendar Q3 2021, subject to market conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans) and the operations of the German Distributor. The RYAH Cartridges are anticipated to be available in one or more varieties, each having a different herbal content independently determined by the German Distributor. The German Distributor will choose the herbal content of, and fill, the RYAH Cartridges, without any involvement from the Resulting Issuer.

See also Section 4.1 – "*Narrative Description of the Business, General",* and Section 4.1 – *"Narrative Description of the Business, Intangible Properties".*

Financing Activities of Potbotics

Between November 9, 2018 and December 31, 2018, Potbotics completed a non-brokered private placement of 2,211,393 Potbotics Shares at a price of US$0.57 per Potbotics Share, for gross proceeds of US$1,658,544.75.

Between February 25, 2019 and October 1, 2019, Potbotics issued an aggregate of 811,378 Potbotics Shares at a price of US$0.57 per Potbotics Share, in settlement of

US$462,485.46 in debt incurred by Potbotics on account of past services provided to Potbotics.

Between July 25, 2019 and August 15, 2019, Potbotics issued an aggregate of 233,193 Potbotics Shares at a price of US$0.57 per Potbotics Share, in settlement of US$132,920.01 in debt incurred by Potbotics on account of past services provided to Potbotics.

On September 27, 2019, Potbotics issued an aggregate of 17,544 Potbotics Shares at a price of US$0.57 per Potbotics Share, in settlement of US$10,000.08 in debt incurred by Potbotics on account of past services provided to Potbotics.

Between July 25, 2019 and November 9, 2019, Potbotics issued (i) an aggregate of 2,865,186 Potbotics Shares at a price of US$0.57 per Potbotics Share, in settlement of certain disputed amounts in the amount of US$1,633,156.02, (ii) an aggregate of 132,456 Potbotics Shares at a price of US$0.57 per Potbotics Share, in settlement of US$ 75,499.92 in debt incurred by Potbotics on account of past services provided to Potbotics, and (iii) 158,000 Potbotics Shares pursuant to a non-brokered private placement, at a price of US$0.57 per Potbotics Share, for gross proceeds of US$90,060.

On November 15, 2019, Potbotics issued an aggregate of 4,900,000 Potbotics Shares at a price of US$0.57 per Potbotics Share, in settlement of certain disputed amounts in the amount of US$2,793,000.

On December 2, 2019, Potbotics also issued an aggregate of 180,000 Potbotics Shares at a price of US$0.57 per Potbotics Share, in settlement of certain debt incurred by Potbotics on account of past services provided to Potbotics, as well as certain disputed amounts, in the aggregate amount of US$102,600.

On January 1, 2020, Potbotics issued an aggregate of 450,000 Potbotics Shares, having an aggregate value of US$256,500, to the Chief Executive Officer of Potbotics, Gregory Wagner. The Potbotics Shares were issued pursuant to the terms of Mr. Wagners employment agreement with Potbotics, at price of US$0.57 per Potbotics Share.

Between December 13, 2019 and January 16, 2020, Potbotics issued an aggregate of 221,429 units of Potbotics, at a price of $0.35 per unit, for aggregate gross proceeds of $77,500. Each unit consisted of (1) Potbotics Share and one half (1/2) of a share purchase warrant of Potbotics, with each whole warrant entitling the holder thereof to acquire one (1) Potbotics Share at an exercise price of $0.10 per share for a period of two years from the date of issuance.

On February 24, 2020, Potbotics secured an unsecured loan in the amount of $25,000 from an independent third party, evidenced by a promissory note issued by Potbotics dated February 24, 2020. Pursuant to the promissory note, the principal amount bears interest at a rate of 6% per annum, with both the principal amount and interest thereon repayable on August 24, 2021.

On March 30, 2020, Potbotics issued a convertible promissory note to evidence an unsecured loan in the amount of US$100,000 secured by Potbotics from an independent third party. Pursuant to the convertible promissory note, the principal amount bears interest at a rate of 8% per annum, with the principal amount and interest thereon repayable on the earlier of the date on which Potbotics completes a "going public transaction", and March 30, 2022. The convertible promissory note entitles Potbotics or the holder thereof to convert the principal amount and interest thereon into Potbotics Shares on the maturity date thereof at a conversion price of US$0.4845. In accordance with the terms of the convertible promissory note, the principal amount and interest thereon, in the aggregate amount of US$108,000, automatically converted into an aggregate of 477,665 Potbotics Shares at a conversion price of US$0.4845 on April 21, 2021 immediately prior to the completion of the Merger.

On April 16, 2020, Potbotics and Ryah Medtech entered into a debt conversion agreement with a related party of Potbotics, in order to convert various historical loans and other liabilities of Potbotics and Ryah Medtech owing to the related party. Pursuant to the debt conversion agreement, Potbotics and Ryah Medtech converted an aggregate of US$750,000 in indebtedness, with Potbotics issuing an aggregate of 2,238,597 Potbotics Shares to the related party in settlement thereof.

3.2 Significant Acquisitions and Dispositions

No significant acquisitions or dispositions have been completed by Potbotics during the last three financial years and no significant acquisitions or dispositions are contemplated by the Resulting Issuer.

3.3 Trends, Commitments, Events or Uncertainties

Market Size and Opportunity

The market for vaporizers and accessories has been gaining international attention over the last few years. For example, according to Research and Markets, the global e-cigarette and vaporizer market is projected to grow at a 20.8% compound annual growth rate to $61.4 billion by 2025, with the cannabis industry being a major driver of growth in the industry.[1] Key drivers of this growth in the vaporizers and accessories market include the following:

- Health considerations: E-cigarettes and vaporizers are generally believed to release much less carcinogens than combustible methods of inhalation, although the research is limited and findings are not entirely consistent.

[1] Business Wire, "Global $61.4 Bn E-Cigarette and Vaporizer Market Analysis, Trends & Industry Forecast to 2025 - Research and Markets", October 24, 2017, online <https://www.businesswire.com/news/home/20171024005758/en/Global-61.4-Bn-E-Cigarette-Vaporizer-Market-Analysis>.

- Technological advances: Improved operating performance and portability of vaporizer units.

- Regulation: Decriminalization of previously controlled substances for medical and recreational use.

- Social acceptance: Leading media and entertainment personalities utilizing and endorsing products, making vaporizers and accessories more mainstream.

The Resulting Issuer recognizes that user consumption and preference trends vary, depending on the jurisdiction in question, the legislation enacted therein, and the market demand within such jurisdiction. However, the Resulting Issuer believes that the plant-based medical industry, as a whole, presents a sizeable market opportunity for its product offerings, which, unlike the product offerings of a large number of its competitors, is comprised of a mixed, yet vertically-integrated suite of both IoT devices and data-centric software.

The plant-based medical industry is fraught with fragmented, unstructured, incomplete and unorganized data, and in particular on the cannabis plant and its effects on a wide group of unique individuals. Given this, the Resulting Issuer believes that it is well-positioned to bridge the data intelligence gap in the plant-based medical market in Canada, the U.S., and internationally. Overall, the Resulting Issuer believes that the demand for products that combine IoT devices with innovative and smart predictive analytics (such as dose-measuring dry herb inhalers) and the demand for data and data intelligence generated therefrom for use within the plant-based medical industry, represents a significant market with steady revenue generating potential.

Regulatory Overview

On February 8, 2018, the Canadian Securities Administrators issued Staff Notice 51-352, which provides specific disclosure expectations for issuers that have U.S. cannabis-related activities. All issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents.

As described elsewhere in this Listing Statement, the Resulting Issuer may be considered to have ancillary involvement in the cannabis industry in certain states of the U.S. by virtue of having entered into, or in the future entering into, agreements, whether directly or through its subsidiaries, with certain industry partners that have involvement in the cannabis industry, for the distribution of the Resulting Issuer's or its subsidiaries' products in states where local state laws permit such activities. As such, in accordance with Staff Notice 51-352, the following is a table of concordance intended to assist readers in identifying those parts of this Listing Statement that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present All Material Facts, Risks and Uncertainties	Listing Statement Cross References
All Issuers with U.S. Cannabis- Related Activities	Describe the nature of the issuer's involvement in the U.S. cannabis industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	Section 3 - *General Development of the Business - Introduction and Background* Section 4 - *Narrative Description of the Business* • *Current Partnerships and Working Relationships* • *Regulatory Framework: United States*
	Prominently state that cannabis is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	Cover Page Section 17 – *Risk Factors* • *Cannabis remains illegal under U.S. federal law* • *Federal regulation of Cannabis in the U.S.*
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. cannabis-related activities.	Cover Page Section 17 – *Risk Factors* • *Cannabis remains illegal under U.S. federal law* • *Federal regulation of Cannabis in the U.S.*
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	Cover Page Section 17 – *Risk Factors* • *Cannabis remains illegal under U.S. federal law* • *Federal regulation of Cannabis in the U.S.* • *Risks inherent in the new cannabis industry* • *Money laundering laws* • *Lack of U.S. bankruptcy protections* • *Changes in Canadian cannabis laws* • *Reliance on Chinese manufacturers* • *U.S. tariffs* • *Relationships with wholesalers, retailers or manufacturers*
	Given the illegality of cannabis under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing	Section 17 – *Risk Factors* • *Limited Ability to Access Public and Private Capital* • *Additional Financing*

	options are / are not available in order to support continuing operations	
	Quantify the issuer's balance sheet and operating statement exposure to U.S. cannabis-related activities.	Cover Page The Resulting Issuer estimates that approximately 45% of its balance sheet for the year ended 2019 relates to the cannabis industry.
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	The Resulting Issuer has received legal advice from U.S. attorneys regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law. The Resulting Issuer and its U.S. counsel continue to monitor compliance on an ongoing basis.
U.S. Cannabis Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	N/A
	Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer's licence, business activities or operations.	N/A
U.S. Cannabis Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	N/A
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any noncompliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's licence, business activities or operations.	N/A
U.S. Cannabis Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	The Resulting Issuer takes commercially reasonable steps to ensure that all third parties with which the Resulting Issuer or its subsidiaries engage in business dealings with are in compliance with the applicable cannabis regulatory framework enacted by the applicable U.S. state. The Resulting Issuer believes that it is, and to the best of its knowledge, believes that each third

		party with which it has a working business relationship is, as of the date of this Listing Statement, in compliance with the applicable cannabis regulatory framework in the U.S. states in which it operates.

Trends and Uncertainties

In addition to the risk factors outlined in Section 17 – *Risk Factors*, the Resulting Issuer believes that the immediate and eventual impact of COVID-19 on the cannabis industry in Canada, the United States, and the other jurisdictions within which the Resulting Issuer intends to carry on its proposed business, as well as the Resulting Issuer, its proposed business and its financial condition and results of operations, remains as a significant uncertainty.

4 Narrative Description of the Business

4.1 General

Potbotics is a company operating out of New York, which is engaged in the development and commercialization of various innovative technology solutions (both software and hardware) for the plant-based medical industry. Since its formation, Potbotics has been focused on leveraging its know-how in predictive analytics to pioneer products to be used within its suite of vertically-integrated technologies, to provide users with added control over their health and wellness.

As an emerging company, Potbotics is striving to establish itself as a leader in delivering innovative, user-friendly IoT devices in the plant-based medical industry. By utilizing its know-how in fields such as artificial intelligence and predictive analytics, Potbotics is moving towards building a portfolio of vertically-integrated products that facilitate harmonized data collection throughout the complete medical plant lifecycle, from seed to consumption. In doing so, Potbotics' goal is to interpret and utilize the intelligence collected to provide technology solutions that will enable both users and enterprises to streamline processes along the seed-to-consumption cycle, from cultivation to prescription or selection of cannabis. Ultimately, its mission is to offer a suite of complementary products that combine IoT devices with innovative and smart predictive analytics (including analytics driven by artificial intelligence) to produce insightful, and value-added data intelligence for use within the plant-based medical industry. To this end, Potbotics continues to approach innovation with the goal of enabling growers, patients, doctors, and pharmaceutical enterprises, and other stakeholders in the plant-based medical industry to make informed decisions, generate real data intelligence, derive new medicines, and create more efficient prescription and dosing regimens.

Potbotics has leveraged the extensive research and technological knowledge of its former Executive Chairman, Dr. Boris Goldstein, and the business and entrepreneurial knowledge of its Chief Executive Officer, Gregory Wagner, to develop four principal products through Ryah Medtech, its wholly-owned subsidiary:

(i) the RYAH Dry Herb Inhaler, (ii) the RYAH™ App, (iii) the RYAH Cartridges, and (iv) the PotBot™ App.

The RYAH Dry Herb Inhaler, the RYAH Cartridges, and the RYAH™ App

Potbotics, through its wholly-owned subsidiary, Ryah Medtech, has developed the RYAH Dry Herb Inhaler, a smart, dose-measuring dry herb inhaler designed to provide users with added control over their vaping experience, with the goal of creating a consistent, reliable user experience every time.

The RYAH Dry Herb Inhaler uses RYAH Cartridges, which are disposable, commercial-grade dry-herb cartridges intended to be purchased and filled by industry partners such as licenced producers, clinics, dispensaries, pharmacies and health institutions. The RYAH Cartridges are designed to be used exclusively with the RYAH Dry Herb Inhaler, and contain a unique QR code, a type of matrix barcode, which allows the RYAH Cartridges to function with the RYAH Dry Herb Inhaler and facilitate the collection of data.

Ryah Medtech sells empty RYAH Cartridges to industry partners, who then fill the RYAH Cartridges with herbal content of their choosing and distribute the filled RYAH Cartridges to the market. Neither the Resulting Issuer nor Ryah Medtech (i) have any control or influence over the herbal content chosen by industry partners, (ii) are involved in the cartridge-filling process, and (iii) receive any revenues or other compensation from the ultimate distribution of filled RYAH Cartridges to the market. Rather, following the sale of empty RYAH Cartridges to industry partners, Ryah Medtech's involvement is limited to providing industry partners with (i) manual or automatic filling machines, designed to be used to fill the RYAH Cartridges, and (ii) software to analyse strain, demographic and consumption data.

As one of Potbotics' first IoT devices, the RYAH Dry Herb Inhaler pairs with its own mobile application, the RYAH™ App. Designed to place users in complete control of each vaping session, the RYAH™ App allows for real-time data collection and analysis. By tracking and identifying the plant strains and vaping conditions best suited to alleviate a specific medical symptom, the RYAH™ App enables both users and physicians who may use Potbotics products in a clinical setting to track usage and results in order to repeat a preferred vaping experience.

The PotBot™ App

Potbotics has also developed and introduced to the market the PotBot™ App, a personalized cannabis recommendation mobile application designed to help medical cannabis patients make informed choices about the various cannabis strains and consumption methods on the market. Using an interactive questionnaire, the PotBot™ App collects select data on patients, and subsequently utilizes a unique, artificial intelligence-driven algorithm to scour a large and growing database maintained by Potbotics and containing the latest peer-reviewed scientific research. By doing so, the PotBot™ App is able to provide targeted recommendations on the cannabis strains, cannabinoid levels, and consumption methods most suited to

alleviate a patient's medical condition.

Distribution and Scalability

Potbotics believes that the plant-based medical industry is fraught with fragmented, unstructured, incomplete and unorganized data on both the cannabis plant and its effects on a wide group of unique individuals. As a data-driven company striving to both deliver innovative and vertically integrated IoT devices and generate value-added data intelligence, Potbotics believes that it occupies a completive and advantageous position within the ever-expanding plant-based medical market. In particular, as several U.S. jurisdictions (for example, the States of Washington, Maryland, California, and Nevada) and several jurisdictions in Europe (for example, Australia, Denmark, Ireland, Netherlands, and the United Kingdom) continue to legalize the sale and distribution of products containing cannabis for medical applications, Potbotics believes that there will be increased market potential for its suite of IoT devices and data-centric software offerings in such jurisdictions. As such, Potbotics believes that it is well-positioned to bridge the data intelligence gap in the plant-based medical market in Canada and the U.S., as well as internationally.

The Resulting Issuer intends to use a variety of platforms and distribution channels to market its product offerings to end-users and other stakeholders within the plant-based medical industry. To date, Potbotics' distribution strategy has focused on leveraging the extensive professional networks of its former Executive Chairman, Dr. Boris Goldstein, and its Chief Executive Officer, Gregory Wagner, to build working partnerships with various dispensaries, licenced producers, and other industry participants within Canada and the U.S. See "*Current Partnerships and Working Relationships*". Through such partnerships, Potbotics has, and will continue to, distribute its product offerings to end-users and other industry participants.

Regardless of the manner in which the Resulting Issuer makes its product offerings available to end-users, the Resulting Issuer intends to utilize peer group education and marketing campaigns in order to increase product-awareness, and to develop and position its product offerings to effectively penetrate existing as well as new and emerging markets. To this end, the Resulting Issuer may also seek to associate its product offerings with highly regarded select industry partners in order to develop positive user perception and goodwill.

Corporate History

- February 17, 2014: Potbotics is incorporated in the State of Florida.

- December 19, 2017: Potbotics unveiled its first product, the RYAH Dry Herb Inhaler, a smart, dose-measuring dry herb inhaler designed to provide users with added control over their vaping experience.

- September 26, 2018: Potbotics entered into a letter of intent with Express Capital Corp. to complete a business combination, which was ultimately not completed.

- July 17, 2018: Potbotics' wholly-owned subsidiary, Ryah Medtech, was incorporated in the State of Florida.

- November 9, 2018 to December 31, 2018: Potbotics completed a non-brokered private placement, for gross proceeds of US$1,793,353. See *Section 3.1 – "General Development of the Business"*.

- February 1, 2019: Potbotics entered into the Contribution Agreement with Ryah Medtech, to redirect to Ryah Medtech all of Potbotics' business relating to the RYAH Dry Herb Inhaler in exchange for one hundred (100) common shares of Ryah Medtech, making Ryah Medtech a wholly-owned subsidiary of Potbotics.

- January 31, 2019: Ryah Medtech entered into the Washington Agreement with the Green Revolution Entities to launch the RYAH Dry Herb Inhaler within the State of Washington.

- May 21, 2019: Potbotics obtained a patent from the U.S. Patent and Trademark Office (Patent # 10,296,714 B2) to utilize artificial intelligence to analyze medical cannabis data.

- May 31, 2019: Ryah Medtech obtained a MDE License from Health Canada (License #10337) for the RYAH Cartridges.

- June 17, 2019: Potbotics and Prime entered into the Letter Agreement.

- June 17, 2019: Ryah Medtech entered into the Canadian Agreement with NGCI to launch the RYAH Dry Herb Inhaler and the RYAH Cartridges in the Province of Ontario.

- July 15, 2019: Ryah Medtech launched the RYAH Dry Herb Inhaler and RYAH Cartridges in the State of Maryland through Sweetspot, a medical cannabis dispensary located in the State of Maryland.

- November 7, 2019: Potbotics' wholly-owned subsidiary, Potbotics FinanceCo, was incorporated in the Province of Ontario.

- November 25, 2019: Ryah Medtech received a "CE Mark" Certificate (Certificate # 1622 - RED – 194603) for the RYAH Dry Herb Inhaler, marking a key development in Potbotics' plans to expand into Europe in the distant future. Although the expansion into Europe is not expected to occur earlier than calendar Q3 2021, the actual timing of such expansion remains subject to various factors, including market and regulatory conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans), and there can be no guarantee that the Resulting Issuer will complete any such expansion into Europe.

- January 31, 2020: Ryah Medtech entered into an informal, non-binding arrangement with DelleD, a biotech company specialized in medical cannabis in France, with an aim to participate in the French National Medical Cannabis Experimentation and ultimately, distribute the RYAH Dry Herb Inhaler and software platform throughout France.

- September 8, 2020: Ryah Medtech entered into the European Agreement with Northern Global, to facilitate the commercial distribution of the RYAH Dry Herb Inhaler and data analytics platform throughout certain German speaking countries in Europe, including Germany, Switzerland, Austria, Luxemburg and Poland.

- September 9, 2020: Potbotics entered into the Merger Agreement with Prime and Merger Sub with respect to the Merger, whereby Merger Sub will merge with and into Potbotics and shareholders of Potbotics will receive Super Voting Shares in exchange for their Potbotics Shares, resulting in the shareholders of Potbotics acquiring control of Prime by way of a reverse take-over.

- September 20, 2020: Ryah Medtech entered into the Third Australian Agreement with MediCann, to facilitate the commercial distribution of the RYAH Dry Herb Inhaler and data analytics platform in Australia.

- April 21, 2021: Potbotics completed the Merger.

Funds Available

The funds expected to be available to the Resulting Issuer are as follows:

Sources	Funds Available
Net Proceeds from Effective Date Financing	$200,000
Net Proceeds from Additional Financing[(1)]	$3,000,000
Net Proceeds from Top Up Financing	$1,920,000
Existing working capital (deficiency)[(2)]	$(2,203,315)
Total Funds Available	$2,916,685

Note:

1. Net proceeds raised from the Additional Financing, after deducting approximately $62,400 in financing costs.
2. Unaudited estimate as at April 26, 2021.

Business Objectives and Milestones

The business objectives and milestones of the Resulting Issuer over the next 12 months is to further develop the Resulting Issuer's business, within the U.S., Canada, the United Kingdom and Australia, and expand its current suite of products that combine IoT devices with innovative and smart predictive analytics. See Section 3.1 – "*General Development of the Business - Narrative Description of the Business, Intangible Properties".*

The Resulting Issuer has set the following milestones to achieve this objective:

Milestone	Target Date	Estimated Cost
Launch RYAH Dry Herb Inhaler within one or more of the following Provinces: • Alberta • British Columbia • Manitoba • New Brunswick • Nova Scotia • Ontario • Quebec	Q2 2021	$10,000[(1)]
Finalize Launch the Smart Transdermal Patch	Q2 2021	$50,000
Business Development Representative Compensation United States	Q2 2022	$70,000

Note:

1. All quarterly references refer to calendar quarters.
2. All costs associated with the distribution and introduction of the Resulting Issuer's product offering within a designated market are expected to be borne by the Resulting Issuer's industry partners, upon such terms as are independently determined by the applicable industry partner(s), and without any involvement of the Resulting Issuer.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary, including due to demands for shifting focus or investment in marketing and business development activities, requirements for accelerating, increasing, reducing, or eliminating initiatives in response to changes in market, regulations and/or developments in research and design, unexpected setbacks, and strategic opportunities, such as partnerships, strategic partners, joint ventures, mergers, acquisitions, and other opportunities. The Resulting Issuer has no other sources of funds and may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements and to meet its objectives, in which case the Resulting Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding required by the Resulting Issuer will be available if required.

Stage of Development of Principal Products

Current Product Offerings

As of the date of this Listing Statement, the Resulting Issuer's principal products and services are comprised of (i) the RYAH Dry Herb Inhaler, (ii) the RYAH™ App, (iii) the RYAH Cartridges, and (iv) the PotBot™ App, all of which were developed by leveraging the business and entrepreneurial knowledge of its Chief Executive Officer and Director, Gregory Wagner, and the extensive research and technological knowledge of its former Executive Chairman, Dr. Boris Goldstein. The Resulting Issuer's products are targeted towards the plant-based medical industry, and are intended to be accessible by both retail consumers as well as by patients and healthcare practitioners within clinical settings.

As of the date of this Listing Statement, the Resulting Issuer has introduced the following products to the market:

- *RYAH Dry Herb Inhaler:* A smart, dose-measuring dry herb inhaler designed to provide users with added control over their vaping experience, with the goal of creating a consistent, reliable user experience every time. The RYAH Dry Herb Inhaler is currently available in Maryland and Washington.

- *RYAH Cartridges:* Disposable, commercial-grade dry-herb cartridges designed for use with the RYAH Dry Herb Inhaler. Empty RYAH Cartridges are intended to be purchased and filled by industry partners, such as licensed producers, clinics, dispensaries, pharmacies and health institutions. RYAH Cartridges are currently available in Maryland and Washington.

- *RYAH™ App:* A mobile application designed to be used with the RYAH Dry Herb Inhaler, and intended to provide users with the ability to track and identify the plant strains and vaping conditions best suited to alleviate a specific medical symptom. The RYAH™ App is currently available through the App Store and Google Play, in the U.S. and Canada.

- *PotBot™ App:* A personalized cannabis recommendation mobile application designed to help medical cannabis patients make informed choices about the various cannabis strains and consumption methods on the market. The PotBot™ App also assists medical cannabis patients to gain physical access to supplies and practitioners by identifying nearby suppliers and practitioners. The PotBot™ App is currently available through the App Store and Google Play, in the U.S. and Canada.

a) The RYAH Dry Herb Inhaler and the RYAH™ App

The Resulting Issuer, through its indirect subsidiary, Ryah Medtech, developed the RYAH Dry Herb Inhaler, a smart, dose-measuring dry herb inhaler designed to provide users with added control over their vaping experience, with the goal of creating a consistent, reliable user experience every time. The RYAH Dry Herb Inhaler utilizes the RYAH Cartridges, and provides users with the ability to manage the airflow and temperature, and set inhalation limits within each vaping session. As one of the Resulting Issuer's first IoT devices, the RYAH Dry Herb Inhaler pairs seamlessly with its own mobile application, the RYAH™ App. Designed to place users in complete control of each vaping session, the RYAH™ App allows for real-time, state-of-the-art data collection and analysis, enabling both users and physicians to track usage and results in order to repeat a preferred vaping experience. Together with the RYAH Dry Herb Inhaler, the RYAH™ App is intended to provide users the ability to track and identify the plant strains and vaping conditions best suited to alleviate a specific medical symptom.

The Resulting Issuer, through Ryah Medtech, stores and integrates data collected through the RYAH™ App (such as, data on patient demographics, ailments, dosing, etc.) into its secure, big data cloud platform, in compliance with applicable privacy laws and prevailing industry-standards. The collected data is anonymized, aggregated and subsequently cross-referenced with the results associated with a particular vaping session in a process designed to enable Ryah Medtech's industry partner software platform (the "**RYAH Partner Dashboard**") to produce insightful, and value-added data intelligence for use within the plant-based medical industry.

The RYAH Partner Dashboard is a global user interface which provides industry partners with added insight into various parameters relating to the users who utilize RYAH Cartridges containing an industry partner's herbal products, including demographic data, cartridge data, session data, and data on the physical experiences of users. As of the date of this Listing Statement, the Resulting Issuer, through Ryah Medtech, shares the data intelligence generated through the RYAH Partner Dashboard with its select industry partners (i.e., licenced producers, clinics, dispensaries, pharmacies and health institutions who purchase and fill empty RYAH Cartridges with their own herbal products).

b) The PotBot™ App

The PotBot™ App is a personalized cannabis recommendation mobile application designed to help medical cannabis patients make informed choices about the various cannabis strains and consumption methods on the market. Using an interactive questionnaire, the PotBot™ App collects select data on patients, including data on demographics, patient location, ailment indications, and desired relief, all in compliance with applicable privacy laws and prevailing industry-standards. The PotBot™ App then utilizes a unique, artificial intelligence-driven algorithm to scour the latest peer-reviewed research and provide recommendations on the cannabis strains, cannabinoid levels, and consumption methods most suited to alleviate a patient's medical condition, all while taking into account their prior experiences with cannabis. The PotBot™ App also assists medical cannabis patients to gain physical access to supplies and practitioners.

The PotBot™ App is backed by a large and growing database (the "**Potbotics Database**") of publicly accessible, peer reviewed studies, which the PotBot™ App accesses through a licensed application programming interface. These peer reviewed studies relate to approximately 37 medical indications (such as insomnia, nausea and chronic pain), 6 major cannabinoids, more than 300 strains of cannabis, and over 1 million clinical studies. The Resulting Issuer anonymizes and stores data collected through the PotBot™ App's interactive questionnaire as well as the Potbotics Database in an internal software dashboard (the "**Potbotics Dashboard**"), through which the Resulting Issuer is capable of performing internal analytics and publishing proprietary data reports. The Resulting Issuer intends to offer the aggregated data and insights generated therefrom with health institutions, clinics, and medical practitioners through access to the Potbotics Dashboard, on a subscription basis.

c) Unique Differentiator

The Resulting Issuer believes that its current suite of products is a unique differentiator that sets it apart from its competitors in the following key respects:

- The Resulting Issuer's products combine IoT devices with innovative and smart predictive analytics to collect, interpret and produce insightful data within a vertically-integrated ecosystem for use within the plant-based medical industry. By contrast, a large number of the Resulting Issuer's competitors are typically focused on providing either a hardware delivery device (such as a dry herb inhaler) or data intelligence software.

- The Resulting Issuer collects its own data through its IoT devices, which allows the Resulting Issuer to ensure the integrity of the data collected and produce value-added data intelligence for use by licensed producers, clinics, dispensaries, pharmacies and health institutions By contrast, a large number of the Resulting Issuer's competitors who are in the business of data and intelligence sharing are often reliant on gathering data exclusively from third party sources, and therefore, remain susceptible to challenges with respect to controlling the integrity of the collected data.

Current Partnerships and Working Relationships

As of the date of this Listing Statement, the Resulting Issuer has established the following working partnerships:

- A working partnership with the Green Revolution Entities, third party producers and processors, to launch the RYAH Dry Herb Inhaler and the RYAH Cartridges within the State of Washington as early as calendar Q2 2021. The RYAH Cartridges are anticipated to be available in four different varieties, each having a different herbal content. As of the date of this Listing Statement, the Green Revolution Entities are testing their labelling and machine filling processes.

- A working partnership with NGCI, a private, federally licenced cannabis producer based in the Province of Ontario, to launch the RYAH Dry Herb Inhaler and the RYAH Cartridges in the Province of Ontario as early as calendar Q3 2021. The RYAH Cartridges are anticipated to be available in three different varieties, each having a different herbal content. As of the date of this Listing Statement, NGCI is in the process of ensuring compliance with applicable Good Production Practices and related protocols applicable for the cultivation of cannabis.

- A working partnership with Sweetspot, a medical cannabis dispensary located in the State of Maryland. On July 15, 2019, the Resulting Issuer, through Ryah Medtech, introduced the RYAH Dry Herb Inhaler and RYAH Cartridges in the State of Maryland through an informal pilot program conducted in partnership with Sweetspot. The pilot program was successfully concluded in

September 2019. As of the date of this Listing Statement, the timing and the mechanics of an official launch of the RYAH Dry Herb Inhaler and RYAH Cartridges in the State of Maryland remains unclear and subject to various factors, including market and regulatory conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans).

- An informal, working arrangement with DelleD, a biotech company specialized in medical cannabis in France, to launch, subject to entering into the France Agreement, the RYAH Dry Herb Inhalers and the RYAH Cartridges to the plant-based medical market within France as early as calendar Q4 2021. The RYAH Cartridges are anticipated to be available in one or more varieties, each having a different herbal content independently determined by DelleD. DelleD will choose the herbal content of, and fill, the RYAH Cartridges, without any involvement from the Resulting Issuer. As of the date of this Listing Statement, Ryah Medtech and DelleD are in the process of negotiating the France Agreement.

- A working partnership with MediCann, to facilitate the commercial distribution, through MediCann of the RYAH Dry Herb Inhaler and data analytics platform together in Australia as early as calendar Q3 2021. The RYAH Cartridges are anticipated to be available in one or more varieties, each having a different herbal content.

- A working partnership with Northern Global, to facilitate the commercial distribution of the RYAH Dry Herb Inhaler and data analytics platform together with Northern Global's plant-based medicine and GMP certifications throughout certain German speaking countries in Europe as early as calendar Q3 2021. The RYAH Cartridges are anticipated to be available in one or more varieties, each having a different herbal content.

Product Offerings in the Pipeline

The Resulting Issuer continues to engage in active research and development to identify other viable and innovative technology solutions (both software and hardware) for the plant-based medical industry, and may, in the future, introduce such technologies to the market. As of the date of this Listing Statement, the Resulting Issuer is currently experimenting with the following technologies:

- *Smart Transdermal Patch:* This technology is an IoT device intended to be used by healthcare practitioners and patients to topically apply plant-based medicine. The technology is expected to integrate with a software application to collect data to be used in predictive analytics to produce insightful, and value-added data intelligence for use within the plant-based medical industry. As of the date of this Listing Statement, the Resulting Issuer has completed the design and development of the first working prototype and is in the process of reviewing next steps associated with design, development and firmware modifications, with the goal of introducing a final product to market in calendar Q3 2021.

- *Tincture Pen Device:* This technology is an IoT device intended to be used to administer liquid, plant-based medicine for oral consumption. The technology is expected to be integrated with a software application to collect data to be used in predictive analytics to produce insightful, and value-added data intelligence for use within the plant-based medical industry. As of the date of this Listing Statement, this technology is still at the concept stage, and the Resulting Issuer has not completed the development of an initial prototype. The Resulting Issuer expects to (but there can be no guarantee that it will) complete software development and begin testing the prototype as early as calendar Q3 2021, subject to market conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans) and the operational priorities from time to time established by the Resulting Issuer.

- *Ryah Medical Portal:* This technology is a software portal intended to be used by healthcare practitioners and patients within the plant-based medical industry. The software portal will facilitate patient-provider communications with respect to dosing and prescription activities. As of the date of this Listing Statement, the Resulting Issuer has completed preliminary designs of this technology, but has not begun development. The Resulting Issuer expects to (but there can be no guarantee that it will) begin software development as early as calendar Q3 2021, subject to market conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans) and the operational priorities from time to time established by the Resulting Issuer.

Manufacturing

As of the date of this Listing Statement, the Resulting Issuer does not own or operate any manufacturing facilities and is not directly engaged in the manufacturing of components for its product offerings. The Resulting Issuer is instead dependent on an independent, third party consultant based in China (the "**Manufacturing Consultant**") to assist the Resulting Issuer to meet its manufacturing needs from time to time. The Manufacturing Consultant's role is to identify, source, and broker the Resulting Issuer's relationship with one or more independent, third party manufactures based in China, in order to manufacture the various components for the Resulting Issuer's product offerings.

The Resulting Issuer believes that, at the present stage of growth and development of its business, it is essential to ensure that it is able to provide its industry partners with competitive pricing while maintaining the flexibility to adapt to market forces, ensure quality, and deliver its product offerings on time. As such, the Resulting Issuer has not entered into any fixed, long-term agreement with any single manufacturer. Instead, the Resulting Issuer places orders with the Manufacturing Consultant on an "as and when needed" basis, while continuing to examine various manufacturing opportunities in China to minimize costs and risks associated with manufacturing in China, and identify manufacturers with the ability to provide improved components more efficiently.

Regulatory Framework: United States

Federal legislation governing the medical and adult use cannabis industries in the U.S. is in conflict with state laws applicable to the same industries. Currently, 33 states plus the District of Columbia have legalized cannabis for comprehensive medical or recreational adult use, and more than 14 others have laws in place which recognize medical benefits for at least some cannabinoids. However, despite the permissive nature of state-level regulation of cannabis in the U.S., the cultivation, distribution, possession, and use of cannabis remains illegal federally under the U.S. CSA.

As of the date of this Listing Statement, neither the Resulting Issuer nor any of its subsidiaries is directly engaged in the U.S. adult use market for cannabis. However, the Resulting Issuer indirectly derives a significant portion of its revenues from the cannabis industry in certain states of the U.S., including Washington and Maryland, which industry is illegal under U.S. federal law. The Resulting Issuer's business plan also includes the expansion of its operations into additional states of the U.S. that have legalized cannabis, but with caution to the fact that it is illegal federally.

Federal Regulatory Framework

General

In the U.S., cannabis containing in excess of 0.3% THC is categorized as a Schedule 1 controlled substance and is illegal under federal law, specifically the U.S CSA. Even in states that have legalized the use of cannabis, its sale and use remain violations of federal law that is punishable by imprisonment, substantial fines, and forfeiture.

In August 2013, then Deputy Attorney General James Cole authored the Cole Memorandum, which concluded that the U.S. Department of Justice should be focused on addressing only priority cannabis related conduct to enforce the U.S. CSA. States where medical cannabis had been legalized were not characterized as a priority. The enforcement priorities of the Cole Memorandum were reaffirmed, again, in the 2014 Cole Memorandum.

However, on January 4, 2018, Mr. Sessions issued the Sessions Memorandum, which rescinded and superseded the Cole Memorandum and the 2014 Cole Memorandum. The Sessions Memorandum directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities. As a result of the Sessions Memorandum, U.S. federal prosecutors now appear to be free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities notwithstanding the existence of permissive state-level laws.

The Leahy Amendment was included in the fiscal year 2019 omnibus appropriations bill signed by President Trump on February 15, 2019, to prevent the U.S. federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating

in compliance with state and local law. However, this Amendment was in effect until September 30, 2019. On September 27, 2019, President Trump signed a continuing resolution on to fund the government through November 21, 2019 to prevent a government shutdown. On December 20, 2019, the *Further Consolidated Appropriations Act, 2020* was passed, which authorizes appropriations to fund the operation of certain agencies in the U.S. federal government through September 30, 2020. Additionally, the U.S. House of Representatives has recently passed a federal appropriations bill for fiscal year 2021 that continues the limitation of federal prosecution, noting that funds from the bill cannot be used by the U.S. Department of Justice to prevent states from enacting "laws that authorize the use, distribution, possession, or cultivation of medical marijuana." However, it is uncertain that an appropriations bill will be enacted. As of the date of this Listing Statement, Congress has not completed action on appropriations for fiscal year 2021.

Due to the illegality of cannabis at the federal level, the cannabis industry faces certain risks such as lack of protection under U.S. bankruptcy laws, violation of money laundering laws, civil asset forfeiture, lack of financial services, and high federal income taxes.

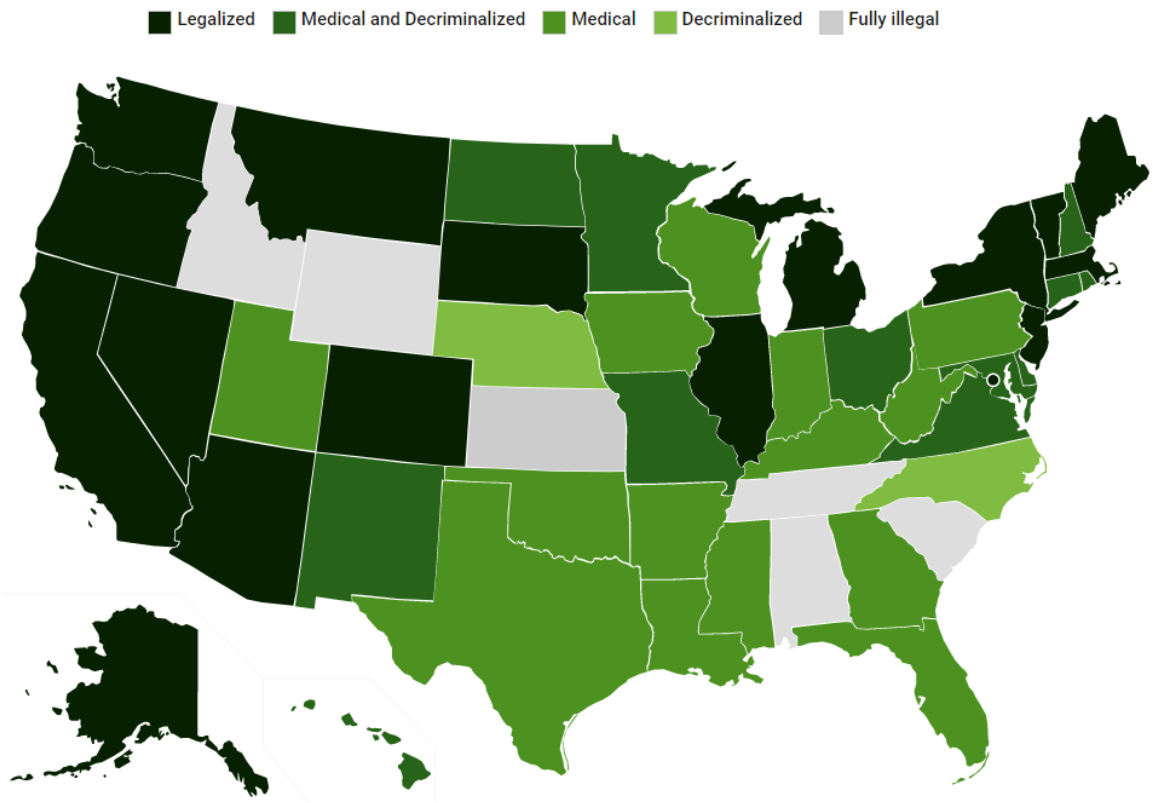
Drug Paraphernalia

U.S.C. § 863(a) holds that it is unlawful for any person to sell or offer for sale drug paraphernalia; to mail or any other facility of interstate commerce to transport drug paraphernalia; or to import or export drug paraphernalia. "Drug paraphernalia" means any equipment, product, or material of any kind which is primarily intended or designed for use in manufacturing, processing, injecting, inhaling, or otherwise introducing into the human body a controlled substance, possession of which is unlawful. It includes items primarily intended or designed for use in inhaling cannabis into the human body. However, items that are traditionally intended for use with tobacco products, such as dry herb inhalers and other electronic nicotine delivery systems ("**ENDS**") are exempted from this statute. The RYAH Dry Herb Inhaler is not primarily intended or designed for use with a controlled substance.

State Regulatory Framework

As of the date of this Listing Statement, 16 states (Alaska, Arizona, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, New Jersey, New York, Oregon, South Dakota, Vermont, and Washington), and the District of Columbia have legalized adult recreational use of cannabis. An additional 19 states (Arkansas, Connecticut, Delaware, Florida, Hawaii, Louisiana, Maryland, Minnesota, Missouri, Montana, New Hampshire, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, Utah, and West Virginia) have legalized medical use of cannabis to some degree. Therefore, 35 states plus the District of Columbia have legalized cannabis for comprehensive medical or recreational adult use. Cannabis remains completely illegal in 8 states (Alabama, Idaho, Kansas, Nebraska, North Carolina, South Carolina, Tennessee, and Wyoming), and others (Georgia, Indiana, Iowa, Kentucky, Texas, Virginia, and Wisconsin) have legalized CBD oil for

medicinal use. Furthermore, it has been the trend for the states that have not legalized recreational use to at least reduce the criminality for the possession of cannabis.



*Last updated April 2021 from https://disa.com/map-of-marijuana-legality-by-state

Regulatory Framework: Canada

As of the date of this Listing Statement, neither the Resulting Issuer nor any of its subsidiaries is directly or indirectly engaged in the Canadian adult use market for cannabis. However, federal legislation governing the medical and adult use cannabis industries in Canada does not conflict with provincial and territorial laws applicable to the same industries to the same extent as in the U.S. As a result, the Resulting Issuer's business plan includes the expansion of its operations into Canada to participate in the Canadian adult use market for cannabis, in compliance with all applicable federal and provincial laws and regulations. As of the date of this Listing Statement, the Resulting Issuer has entered into the Canadian Agreement, and is evaluating strategies to establish its Canadian footprint in one or more metropolitan areas within the Provinces of Ontario, Québec, and British Columbia. Although it is currently contemplated that the Resulting Issuer will enter the adult use market within these Provinces within the next twelve months, the timing of such expansion remains subject to various factors, including market and regulatory conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans).

Upon entering the Canadian adult use market for cannabis, the Resulting Issuer is not expected to directly engage in the sale, marketing, or distribution of cannabis products

(within the meaning of the Cannabis Regulations, and as discussed below) within any jurisdiction in Canada. However, the Resulting Issuer is expected to engage in the sale, marketing, and distribution of the RYAH Dry Herb Inhaler and RYAH Cartridges, each of which may be considered a cannabis accessory (within the meaning of the Cannabis Act, and as discussed below).

Federal Regulatory Framework

General

On December 13, 2016, the Task Force on Cannabis Legalization and Regulation, which was established by the Canadian Federal Government to seek input on the design of a new system to legalize, regulate and restrict access to cannabis, published its report outlining its recommendations. On April 13, 2017, the Government of Canada released Bill C-45, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, which proposed the enactment of the Cannabis Act to regulate the production, distribution and sale of cannabis for adult use. The Cannabis Act was passed by the Senate of Canada on June 19, 2018, receiving royal asset on June 21, 2018. The production, distribution and sale of cannabis for adult use in Canada became legal on October 17, 2018.

The Cannabis Act provides a licensing and permitting scheme for the production, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis. The Cannabis Act maintains separate access to cannabis for medical purposes, including providing that import and export licenses and permits will only be issued in respect of cannabis for medical or scientific purposes or in respect of industrial hemp. Below are additional highlights of the Cannabis Act:

- Introduces restrictions on the amounts of cannabis that individuals can possess and distribute, and on public consumption and use, and prohibits the sale of cannabis unless authorized by the Cannabis Act.

- Permits individuals who are 18 years of age or older to cultivate, propagate, and harvest up to and including four cannabis plants of up to 100 centimeters in height in their dwelling-house, propagated from a seed or plant material authorized by the Cannabis Act.

- Restricts (but does not strictly prohibit) the promotion and display of cannabis, cannabis accessories and services related to cannabinoids to consumers, including restrictions on branding and a prohibition on false or misleading promotion and on sponsorships.

- Permits the informational promotion of cannabis in specified circumstances to individuals 18 years and older.

- Introduces packaging and labelling requirements for cannabis and cannabis accessories, and prohibits the sale of cannabis or cannabis accessories that could be appealing to young persons.

- Provides the designated minister with the power to recall any cannabis or class of cannabis on reasonable grounds that such a recall is necessary to protect public health or public safety.

- Permits the establishment of a national cannabis tracking system.

- Provides powers to inspectors for the purpose of administering and enforcing the Cannabis Act and a system for administrative monetary penalties.

In Canada, cannabis is regulated under the Cannabis Act rather than the *Controlled Drug and Substance Act* (Canada). As of October 17, 2018, the *Access to Cannabis for Medical Purposes Regulations* ("**ACMPR**") and the previous *Industrial Hemp Regulations* (Canada) were replaced by the Cannabis Act, the Cannabis Regulations, and the new *Industrial Hemp Regulations* ("**IHR**", and together with the Cannabis Regulations, the "**Cannabis Entry Regulations**"). The Cannabis Entry Regulations, among other things, outline the rules for the legal cultivation, processing, research, testing, distribution, sale, importation and exportation of cannabis and hemp in Canada.

Cannabis Products

The Cannabis Regulations define "cannabis products" as cannabis of one of the classes of cannabis set out in Schedule 4 to the Cannabis Act (or a cannabis accessory containing such cannabis) after it has been packaged and labelled for sale to a consumer at the retail level, but does not include a drug containing cannabis. The Cannabis Regulations set out the requirements for the sale of cannabis products at the retail level and permit the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, including in such forms as "pre-rolled" and in capsules. The Cannabis Regulations also limit the THC content and serving size of cannabis products, and set out strict requirements pertaining to the packaging and labelling of cannabis products. These requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth and promoting safe consumption. The Cannabis Regulations require all cannabis products to be packaged in a manner that is tamper-proof and child-resistant. While minor allowances for branding would be permitted, Health Canada has implemented strict limits on the use of colours, graphics, and other special characteristics of packaging.

Cannabis Accessories

The Cannabis Act defines a "cannabis accessory" as a thing that is (a) represented to be used in the consumption of cannabis (e.g. rolling papers or wraps, holders, pipes, bongs, and dry herb inhalers) or (b) deemed to be represented to be used in the consumption of cannabis under the Cannabis Act. The Cannabis Act deems a thing that is commonly used in the consumption of cannabis to be "represented to be used in the consumption of cannabis" if the thing is sold at the same point of sale as cannabis. Cannabis accessories are now legal to sell for non-medical purposes within

Canada, provided that such sales are conducted in compliance with the rules outlined in the Cannabis Act and the cannabis legislation in each Province.

Pursuant to the Cannabis Act, cannabis accessories are regulated in a very similar manner as tobacco products, with some differences:

- Cannabis accessories may not be legally displayed anywhere where they might be seen by a minor, similar to tobacco.

- In establishment accessible to minors, cannabis accessories may only be promoted using a price list similar to tobacco products.

- Cannabis accessories generally cannot be advertised, promoted, discounted or be subject of inducements of any type (contests, giveaways, etc.).

Provincial Regulatory Framework

While the Cannabis Act provides for the regulation of the commercial production of cannabis for recreational purposes and related matters by the Canadian Federal Government, the Cannabis Act provides that the provinces and territories of Canada have authority to regulate other aspects of recreational cannabis, such as sale and distribution, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

As of the date of this Listing Statement, Canadian provinces and territories have announced and adopted one of three regulatory frameworks for the distribution and sale of cannabis for recreational purposes within those jurisdictions: (i) private cannabis retailers licensed by the provincial government, (ii) government run retail stores, or (iii) a combination of both frameworks (e.g., privately licensed bricks and mortar retail stores, while online retail stores are operated by the applicable provincial government). Regardless of the framework, the recreational cannabis market is ultimately supplied by federally licensed cultivators and processors.

As noted above, the Resulting Issuer intends to participate in the Canadian adult use market for cannabis. As of the date of this Listing Statement, the Resulting Issuer has entered into the Canadian Agreement, and is evaluating strategies to establish its Canadian footprint in one or more metropolitan areas within the Provinces of Ontario, Québec, and British Columbia. Although it is currently contemplated that the Resulting Issuer will enter the adult use market within these provinces within the next twelve months, the timing of such expansion remains subject to various factors, including market and regulatory conditions (including, the effects and impact of COVID-19 on the Resulting Issuer's proposed business plans).

The following are brief summaries of the various approaches to legalization and regulation of cannabis announced by the three provinces within which the Resulting Issuer may begin operations within the next twelve months.

Ontario

On December 12, 2017, the Ontario government passed the *Cannabis Control Act, 2017* (Ontario) (the "**Cannabis Control Act**"), which regulates certain aspects of the lawful use, sale and distribution of recreational cannabis. Retail sales of recreational cannabis in Ontario are currently overseen by the Liquor Control Board of Ontario ("**LCBO**").

Ontario's legislative and regulatory framework sets out, among other matters:

- Creates a new provincial retailer overseen by the existing LCBO, the Ontario Cannabis Retail Corporation (known as the Ontario Cannabis Store), to manage the distribution of recreational cannabis through stand-alone stores and an LCBO-controlled online order and distribution service, which together, will comprise the only channels through which consumers will be able to legally purchase recreational cannabis in Ontario.

- Sets a minimum age of 19 to use, buy, possess and cultivate cannabis in Ontario.

- Allows the smoking or vaping of cannabis wherever smoking of tobacco is permitted.

On October 17, 2018, the *Cannabis Statute Law Amendment Act*, 2018 came into force and amended several aspects of Ontario's cannabis regulatory regime, including the Cannabis Control Act, and enacted the Ontario Cannabis Act. The Ontario Cannabis Act sets out the licensing scheme for private cannabis retail stores in Ontario and is administered by the Alcohol and Gaming Commission of Ontario.

On November 14, 2018, the Government of Ontario enacted O. Reg. 468/18 under the *Cannabis Licence Act, 2018* (Ontario). O. Reg. 468/18, as amended on December 12, 2019, governs several elements of the framework for the licensing of private cannabis retail in Ontario. For example, retailers are required to hold a general retail operator licence, as well as a retail store authorization for each premise. Certain employees occupying positions of authority at retail stores are required to hold cannabis retail manager licences. Further, licensees under the Cannabis Act who are authorized to produce cannabis for commercial purposes, and their affiliates, are collectively limited to a single retail store authorization. Finally, a company is not eligible to be issued a retail operator license if more than 25% of the company is owned or controlled, directly or indirectly, by one or more licensed producers or their affiliates.

The new Ontario legislation has, among other matters:

- Created a subsidiary of the LCBO, known as the Ontario Cannabis Store.

- Banned the use of recreational cannabis in public places, workplaces and motor vehicles, as is the case with alcohol (restrictions relating to consumption of medical cannabis are covered under the *Smoke-Free Ontario Act*).

- Created significant penalties for non-compliance.

Québec

On June 12, 2018, *An Act to constitute the Société québécoise du cannabis, to enact the Cannabis Regulation Act (Québec) and to amend various highway safety-related provisions* (the "**Québec Cannabis Act**") was assented to in the Province of Québec. The Québec Cannabis Act controls and regulates cannabis in Québec. With certain exceptions, the Québec Cannabis Act only permits the newly-constituted Société Québécoise du Cannabis to purchase cannabis from a producer, arrange for its transportation and storage, and sell it, with certain exceptions. Private retail shops are however permitted to sell cannabis-smoking accessories.

Québec originally set a minimum age of 18 to use, buy, and possess cannabis. However, on December 5, 2018, the Québec government tabled new legislation, which was passed, raising the legal age to 21 and prohibiting cannabis consumption in all public places, including parks and streets.

British Columbia

On December 5, 2017, the Government of British Columbia announced a hybrid retail and distribution model that would allow private retail distribution of cannabis through dispensaries. The announcement noted that the provincial Liquor Distribution Branch would handle wholesale distribution of cannabis and both public and private retail dispensaries would be eligible to operate in the province.

On April 26, 2018, the Government of British Columbia introduced Bill C-30, *the Cannabis Control and Licensing Act* (the "**BC Cannabis Act**"), which, along with the proposed Bill C-31, the *Cannabis Distribution Act*, contains the legal framework for recreational cannabis sales in British Columbia.

On October 17, 2018, three new regulations came into force to govern the sale of recreational cannabis in British Columbia, including the licensing of privately-owned cannabis retail outlets: the *Cannabis Licensing Regulation* (British Columbia), the *Cannabis Control Regulation* (British Columbia), and the *Cannabis Control and Licensing Transitional Regulation* (British Columbia).

The following is a general overview of certain aspects of the regulatory framework within British Columbia:

- The rules governing recreational cannabis retail stores are, generally, similar to those in place for liquor retail stores, with public and private retailers subject to similar operating rules.

- Recreational cannabis retail stores will not be co-located with any other businesses, such as liquor stores or pharmacies.

- The minimum age to purchase, sell or consume recreational cannabis in British Columbia is 19.

- Adults may possess up to 30 grams of cannabis in a public space, but the use of cannabis on school properties and in vehicles is prohibited.

- An applicant for a retail store licence or group of related persons must not hold more than 8 retail store licences, and licensees may be subject to significant penalties for non-compliance.

Production and Sales

The Resulting Issuer's general business objective is to provide participants in the plant-based medical industry with access to a portfolio of vertically integrated products comprised of (i) unique, user-friendly IoT devices incorporating innovative and smart predictive analytics (including analytics driven by artificial intelligence) to collect data and produce insightful, and value-added data intelligence, and (ii) unique software solutions designed to aggregate, analyze, and cross-reference (including through artificial intelligence) collected data to enable various participants and stakeholders in the plant-based medical industry to make informed decisions, generate real data intelligence, derive new medicines, and create more efficient prescription and dosing regimens.

The Resulting Issuer intends to use a variety of platforms and distribution channels to market its product offerings to a wide group of end-users and other stakeholders in various target markets, subject to applicable laws. In the short term, the Resulting Issuer will make its product offerings available to end users chiefly through specialty clinics and independent healthcare clinicians, dispensaries and licenced producers, distribution partners, and its e-commerce platforms.

Material Lease Terms

On February 28, 2019, Potbotics entered into a twelve (12) month license agreement, pursuant to which Potbotics acquired the right to use approximately 10,000 square feet of warehouse and office space (the "**License Agreement**") in Brooklyn, New York, with a third party (the "**Licensor**"). Pursuant to the License Agreement, Potbotics will pay to the Licensor a monthly license fee of US$2,327.50. The License Agreement does not contain any automatic renewal terms. However, on February 21, 2020, Potbotics and the Licensor entered into an amending agreement, and extended the term of the License Agreement until February 28, 2021.

As of the date of this Listing Statement, Potbotics is in good standing under the License Agreement. The Licensor is not a related person of Potbotics, as such term is defined pursuant to CSE Policy 1.

Specialized Skills and Knowledge

The Resulting Issuer's directors and officers possess a wide range of professional skills and experience relevant to pursuing and executing its business strategy. In particular, the Resulting Issuer benefits from the research, entrepreneurial, and technological knowledge and the professional networks of its Chief Executive Officer, Gregory Wagner, and its former Executive Chairman, Dr. Boris Goldstein. Further, the Resulting Issuer has access to various independent advisors to assist the Resulting Issuer with directing its research and development activities, on an as-needed basis.

Drawing on significant experience in the healthcare and financial sectors, the Resulting Issuer believes management has a demonstrated track record of bringing together all of the key components for a successful company within the plant-based medical industry, such as strong technical and scientific skills, expertise in planning and financial controls, ability to execute on business development opportunities, and capital markets expertise.

The Resulting Issuer will continue to build out its research and development team with additional specialists on an as-needed basis.

Sources of Raw Materials

The Resulting Issuer's business is not dependent on raw materials.

Cyclicalness or Seasonality

The Resulting Issuer's business is not expected to be cyclical or seasonal.

Intangible Properties

The Resulting Issuer has, directly and through its subsidiaries, invested significant resources in the design and development of its brand and its product offerings and intends to promote and defend its brand and product offerings in the marketplace. The Resulting Issuer believes that the plant-based medical industry within Canada, the U.S., and other jurisdictions outside of North America, presents a significant opportunity to market its brand of vertically-integrated technologies.

The following table lists the intangible assets of the Resulting Issuer and/or its direct subsidiary, Potbotics, as of the date of this Listing Statement.

Type	Title and/or Description	Jurisdiction	Date of Issue
Patent 10,296,714 B2	*Method and System for Medical Cannabinoid Treatment and Product Selection* - This invention provides a computer method and system for interactive administration of medical cannabinoid treatments. The invention also provides information on cannabinoid product availability and geographical information. Medical professionals, cannabis	U.S.	May 21, 2019

	growers, cannabis manufacturers, and other stakeholders can use this computer method and system to study trends, efficacy, and other information pertinent to the medical cannabis market.		
Trademark 5,722,356	*Word Mark* - The mark consists of three congruent parallel bands positioned vertically one under the other with the word "RYAH" in capital letters to the right of the bands and the words "YOU'RE IN CONTROL" with the first letter "Y" being capital below the word "RYAH". 	U.S.	April 9, 2019
Trademark 5,138,213	*Word Mark* - The mark covers the word "POTBOT", associated with a computer software for recommending cannabinoid levels and custom strains to medical marijuana patients to guide patients toward the appropriate strain and consumption method for their specific ailments, eliminating the need for patients to experiment with different strains themselves.	U.S.	February 7, 2017
Trademark 5,120,200	*Word Mark* - The mark consists of a design of a square with two rounded corners in light green and dark green with a magnifying glass and marijuana leaf in white inside and the wording "POTBOT" in dark green below. 	U.S.	February 7, 2017

The following table lists the patent and trademark applications filed by the Resulting Issuer and/or its direct subsidiary, Potbotics, as of the date of this Listing Statement.

Type	**Title and/or Description**	**Jurisdiction**	**Date of Filing**

Patent Application 15/924172	*Method and Apparatus for Cloud Integration Control of Medicine Delivery Parameters in an Electronic Vaporizer* - This invention provides an electronic vaporizer for herbal or medicinal compositions, which may be in solid or liquid form. The cartridge has information on the cartridge content stored in an information storage means such as a unique bar code, QR code, or by NFC means, which is in communication with a remote wireless processor. The electronic vaporizer has an internal computing means to control the system operating parameters and collect usage information, which may be transmitted to other computing means. The vaporizer may be controlled remotely, automatically, or by the user via remote or on-device user interfaces.	U.S.	March 17, 2018
Patent Application 62/161,254	*Computer Program Product and Apparatus for Interactive Selection of Medical Cannabinoid Treatments and Medical Cannabinoid Products* - This invention provides a computer program product and apparatus for interactive administration of cannabinoid treatments. The invention also provides information on cannabinoid product availability and information. Medical professionals, cannabis growers, cannabis manufacturers, and other stakeholders can use this program product and apparatus to study trends, efficacy, and other pertinent information to the medical cannabis market.	U.S.	May 13, 2015
Patent Application 62/839450	*RYAH Mouthpiece* - This invention provides a mouthpiece for an electronic vaporizer. The mouthpiece is where a user sucks on to inhale vapor from the electronic vaporizer. This mouthpiece has an extended maze-like vapor pathway inside where vapor travels through before reaching a user's mouth. Vapor generated in the electronic vaporizer may travel through this mouthpiece and have its temperature reduced such that the vapor's temperature is lowered by the time it reaches the user's mouth. The mouthpiece is made of thermal insulating material such that the mouthpiece remains cool during use and provides comfort to the user.	U.S.	April 26, 2019
Patent Application 62/809266	*RYAH Dry Herb Inhaler Cartridge* - This invention discloses a cartridge for storage of dry vaporizing materials for use in an electronic vaporizer. The cartridge has a substantially tubular elongated body with two lids that are removable. Filling the cartridge is enabled by fitting the first lid into the body at one end before filling the vaporizing material then fitting the second lid into the body at the other end to completely seal the cartridge. Airflow holes are present on both lids to facilitate air movement during vaporization of the materials inside the cartridge.	U.S.	February 22, 2019
Patent Application	*Electronic Patch for Transdermal Delivery of Medical Compositions* - This invention is an electronic patch for transdermal medicine delivery.	U.S.	July 26, 2019

62/879283	The electronic patch has a medicine reservoir and an electronic controller. The electronic controller is capable of changing operation parameters such as temperature and heating intervals to adapt with the medicine and adjust delivery rate. The electronic patch can be controlled remotely and can collect data to communicate with other computing processors. Data collected may be stored and used to provide treatment for the user and can also be used for study and research.		

Notwithstanding intellectual protections obtained by the Resulting Issuer, the Resulting Issuer intends to take appropriate measures to protect its confidential and proprietary information. To this end, the Resulting Issuer will, where necessary, seek to avoid disclosure of its proprietary information by requiring employees, consultants, and industry partners to enter into agreements featuring confidentiality provisions designed to prevent the unauthorized disclosure of confidential information.

Renegotiation or Termination

As of the date of this Listing Statement, the Resulting Issuer is not expecting any renegotiation or termination of the Contribution Agreement, the Washington Agreement, the Canadian Agreement, the First Australian Agreement, the Second Australian Agreement, the Third Australian Agreement, the UK Agreement, the France Agreement, the European Agreement, the Germany Agreement, or the License Agreement.

Environmental Protection Requirements

As of the date of this Listing Statement, the Resulting Issuer does not expect environmental protection requirements to cause material financial or operational effects.

Employees

As of the date of this Listing Statement, the Resulting Issuer does not have any employees. The Resulting Issuer retains the services of consultants from time to time as needed. However, at the current stage of development, the Resulting Issuer is focused on maintaining a lean corporate structure, utilizing sales agents for client acquisition when possible.

Risks Associated with Foreign Operations

As of the date of this Listing Statement, the Resulting Issuer, through Ryah Medtech, its indirect subsidiary, has operations in only one foreign jurisdiction outside of Canada: the U.S. Ryah Medtech is subject to various uncertainties associated with operating in the U.S., and its operations may be adversely affected by changes in the laws and policies of the U.S.. Accordingly, Ryah Medtech's activities in the U.S. could be substantially affected by factors beyond its control, any of which could have

a material adverse effect on the Resulting Issuer's business, financial condition, results of operations. See "*Risk Factors*".

Material Agreements

The Resulting Issuer's business is, in part, dependent on the License Agreement, which is further described above in Section 4.1 – *General – Material Lease Terms*, and the Contribution Agreement, the Washington Agreement, the Canadian Agreement, the First Australian Agreement, the Second Australian Agreement, the Third Australian Agreement, the Germany Agreement, the UK Agreement, the France Agreement, and the European Agreement, each of which is described above in Section 3.1 – *General Development of the Business*.

As of the date of this Listing Statement, the License Agreement, the Contribution Agreement, the Washington Agreement, the Canadian Agreement, the First Australian Agreement, the Second Australian Agreement, the Third Australian Agreement, the Germany Agreement, the UK Agreement, the France Agreement, and the European Agreement, are all in good standing. The counterparties to each of the foregoing agreements, other than the Contribution Agreement, are not a related person of the Resulting Issuer, as such term is defined pursuant to CSE Policy 1.

Competitive Conditions

Although, the Resulting Issuer's direct competitors vary by region, its chief competitors are existing developers and marketers of IoT devices and data-centric software products. The Resulting Issuer, however, believes that it occupies a unique position in the marketplace due to its current product offerings, which, unlike the product offerings of a large number of its competitors, is comprised of a mixed, yet vertically-integrated suite of both IoT devices and data-centric software.

Notwithstanding its current competitive advantage, there is potential that the Resulting Issuer will face intense competition from other companies, including competition from new entrants and established companies. In particular, as jurisdictions continue to legalize medical cannabis, the demand for products and services will increase. In turn, competition will likely become more intense as current and future competitors begin to offer an increasing number of diversified products and pricing strategies, some of which may be similar to the Resulting Issuer's product offerings. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing and sales. See "*Risk Factors*".

4.2 Asset Backed Securities

The Resulting Issuer does not have any asset-backed securities.

4.3 Mineral Projects

The Resulting Issuer does not have any mineral projects.

4.4 Issuers with Oil and Gas Operations

The Resulting Issuer does not have any oil and gas operations.

5. Selected Consolidated Financial Information

5.1A Selected Pro Forma Financial Information

The following table summarizes selected pro-forma financial information for the Resulting Issuer (as at November 30, 2020) after giving effect to the Merger as if it had been completed on that date, and should be read in conjunction with the unaudited pro forma financial statements of the Resulting Issuer attached hereto as Schedule "A". All currency amounts are stated in Canadian dollars.

Pro Forma Balance Sheet	**Prime (as at November 30, 2020) ($)**	**Potbotics (as at September 30, 2020) ($)[1]**	**Resulting Issuer (*Pro Forma*) (as at November 30, 2020) ($)**
Current Assets	973,954	229,224	4,953,289
Total Assets	1,476,756	248,849	5,471,690
Total Liabilities	27,643	1,947,579	1,975,222
Shareholders Equity (deficit)	1,449,113	(1,698,730)	3,496,468

Notes:

1. Converted from U.S. dollars to Canadian dollars. See "*Currency Presentation And Exchange Rate Information*".

5.1B Annual Information

Prime

The following table summarizes financial information of Prime for the last three completed fiscal years ended August 31, 2020, 2019 and 2018. This summary financial information should only be read in conjunction with Prime's audited financial statements for the fiscal years ended August 31, 2020, 2019 and 2018 and the notes thereto. All dollar figures in the below table are stated in Canadian dollars. See "*Financial Statements*" in Section 25 hereof. Prime's financial statements are also available under the Resulting Issuer's SEDAR profile at www.sedar.com.

	Year Ended August 31, 2020 (audited) ($)	**Year Ended August 31, 2019 (audited) ($)**	**Year Ended August 31, 2018 (audited) ($)**
Total Revenues	Nil	Nil	Nil
Net Loss in total	(461,252)	(502,564)	(701,003)

Basic and Diluted Loss per Share	(0.020)	(0.030)	(0.079)
Total Assets	53,179	1,502	19,158
Total Current Liabilities	55,298	110,347	116,421
Cash dividends declared per share	Nil	Nil	Nil

Potbotics

The following table summarizes financial information of Potbotics for the last three completed fiscal years ended December 31, 2019, 2018, and 2017. This summary financial information should only be read in conjunction with Potbotics' audited consolidated financial statements for the fiscal years ended December 31, 2019, 2018, and 2017 and the notes thereto. All dollar figures in the below table are stated in U.S. dollars. See "*Financial Statements*" in Section 25 hereof.

	Year Ended December 31, 2019 (audited) ($)	**Year Ended December 31, 2018 (audited) ($)**	**Year Ended December 31, 2017 (audited) ($)**
Total Revenues	3,531	Nil	Nil
Net Loss in total	(2,299,048)	(8,965,803)	(2,097,208)
Basic and Diluted Loss per Share	(0.03)	0.12	0.05
Total Assets	229,903	624,024	72,668
Total Current Liabilities	906,703	470,356	3,755,455
Cash dividends declared per share	Nil	Nil	Nil

5.2 Quarterly Information

Prime

The following tables summarize the financial results for each of Prime's eight most recently completed quarters. This financial data has been prepared in accordance with IFRS and all dollar figures are stated in Canadian dollars. See "*Financial Statements*" in Section 25 hereof for the financial statements of Prime for the three-month period ended November 30, 2020.

	November 30, 2020 Q1 ($)	**August 31, 2020 Q4 ($)**	**May 31, 2020 Q3 ($)**	**February 29, 2020 Q2 ($)**
Financial results:				
Net (loss) profit for the period	(115,118)	(219,914)	(19,747)	(110,773)
Basic and Diluted loss per share	(0.003)	(0.006)	(0.001)	(0.005)
Balance sheet data:				
Cash	959,540	3,179	109	225

Total assets	1,526,756	53,179	24,521	308
Shareholders' Equity (deficit)	1,449,113	(2,119)	(57,064)	(123,867)

	November 30, 2019 Q1 ($)	August 31, 2019 Q4 ($)	May 31, 2019 Q3 ($)	February 28, 2019 Q2 ($)
Financial results:				
Net (loss) profit for the period	(110,818)	(202,987)	(104,301)	(127,293)
Basic and Diluted loss per share	(0.05)	(0.0030)	(0.0060)	(0.008)
Balance sheet data:				
Cash	144	1,502	533	3,515
Total assets	4,810	1,502	11,068	3,515
Shareholders' Equity (deficit)	(93,713)	(108,845)	(56,372)	(126,483)

Potbotics

The following tables summarize the financial results for each of Potbotics' eight most recently completed quarters. This financial data has been prepared in accordance with IFRS and all dollar figures are stated in U.S. dollars. See "*Financial Statements*" in Section 25 hereof for the financial statements of Potbotics for the three-month period ended September 30, 2020.

	September 30 2020 Q3 (US$)	June 30, 2020 Q2 (US$)	March 31, 2020 Q1 (US$)	December 31, 2019 Q4 (US$)
Financial results:				
Net (loss) profit for the period	(502,596)	(231,006)	(237,141)	(598,641)
Basic and Diluted loss per share	(0.01)	(0.00)	(0.00)	(0.01)
Balance sheet data:				
Cash	24,099	30,564	99,479	35,792
Total assets	191,939	220,110	311.902	229,903
Shareholders' Equity (deficit)	(1,310,243)	(1.092,647)	(1.496,928)	(1.310,517)

	September 30 2019 Q3 ($)	June 30, 2019 Q2 ($)	March 31 2019 Q1 ($)	December 31, 2018 Q4 ($)
Financial results:				
Net (loss) profit for the period	(870,745)	(394,775)	(434,887)	(3,754.452)
Basic and Diluted loss per share	(0.01)	(0.01)	(0.06)	(0.06)

Balance sheet data:				
Cash	14,406	22,735	24.338	530.206
Total assets	207,031	255,485	259.430	642.025
Shareholders' Equity (deficit)	(962,316)	(710,843)	(440,011)	(130,684)

5.3 Dividends

To date, neither Potbotics nor Prime has paid any dividends on the Potbotics Shares or the Prime Shares. The Resulting Issuer anticipates that, for the foreseeable future, it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board of the Resulting Issuer, after taking into account various factors, including the Resulting Issuer's operating results, financial condition, and current and anticipated cash needs.

5.4 Foreign GAAP

Not applicable. Neither Prime's nor Potbotics' financial statements are prepared using foreign GAAP.

6. Management's Discussion and Analysis

(a) Annual MD&A

Prime

Prime's annual MD&A for its most recent fiscal year ended November 30, 2020 is attached to this Listing Statement as Schedule "D".

Potbotics

Potbotics' annual MD&A for its most recent fiscal year ended December 31, 2019 is attached to this Listing Statement as Schedule "G".

(b) Interim MD&A

Prime

Prime's MD&A for its most recent interim period ended May 31, 2020 is attached to this Listing Statement as Schedule "H".

Potbotics

Potbotics' MD&A for its most recent interim period ended September 30, 2020 is attached to this Listing Statement as Schedule "I".

7. Market for Securities

The Resulting Issuer has applied to the CSE to list the Subordinate Voting Shares on the CSE under the trading symbol "RYAH"." The listing of the Subordinate Voting Shares on the CSE remains subject to the Resulting Issuer having obtained the approval of the CSE for the listing, and having satisfied all customary listing conditions of the CSE. As of the date of this Listing Statement, the Resulting Issuer has received the conditional approval of the CSE to list the Subordinate Voting Shares on the CSE, and provided that the Resulting Issuer satisfies all customary listing conditions of the CSE, the Subordinate Voting Shares are expected to commence trading on the CSE as early as April 29, 2021.

8. Consolidated Capitalization

The following table summarizes the outstanding capital of the Resulting Issuer as of the consummation of the Merger. See also "*General Development of the Business*" and "*Description of the Securities*".

Designation of Security	Amount Authorized	Issued and Outstanding
Subordinate Voting Shares	Unlimited	201,576,818
Super Voting Shares	Unlimited	2,920,019
Resulting Issuer Options	20% of issued and outstanding Subordinate Voting Shares	14,939,832[(2)]
Resulting Issuer Warrants	Unlimited	154,624,980
Resulting Issuer Finder Warrants	Unlimited	581,900

Notes:

1. See *Section 11 – "Escrowed Securities"*. Upon the Listing Date, 10% of the Resulting Issuer Shares held in escrow or subject to resale restrictions will be released immediately and the remaining 90% of the said Resulting Issuer Shares will be subject to escrow or resale restrictions.
2. Excludes 7,000,000 Resulting Issuer Options anticipated to be granted following the date hereof pursuant to the terms of a severance arrangement reached in March 2021 between Potbotics and its former Executive Chairman, Dr. Boris Goldstein, in connection with Dr. Goldstein's resignation in March 2021. Pursuant to the severance arrangement, Potbotics and the Resulting Issuer have agreed to issue an aggregate of 7,000,000 Resulting Issuer Options to Dr. Goldstein.

The following table summarizes the Resulting Issuer's fully diluted share capital, on a consolidated basis, after giving effect to the Merger. See also "*General Development of the Business*" and "*Description of the Securities*"

	Number	Percentage (on fully diluted basis)

Subordinate Voting Shares held by former shareholders of Potbotics	22,985,877	3.46%
Subordinate Voting Shares held by subscribers in the Effective Date Financing	2,000,000	0.30%
Subordinate Voting Shares held by subscribers in the Additional Financing	77,226,843	11.64%
Subordinate Voting Shares held by subscribers in Top Up Financing	48,000,000	7.23%
Subordinate Voting Shares held by former shareholders of Prime	34,789,098	5.24%
Subordinate Voting Shares held by Merger Finder	15,000,000	2.26%
Subordinate Voting Shares held by Conterparty to Settlement Terms	1,575,000	0.237%
Subordinate Voting Shares issuable upon conversion of Super Voting Shares	292,001,925	43.99%
Subordinate Voting Shares issuable upon exercise of Resulting Issuer Options	14,939,832[(1)]	2.25%
Subordinate Voting Shares issuable upon exercise of Resulting Issuer Warrants	154,624,980	23.30%
Subordinate Voting Shares issuable upon exercise of Resulting Issuer Finder Warrants	581,900	0.09%
Total (Fully-Diluted):	**663,725,454[(2)]**	**100%**

Notes:

1. Excludes 7,000,000 Subordinate Voting Shares issuable on the exercise of 7,000,000 Resulting Issuer Options anticipated to be granted following the date hereof pursuant to the terms of a severance arrangement reached in March 2021 between Potbotics and its former Executive Chairman, Dr. Boris Goldstein, in connection with Dr. Goldstein's resignation in March 2021. Pursuant to the severance arrangement, Potbotics and the Resulting Issuer have agreed to issue an aggregate of 7,000,000 Resulting Issuer Options to Dr. Goldstein.
2. Assumes the conversion of all securities into Subordinate Voting Shares.

9. Options to Purchase Securities

Prime's shareholders adopted its current stock option plan (the "**Stock Option Plan**") effective October 31, 2017, at Prime's annual shareholder meeting. The Stock Option Plan presently provides that a maximum of twenty percent (20%) of the issued and outstanding Subordinate Voting Shares may be issued under the Stock Option Plan.

Following the Listing Date, the Resulting Issuer intends to amend the Stock Option Plan in order to, among other things, limit the maximum number of Subordinate Voting Shares that may be issued under the Stock Option Plan to ten percent (10%) of the issued and outstanding Subordinate Voting Shares.

The Stock Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Resulting Issuer and thereby encourage their continuing association with the Resulting Issuer. Management proposes stock option grants to the Board of the Resulting Issuer based on such criteria as performance, previous grants, and hiring incentives.

The Stock Option Plan is administered by the Board of the Resulting Issuer, which has full and final authority with respect to the granting of all options thereunder. Options may be granted under the Stock Option Plan to certain qualified parties, such as directors, senior officers, employees and consultants of the Resulting Issuer or its subsidiaries. The exercise prices will be determined by the Board of the Resulting Issuer, provided that it is not less than such minimum price as is permitted by the policies of any stock exchange on which the Subordinate Voting Shares may be listed. All options granted under the Stock Option Plan will expire not later than the date that is five (5) years from the date that such options are granted. Options granted under the Stock Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

Pursuant to the Merger, all unexercised Prime Options adjusted automatically in accordance with their terms such that, upon exercise, the Prime Options entitle the holders thereof to acquire Subordinate Voting Shares on substantially similar terms as such Prime Options.

The following tables sets out all of the Resulting Issuer Options:

	Category of Option Holder	**Number of Options to Acquire Subordinate Voting Shares held as a Group**
(a)	All proposed officers and directors	10,439,832
(b)	All consultants as a group	Nil
(c)	All other persons or companies (e.g. former officers and directors of Potbotics and the Resulting Issuer, all employees)	4,500,000
Total Number of Outstanding Options:		14,939,832[(1)]

Notes:

3. Excludes 7,000,000 Resulting Issuer Options anticipated to be granted following the date hereof pursuant to the terms of a severance arrangement reached in March 2021 between Potbotics and its former Executive Chairman, Dr. Boris Goldstein, in connection with Dr. Goldstein's resignation in March 2021. Pursuant to the severance arrangement, Potbotics and the Resulting Issuer have agreed to issue an aggregate of 7,000,000 Resulting Issuer Options to Dr. Goldstein.

The following table provides information as to material provisions of the Resulting Issuer Options that are outstanding:

Date of Grant	Number of Options[(1)]	Exercise Price	Expiry Date
October 15, 2020	10,439,800[(1)]	$0.10	October 15, 2030
March 15, 2018	1,200,000	$0.10	January 3, 2023
August 21, 2018	645,000	$0.10	August 21, 2023
May 23, 2019	2,055,000	$0.10	May 23, 2024
October 2, 2019	600,000	$0.10	October 2, 2024
TOTAL	14,939,832		

Notes:

4. Each option is exercisable into one (1) Subordinate Voting Share.

10. Description of the Securities

10.1 Description of the Securities

The Resulting Issuer's authorized share capital consists of an unlimited number of Subordinate Voting Shares and an unlimited number of Super Voting Shares. Immediately following completion of the Merger, and following conversion of an aggregate of 229,859 Super Voting Shares held by Canadian securityholders into Subordinate Voting Shares, there were an aggregate of 201,560,877 Subordinate Voting Shares and 2,920,019 Super Voting Shares issued and outstanding.

Subordinate Voting Shares

The following is a summary of the material rights, privileges, restrictions and conditions attaching to the Subordinate Voting Shares:

(i) ***Voting Rights:*** Except as otherwise prescribed by the CBCA, at a meeting of shareholders of the Resulting Issuer, each Subordinate Voting Share entitles the holder thereof to one (1) vote in respect of each Subordinate Voting Share held at such meetings.

(ii) ***Dividends:*** The holders of Subordinate Voting Shares are entitled to receive dividends if, as and when declared by the Board of the Resulting Issuer.

(iii) ***Liquidation, Dissolution or Winding-Up:*** In the event of liquidation, dissolution or winding-up of the Resulting Issuer, the holders of the

Subordinate Voting Shares are entitled to share rateably in any distribution of the property or assets of the Resulting Issuer.

(iv) ***Changes:*** No subdivision or consolidation of the Subordinate Voting Shares may be carried out unless, at the same time, the Super Voting Shares are also subdivided or consolidated in the same manner and on the same basis, so as to preserve the relative rights of the holders of each class of shares.

(v) ***Alteration of Rights:*** As long as any Subordinate Voting Shares remain outstanding, the Resulting Issuer may not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

(vi) ***Right to Convert:*** The Subordinate Voting Shares are convertible, at the option of the holder and with the consent of the Resulting Issuer, into Super Voting Shares on the basis of one hundred (100) Subordinate Voting Shares for each one (1) Super Voting Share.

(vii) ***Take-Over Bid Protection:*** Under applicable Canadian law, an offer to purchase Super Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. However, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Super Voting Shares. Where an offer that is being made for Super Voting Shares (a "**SVS Offer**") is, by reason of applicable securities legislation or stock exchange requirements, made to all of the holders of Super Voting Shares, and no equivalent offer is made to the holders of Subordinate Voting Shares, the holders of Subordinate Voting Shares have the right, at their option, to convert (a "**Conversion for Tender**") their Subordinate Voting Shares into Super Voting Shares solely for the purpose of being able to tender to such SVS Offer. Any Super Voting Shares that result from a Conversion for Tender and that are tendered to the SVS Offer but are not, for any reason, taken up and paid for by the offeror, will automatically reconvert into the Subordinate Voting Shares that existed prior to the said Conversion for Tender.

(viii) ***Other Rights and Restrictions:*** There are no pre-emptive rights, no redemption, retraction, purchase for cancellation or surrender provisions, no sinking or purchase fund provisions, or any other material restrictions, and there are no provisions, which are capable of requiring a security holder to contribute additional capital.

Super Voting Shares

The following is a summary of the material rights, privileges, restrictions and conditions attaching to the Super Voting Shares:

(i) ***Voting Rights:*** Except as otherwise prescribed by the CBCA, at a meeting of shareholders of the Resulting Issuer, each Super Voting Share entitles the holder thereof to one hundred (100) votes in respect of each Super Voting Share held at such meetings.

(ii) ***Dividends:*** The holders of Super Voting Shares are entitled to receive dividends if, as and when declared by the Board of the Resulting Issuer, with each Super Voting Share entitling the holder thereof to one hundred (100) times the amount of any dividend paid or distributed per each Subordinate Voting Share.

(iii) ***Liquidation, Dissolution or Winding-Up:*** In the event of liquidation, dissolution or winding-up of the Resulting Issuer, the holders of the Super Voting Shares are entitled to share rateably in any distribution of the property or assets of the Resulting Issuer, with each Super Voting Share entitling the holder thereof to one hundred (100) times the amount distributed per each Subordinate Voting Share.

(iv) ***Changes:*** No subdivision or consolidation of the Super Voting Shares may be carried out unless, at the same time, the Subordinate Voting Shares are also subdivided or consolidated in the same manner and on the same basis, so as to preserve the relative rights of the holders of each class of shares.

(v) ***Alteration of Rights:*** As long as any Super Voting Shares remain outstanding, the Resulting Issuer may not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares.

(vi) ***Right to Convert:*** Each Super Voting Share is convertible, at the option of the holder thereof but subject to the FPI Protective Restriction, into one hundred (100) Subordinate Voting Shares.

(vii) ***Mandatory Conversion:*** The Board of the Resulting Issuer has the discretion, if it considers advisable, to cause all of the issued and outstanding Super Voting Shares to be converted into Subordinate Voting Shares at a ratio of one hundred (100) Subordinate Voting Shares for each one (1) Super Voting Share (a "**Mandatory Conversion**"). Following such Mandatory Conversion, the

Articles of the Resulting Issuer prohibit the Board of the Resulting Issuer from issuing any further Super Voting Shares.

(viii) ***Foreign Private Issuer Protection Limitation:*** The Resulting Issuer will use commercially reasonable efforts to maintain its status as a "foreign private issuer" (as determined in accordance with Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). Accordingly, the Resulting Issuer shall not effect any conversion of Super Voting Shares, and the holders of Super Voting Shares shall not have the right to convert any portion of the Super Voting Shares, to the extent that after giving effect to all permitted issuances after such conversions of Super Voting Shares, the aggregate number of Subordinate Voting Shares and Super Voting Shares held of record, directly or indirectly, by U.S. Residents (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act) would exceed forty percent (40%) of the aggregate number of Subordinate Voting Shares and Super Voting Shares issued and outstanding after giving effect to such conversions (the "**FPI Protective Restriction**").

(ix) ***Other Rights and Restrictions:*** There are no pre-emptive rights, no redemption, retraction, purchase for cancellation or surrender provisions, no sinking or purchase fund provisions, or any other material restrictions, and there are no provisions, which are capable of requiring a security holder to contribute additional capital.

Miscellaneous Securities Provisions

None of the matters set out in Sections 10.2 to 10.5 of CSE Form 2A is applicable to the share structure of the Resulting Issuer.

10.7 Prior Sales of Common Shares

Prime

The following table sets forth the issuances of Prime Shares within the last twelve (12) months before the date of this Listing Statement. All dollar figures in the below table are stated in Canadian dollars.

Date Issued	Number of Securities	Issue Price per Security ($)	Total funds received ($)	Nature of Consideration
April 6, 2020	2,125,000 Units[(1)]	0.04	$85,000	Cash
April 6, 2020	430,994	$0.05	Nil	Past Services

Date Issued	Number of Securities	Issue Price per Security ($)	Total funds received ($)	Nature of Consideration
	Shares			
August 24, 2020	1,755,000 Units[3]	$0.04	$70,200	Cash
August 24, 2020	3,460,000 Shares[2]	$0.04	Nil	Past Services
August 24, 2020	1,545,000 Units[1]	$0.04	Nil	Past Services
September 14, 2020	2,800,000 Units[1]	$0.04	$112,000	Cash
December 1, 2020	12,5000,000 Units[3] 666,843 Shares	$0.04 $0.04	$500,000 Nil	Cash, Past Services
December 15, 2020	48,000,000 Units[3]	$0.04	$1,920,000	Cash
January 14, 2021	41,260,000 Units[4] 289,735 Shares	$0.04 $0.04	$1,650,400 Nil	Cash Past services
January 25, 2021	20,000,000 Units[4] 239,148 Shares	$0.04 $0.04	$800,000 Nil	Cash Past Services
April 22, 2021	2,000,000 Units[5]	$0.10	$200,000	Cash

Notes:

1. Refers to units of Prime, with each unit consisting of one (1) Prime Subordinate Voting Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Subordinate Voting Share at an exercise price of $0.075 per Prime Subordinate Voting Share for a period of two years.
2. Refers to Prime Subordinate Voting Shares.
3. Refers to units of Prime, with each unit consisting of one (1) Prime Subordinate Voting Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Subordinate Voting Share at an exercise price of $0.075 per Prime Subordinate Voting Share for a period of two years.
4. Refers to units of Prime, with each unit consisting of one (1) Prime Subordinate Voting Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Subordinate Voting Share at an exercise price of $0.075 per Prime Subordinate Voting Share for a period of two years.
5. Refers to units of Prime, with each unit consisting of one (1) Prime Subordinate Voting Share and one (1) share purchase warrant, with each warrant entitling the holder thereof to acquire one (1) Prime Subordinate Voting Share at an exercise price of $0.20 per Prime Subordinate Voting Share for a period of two years.

Potbotics

The following table sets forth the issuances of Potbotics Shares within the last twelve (12) months before the date of this Listing Statement.

Date Issued	Number of Securities	Issue Price per Security	Total funds received	Nature of Consideration
November 1, 2019	107,000 Potbotics Shares	US$0.57	NA	Settlement of Dispute
November 8, 2019	50,000 Potbotics Shares	US$0.57	NA	Services
November 15, 2019	4,900,000 Potbotics Shares	US$0.57	NA	Settlement of Dispute
December 13, 2019	60,000 Potbotics Share Units	CA$0.75	CA$45,000	Cash
January 1, 2020	50,000 Potbotics Shares	US$0.57	NA	Services
January 1, 2020	450,000 Potbotics Shares	US$0.57	NA	Services
January 22, 2020	871,930 Potbotics Shares	US$0.57	N/A	Settlement of Dispute
January 22, 2020	438,797 Potbotics Shares	US$0.57	NA	Settlement of Dispute
April 11, 2020	2,238,597 Potbotics Shares	US$0.57	NA	Conversion of Related Party Loans
November 1, 2020	25,000 Potbotics Shares	US$0.57	NA	Employee Services

10.8 Stock Exchange Price

The Prime Shares were listed and posted for trading on the TSXV under the symbol "IMS.H" (under Prime's former name, "Investissements TSPL"). Trading of the Prime Shares on the TSXV was suspended on May 3, 2012 and remained suspended until September 22, 2016, at which time the Prime Shares were delisted from the NEX Board of the TSXV. The last trading price of the Prime Shares on TSXV prior to the trading suspension was $0.12 per Prime Share.

11. Escrowed Securities

Upon listing of the Subordinate Voting Shares on the CSE, securities held by "Principals" of the Resulting Issuer will be held in escrow as required under the policies of the CSE. For the purposes of this Section, "Principals" means the (i) directors and senior officers of the Resulting Issuer or any material operating subsidiary, (ii) Promoters of the Resulting Issuer during the two years preceding the Merger, (iii) holders of more than 10% of the outstanding Subordinate Voting Shares who also have a right to elect or appoint a director or senior officer of Prime or a material operating subsidiary, (iv) holders of more than 20% of the outstanding Subordinate Voting Shares, (v) companies, trusts, partnerships or other entities held more than 50% by one or more of the foregoing, and (vi) spouses or other relatives that live at the same address as any of the foregoing. The securities will be held in escrow by Computershare Investor Services Inc., as escrow agent and depositary pursuant an escrow agreement dated April 22, 2021 (the "**Escrow Agreement**"). 10% of such securities held in escrow will be released from escrow on the Listing Date, and 15% every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – *Escrow for Initial Public Offerings*.

The following table sets forth details of the securities of the Resulting Issuer to be held in escrow following the listing of the Subordinate Voting Shares on the CSE:

Name of Holder	Designation of Class	Number	% of Outstanding Class of Securities
Gregory Wagner	Super Voting Shares	15,750	0.54% (1)
Gregory Wagner	Resulting Issuer Options	10,439,832	69.88% (2)

Notes:

1. Percentage calculated based on an aggregate of 2,980,356 Super Voting Shares issued an outstanding as at the date of this Listing Statement.
2. Percentage calculated based on an aggregate of 21,939,832 Resulting Issuer Options issued and outstanding as at the date of this Listing Statement.

The securities of the Resulting Issuer to be held in escrow are scheduled to be released according to the following schedule:

Date	Number of Escrowed Securities Released
Upon Listing on the CSE	10%
6 months from date of Listing on the CSE	15%
12 months from date of Listing on the CSE	15%
18 months from date of Listing on the CSE	15%
24 months from date of Listing on the CSE	15%
30 months from date of Listing on the CSE	15%
36 months from date of Listing on the CSE	15%

12. Principal Shareholders

Resulting Issuer

Subordinate Voting Shares

Other than as disclosed below, to the knowledge of the directors and senior officers of the Resulting Issuer, upon completion of the Merger, no person or company will beneficially own, directly or indirectly, or exercise control or direction over, Subordinate Voting Shares carrying more than 10% of the voting rights attached to all outstanding Subordinate Voting Shares.

As of the date of this Listing Statement, Dr. Boris Goldstein holds an aggregate of 263,719 Super Voting Shares, and assuming the conversion thereof into Subordinate Voting Shares, Dr. Goldstein is expected to hold an aggregate of 26,371,900 Subordinate Voting Shares, representing approximately 13.19% of the issued an outstanding Subordinate Voting Shares, on a non-diluted basis.

Super Voting Shares

To the knowledge of the directors and senior officers of the Resulting Issuer, upon completion of the Merger, no person or company will beneficially own, directly or indirectly, or exercise control or direction over, Super Voting Shares carrying more than 10% of the voting rights attached to all outstanding Super Voting Shares.

13 Directors and Officers

13.1 Directors and Officers

Current Officers and Directors

Potbotics' current management team is experienced in matters relating to Potbotics' business, and possess the necessary skillsets to implement its business plan. Following the Merger, the Resulting Issuer will add to its management team people with significant experience and skills in marketing and regulatory matters to help the Resulting Issuer become a leader in the plant-based medical industry.

Officers

Gregory Wagner, Age 50, Chief Executive Officer and Director - Mr. Gregory Wagner is an entrepreneur with more than 20 years of experience in the financial markets. He has held executive roles in both the U.S. as Chief Executive Officer of ABN, AMRO's broker dealer, and in London, United Kingdom, as Head of Equity Prime Services for the Royal Bank of Scotland. In his role with the Royal Bank of Scotland, Mr. Wagner oversaw approximately $60B in assets under custody. Mr. Wagner has co-founded and built several start-ups. Mr. Wagner holds FINRA Series 7, 63, 24, 55 licences, a Bachelor of Arts from the State University of New York, in Albany, and a MBA in Finance from Fordham University, in New York. Mr. Wagner has also received a Certification in Innovation and Strategy from Harvard University in Massachusetts.

Board of Directors

Potbotics' Board of Directors (the "**Potbotics Board**") consists of Gregory Wagner, whose biography is outlined above, as well as George Anastassov and Irina Migalina, whose biographies are outlined in Section 13.10 - *Management.* The members of the

Potbotics Board have the requisite knowledge of capital markets, mergers and acquisitions, and raising capital.

Directors and Officers of the Resulting Issuer

Upon completion of the Merger, it is anticipated that all members of the current Board of Directors of Prime will resign and that four (4) nominees of Potbotics will be appointed to the board.

The following table sets out the names, municipalities of residence of the proposed directors and officers of the Resulting Issuer, the number of voting securities of the Resulting Issuer beneficially owned, directly or indirectly, or over which they exercise control or direction, the offices they will hold in the Resulting Issuer, and the principal occupation of the proposed directors and senior officers during the past five years.

Name & Municipality of Residence and Position(1)	**Principal Occupation for Past Five Years**	**Director or Officer of the Resulting Issuer Since**	**Number and Percentage of Resulting Issuer Shares Owned(2)**
Gregory Wagner, *CEO & Director*(3) (Long Island, New York)	Investment Banking Professional, Financial Services; CEO of Potbotics, Inc. and RYAH Medtech, Inc.	April 21, 2021	0 Subordinate Voting Shares (0%) 15,750 Super Voting Shares (0.54%)
Jeannine Kingsley, *CFO* (Long Island, New York)	Managing Director, CFO Squad and Partner at The Mariner Group LLC	April 21, 2021	0 Subordinate Voting Shares (0%) 0 Super Voting Shares (0%)
Irina Migalina, *Director*(3) (New York City, New York)	Director, Nano Graphene Inc. (dba Grapheneca); Financial Advisor, Europack Group	April 21, 2021	0 Subordinate Voting Shares (0%) 0 Super Voting Shares (0%)
George Anastassov, *Director*(3) (New York City, New York)	CEO and Chairman, AXIM Biotechnologies, Inc.	April 21, 2021	0 Subordinate Voting Shares (0%) 0 Super Voting Shares (0%)
Binyomin Posen, *Director*	Senior Analyst, Plaza Capital, Chief Executive Officer and	April 21, 2021	0 Subordinate Voting Shares (0%)

(Toronto, Ontario)	Chief Financial Officer, Jiminex Inc		0 Super Voting Shares (0%)

Notes:

1. Each director and officer of the Resulting Issuer will devote such time as may from time be necessary in order to perform the work required in connection with acting in their capacity as a director or officer of the Resulting Issuer.
2. Percentage calculated on a fully-diluted basis, based on the securities of the applicable class (including securities convertible into such class).
3. Proposed member of the Audit Committee.

A brief description of the biographies for all of the proposed officers and directors of the Resulting Issuer is set out below, in Section 13.10 - *Management*.

13.2 Period of Service of Directors

Information on the period of service of directors is contained in the table in Section 13.1 – *Directors and Executive Officers*.

13.3 Directors and Executive Officers Share Ownership

Following completion of the Merger, the directors and senior officers of the Resulting Issuer as a group, directly or indirectly, will beneficially own or exercise control or director over Nil Subordinate Voting Shares, and 15,750 Super Voting Shares, representing approximately 0.54% of the issued and outstanding Super Voting Shares, with such shares being convertible into an aggregate of 1,575,000 Subordinate Voting Shares, representing approximately 0.781% of the issued and outstanding Subordinate Voting Shares following such conversion. Such numbers do not include options to purchase Super Voting Shares held by the directors and senior officers of the Resulting Issuer.

13.4 Committees

The Resulting Issuer is a "venture issuer" within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The Resulting Issuer has one committee, the Audit Committee.

The Audit Committee's role is to assist the Board of the Resulting Issuer in fulfilling its financial oversight responsibilities. The primary purpose of the Audit Committee is to assist the Board of the Resulting Issuer in discharging its oversight and evaluation responsibilities. In particular, the Audit Committee is expected to oversee the financial reporting process to ensure the balance, transparency and integrity of the Resulting Issuer's published financial information. The Audit Committee is also responsible for reviewing and reporting to the Board of the Resulting Issuer on the quality and integrity of the Resulting Issuer's consolidated financial statements and other financial information, compliance with legal and regulatory requirements related to financial reporting, the effectiveness of the systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the Resulting Issuer and its subsidiaries, the proper maintenance of

accounting and other records, annual and quarterly interim financial information, the independent audit process, the performance and objectivity of the Resulting Issuer's internal audit function, and any additional matters delegated to the committee by the Board of the Resulting Issuer. The Audit Committee has the right, for the purposes of performing its duties, to maintain direct communication with the Resulting Issuer's external auditors and Board of the Resulting Issuer, to inspect all books and records of the Resulting Issuer and its affiliates, to seek any information it requires from any employee of the Resulting Issuer and its affiliates and to retain outside counsel or other experts. In performing its duties, the Audit Committee will maintain effective working relationships with the Board of the Resulting Issuer, management, and the external auditors.

Following completion of the Merger, the Audit Committee will be comprised of three (3) directors: Irina Migalina, George Anastassov, and Gregory Wagner, each of whom is a director and financially literate in accordance with Section 1.6 of NI 52-110. Each member of the Audit Committee, other than Gregory Wagner is considered independent within the meaning of NI 52-110, as they will be independent of management and free from any material relationship with the Resulting Issuer. A brief description of the biographies for each member of the Audit Committee is set out below, in Section 13.10 - *Management*.

The Board of the Resulting Issuer intends to adopt a written charter setting forth the responsibilities, powers and operations of the Audit Committee consistent with NI 52-110. The principal duties and responsibilities of the Audit Committee will be to assist the Board of the Resulting Issuer in discharging the oversight of:

(a) the integrity of the Resulting Issuer's consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements;

(b) the Resulting Issuer's compliance with legal and regulatory requirements;

(c) the Resulting Issuer's external auditors' qualifications and independence;

(d) the work and performance of the Resulting Issuer's financial management and its external auditors; and

(e) the Resulting Issuer's system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, and risk management established by management and the Board of the Resulting Issuer.

It is anticipated that the Audit Committee will have access to all books, records, facilities and personnel and may request any information about the Resulting Issuer as it may deem appropriate. It will also have the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee. The Audit Committee is also expected to review and approve all related-party transactions and prepare reports for the Board of the Resulting Issuer on

such related-party transactions as well as be responsible for the pre-approval of all non-audit services to be provided by our auditors.

Exemptions Relied Upon

The Resulting Issuer is a "venture issuer" within the meaning of NI 52-110, and as such, is relying on the exemptions provided for in Section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of certain of its reporting obligations under NI 52-110. In particular, the Resulting Issuer is relying on the exemption in Section 6.1 of NI 52-110 relating to Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

13.5 Principal Occupation of Directors and Officers

Information on directors and executive officers' principal occupation is contained in the table in Section 13.1- *Directors and Executive Officers*.

13.6 Corporate Cease Trade Orders or Bankruptcies

None of the proposed directors or officers of the Resulting Issuer or any of their personal holding companies:

(a) is, as at the date of this Listing Statement, or has been, within ten years before the date of this Listing Statement, a director, chief executive officer or chief financial officer of any company, that:

- was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

- was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer of the company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) is as at the date of this Listing Statement or has been within the 10 years before the date of this Listing Statement, a director or executive officer of any company, that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the 10 years before the date of this Listing Statement, become bankrupt,

made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

13.7 Penalties or Sanctions

No proposed director, officer, or Promoter of the Resulting Issuer, or any shareholder anticipated to hold a sufficient amount of securities of the Resulting Issuer to materially affect control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self- regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Personal Bankruptcies

No proposed director, officer or Promoter of the Resulting Issuer, or a shareholder anticipated to hold a sufficient amount of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

13.9 Conflicts of Interest

The Board of the Resulting Issuer is required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests which they may have in any project or opportunity of the Resulting Issuer. If a conflict arises, any director in a conflict will disclose his interest and abstain from voting on such matter at a meeting of the Board of the Resulting Issuer.

To the best of the Resulting Issuer's knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Resulting Issuer, its Promoters, directors, officers or other members of management of the Resulting Issuer.

Certain of the directors, officers, Promoters and other members of management serve as directors, officers, Promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer, Promoter or member of management of such other companies and their duties as a Director, officer, Promoter or member of management of the Resulting Issuer.

The directors and officers of the Resulting Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Resulting Issuer will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty to any of its directors and officers.

13.10 **Management**

A brief description of the biographies for all of the proposed officers and directors of the Resulting Issuer are set out below. Key personnel of the Resulting Issuer's management team are highlighted below. At the current stage of development, the Resulting Issuer is focused on maintaining a lean corporate structure, utilizing sales agents for client acquisition when possible**.**

Gregory Wagner, Age 50, Chief Executive Officer and Director - Mr. Wagner is an entrepreneur with more than 20 years of experience in the financial markets. He has held executive roles in both the U.S. as Chief Executive Officer of ABN, AMRO's broker dealer, and in London, United Kingdom, as Head of Equity Prime Services for the Royal Bank of Scotland. In his role with the Royal Bank of Scotland, Mr. Wagner oversaw approximately $60B in assets under custody. Mr. Wagner has co-founded and built several start-ups. Mr. Wagner holds FINRA Series 7, 63, 24, 55 licences, a Bachelor of Arts from the State University of New York, in Albany, and a MBA in Finance from Fordham University, in New York. Mr. Wagner has also received a Certification in Innovation and Strategy from Harvard University in Massachusetts.

Mr. Wagner will devote such time as may from time be necessary in order to perform the work required in connection with acting in his capacity as Chief Executive Officer and Director of the Resulting Issuer, which currently is estimated to be approximately 85% of his time.

Jeannine Kingsley, Age 43, Chief Financial Officer – Ms. Jeannine Kingsley has 14 years of experience in accounting and financial reporting. Since 2014, Ms. Kingsley has held the position of Vice President of Operations at The CFO Squad, a company that provides a wide range of accounting, financial and related services and acts as advisor to private and public companies. Ms. Kingsley holds a Bachelor's of Arts degree in Psychology and a Bachelor's of Science Degree in Accounting from St. Joseph's College in Patchogue, NY.

Ms. Kingsley will devote such time as may from time be necessary in order to perform the work required in connection with acting in her capacity as Chief Financial Officer of the Resulting Issuer.

Irina Migalina, Age 47, Director – Ms. Irina Migalina is a seasoned entrepreneur and investor with more than twenty years of experience in the banking and financial sector. Ms. Migalina began her professional career in Eastern Europe, and served as Chief Financial Officer of Grostex LLC, from 2002-2005, and Chief Executive Officer of Bastion Group LLC, from 2005-2009. Ms. Migalina also served as a financial advisor with Europack Group, between 2005-2017, where she acquired over a decade of

international experience in providing financial advice to various hi-tech companies. She also joined Nano Graphene Inc. (dba Grapheneca) in 2017, where she has been involved in undertaking strategic analysis in the areas of finances, operations and business management.

Ms. Migalina will devote such time as may from time be necessary in order to perform the work required in connection with acting in her capacity as a Director of the Resulting Issuer, which currently is estimated to be approximately 20% of her time.

Dr. George Anastassov, Age 55, Director – Dr. George Anastassov is the founder of AXIM Biotechnologies, Inc. and the Chairman of its board of directors. Dr. Anastassov has been actively involved in research and development in medicine and biotechnologies since 1987. Over the course of his professional career, he has been recognized in several medical and business publications, including "Who's Who in Medicine" and "Who's Who in Business Professionals", and has received multiple national and international professional and humanitarian awards. Prior to joining AXIM Biotechnologies, Inc., Dr. Anastassov was a co-founder and the CEO of CanChew Biotechnologies, LLC., as well as a co-founder, director, and general partner of Sanammad Foundation and Sanammad Pharmaceuticals, both located in the Netherlands. Dr. Anastassov possesses Medical and Doctorate of Dental Surgery from the New York University College of Dentistry, New York, U.S., as well as an Executive MBA from the College of Business Administration, University of Tennessee, Knoxville, U.S.

Mr. Anastassov will devote such time as may from time be necessary in order to perform the work required in connection with acting in his capacity as a Director of the Resulting Issuer, which currently is estimated to be approximately 20% of his time.

Binyomin Posen, Age 27, Director – Mr. Posen is a Senior Analyst at Plaza Capital, where he focuses on corporate finance, capital markets and helping companies go public. After three and a half years of studies overseas, he returned to complete his baccalaureate degree in Toronto. Upon graduating (on the Dean's List) he began his career as an analyst at a Toronto boutique investment bank where his role consisted of raising funds for IPOs and RTOs, business development for portfolio companies and client relations.

Mr. Posen will devote such time as may from time be necessary in order to perform the work required in connection with acting in his capacity as a Director of the Resulting Issuer, which currently is estimated to be approximately 10% of his time.

14. Capitalization

14.1 Issued Capital

To the best knowledge of the Resulting Issuer, the following table sets out the number of the Subordinate Voting Shares available in the Resulting Issuer's Public Float and Freely-Tradeable Float on a diluted and non-diluted basis:

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	201,576,818	371,723,529[(2)]	100%	100%
Held by related persons or employees of the Resulting Issuer or related person of the Resulting Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer upon exercise or conversion of other securities held) (B)	1,575,000	12,014,832[(3)]	0.78%	3.23%
Total Public Float (A-B)	200,001,818	359,708,698	99.22%	96.77%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	27,946,900	38,386,732	13.86%	10.33%
Total Tradeable Float (A-C)	173,629,918	333,336,798	86.14%	89.67%

Note:

(1) See *Section 11 – "Escrowed Securities"*. Upon the Listing Date, 10% of the Resulting Issuer Shares held in escrow or subject to resale restrictions will be released immediately and the remaining 90% of the said Resulting Issuer Shares will be subject to escrow or resale restrictions.

(2) Does not assume the conversion of all securities into Subordinate Voting Shares.

(3) Assumes the conversion of an aggregate of 15,750 Super Voting Shares held by the directors and senior officers of the Resulting Issuer into an aggregate of 1,575,000 Subordinate Voting Shares.

Public Security holders (Registered)

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	4	76
100 – 499 securities	1	100
500 – 999 securities	-	-
1,000 – 1,999 securities	5	5,500
2,000 – 2,999 securities	3	7,000
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	80	43,988,103
Total:	**93**	**44,000,779**

Public Security holders (Beneficial)

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	53	2,791
100 – 499 securities	84	13,524
500 – 999 securities	12	9,020
1,000 – 1,999 securities	14	17,945
2,000 – 2,999 securities	11	27,500
3,000 – 3,999 securities	3	9,875
4,000 – 4,999 securities	2	8,550
5,000 or more securities	86	25,729,274
Unable to confirm	Unable to confirm(1)	146,237,998
Total:	**265**	**172,056,477**

(1) Shares are held by an unknown number of participants (intermediaries) through CDS & Co., the Canadian depository for securities.

Non-Public Security holders (Registered)

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-

Size of Holding	Number of holders	Total number of securities
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	1	1,575,000
Total:	1	**1,575,000**

(1) Assumes the conversion of an aggregate of 15,750 Super Voting Shares held by the directors and senior officers of the Resulting Issuer into an aggregate of 1,575,000 Subordinate Voting Shares.

14.2 Convertible / Exchangeable Securities

The following table sets out information with respect to securities outstanding that are convertible or exchangeable into Subordinate Voting Shares:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Super Voting Shares[(1)]	2,920,019	292,001,925
Resulting Issuer Options[(2)]	14,939,832	14,939,832
Resulting Issuer Warrants[(3)]	154,624,980	154,624,980
Resulting Issuer Finder Warrants[(4)]	581,900	581,900

(1) The Subordinate Voting Shares are convertible, at the option of the holder and with the consent of the Resulting Issuer, into Super Voting Shares on the basis of one hundred (100) Subordinate Voting Shares for each one (1) Super Voting Share.
(2) The Resulting Issuer Options are exercisable at an exercise price of $0.10 per Subordinate Voting Share and expire on dates between January 3, 2023 and October 15, 2030.
(3) The Resulting Issuer Warrants are exercisable at exercise prices ranging from $0.075 per Subordinate Voting Share to $0.20 per Subordinate Voting Share and expiring on dates between September 15, 2022 and December 15, 2025.
(4) The Resulting Issuer Finder Warrants are exercisable at an exercise price of $0.10 per Subordinate Voting Share and expiring on June 15, 2021.

14.3 Other Listed Securities

There are no listed securities reserved for issuance that are not included in Section 14.2.

15. Executive Compensation

The following table sets forth the anticipated compensation to be paid or awarded to the directors and the following executive officers of the Resulting Issuer: (i) the Executive Chairman, (ii) the Chief Executive Officer and (iii) the Chief Financial Officer.

Table of Compensation Excluding Compensation Securities							
Name & Position	**Year**	**Salary, Consulting Fee, Retainer or Commission (US$)**	**Bonus (US$)**	**Committee or Meeting Fees (US$)**	**Value of Perquisites (US$)**	**Value of All Other Compensation (US$)**	**Total Compensation (US$)**
Gregory Wagner, *CEO & Director*[(1)]	2021	100,000	Nil	Nil	Nil	Nil	100,000
Jeannine Kingsley, *CFO*	2021	24,000	Nil	Nil	Nil	Nil	24,000
George Anastassov, *Director*	2021	25,000	Nil	Nil	Nil	Nil	25,000
Irina Migalina, *Director*	2021	25,000	Nil	Nil	Nil	Nil	25,000
Binyomin Posen, *Director*	2021	25,000	Nil	Nil	Nil	Nil	25,000

Notes:

(1) Represents amounts anticipated to be paid by Potbotics. Pursuant to the terms of an employment agreement dated November 30, 2019 and entered into by and between Potbotics and Mr. Wagner, Mr. Wagner's annual compensation may be increased as follows: (i) to US$160,000 in the event the Resulting Issuer and/or Potbotics successfully raises at least US$1,000,000 in capital from November 30, 2019, (ii) to US$175,000 in the event the Resulting Issuer and/or Potbotics successfully closes a distribution agreement with at least US$15,000,000 in contracted aggregate orders from March 22, 2019 and (iii) US$190,000 in the event the Resulting Issuer and/or Potbotics successfully closes distribution agreements with at least US$40,000,000 in contracted aggregate orders from March 22, 2019. Mr. Wagner is also eligible for an annual, discretionary cash bonus equal to a target of 40% of his annual base salary.

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Resulting Issuer's executive compensation objectives and processes and to discuss compensation decisions relating to its NEOs.

The Resulting Issuer does not have in place a compensation committee. All tasks related to developing and monitoring the Resulting Issuer's approach to the compensation of NEOs are performed by members of the Board of the Resulting Issuer. The compensation of the NEOs and the Resulting Issuer's employees is reviewed, recommended and approved by the Board of the Resulting Issuer without reference to any specific formula or criteria; however, the Resulting Issuer reviews compensation programs of companies in its peer group to ensure that executive compensation is within the parameters of companies of a similar size and in the same industry.

The Resulting Issuer's current compensation program is comprised of a base salary, long term incentives under the Stock Option Plan, and in special circumstances, short term incentives (discretionary bonuses). The compensation program is intended to reward executive officers on the basis of individual performance and achievement of

corporate objectives, both in the short term and the long term. Each element of executive compensation is carefully considered by the Board of the Resulting Issuer to ensure that there is the right mix of short-term and long-term incentives for the purposes of achieving the Resulting Issuer's goals and objectives. In determining executive compensation, the Board of the Resulting Issuer considers the Resulting Issuer's financial circumstances at the time decisions are made regarding executive compensation, and also the anticipated financial situation of the Resulting Issuer in the mid and long-term.

At this time, the Board of the Resulting Issuer has not established any benchmark or performance goals that the NEOs must achieve in order to maintain their respective positions as NEOs with the Resulting Issuer. However, the NEOs are expected to carry out their duties in an effective and efficient manner and to advance the business objectives of the Resulting Issuer. If the Board of the Resulting Issuer determines that these duties are not being met, the Board of the Resulting Issuer has the ability to replace such NEOs in its discretion.

The following executive compensation principles guide the Board of the Resulting Issuer in fulfilling its roles and responsibilities in the design and ongoing administration of the Resulting Issuer's executive compensation program:

- The compensation program is intended to attract, motivate, reward and retain the management talent needed to achieve the Resulting Issuer's business objectives of improving overall corporate performance and creating long-term value for the shareholders. To that end, compensation levels and opportunities must be market competitive while also being fair and reasonable to shareholders.

- Compensation must strike an appropriate balance between short and long-term rewards and incentives without motivating the executive officers to take unnecessary or excessive risk.

- Compensation programs must align executives' long-term financial interests with those of shareholders by providing equity-based incentives.

Base Salary

Base salaries and discretionary bonuses primarily reward recent performance and incentive stock options encourage NEOs to continue to deliver results over a longer period of time and serve as a retention tool.

The base salary of each executive officer is determined by the Board of the Resulting Issuer based on an assessment by the Board of the Resulting Issuer of his or her sustained performance, consideration of competitive compensation, the level of responsibility and experience of the individual, the relative importance of the position to the Resulting Issuer, and the professional qualifications of the individual. A final determination is made by the Board of the Resulting Issuer in its sole discretion and its knowledge of the industry and geographic location which the Resulting Issuer operates.

The NEOs' performances and salaries are to be reviewed periodically to ensure that they properly reflect a balance of market conditions, the levels of responsibilities and accountability of each individual, their unique experience, skills and capability and level of sustained performance. Increases in salary are to be evaluated on an individual basis and are performance based. The amount and award of bonuses to key executives and senior management is discretionary, depending on, among other factors, the financial performance of the Resulting Issuer and the position of a participant.

Option Based Awards

The purpose of the Stock Option Plan is to assist the Resulting Issuer in attracting, retaining and motivating directors, officer, employees, and consultants of the Resulting Issuer and its subsidiaries and to closely align the personal interests of such service providers with the interests of the Resulting Issuer and its shareholders.

The Stock Option Plan provides that a maximum of twenty percent (20%) of the issued and outstanding Subordinate Voting Shares may be issued under the Stock Option Plan. The Stock Option Plan is administered by the Board of the Resulting Issuer

Termination and Change of Control Benefits

As of the date of this Listing Statement, the Resulting Issuer does not have any employment agreements nor any compensatory plans or arrangements with respect to the NEOs that results, or will result, in the payment of amounts or benefits due to the resignation, retirement or any other termination of employment of such NEO's employment or engagement with the Resulting Issuer, a change of control of the Resulting Issuer, or a change in the NEO's responsibilities following a change of control.

Incentive & Pension Plan Awards

As of the date of this Listing Statement, the Resulting Issuer does not have any equity based incentive plans, or any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with the retirement of its NEOs.

16. Indebtedness of Directors and Executive Officers

No director or officer of the Resulting Issuer, or person who acted in such capacity in the last financial year, or any other individual who at any time during the most recently completed financial year of the Resulting Issuer was a director of the Resulting Issuer or any associate of the Resulting Issuer, is indebted to the Resulting Issuer, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer.

No director or officer of Potbotics, or person who acted in such capacity in the last financial year, or any other individual who at any time during the most recently completed financial year of Potbotics was a director of Potbotics or any associate of

Potbotics, is indebted to Potbotics, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Potbotics.

17. Risk Factors

An investment in the Subordinate Voting Shares should be considered highly speculative due to the nature of the Resulting Issuer's proposed business and the present stage of its development. In evaluating the Resulting Issuer and its new business, investors should carefully consider the following risk factors, in addition to the other information contained in this Listing Statement. These risk factors are not a definitive list of all risk factors associated with an investment in the Resulting Issuer or in connection with the Resulting Issuer's operations.

Additional risks and uncertainties that the Resulting Issuer is unaware of, or that the Resulting Issuer currently deems not to be material, may also become important factors that affect the Resulting Issuer. If any such risks actually occur, the Resulting Issuer's business, financial condition or results of operations could be materially adversely affected.

The Resulting Issuer's actual operating results may be very different from those expected as at the date of this Listing Statement.

Risks Related to the Resulting Issuer's Business and Industry

U.S. Regulatory Risks

Cannabis remains illegal under U.S. federal law

Cannabis is a Schedule 1 controlled substance under the U.S. CSA and is illegal under U.S. federal law. Even in those states in which the use of cannabis has been legalized, its use remains a violation of U.S. federal law that is punishable by imprisonment, substantial fines, and forfeiture. The U.S. Supreme Court has ruled in *United States v. Oakland Cannabis Buyer's Coop.* and *Gonzales v. Raich* that the federal government has the right to regulate and criminalize the sale, possession, and use of cannabis, even for medical purposes in states that have legalized marijuana.

The Resulting Issuer is expected to derive a significant portion of its revenues from the sale of one or more of its product offerings to licenced producers, clinics, dispensaries, pharmacies and health institutions who are participants in the cannabis industry in certain states of the U.S. While the Resulting Issuer believes that its business (and the business of industry partners) activities are being carried out in compliance with applicable U.S. state and local law, it remains the case that state laws legalizing the use of cannabis do not pre-empt U.S. federal law criminalizing the use of cannabis. As a consequence, strict enforcement of U.S. federal law regarding cannabis against the Resulting Issuer, its subsidiaries, or industry partners would harm the Resulting Issuer's business, prospects, results of

operation, and financial condition.

Federal regulation of cannabis in the U.S.

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis and recreational cannabis under the *Cannabis Act* (Canada) and regulations established thereunder, investors are cautioned that in the U.S., cannabis is largely regulated at the state level. To date, 33 states, plus the District of Columbia, have legalized cannabis for comprehensive medical or recreational use, and more than 14 others have laws in place which recognize medical benefits for at least some cannabinoids.

Notwithstanding the permissive regulatory environment of cannabis at the state level in the U.S., cannabis containing in excess of 0.3% THC continue to be categorized as a Schedule 1 controlled substances and are illegal under federal law, specifically the U.S. CSA. Even in states that have legalized the use of cannabis, its sale and use remain violations of federal law. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation and regulation.

The Cole Memorandums

In August 2013, then Deputy Attorney General James Cole authored the Cole Memorandum, addressed to all U.S. Attorneys, seeking to respond to the inconsistency between state legislatures and the federal government regarding cannabis and cannabis activities.

The Cole Memorandum outlined the priorities for the U.S. Department of Justice relating to the prosecution of cannabis offenses, and acknowledged that, notwithstanding the designation of cannabis as a controlled substance at the federal level in the U.S., several states had enacted laws relating to cannabis for medical purposes. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the U.S. Department of Justice should be focused on addressing only priority cannabis related conduct to enforce the U.S. CSA. States where medical cannabis had been legalized were not characterized as a priority.

The enforcement priorities of the Cole Memorandum were reaffirmed, again, in the 2014 Cole Memorandum.

The Sessions Memorandum

In March 2017, then-newly appointed Attorney General Jeff Sessions again noted the limited federal resources and acknowledged that much of the Cole Memorandum had merit. However, on January 4, 2018, Mr. Sessions issued the Sessions Memorandum, which rescinded and superseded the Cole Memorandum and the 2014 Cole Memorandum.

The Sessions Memorandum stated, in part, that current law reflects Congress' determination that cannabis is a dangerous drug and that cannabis activity is a serious crime. The Sessions Memorandum directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities.

As a result of the Sessions Memorandum, U.S. federal prosecutors now appear to be free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities notwithstanding the existence of permissive state-level laws. Unfortunately, the Sessions Memorandum did not provide any direction to U.S. federal prosecutors as to the priority they should ascribe to such cannabis activities, and as a result, it is uncertain how active U.S. federal prosecutors will be in relation to such activities.

The Trump Administration

Former U.S. Attorney General Jeff Sessions resigned on November 7, 2018 and was replaced by Matthew Whitaker as interim Attorney General. On February 14, 2019, William Barr was sworn in as Attorney General. Mr. Barr resigned and was replaced by current U.S. Attorney General Jeffrey A. Rosen, who was was sworn in as acting Attorney General on December 24, 2020.

While the use of cannabis appears to be increasing at the state-legalized level in the U.S., it is unclear what position the new Attorney General will take on the enforcement of federal laws with regard to the U.S. cannabis industry. For example, during his confirmation hearing on January 15, 2019, former U.S. Attorney General William Barr had indicated that he personally believes cannabis should remain illegal, but that he would not go after companies that have relied on the 2014 Cole Memorandum, and that his approach with regard to U.S. federal cannabis law enforcement would be "not to upset settled expectations."

Until Mr. Rosen begins to implement further policies, considerable uncertainty remains. Although Mr. Rosen's approach to cannabis federal law enforcement may prove equal to, or less aggressive than the stances adopted by Attorney General Session and Attorney General Barr, it is unclear what position Mr. Rosen will ultimately take on the enforcement of federal laws with regard to the U.S. cannabis industry.

The Leahy Amendment and Medical Cannabis

Although the Cole Memorandum and 2014 Cole Memorandum have been rescinded, one legislative safeguard for the medical cannabis industry remains in

place in the U.S. Congress has used a rider provision in the fiscal year 2015, 2016, 2017 and 2018 *Consolidated Appropriations Acts* (currently, the "**Leahy Amendment**") to prevent the U.S. federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law.

On December 20, 2019, the *Further Consolidated Appropriations Act, 2020* was passed, which authorizes appropriations to fund the operation of certain agencies in the U.S. federal government through September 30, 2020. At the time of this Listing Statement, Congress has not completed action for fiscal year 2021. It is uncertain whether the Congress will extend this prohibition beyond such expiration date. As the Leahy Amendment protects only state medical cannabis actors, there can be no assurance that U.S. federal prosecutors will not use congressionally appropriated funds to interfere with state adult use (recreational) cannabis actors.

In *U.S. v. McIntosh*, the U.S. Court of Appeals for the Ninth Circuit held that the Leahy Amendment prohibits the U.S. Department of Justice from spending funds from relevant appropriations acts to prosecute individuals who engage in conduct permitted by state medical-use cannabis laws and who strictly comply with such laws. However, this decision only holds precedence to the Ninth Circuit, which includes Alaska, Arizona, California, Hawaii, and Idaho. The Ninth Circuit also held that persons who do not strictly comply with all state laws and regulations regarding the distribution, possession, and cultivation of medical-use cannabis have engaged in conduct that is unauthorized, and in such instances, the U.S. Department of Justice may prosecute those individuals.

In the event Congress fails to renew this federal law in its next budget bill, the Leahy Amendment for medical cannabis operators will be void. Should the Leahy Amendment not be renewed upon expiration in subsequent spending bills, there can be no assurance that the U.S. federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law. Such potential proceedings could involve significant restrictions being imposed upon the Resulting Issuer or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Resulting Issue's business, revenues, operating results and financial condition as well as the Resulting Issuer's reputation, even if such proceedings were concluded successfully in favour of the Resulting Issuer.

Recap

Cannabis remains illegal under federal law in the U.S. Notwithstanding the existence of state-level laws permitting medical or recreational cannabis activities, and notwithstanding the fact that the Resulting Issuer, its subsidiaries, or industry partners may be in compliance with such state-level laws, U.S. federal prosecutors may enforce U.S. federal laws and seek to prosecute actors involved in activities related to cannabis. Any enforcement of current U.S. federal laws by U.S. federal prosecutors could cause significant financial damage to the Resulting

Issuer and its shareholders. Further, future presidential administrations may want to treat cannabis differently and potentially enforce U.S. federal laws more aggressively. Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Resulting Issuer, including its reputation and ability to conduct business, its financial position, operating results, profitability or liquidity or the market price of its publicly traded securities. In addition, it is difficult to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Risks inherent in the new cannabis industry

The cannabis industry is a new industry subject to extensive regulation, and there can be no assurance that the industry will grow, flourish or continue to the extent necessary to permit the Resulting Issuer to succeed. The Resulting Issuer is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its product offerings and will adjust its future operations, product offerings and market strategy as the industry develops and matures.

In addition, while the use of cannabis appears to be increasing at the state-legalized level in the U.S., there remains the risk that U.S. federal prosecutors may begin to prosecute businesses engaged in the medical or recreational cannabis industry in the U.S., irrespective of compliance with applicable state-level laws governing the applicable industry. In such case, there may not be any market or demand for the Resulting Issuer's products and services in the U.S., which, in turn, could have a material adverse effect on the Resulting Issuer and its business, results of operations, financial condition and cash flows.

Laws and regulations affecting the cannabis industry are constantly changing

The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect the operations of the Resulting Issuer. Local, state and federal medical cannabis laws and regulations are broad in scope and subject to changing interpretations. These changes may require the Resulting Issuer to incur substantial costs associated with legal and compliance fees and ultimately require the Resulting Issuer to alter its business plan. Furthermore, violations of these laws, or alleged violations, could disrupt the Resulting Issuer's business and result in a material adverse effect on its operations. In addition, the Resulting Issuer cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to its business.

Applicable state laws may prevent maximization of potential income.

Depending on the laws of each particular U.S. state, the Resulting Issuer may not be able to fully realize its potential to generate profit. For example, some states have residency requirements for those directly involved in the medical-use cannabis industry, which may impede the Resulting Issuer from contracting in those states. Furthermore, cities and counties are being given broad discretion to ban certain cannabis activities. Even if these activities are legal under U.S. state law, specific cities and counties may ban them.

Money laundering laws

Under U.S. federal law, it may be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of cannabis or any other Schedule I controlled substance under the U.S. CSA. Canadian banks are likewise hesitant to deal with cannabis companies due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions, particularly those that are federally chartered in the U.S., could be prosecuted and possibly convicted of money laundering for providing services to businesses with operations or a connection to cannabis.

If any of the Resulting Issuer's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the U.S. or Canada are found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could, for example, restrict or otherwise jeopardize the ability of the Resulting Issuer to declare or pay dividends and could affect other distributions, including the Resulting Issuer's ability to transfer funds into Canada. Furthermore, while the Resulting Issuer has no current intentions to declare or pay dividends in the foreseeable future, if a determination was made that the Resulting Issuer's proceeds from operations (or any future operations or investments in the U.S.) could reasonably be shown to constitute proceeds of crime, the Resulting Issuer may decide, or be required, to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Risks Associated with the Resulting Issuer's Business

Lack of U.S. bankruptcy protections

U.S. bankruptcy laws were adopted to protect financially troubled businesses and to provide for orderly distributions to business creditors. All bankruptcy cases are handled in U.S. federal courts, and the U.S. Department of Justice has stated that it is the U.S. Trustee Program's ("**USTP**") position that no assets associated with the cannabis industry can be liquidated or restricted following bankruptcy without violating the U.S. CSA.

As of the date of this Listing Statement, many U.S. federal courts have denied cannabis businesses bankruptcy protections on the ground that businesses cannot

violate federal law and then claim the benefits of federal bankruptcy for the same activity. In addition, bankruptcy courts cannot ask a bankruptcy trustee to take possession of and distribute cannabis assets as such action would violate the U.S. CSA. If the Resulting Issuer were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to the Resulting Issuer, which would have a material adverse effect on the Resulting Issuer and its business, results of operations, financial condition and cash flows.

Risks relating to anti-money laundering laws and regulations

The Resulting Issuer will be subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the *Bank Secrecy Act*, as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (USA PATRIOT Act), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Since the cultivation, manufacture, distribution and sale of cannabis remains illegal under the U.S. CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the *Bank Secrecy Act*, among other applicable federal statutes. Banks or other financial institutions that provide cannabis businesses with financial services such as a checking account or credit card in violation of the *Bank Secrecy Act* could be criminally prosecuted for willful violations of money laundering statutes, in addition to being subject to other criminal, civil, and regulatory enforcement actions. Banks often refuse to provide banking services to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the U.S. The lack of banking and financial services presents unique and significant challenges to businesses in the cannabis industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the U.S. CSA. The Resulting Issuer may also be exposed to the foregoing risks.

As previously introduced, in February 2014, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**") issued the FinCEN Memo providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of the *Bank Secrecy Act*. It refers to supplementary guidance

that former Deputy Attorney General James M. Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the U.S. CSA. Although the FinCEN Memo remains in effect today, it is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memo. Overall, the U.S. Department of Justice continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the *Bank Secrecy Act*, that occur in any state, including in states that have legalized the applicable conduct and the U.S. Department of Justice's current enforcement priorities could change for any number of reasons. A change in the U.S. Department of Justice's enforcement priorities could result in the U.S. Department of Justice prosecuting banks and financial institutions for crimes that previously were not prosecuted. If the Resulting Issuer does not have access to a U.S. banking system, its business and operations could be adversely affected.

On September 25, 2019, the U.S. House of Representatives passed the SAFE Banking Act, but it was never passed by the U.S. Senate. On March 18, 2021, a revised version of the SAFE Banking Act was reintroduced in the U.S. House of Representatives, and on March 23, 2021, a nearly identical bill was introduced in the U.S. Senate. On April 19, 2021, the U.S House of Representatives voted to approve the SAFE Banking Act. In order to become law, the SAFE Banking Act would need to be approved by the U.S. Senate and signed by President Joe Biden. As of the date of this Listing Statement, the timing of the U.S. Senate's consideration of the SAFE Banking Act is unclear. The SAFE Banking Act would permit the cannabis industry access to financial services. However, it is not certain whether the Act will become law. Additionally, the U.S. House of Representatives had also introduced the MORE Act. The MORE Act, introduced by then U.S. Senator Kamala Harris and U.S. Representative Jerrold Nadler in July 2019, if passed would have, among other things, removed cannabis as a Schedule I controlled substance under the U.S. CSA, eliminate criminal penalties for an individual who manufactures, distributes, or possesses marijuana, and make available U.S. Small Business Administration funding for regulated cannabis operators. On December 4, 2020, the U.S. House of Representatives voted to approve the MORE Act. On December 7, 2020, the U.S. Senate referred the MORE Act to the Senate Committee on Finance for review, but the MORE Act was never voted on by the U.S. Senate. In March 2021, U.S. Representative Jerrold Nadler announced that he plans to reintroduce the MORE Act before the U.S. House of Representatives, but as of the date of this Listing Statement, such bill has not yet been reintroduced. As a result, if the SAFE Banking Act are not passed, of which there can be no assurance, the Resulting Issuer will not have access to a U.S. banking system, and its business and operations could be adversely affected.

Other potential violations of U.S. federal law resulting from cannabis-related activities include the Racketeer Influenced Corrupt Organizations Act ("**RICO**"). RICO is a federal statute providing criminal penalties in addition to a civil cause of action for acts performed as part of an ongoing criminal organization. Under RICO, it is unlawful for any person who has received income derived from a pattern of racketeering activity (which includes most felonious violations of the U.S. CSA), to use or invest any of that income in the acquisition of any interest, or the establishment

or operation of, any enterprise which is engaged in interstate commerce. RICO also authorizes private parties whose properties or businesses are harmed by such patterns of racketeering activity to initiate a civil action against the individuals involved. Although RICO suits against the cannabis industry are rare, a few cannabis businesses have been subject to a civil RICO action. Defending such a case has proven extremely costly, and potentially fatal to a business' operations.

In the event that any of the Resulting Issuer's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the Resulting Issuer's ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada, and subject the Resulting Issuer to civil and/or criminal penalties.

Civil asset forfeiture

Because the cannabis industry remains illegal under U.S. federal law, there is the risk that any property owned by participants in the cannabis industry and either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. If property owned by the Resulting Issuer is deemed to be property used in the course of conducting a cannabis business, or to be the proceeds of such business, such property could be seized and subject to an administrative proceeding that could ultimately result in forfeiture, even in cases where the Resulting Issuer, as the owner, is not charged with a crime.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, seizure of assets, disgorgement of profits, cessation of business activities or divestiture. As an entity that conducts business in the cannabis industry, the Resulting Issuer will be potentially subject to U.S. federal and state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative for the federal government or any state (or local police force) that wants to discourage residents from conducting transactions with cannabis related businesses but believes criminal liability is too difficult to prove beyond a reasonable doubt. Also, an individual can be required to forfeit property considered to be the proceeds of a crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the standard in a criminal matter. Depending on the applicable law, whether federal or state, rather than having to establish liability beyond a reasonable doubt, the U.S. federal government or the state, as applicable, may be required to prove that the money or property at issue is proceeds of a crime only by either clear and convincing evidence or a mere preponderance of the evidence.

Shareholders of the Resulting Issuer located in states where cannabis remains illegal may be at risk of prosecution under federal and/or state conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. Many states in the U.S. remain fully able to take action to prevent the proceeds of cannabis businesses from entering their state. Because state legalization is relatively new, it remains to be seen whether these states would take such action and whether a court would approve it.

Contractual risks

Because the Resulting Issuer's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some other jurisdictions, the Resulting Issuer may face difficulties in enforcing its contracts in U.S. federal and certain state-level courts**.** While some states, like California and Oregon, have passed legislation that expressly protects cannabis related contracts from being unenforceable, there can be no assurance in every state that the Resulting Issuer will have an adequate remedy for breach of contract, and this could have a material adverse effect on the Resulting Issuer and its business, results of operations, financial condition and cash flows.

Reliance on management and key personnel

The Resulting Issuer believes that its success has depended, and continues to depend, on the efforts and talents of its executives and employees, including its Chief Executive Officer. The Resulting Issuer's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Resulting Issuer may incur significant costs to attract and retain them. In addition, the loss of any of the Resulting Issuer's senior management or key employees could materially adversely affect its ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all. The Resulting Issuer does not maintain key person life insurance policies on any of its employees.

Factors which may prevent realization of growth targets

The Resulting Issuer is currently in the expansion from early development stage. There is a risk that the resources necessary for its business and operations may not be secured on time, on budget, or at all, and further, that the Resulting Issuer may not have sufficient product available to meet the anticipated future demand when it arises, as a result of being adversely affected by a variety of factors, including some that are discussed elsewhere in these Risk Factors and the following:

- failure, or delays in, obtaining or satisfying conditions imposed by regulatory approvals
- non-performance by third party contractors and manufacturers
- increases in materials or labour costs

- breakdown, aging or failure of equipment or processes
- contractor or operator errors
- operational inefficiencies
- labour disputes, disruptions or declines in productivity
- inability to attract sufficient numbers of qualified workers
- disruption in the supply of energy and utilities
- major incidents and/or catastrophic events such as fires, explosions or storms

The Resulting Issuer may experience additional expenditures related to unforeseen issues that have not been taken into account in the preparation of this Listing Statement.

Additional financing

The continued development of the Resulting Issuer may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of the Resulting Issuer's current business strategy or the Resulting Issuer ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Resulting Issuer. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of the Subordinate Voting Shares. In addition, from time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Resulting Issuer's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Resulting Issuer would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Resulting Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Resulting Issuer's ability to pursue its business objectives.

Competition

The industry within which the Resulting Issuer operates is intensely competitive in all its phases, and there is potential that the Resulting Issuer will face intense competition from other companies, some of which can be expected to have more financial resources and extraction, and manufacturing and marketing experience than the Resulting Issuer. There can be no assurance that potential competitors of the Resulting Issuer, which may have greater financial, research and development, sales and marketing and personnel resources than the Resulting Issuer, are not currently developing, or will not in the future develop, products and strategies that are equally or more effective and/or economical as any products or strategies developed by the Resulting Issuer or which would otherwise render the Resulting Issuer's products or strategies obsolete. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Risks related to intellectual property

The Resulting Issuer may have certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patents and proprietary processes including its proprietary products. The Resulting Issuer will rely on such intellectual property, know-how and other proprietary information, and require employees, consultants and suppliers to sign confidentiality agreements, where necessary. However, these confidentiality agreements may be breached, and the Resulting Issuer may not have adequate remedies for such breaches. Third parties may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology. Third parties may otherwise gain access to the Resulting Issuer's proprietary information and adopt it in a competitive manner. Any loss of intellectual property protection may have a material adverse effect on the Resulting Issuer's business, results of operations or prospects.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the U.S. CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Resulting Issuer. As a result, the Resulting Issuer's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Resulting Issuer can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level. While many states do offer the ability to protect trademarks independent of the federal government, patent protection is wholly unavailable on a state level, and state-registered trademarks provide lower degree of protection than would federally-registered marks.

If the Resulting Issuer does not obtain sufficient protection for its intellectual property, or if the Resulting Issuer is unable to effectively enforce its intellectual property rights, its competitiveness could be impaired, which would limit its growth and future revenue. Further, the Resulting Issuer may have to engage in litigation to protect the rights to its intellectual property, which could result in significant litigation

costs and require a significant amount of its time. Litigation of this nature, even if successful, is often expensive and time-consuming to prosecute and there can be no assurance that the Resulting Issuer will have the financial or other resources to be able to enforce its rights or prevent other parties from developing similar products or processes or designing around its intellectual property.

Absent adequate intellectual property protections, the Resulting Issuer's ability to enforce and protect its intellectual property rights may be limited in certain jurisdictions outside the U.S., making it easier for competitors to utilize technologies similar to those developed or licensed by the Resulting Issuer and capture market position in such jurisdictions.

Risks relating to protecting trade secrets

The Resulting Issuer's success depends upon the skills, knowledge, and experience of, one or more of, its scientific and technical personnel, its consultants and advisors, as well as its licensors and contractors. Because the Resulting Issuer operates in several highly competitive industries, the Resulting Issuer may, from time to time, rely in part on trade secrets to protect its proprietary technology and processes. However, trade secrets are difficult to protect and there is the risk that the Resulting Issuer may be unable to adequately protect its trade secrets.

Infringement or misappropriation claims by third parties

The Resulting Issuer's success depends, in part, on its ability to use and develop new technologies and know-how without infringing the intellectual property rights of third parties. There can be no assurance that third parties will not assert intellectual property claims against the Resulting Issuer. The Resulting Issuer may be subject to additional risks if entities licensing intellectual property to it do not have adequate rights in such licensed intellectual property. In the event third parties assert copyright or patent infringement or violation of other intellectual property rights against the Resulting Issuer, the Resulting Issuer will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Resulting Issuer may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Resulting Issuer to injunctions prohibiting the development and operation of its applications.

Inability to innovate

To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, and in particular, must be able to develop new technologies and products that appeal to its customers. The Resulting Issuer's ability to do so depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. There is a risk that Resulting Issuer may, in the future, not be able to successfully develop, introduce,

market, and source new technologies or innovations, that satisfy the needs of its customers, achieve market acceptance, or generate satisfactory financial returns.

Currency fluctuations

The Resulting Issuer may be exposed to significant currency fluctuations, in part due to its present operations in the U.S., and future operations outside of the U.S. and Canada. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. The Resulting Issuer expects that all or substantially all of its revenue will be earned in U.S. dollars, but a portion of its operating revenues and expenses are incurred in Canadian dollars. The Resulting Issuer does not have currency hedging arrangements in place and there is no expectation that the Resulting Issuer will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Resulting Issuer's business, financial position or results of operations.

Research and development and product obsolescence

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize the Resulting Issuer's business. The introduction of new products embodying new technologies and the emergence of new industry standards may render the Resulting Issuer's products less competitive or less marketable. The process of developing the Resulting Issuer's future products may be complex and requires significant continuing costs, development efforts and third party commitments. The Resulting Issuer's failure to develop new technologies and the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of the Resulting Issuer. The Resulting Issuer may be unable to anticipate changes in its potential customer requirements that could make the Resulting Issuer's existing technology obsolete. The Resulting Issuer's success will depend, in part, on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of the Resulting Issuer's technologies entails significant technical and business risks. The Resulting Issuer may not be successful in using its new technologies or exploiting its niche markets effectively or adapting its businesses to evolving customer or medical requirements or preferences or emerging industry standards.

Impact of the COVID-19 Pandemic

COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). Since December 31, 2019, the outbreak of COVID-19 has led governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include, among other things, the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Such

events may result in a period of business disruption, and in reduced operations, any of which could have a material adverse impact on the Resulting Issuer's profitability, results of operations, financial condition and the market and trading price of the Resulting Issuer's securities.

As of the date of this Listing Statement, the duration and the immediate and eventual impact of the COVID-19 pandemic remains unknown. In particular, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Resulting Issuer and its industry partners. To date, a number of businesses have suspended or scaled back their operations and development as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. In the event that the operations or development of the Resulting Issuer or one or more of the Resulting Issuer's industry partners is suspended or scaled back, or if the Resulting Issuer's supply chains are disrupted, such events may have a material adverse impact on the Resulting Issuer's profitability, results of operations, and financial condition. The breadth of the impact of the COVID-19 pandemic on investors, businesses, the global economy and financial and commodity markets may also have a material adverse impact on the Resulting Issuer's profitability, results of operations and financial conditions and the market and trading price of the Resulting Issuer's securities.

In addition to the above-noted risks, the Resulting Issuer's proposed business is subject to the additional risk that the COVID-19 pandemic, or public perception of the COVID-19 pandemic, could cause potential consumers of the Resulting Issuer's product offerings to avoid public places, which could cause temporary or long-term disruptions in market demand for the Resulting Issuer's product offerings. Furthermore, the COVID-19 pandemic (or similar outbreaks or other public health crises) could lead to employees of the Resulting Issuer's industry partners to avoid their places of employment, which could adversely affect our industry partners' ability to adequately staff and manage their respective businesses, and in turn have a material adverse impact on the Resulting Issuer's profitability, results of operations and financial conditions, and the market and trading price of the Resulting Issuer's securities. Finally, there is a risk that one or more orders by governmental authorities could lead to the complete or partial closure of one or more facilities or operations of the Resulting Issuer and its industry partners for an indefinite period of time.

Unfavourable publicity or consumer perception

The Resulting Issuer believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis and cannabis products produced or manufactured. Consumer perception of the Resulting Issuer's products and technologies can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical and recreational cannabis market or any particular product, or consistent

with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Resulting Issuer's products and the business, results of operations, financial condition and cash flows of the Resulting Issuer.

The Resulting Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Resulting Issuer, the demand for the Resulting Issuer's products, and the business, results of operations, financial condition and cash flows of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or the Resulting Issuer's products and services specifically, or associating the consumption of medical and/or recreational cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Product liability

The Resulting Issuer may be subject to various product liability claims, including claims that the products it sells or its sublicensees formulates contain contaminants, are improperly labeled or include inadequate instructions as to use or inadequate warnings concerning side effects and interactions with other substances. In addition, the Resulting Issuer may be forced to defend lawsuits. The Resulting Issuer cannot predict whether product liability claims will be brought against it in the future or the effect of any resulting adverse publicity on the business. Moreover, the Resulting Issuer may not have adequate resources in the event of a successful claim against it. The successful assertion of a product liability claim against it could result in potentially significant monetary damages. In addition, interactions of the products with other similar products, prescription medicines and over-the-counter drugs have not been fully explored.

As a distributor of products designed to be ingested by humans, the Resulting Issuer faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Resulting Issuer's risk of exposure to product liability claims is exacerbated by recent news regarding potential vaporizer related illnesses and deaths in the U.S., some of which are believed to be linked to vitamin E acetate, and other additives, thickeners and agents. Any product liability claim or regulatory action against the Resulting Issuer or its subsidiaries could result in increased costs, could adversely affect its

reputation with its clients and consumers generally, and could have a material adverse effect on its business, financial condition and results of operations.

There can be no assurances that the Resulting Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Resulting Issuer's products.

The Resulting Issuer may also be exposed to claims relating to product advertising or product quality. People may purchase the Resulting Issuer's products expecting certain results. If they do not perceive expected results to occur, certain individuals or groups may seek monetary retribution.

Restraints of ability to market products

The development of the Resulting Issuer's business and results of operations may be hindered by applicable restrictions on the sales and marketing activities imposed by, applicable health regulatory bodies, including Health Canada and the U.S. Food and Drug Administration. The regulatory environment in Canada and the U.S. could limit the Resulting Issuer's ability to compete for market share in a manner similar to other industries. For example, following a series of potential vaporizer related illnesses and deaths in the U.S., in August and September of 2019, President Trump indicated on September 11, 2019 that the U.S. Food and Drug Administration is expected to introduce rules, in the near future, which could place bans and/or restrictions on thousands of e-cigarette flavors. The U.S. Food and Drug Administration Commissioner, Ned Sharpless, said the agency will not place an outright ban on e-cigarettes and vaporizers, but will enforce existing law when it comes to the sale of these products. It is likely that there will be a halt on marketing until manufacturers can demonstrate the product is appropriate for the protection of the public health. However, due to the number of vaporizer related illnesses and deaths it is unclear what action, if any, will be taken by the U.S. Food and Drug Administration and its resulting affect on the Resulting Issuer.

In the event the Resulting Issuer is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Resulting Issuer's sales and results of operations could be adversely affected.

Changes in Canadian cannabis laws

The Resulting Issuer's cannabis-related operations in Canada are subject to the Cannabis Act and various other laws, regulations and guidelines relating to the marketing, acquisition, packaging/labelling, management, transportation, storage, sale and disposal of the Resulting Issuer's product offerings, including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Any changes in such laws, regulations and guidelines could

subject the Resulting Issuer to significant costs in complying with such changes, or the Resulting Issuer may be unable to comply therewith, which in turn may result in a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Contamination and production interruptions

The Resulting Issuer has adopted various quality, environmental, health and safety standards for its product offerings. However, notwithstanding this, one or more of the Resulting Issuer's products may not meet such standards or could otherwise become contaminated. A failure to meet these standards or contamination could also occur in its operations or those of industry partners and third party manufacturers. Any such failure or contamination could result in expensive production interruptions, recalls and liability claims. Moreover, negative publicity could be generated even from false, unfounded or nominal liability claims or limited recalls. Any of these failures or occurrences could negatively affect the Resulting Issuer's business, financial condition and results of operations.

Promoting the brand

Promoting the Resulting Issuer's brand will be critical to creating and expanding the customer base for the Resulting Issuer's product offering. Promoting The Resulting Issuer's brands will depend largely on the Resulting Issuer's ability to provide quality and innovative products. The Resulting Issuer may introduce new products or services that its customers do not like, which may negatively affect its brands and overall reputation. In the event the Resulting Issuer fails to successfully promote its brands, or if it incurs excessive expenses in its efforts to do so, its business, financial condition and results of operations could be materially adversely affected.

Product viability

If the products the Resulting Issuer sells are not perceived to have the effects intended by the end user, its business may suffer. In general, one or more of the Resulting Issuer's products distributed to end-users by industry partners may contain various herbal content, one or more of which may have minimal long-term data with respect to efficacy, unknown side effects and/or interaction with individual human biochemistry or other supplements or medications. In addition, there can be no assurances that the Resulting Issuer products would not have certain side effects, and in particular in circumstances where such products are not used as directed or used by an end user who has certain known or unknown medical conditions. The occurrence of such side effects could adversely affect the Resulting Issuer's reputation with its clients and consumers, which could in turn, have a material adverse effect on its business, financial condition and results of operations.

Success of quality control systems

The quality and safety of the Resulting Issuer's products are critical to the success of its business and operations. As such, it is imperative that the Resulting Issuer (and its service providers') quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality of the training program and adherence by employees to quality control guidelines. Any significant failure or deterioration of such quality control systems could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Resulting Issuer are recalled due to an alleged product defect or for any other reason, the Resulting Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Resulting Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant Management attention. Although the Resulting Issuer has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits.

Additionally, if one of the products produced by the Resulting Issuer were subject to recall, the image of that product and the Resulting Issuer could be harmed. Any recall, including for any of the foregoing reasons, could lead to decreased demand for products produced by the Resulting Issuer and could have a material adverse effect on the results of operations and financial condition of the Resulting Issuer. Additionally, product recalls may lead to increased scrutiny of the operations of the Resulting Issuer by Health Canada or other regulatory agencies, requiring further Management attention and potential legal fees and other expenses.

Difficulty to forecast

The Resulting Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Operating risk and insurance coverage

The Resulting Issuer has insurance to protect its assets, operations and employees. While the Resulting Issuer believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of

operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Resulting Issuer is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Resulting Issuer's liabilities or will be generally available in the future, or if available, that premiums will be commercially justifiable. If the Resulting Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Resulting Issuer were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Additionally, in the United States, many cannabis-related businesses are subject to a lack of adequate insurance coverage. In addition, many insurance companies may deny claims for any loss relating to cannabis or cannabis-related operations based on their illegality under federal law, noting that a contract for an illegal transaction is unenforceable. There can be no assurance that the Resulting Issuer will have an adequate remedy in the event of denial of insurance claims, and this could have a material adverse effect on the Resulting Issuer and its business, results of operations, financial condition and cash flows.

Management of growth

The Resulting Issuer may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and prospects.

Reliance on third party data

Certain products of the Resulting Issuer, such as the PotBot App, may rely upon industry and market data and forecasts obtained from independent publications, market research and analyst reports, surveys and other publicly available sources. Although the Resulting Issuer believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data is not guaranteed. The Resulting Issuer has not independently verified any of the data from third party sources used by these products, including documents incorporated by reference herein, nor ascertained the underlying assumptions relied upon by such sources.

Conflicts of interest

The Resulting Issuer may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Resulting Issuer's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Resulting Issuer. In some cases, the Resulting Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Resulting Issuer's business and affairs and that could adversely affect the Resulting Issuer's operations. These business interests could require significant time and attention of the Resulting Issuer's executive officers and directors.

In addition, the Resulting Issuer may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Resulting Issuer may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Resulting Issuer. In addition, from time to time, these persons may be competing with the Resulting Issuer for available investment opportunities.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Resulting Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Resulting Issuer are required to act honestly, in good faith and in the best interests of the Resulting Issuer.

Additional capital requirements

The Resulting Issuer will likely need additional capital to sustain its operations and will likely need to seek further financing. If the Resulting Issuer fails to raise additional capital, as needed, its ability to implement its business model and strategy could be compromised. To date, the Resulting Issuer's operations and expansion of its business have been funded primarily by the proceeds of debt and equity financings and supplemented from cash-flow from operations. The Resulting Issuer expects to require substantial additional capital in the near future to commence the expansion of its business into additional states in the U.S., expand its product lines, develop its intellectual property base, and establish its targeted levels of commercial production. The Resulting Issuer may not be able to obtain additional financing on terms acceptable to it, or at all. In particular, because cannabis is illegal under federal law, the Resulting Issuer may have difficulty attracting investors.

Even if the Resulting Issuer obtains financing for its near-term operations and expansion, the Resulting Issuer expects that it will require additional capital thereafter. Its capital needs will depend on numerous factors including: (i) its profitability, (ii) the release of competitive products by its competition, (iii) the level of its investment in research and development, and (iv) the amount of its capital expenditures, including acquisitions.

If the Resulting Issuer raises additional funds through the issuance of equity or convertible debt securities, the percentage ownership held by its existing shareholders will be reduced and its shareholders may experience significant dilution. In addition, new securities may contain rights, preferences, or privileges that are senior to those of its securities. If the Resulting Issuer raises additional capital by incurring debt, this will result in increased interest expense. If the Resulting Issuer raises additional funds through the issuance of securities, market fluctuations in the price of its securities could limit its ability to obtain equity financing.

No assurance can be given that any additional financing will be available to the Resulting Issuer, or if available, will be on terms favorable to it. If the Resulting Issuer is unable to raise capital when needed, its business, financial condition, and results of operations would be materially adversely affected, and it could be forced to reduce or discontinue its operations.

Limited ability to access public and private capital

Given the current laws regarding cannabis at the federal level in the U.S., traditional bank financing is typically not available to issuers engaged in the U.S. cannabis industry. Specifically, the federal illegality of cannabis in the U.S. means that financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under several U.S. statutes, including money laundering statutes. As a result, the Resulting Issuer may not be able to secure financing on terms acceptable to it, or at all.

Resulting Issuer's products

As a relatively new industry, there are not many established players in the medical or recreational cannabis industry whose business model the Resulting Issuer can follow or build on the success of. Similarly, there is no information about comparable companies available for potential investors to review in making a decision about whether to invest in the Resulting Issuer.

Shareholders and investors should further consider, among other factors, the Resulting Issuer's prospects for success in light of the risks and uncertainties encountered by companies that, like the Resulting Issuer, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur and they may result in material delays in the operation of the Resulting Issuer's business. The Resulting Issuer may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Resulting Issuer fails to do so, it could materially harm the Resulting Issuer's business to the point of having to cease operations and could impair the value of the common shares to the point investors may lose their entire investment.

The Resulting Issuer expects to commit significant resources and capital to develop and market existing products and new products and services. These products are relatively untested, and the Resulting Issuer cannot assure shareholders and investors

that it will achieve market acceptance for these products, or other new products and services that the Resulting Issuer may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Resulting Issuer to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm the Resulting Issuer's business, financial condition and results of operations.

Reliance on Chinese manufacturers

The Resulting Issuer relies on third party manufacturers based in China to manufacture one or more of its product offerings or components used with or within its products. Certain factories in China and the products they export have recently been the source of safety concerns and recalls, which is generally attributed to lax regulatory, quality control and safety standards. Should such factories in China continue to draw public criticism for exporting unsafe products, regardless of whether or not such unsafe products relate to the Resulting Issuer, the Resulting Issuer may be adversely affected by the stigma associated with Chinese production, which could have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

U.S. tariffs

Existing and future tariffs placed by the U.S. federal government on products manufactured in China and imported into the U.S. could have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Relationships with wholesalers, retailers or manufacturers

The Resulting Issuer believes that establishing sustainable, working relationships with retailers, manufacturers, and other participants in the cannabis industry is important to develop brand and product recognition and increase sales volume. The Resulting Issuer currently has established relationships with several participants in the cannabis industry. However, there can be no assurance that the Resulting Issuer will be able to sustain these relationships or establish and sustain other relationships with participants in the cannabis industry. Any such failure or inability will impede the Resulting Issuer's ability to develop brand and product recognition and increase sales volume, which will have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Increased costs as a result of being a public company

As a public issuer, the Resulting Issuer will be subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Resulting Issuer's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the

Resulting Issuer's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business, financial condition, and results of operations.

User data risks

The Resulting Issuer transmits and stores a large volume of data. It may be subject to increased legislation and regulations on the collection, storage, retention, transmission and use of user-data that it collects. The Resulting Issuer's efforts to protect the personal information of its users and clients may be unsuccessful due to the actions of third parties, software bugs or technical malfunctions, employee error or malfeasance, or other factors. In addition, third parties may attempt to fraudulently induce employees or users to disclose information in order to gain access to the Resulting Issuer's data its users' data or its clients' data. If any of these events occur, users' or clients' information could be accessed or disclosed improperly. Any incidents involving the unauthorized access to or improper use of the information of users or incidents involving violation of the Resulting Issuer's terms of service or policies, could damage the Resulting Issuer's reputation and the Resulting Issuer's brands and diminish its competitive position. Moreover, affected users, clients or governmental authorities could initiate legal or regulatory action against the Resulting Issuer in connection with such incidents, which could cause the Resulting Issuer to incur significant expense and liability or result in orders or consent decrees forcing the Resulting Issuer to modify its business practices and remediate the effects of any such incidents of unauthorized access or use. Any of these events could have a material adverse effect on the Resulting Issuer's prospects, business, financial condition or results of operations.

Disruptions in information technology systems

Access to and security of the information technology systems is critical to the Resulting Issuer's proposed operations as a data-driven company. Given that cyber risks cannot be fully mitigated and the evolving nature of these threats, there can be no assurance that the Resulting Issuer's information technology systems are fully protected from cybercrime or that the systems will not be inadvertently compromised, or without failures or defects. Disruptions to the Resulting Issuer's information technology systems, including, without limitation, security breaches, power loss, theft, computer viruses, cyberattacks, natural disasters, and non- compliance by third party service providers and inadequate levels of cyber security expertise and safeguards of third party information technology service providers, may adversely affect the operations of the Resulting Issuer as well as present significant costs and risks including, without limitation, loss or disclosure of confidential, proprietary, personal or sensitive information and third party data, material adverse effect on the Resulting Issuer's financial performance, compliance with the Resulting Issuer's contractual obligations, compliance with applicable laws, damaged reputation, remediation costs, potential litigation, regulatory enforcement proceedings and heightened regulatory scrutiny.

Breaches of the applicable privacy laws

The Resulting Issuer collects and stores personal information about its users and industry partners and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly user and partner lists, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

The Resulting Issuer's business is subject to a wide variety of laws and regulations regarding privacy and protection of personal data. There are a number of federal, state and provincial laws protecting the confidentiality of personal information and restricting the use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) ("**PIPEDA**"), protect personal information by limiting their use and disclosure of personal information.

Improper disclosure and use of personal data could result in liability and impact the Resulting Issuer's business. For example, if the Resulting Issuer was found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of personal information, including similar laws in the U.S. or other jurisdictions, the Resulting Issuer could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation and have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Any systems failure, unauthorized access or other compromise of the Resulting Issuer's security that results in the release of data within the control of the Resulting Issuer, its subsidiaries, or industry partners could (i) subject the Resulting Issuer to substantial damage claims, (ii) expose the Resulting Issuer to significant fines and costly regulatory remediation, (iii) harm the Resulting Issuer's reputation and brand, and (iv) disrupt the Resulting Issuer's business activities.

The application of Canadian, U.S. and international data privacy laws and regulations is constantly evolving, and at times uncertain. Consequently, there can be no assurance that the Resulting Issuer's existing practices are now, or may in the future be, adequate to protect it from claims for data loss or regulatory noncompliance.

Software errors or defects

The Resulting Issuer's software may, from time to time, contain defects, security vulnerabilities, software "bugs" or failures that are difficult to detect, control and correct. The Resulting Issuer may be unable to successfully correct such errors or defects in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, delay or loss in market acceptance or damage to the Resulting Issuer's brand. Moreover, the consequences of such errors and defects could have a

material adverse effect on the Resulting Issuer's business, growth, financial condition and result of operations.

Loss of foreign private issuer status

The Resulting Issuer is currently a "foreign private issuer" (as determined in accordance with Rule 3b-4 under the Exchange Act). If, as of the last business day of the Resulting Issuer's second fiscal quarter for any year, more than 50% of its outstanding voting securities are directly or indirectly held of record by residents of the U.S., the Resulting Issuer will no longer meet the definition of a foreign private issuer, which may have adverse consequences on its ability to raise capital in private placements or Canadian prospectus offerings. In addition, although the Resulting Issuer is not a U.S. reporting company under the Exchange Act, the loss of its foreign private issuer status may likely result in increased reporting requirements and increased audit, legal and administration costs, if any, upon becoming an U.S. reporting company. These increased costs may significantly affect the Resulting Issuer's business, growth, financial condition and result of operations.

U.S. tax risk

Section 280E of the U.S. Tax Code provides that, with respect to any taxpayer, no deduction or credit is allowed for expenses incurred during a taxable year "in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the U.S. CSA) which is prohibited by federal law or the law of any state in which such trade or business is conducted." As discussed above cannabis is a Schedule I controlled substance, thus Section 280E by its terms applies to the purchase and sale of medial-use cannabis products. Although Resulting Issuer will not be engaged in the purchase, sale, growth, cultivation, harvesting, or processing of cannabis, it will enter agreements with licensed producers, clinics, dispensaries, pharmacies, and health institutions that are involved in the cannabis industry, and therefore, the Resulting Issuer may be subject to Section 280E. This will result in Resulting Issuer not being able to take any deductions on its federal income taxes for business expenses and effectively paying a high tax rate. However, it is unlikely that the Resulting Issuer will be subject to Section 280E because it is not engaged in the purchase and/or sale of a controlled substance.

History of losses

The Resulting Issuer has recorded fairly modest revenues to date. Since incorporation, the Resulting Issuer has accumulated net losses and expects such losses to continue through until at least end of calendar Q2 2021. Management expects to continue to incur operating losses unless and until such time as product sales generate sufficient revenues to fund continuing operations.

Risks Associated with the Resulting Issuer's Securities

Risks related to clearing securities

On February 8, 2018, the TMX Group announced the signing of a Memorandum of Understanding ("**TMX MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSXV. The TMX MOU outlines the parties' understanding of Canada's regulatory framework and the rules, procedures, and regulatory oversight of the stock exchanges and the CDS Clearing and Depository Services Inc. ("**CDS**") as it relates to issuers with cannabis-related activities in the U.S. Importantly, the TMX MOU confirms that CDS relies on the stock exchanges to review the conduct of listed issuers.

As of the date of this Listing Statement, the CDS has not implemented procedures or protocols that would ban or restrict the clearing of securities of issuers who have cannabis related activities in the U.S. However, given the heightened risk profile associated with cannabis in the U.S., CDS may, in the future, implement procedures or protocols that would prohibit or significantly impair the ability of CDS to settle trades for issuers that have cannabis businesses or assets in the U.S. Consequently, there can be no assurance that the current approach to regulation reflected by the TMX MOU will continue into the future, and any such restrictive procedures or protocols, if implemented, would have a material adverse effect on the ability of holders of the Subordinate Voting Shares to settle trades through CDS. In such circumstances, the Subordinate Voting Shares may become highly illiquid, and until an alternative is implemented, investors may have limited or no ability to effect a trade of their Subordinate Voting Shares through the facilities of CDS.

Unpredictable and volatile market price for Subordinate Voting Shares

The market price for Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Resulting Issuer's control, including the following:

- actual or anticipated fluctuations in the Resulting Issuer's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Resulting Issuer operate;
- addition or departure of the Resulting Issuer's executive officers and other key personnel;
- release or expiration of lock-up or other transfer restrictions on outstanding Subordinate Voting Shares;
- sales or perceived sales of additional Subordinate Voting Shares;

- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Resulting Issuer or its competitors;

- operating and share price performance of other companies that investors deem comparable to the Resulting Issuer;

- fluctuations to the costs of vital production materials and services;

- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;

- operating and share price performance of other companies that investors deem comparable to the Resulting Issuer or from a lack of market comparable companies; and

- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Resulting Issuer's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares may decline even if the Resulting Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely affected and the trading price of the Subordinate Voting Shares might be materially adversely affected.

No dividends

The Resulting Issuer's current policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in the Resulting Issuer. Therefore, the Resulting Issuer does not anticipate paying cash dividends on the Subordinate Voting Shares in the foreseeable future. The Resulting Issuer's dividend policy will be reviewed from time to time by its Board of Directors in the context of its earnings, financial condition and other relevant factors. Until the time that the Resulting Issuer does pay dividends, which it might never do, its shareholders will not be able to receive a return on their Subordinate Voting Shares unless they sell them. See "*Dividend Policy*".

Future sales of Subordinate Voting Shares by existing shareholders

Sales of a substantial number of Subordinate Voting Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Subordinate Voting Shares intend to sell Subordinate Voting Shares, could reduce the market price of our Subordinate Voting Shares. Holders of options to purchase Subordinate Voting Shares will have an immediate income inclusion for tax purposes when they exercise their options (that is, tax is not deferred until they sell the underlying Subordinate Voting Shares). As a result, these holders may need to sell Subordinate Voting Shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of Subordinate Voting Shares being sold in the public market, and fewer long-term holds of Subordinate Voting Shares by management and our employees.

18. Promoters

Other than as described below, there are no persons performing investor relations activities for the Resulting Issuer and there have been no persons performing such services within the last two years.

On August 5, 2019, Ryah Medtech, a wholly-owned subsidiary of Potbotics, entered into a letter agreement with an independent third-party corporation (the "**Relationship Manager**"), pursuant to which the Relationship Manager was to provide certain investor relations and public relations activities for Ryah Medtech. Pursuant to the terms of letter agreement, in consideration for its services, the Relationship Manager was issued 173,684 Potbotics Shares on the date of signing of the letter agreement. Further, the Relationship Manager was entitled to a monthly cash compensation of $11,000, plus additional compensation of $33,000 per month, payable in Potbotics Shares. The contract was terminated in November 2019. The party still holds 6,079 Super Voting shares of PotBotics.

19. Legal Proceedings

19.1 Legal Proceedings

Other than as described below, there are no legal proceedings material to the Resulting Issuer to which the Resulting Issuer is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Resulting Issuer to be contemplated.

Claim Relating to Outstanding Promissory Note

On August 24, 2015, Potbotics issued a promissory note in the principal amount of US$200,000 to an independent third party (the "**Note Holder**"). The promissory note bears interest at a rate of 8% per annum, computed based on a 360-day year comprised of twelve 30-day months. On June 28, 2018, the Note Holder commenced a legal proceeding against Potbotics in the Supreme Court of the State of New York, County of New York, alleging that Potbotics was in breach pursuant to the promissory note as a result of failing to repay the principal amount and interest thereon in accordance with the terms of the promissory note. On January 25, 2019, a Decision and Order of the Court finding for and granting Plaintiff's motion for summary judgement was filed with the Clerk of the Court. On March 6, 2019, Potbotics filed a Motion to Renew its opposition with respect to Plaintiff's underlying motion for summary

judgment with the Court. As of March 31, 2021, the outstanding principal amount and interest thereon is estimated to be approximately US$285,600. The Resulting Issuer intends to take reasonable steps to negotiate a settlement of all amounts in dispute by the end of calendar Q2 2021. However, there can be no guarantee that the Resulting Issuer will be able to successfully negotiate a settlement.

19.2 Regulatory Actions

The Resulting Issuer is not subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has the Resulting Issuer entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Resulting Issuer's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. Interest of Management and Others in Material Transactions

No director or executive officer of the Resulting Issuer or any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class of the Resulting Issuer's outstanding voting securities, or an associate or affiliate of any such persons or companies, has any material interest, direct or indirect, in any transaction within the three years preceding the date of this document, or any proposed transaction, that has materially affected or will materially affect the Resulting Issuer or a subsidiary of the Resulting Issuer.

Other than as disclosed herein, no director or executive officer of Potbotics or any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class of Potbotics' outstanding voting securities, or an associate or affiliate of any such persons or companies, has any material interest, direct or indirect, in any transaction within the three years preceding the date of this document, or any proposed transaction, that has materially affected or will materially affect Potbotics or a subsidiary of Potbotics.

21. Auditors, Transfer Agents and Registrars

21.1 Auditor

The auditor of the Resulting Issuer is expected to be the firm of Dale Matheson Carr-Hilton Labonte LLP; 1500 - 1140 West Pender St. Vancouver, BC V6E 4G1

21.2 Transfer Agent

The transfer agent of the Resulting Issuer is expected to be Computershare Investor Services Inc., located at 100 University Avenue, 8th Floor, Toronto, ON, M5J 2Y1.

22. Material Contracts

Prime and Potbotics have not entered into any material contracts within the two years before the date of this Listing Statement, other than contracts entered into in the ordinary course of business, except as follows:

1. the Letter Agreement (see Section 3.1 – *"General Development of the Business"*);

2. the Merger Agreement (see Section 2.4 – *"Fundamental Change"*); and

3. the Escrow Agreement (see Section 11 – *"Escrowed Securities"*).

Copies of these agreements are or will be made available upon request from Garfinkle Biderman LLP, legal counsel to Potbotics and the Resulting Issuer, at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9 at any time during ordinary business hours.

23 Interest of Experts

No experts, nor any partner, employee or consultant of such an expert who participated in and who was in a position to directly influence the preparation of the applicable statement, report or valuation included in or referenced in this Listing Statement, has received or is expected to receive, registered or beneficial interests, direct or indirect, in Subordinate Voting Shares or other property of Resulting Issuer or any of its associates or affiliates, representing 1% or more of the outstanding Subordinate Voting Shares.

24. Other Material Facts

Other than as set out elsewhere in this Listing Statement, there are no other material facts about Prime, Potbotics and their securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to Prime, Potbotics and their respective securities.

25. Financial Statements

Schedule "A" contains a *pro forma* consolidated financial statement of the Resulting Issuer as at November 30, 2020 after giving effect to the Merger as if it had been completed on that date.

Schedule "B" contains the audited financial statements of Prime for the fiscal years ended August 31, 2020, 2019, and 2018.

Schedule "C" contains the audited consolidated financial statements of Potbotics for the fiscal years ended December 31, 2019, 2018, and 2017.

Schedule "D" contains Prime's MD&A's for the fiscal year ended August 31, 2020.

Schedule "E" contains Potbotics' MD&A for the fiscal year ended December 31, 2019.

Schedule "F" contains the unaudited condensed interim financial statements of Potbotics for the three and nine month periods ended September 30, 2020.

Schedule “G” contains Potbotics’ MD&A for the three and nine month periods ended September 30, 2020.

Schedule “H” contains the unaudited condensed interim financial statements of Prime for the three month period ended November 30, 2020.

Schedule “I” contains Prime’s MD&A for the three month period ended November 30, 2020.

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CERTIFICATE OF THE RESULTING ISSUER

The foregoing contains full, true and plain disclosure of all material information relating to RYAH Group, Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, this 26 day of April, 2021.

"Gregory Wagner"

Gregory Wagner,
CEO & Director

"Jeannine Kingsley"

Jeannine Kingsley,
CFO

"Irina Migalina"

Irina Migalina,
Director

"George Anastassov"

George Anastassov,
Director

SCHEDULE "A"
UNAUDITED PRO FORMA FINANCIAL STATEMENTS

(See attached)

	Potbotics Inc.	Prime Blockchain inc.	Proforma Adjustments									Proforma Condolidated
	09/30/20	11/30/2020		Finders Shares Compensation a)	Bridge Financing b)	RTO Financing c)	Elimination d)	Condolidation e)	Prime warrants '(f)	Prime Stock options g)	Stock options Awards h)	
ASSETS												
CURRENT ASSETS:												
Cash	$ 31,244	$ 959,540			4,509,660	200,000	(959,540)					4,740,904
Marketable securities	552	-										552
Inventory	188,308	-										188,308
Prepaid expenses	9,120	14,405										23,525
Total Current Assets	229,224	973,945	-		4,509,660	200,000	(959,540)	-	-			4,953,289
Receivables/Property, Plant and Equipment	19,625	502,811			498,776		(502,811)					518,401
TOTAL ASSETS	$ 248,849	$ 1,476,756	-		5,008,436	200,000	(1,462,351)	-	-			5,471,690
LIABILITIES AND STOCKHOLDERS' DEFICIT												
CURRENT LIABILITIES:												
Accounts payable and accrued liabilities	$ 1,080,480	$ 27,643										1,108,123
Lease liability	15,886	-										15,886
Convertible notes payable	171,382	-										171,382
Goods and services tax payable	-	-										-
Loans payable - current	41,155											41,155
Amount payable to a director, without interest	121,494											121,494
Due to related parties	128,933	-										128,933
Total Current Liabilities	1,559,329	27,643	-		-	-	-	-	-			1,586,972
NON-CURRENT LIABILITIES:												
Loans payable -related party	46,026	-										46,026
Loans payable	232,518	-										232,518
Convertible notes payable	109,706	-										109,706
TOTAL LIABILITIES	1,947,579	27,643	-		-	-	-	-	-			1,975,222
STOCKHOLDERS' DEFICIT												
Issued share capital	31,531,332	12,037,739		1,500,000	4,509,660	200,000	(13,001,314)					36,777,418
Share capital subscribed	32,413	877,576					(877,576)					32,413
Warrants issued	-	546,616					(546,616)		660,627			660,627
Warrants subscribed	-	570,424					(570,424)					-
Stock options	-	227,007					(227,007)			303,328	1,545,868	1,849,197
Contributed surplus	317,456	659,442	-		3,252,914	147,710	(659,442)	2,541,386			(1,545,868)	4,713,597
Accumulated deficit	(33,579,931)	(13,469,691)	-	(1,500,000)	(3,252,914)	(147,710)	13,469,691	(1,092,273)	(660,627)	(303,328)		(40,536,783)
TOTAL STOCKHOLDERS' DEFICIT	(1,698,730)	1,449,113	-	-	4,509,660	200,000	(2,412,688)	1,449,113	-	-		3,496,468
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 248,849	$ 1,476,756	-		4,509,660	200,000	(2,412,688)	1,449,113	-	-		5,471,690

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

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Pro-Forma Consolidated Statement of Net Loss and Comprehensive Loss
(Unaudited)

	Potbotics Inc. 2020-09-30	Prime Blockchain inc. 2020-11-30	Note	Proforma Adjustments	Proforma Condolidated
	$	$		$	$
Revenue	55,532	2,811		-	58,343
Cost of sales	22,856	-		-	22,856
Gross Profit	32,676	2,811		-	35,487
Other income	18,756	-		-	18,756
	18,756	-		-	18,756
Administrative expenses					
Interest and accretion expense	165,728	-			165,728
Consulting services	86,477	292,511			378,988
Depreciation	29,333				29,333
Professional fees	245,199	24,268			269,467
Taxes					-
General expenses	73,907	19,411			93,318
Wages and salaries	189,723				189,723
Directors remuneration	369,503	2,610			372,113
Research & development expense	141,304				141,304
Listing fees		18,790			18,790
Share-based compensation			h)	1,545,868	1,545,868
Foreign exchange					-
	1,301,174	357,590		1,545,868	3,204,632
Income (loss) before undernoted	(1,249,742)	(354,779)		(1,545,868)	(3,150,389)
Gain on conversion of loans to shares	-			-	-
Gain on settlement of debts				-	-
Gain / (loss) fair value of marketable securites	205			-	205
Listing expense			e)	(1,092,273)	(1,092,273)
					-
Income (loss) before taxes	(1,249,537)	(354,779)		(2,638,141)	(4,242,457)
Income taxes	-	-		-	-
Income (loss) and comprehensive loss for the period	(1,249,537)	(354,779)		(2,638,141)	(4,242,457)

The accompanying notes are integral part of these consolidated pro-forma financial statements.

1 BASIS OF PRESENTATION

The unaudited pro-forma financial statements of Prime Blockchain Inc. ("Prime" or the "Company") have been prepared by management in accordance with International Financial Reporting Standards for inclusion in the Information Circular of the Company. The Information Circular describes a proposed transaction (the "Transaction") involving Prime and Potbotics Inc.("Potbotics") which is described in more detail in note 2. In the opinion of management, these pro-forma consolidated financial statements include all adjustments necessary for fair presentation of the transactions as described below.

The unaudited pro-forma financial statements of the Company have been compiled from the following financial information:

- Audited financial statements of the Company for the period ended November 30, 2020.
- Consolidated Interim financial statements of Potbotics for the 9 months ended September 30, 2020. *The statement of loss and comprehensive loss for the nine months ended September 30, 2020 were prepared for the purpose of the pro-forma consolidated financial statements and do not conform with the financial statements for Potbotics included elsewhere in the Information Circular.*

The unaudited pro-forma consolidated statement of financial position has been prepared as if the transactions described in note 2 had occurred on *February 9th 2021* . The unaudited pro-forma consolidated statements of loss and comprehensive loss for the period ended *February 9th 2021* has been prepared as if the transactions described in note 2 had occurred *on February 9th 2021* . Potbotic's financial statements are presented in United States dollars. For the purpose of these pro-forma consolidated financial statements, the statement of financial position has been converted at a rate of US$1.00 = $1.2965 and the statement of comprehensive income has been converted at a rate of US$1.00 = CAD$1.2965.

These unaudited pro-forma consolidated financial statements are not intended to reflect the financial position or performance of the Company that would have resulted had the proposed transactions described in note 2 and other pro-forma adjustments occurred as assumed. Further, these unaudited pro-forma consolidated financial statements are not necessarily indicative of the financial position or performance that may be attained in the future. These unaudited pro-forma consolidated financial statements should be read in conjunction with the financial information referred to above.

Amounts in these pro forma consolidated financial statements denominated in Canadian dollars, except where noted as denominated in United States dollars.

The Transaction is subject to, among other things, receipt of requisite shareholder approvals, regulatory approvals, including approval of the Canadian Securities Exchange ("CSE"), and additional conditions, as described in the governing agreement between the parties.

2 DESCRIPTION OF THE TRANSACTION

Prime will acquire all of the issued and outstanding securities of Potbotics in exchange for securities of Prime. As a result of the Transaction, Prime, as the resulting issuer, will continue with the business of Potbotics. As a result of the share exchange, the former shareholders of Potbotics will acquire control of the Prime. Accordingly, the acquisition constitutes a reverse acquisition of Prime. *The reverse acquisition will be accounted for in accordance with guidance provided in IFRS 2 - Share-Based Payment and IFRS 3 - Business Combinations. As Prime did not qualify as a business according to the definition in IFRS 3, this reverse acquisition does not constitute a business combination; rather it is treated as an issuance of shares by Potbotics for the net assets of Prime and Prime's listing status* . At or around the consummation of the Merger, Parent will file the Listing Statement with the CSE to list the Subordinate Voting Shares on the CSE under the trading symbol "RYAH". Subject to applicable law, it is the expectation of the Company's management that holders of the Super Voting Shares, after receipt of the Letter of Transmittal duly executed and notarized and return of the stock certificate(s) representing shares of Common Stock, will be promptly convertible into Subordinate Voting Shares and tradeable on the CSE.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these unaudited consolidated pro-forma financial statements are consistent with those set out in the notes to the audited annual financial statements of Prime as at and for the year ended Aug 31, 2020 in addition to new accounting policies adopted on the acquisition of Potbotics as detailed in (1) Potbotics's audited financial statements for the period from incorporation on *February 12, 2014 to December 31, 2019* .

As such, the unaudited pro-forma consolidated financial statements should be read in conjunction with Prime's August 31, 2020 audited annual financial statements, together with Potbotic's interim financial statements as at and for the period ended June 30, 2020.

4 SHARE CAPITAL

	Note	Number of Commo	Amount	Issue price
Prime share capital prior to acquisition		34,849,633	12,037,739	
Potbotics share capital prior to acquisition		89,297,421	31,531,332	
Effect of Potbotics share conversion on acquisition	g)	220,834,306	(13,001,314)	
Shares issued for finders fees	a)	15,000,000	1,500,000	0.10
Shares issued for Bridge financing	b)	125,210,902	5,008,436	0.04
Shares issued for RTO financing	c)	2,000,000	200,000	0.10
		487,192,262	**37,276,194**	

5 LOSS PER SHARE

The calculation of the basic and diluted pro forma loss per share for the three months ended *February 9th 2021* was based on the following:

	Basic	Diluted
Loss for the period	(4,242,457)	(4,242,457)
Weighted average number of share outstanding	487,192,262	492,010,756
Loss per share, basic and diluted	-$0.01	-$0.01

6 PRO-FORMA ADJUSTMENTS

These pro-forma consolidated financial statements were prepared based on the following assumptions:

a) Brokers' and Finders' Fees
An advisory fee for mergers & acquisition services is payable by the Surviving Corporation in connection with the Merger, in the aggregate amount of fifteen million (15,000,000) Subordinated Voting Shares to be divided as follows: one-third or five million shares (5,000,000) to parties to be identified by the Company; one-third or five million shares (5,000,000) to parties to be identified by Parent; and one-third or five million shares (5,000,000) to parties to be identified by Hamsa Capital. Other than the foregoing, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission from the Company in connection with the Merger or any of the other transactions contemplated by this Agreement.

b) Bridge Offering
No later than two (2) Business Days after the date of this Agreement, Prime or its Affiliates shall raise, and advance to the Company, or cause to be raised, and advanced to the Company, CAD 100,000 of the Bridge Offering. The remaining CAD 1,700,000 (or greater, at the sole discretion of the Company) of the Bridge Offering raised into Prime, shall be transferred and conveyed, or otherwise brought into the control of, Potbotics and its management as a precondition to closing, and will be available to Potbotics, post-closing. For the avoidance of doubt, the parties hereto acknowledge and agree that the aggregate amount raised by Parent in the Bridge Offering and to be made available to the Surviving Corporation as of the Effective Time shall be in an aggregate amount of no less than CAD 1,800,000, provided The Company shall review any additional funds proposed to be raised by the Parent above CAD 1,800,000, which the Company may accept or refuse at its discretion. Company will inform Parent in writing of its decision on a timely basis and on a case by case basis. This raise of CAD 1,800,000 is in exchange for 45,000,000 Prime Blockchain shares (with 100% warrant coverage). Subsequenty, the Company accepted CAD 1,000,000 in bridge financing for 25,000,000 shares and warrants, bringing the total financing to CAD 2,800,000 for 70,000,000 shares and warrants. Finally, the company accepted a 'top up financing of CAD 2,208,436 for 55,210,902 shares and warrants, making the total bridge financing CAD 5,008,436 versus 127,210,902.00 shares and warrrants. The bridge financing deposited at RTO closing is at an estimated of up to CAD 498,776 less than total bridge financing amount of CAD 5,008,436. The deposit vs financing difference, which is under review for considering reasonable expenses incurred by RTO partner and other reconciliations - which parties agreed in good faith and without unreasonable delay, to complete such reconciliations, of which the final amounts are owed to the surving company - whatever they may be are to be agreed upon and will be promptly sent to the surviving entity.

The fair value of the broker warrants assumes an exercise price of CAD 0.10 per share, a life of five years, annualized volatility of 100% and a risk-free rate of return of 0.28%. The value of the warrants was determined using the Balck Scholes pricing model.

c) RTO Financing
"Effective Date Financing" means one or more investments in the Parent, effective as of the Effective Time, of an aggregate of CAD 200,000.00, for an aggregate of 2,000,000 shares of the Parent Subordinate Voting Stock (with 100% warrant coverage) and that will represent issued and outstanding Parent Capital Stock and voting interests, as of the Effective Time.

The fair value of the broker warrants assumes an exercise price of CAD 0.10 per share, a life of five years, annualized volatility of 100% and a risk-free rate of return of 0.28%. The value of the warrants was determined using the Balck Scholes pricing model.

f) Revaluation of Prime warrants.
The fair value of the warrants assumes an exercise price between CAD 0.075 and CAD 0.20 per share, an average life of 2 years, annualized volatility of 100% and a risk-free rate of return of ranging between between 0.28% and 1.76%. The value of the warrants was determined using the Black Scholes pricing model.

g) Revaluation of Prime Stock options
The fair value of the stock options assumes an exercise price of CAD 0.10 per share, an average life ranging between 2.3 and 3.8 years, annualized volatility of 100% and a risk-free rate of return of ranging between between 1.5% and 1.75%.

g) Reverse acquisition of Prime
As a result of the share exchange described in note 2 between the Company and Potbotics, the former shareholders of Potbotics will acquire control of the Company. Accordingly, the acquisition constitutes a reverse acquisition of the Company.
For accounting purposes, Potbotics will be treated as the accounting parent company (legal subsidiary) and Prime will be treated as the accounting subsidiary (legal parent). As Potbotics was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these pro-forma consolidated financial statements at their historical carrying value, with the share capital, reserves and deficit of Prime being eliminated at the date of acquisition.
The cost of an acquisition should be based on the fair value of consideration given, except when the fair value of the consideration given is not clearly evident. In such a case, the fair value of the net assets acquired is used. The consideration of the acquisition is therefore CAD 1,079,035 calculated as 23,975,875 common shares at CAD 0.10 and 0.04 per share, and is determined as the fair value of the number of shares that Potbotics would have had to issue to the shareholders of Prime to give the shareholders of Prime the same percentage equity interest in the combined entity that results from the reverse acquisition. The total purchase price of CAD 1,079,035 has been allocated as follows:

Cash	959,540	Eliminating Entry
Goods and services tax receivable	502,811	Eliminating Entry
Prepaid expenses	14,405	
Accounts payable	(27,643)	
Goods and services tax payable	-	
Listing Expense	1,092,273	
Purchase Price	**1,079,035**	

A listing expense of CAD 1,021,948 has been included in deficit to reflect the difference between the fair value of the amount paid and the fair value of the net assets received from Prime in accordance with IFRS 2 – Share-based Payments.

h) Award of Stock Options
Immediately following closing, Prime will issue options to Mr Wagner and Dr Goldstein to acquire up to 17,439,834 common shares at CAD 0.10 per share for a term of five years. The estimated value of these share purchase options is CAD 1,287,563 assuming annualized volatility of 100% and a risk-free rate of return of 0.28%. Vesting over the five year period from acquistion.

SCHEDULE "B"
AUDITED FINANCIAL STATEMENTS OF PRIME FOR THE FISCAL YEARS ENDED AUGUST 31, 2020, 2019, AND 2018

(See attached)

Prime Blockchain Inc.

Financial Statements

As at August 31, 2020 and 2019
(expressed in Canadian dollars)

Together with Independent Auditor's Report

Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position	5
Statements of Net Income (Loss) and Comprehensive Income (Loss)	6
Statements of Changes in Equity	7
Statements of Cash Flows	8
Notes to Financial Statements	9-25

MALLETTE
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comptables professionnels agréés

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Prime Blockchain Inc.,

Opinion

We have audited the financial statements of **PRIME BLOCKCHAIN INC.** (Company), which comprise the statements of financial position as at August 31, 2020 and 2019, and the statements of net income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2020 and 2019, 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 the Company 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which mentions events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information is comprised of the information provided in the Management's discussion and analysis report, excluding the financial statements and our auditor's report on these statements.

Our opinion on the financial statements does not extend to the other information and we do not express any form of assurance on this information.

Regarding our audit of the financial statements, our responsibility is to read the other information and, in doing so, to assess whether there is a significant inconsistency between this information and the financial statements, or the understanding we have acquired during the audit, or whether the other information appears to include any material misstatement, in any other way.

If, in the light of the work we have done, we conclude that there is a material misstatement in the other information, we have the obligation to report it. 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.

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

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

Mallette L.L.P.[1]

Mallette L.L.P.
Partnership of chartered professional accountants

Québec, Canada
November 3, 2020

[1] CPA auditor, CA, public accountancy permit No. A130437

Prime Blockchain Inc.

STATEMENTS OF FINANCIAL POSITION

	August 31, 2020	August 31, 2019
ASSETS		
CURRENT ASSETS		
Cash	$ 3,179	$ 1,502
Advance to a director, without interest	50,000	-
TOTAL ASSETS	$ 53,179	$ 1,502
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 6)	$ 50,966	$ 105,005
Amount payable to a director, without interest	1,167	1,281
Goods and services tax payable	3,165	4,061
	55,298	110,347
NEGATIVE SHAREHOLDERS' EQUITY		
Share capital issued (Note 7)	11,969,519	11,539,919
Share capital subscribed	606	13,333
Warrants issued (Note 7)	502,836	360,158
Warrants subscribed	394	6,667
Stock options issued (Note 8)	219,657	204,957
Contributed surplus	659,442	659,442
Deficit	(13,354,573)	(12,893,321)
	(2,119)	(108,845)
TOTAL LIABILITIES AND EQUITY	$ 53,179	$ 1,502

On behalf of the Board,

(s) Serge Beausoleil, Director

(s) Eugenio Noel Cuesta, Director

The accompanying notes are an integral part of the financial statements.

Prime Blockchain Inc.

STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

	Note	Years ended August 31, 2020	2019
Revenues		$ -	$ -
Expenses			
Office expenses		10,531	24,673
Travel and entertainment		21,286	24,928
Consulting fees	11	341,516	301,329
Other financial fees		1,830	816
Professional fees		50,187	105,719
Listing fees		21,202	13,835
Remuneration of directors	11	14,700	37,681
Total expenses		461,252	508,981
Loss from operations		(461,252)	(508,981)
Gain on settlement of debts		-	6,417
Net loss and comprehensive loss		$ (461,252)	$ (502,564)
Loss per share	10		
Basic		$ (0.02)	$ (0.03)
Fully diluted		$ (0.02)	$ (0.03)

The accompanying notes are an integral part of the financial statements.

Prime Blockchain Inc.

STATEMENTS OF CHANGES IN EQUITY

	Number					Amount							
	Common shares issued	Common shares subscribed	Warrants/ Stock options issued	Warrants subscribed	Total	Share capital issued	Share capital subscribed	Warrants issued	Warrants subscribed	Stock options issued	Contributed surplus	Deficit	Total
BALANCE as at August 31, 2018	12,986,408	-	12,905,637	-	25,892,045	$ 11,202,894	$ -	$ 292,783	$ -	$ 138,375	$ 659,442	$ (12,390,757)	$ (97,263)
Shares issued pursuant to private placements	6,850,000	500,000	6,850,000	500,000	14,700,000	262,125	13,333	67,375	6,667	-	-	-	349,500
Shares issued pursuant to conversion of accounts payable	1,178,493	-	-	-	1,178,493	74,900	-	-	-	-	-	-	74,900
Stock options issued	-	-	2,055,000	-	2,055,000	-	-	-	-	66,582	-	-	66,582
Net loss	-	-	-	-	-	-	-	-	-	-	-	(502,564)	(502,564)
BALANCE as at August 31, 2019	21,014,901	500,000	21,810,637	500,000	43,825,538	11,539,919	13,333	360,158	6,667	204,957	659,442	(12,893,321)	(108,845)
Shares issued or subscribed pursuant to private placements	7,555,000	(475,000)	7,555,000	(475,000)	14,160,000	188,311	(12,727)	113,889	(6,273)	-	-	-	283,200
Shares issued pursuant to conversion of accounts payable	6,279,732	-	1,545,000	-	7,824,732	241,289	-	28,789	-	-	-	-	270,078
Stock options issued	-	-	600,000	-	600,000	-	-	-	-	14,700	-	-	14,700
Net loss	-	-	-	-	-	-	-	-	-	-	-	(461,252)	(461,252)
BALANCE as at August 31, 2020	34,849,633	25,000	31,510,637	25,000	66,410,270	$ 11,969,519	$ 606	$ 502,836	$ 394	$ 219,657	$ 659,442	$ (13,354,573)	$ (2,119)

The accompanying notes are an integral part of the financial statements.

Prime Blockchain Inc.

STATEMENTS OF CASH FLOWS

	2020	Years ended August 31, 2019
OPERATING ACTIVITIES		
Net loss and comprehensive loss	$ (461,252)	$ (502,564)
Changes in non-cash working capital items		
Goods and services tax	(896)	22,993
Accounts payable	216,039	69,901
Non-cash profit and loss items		
Stock-based compensation	14,700	66,582
Gain on settlement of debts	-	(6,417)
Cash flows from operating activities	(231,409)	(349,505)
INVESTING ACTIVITIES		
Advance to a director	(50,000)	-
Cash flows from investing activities	(50,000)	-
FINANCING ACTIVITIES		
Amount payable to a director	(114)	1,281
Private placements	283,200	349,500
Cash flows from financing activities	283,086	350,781
Increase in cash and cash equivalents	1,677	1,276
Cash, beginning of year	1,502	226
Cash, end of year	$ 3,179	$ 1,502
Non-monetary transactions		
Issuance of shares and warrants as payment for accounts payable	$ 270,078	$ 74,900

For the years ended August 31, 2020 and 2019, cash flows from operating activities do not include any interest paid nor tax paid.

The accompanying notes are an integral part of the financial statements.

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Company, incorporated under the Canada Business Corporations Act on January 13, 2004, is inoperative. The head office of the Company is located at 101 de la Rotonde, Suite 2605, Verdun, Québec, Canada.

2. BASIS OF PRESENTATION

Declaration of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

These financial statements were approved by the Board of Directors on November 3, 2020.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the financial asset measured at fair value through net income.

Material uncertainty related to going concern

These financial statements have been prepared using the accounting principles that apply to an operating business. This assumes that the Company will continue to operate for the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has not yet realized profitable operations, reporting a comprehensive loss of $461,252 for the year ended August 31, 2020 compared to a comprehensive loss of $502,564 for the year ended August 31, 2019, has accumulated a deficit of $13,354,573 and has had negative cash flows from operating activities since inception. As a result, the Company's ability to continue as a going concern is uncertain. The Company has capital requirements, notably for the payment of its accounts payable. The Company has relied on external sources of debt and equity to fund operations to date. The Company continues its negociations with PotBotics/RYAH and the process for its listing on the Canadian Securities Exchange (Note 13).

The Company's ability to continue as a going concern will depend on management's ability to successfully execute its business plan and obtain additional financing until it achieves profitability and positive cash flows from operating activities. Although, to date, management has been able to obtain financing and feels that the risk that the Company will not be able to continue as a going concern is low, there can be no assurance that such financing and profitability will occur in the amounts and with the terms expected.

These financial statements do not reflect the restatements that would be necessary if the going concern assumption was not appropriate, because management feels that the measures described above that the Company took or intends to take will mitigate the effect of the conditions and facts that raise doubt about the appropriateness of this assumption.

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

The Company's financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the accounting policies used and the carrying amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimated.

The underlying estimates and assumptions are reviewed regularly. Any revision of accounting estimates is accounted for in the period in which the estimates are revised and in future periods affected by said revisions.

The main critical judgments made in applying accounting policies that have the most significant impact on the amounts recognized in the financial statements are as follows:

- Going concern (Note 2);
- Deferred income taxes (Note 5).

The estimates that have the most significant impact on the amounts recognized in the financial statements are as follows:

- Fair value of shares, warrants and stock options.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in the financial statements.

Income taxes

The Company recognizes current and recoverable income taxes for the year, as well as changes in deferred tax assets and liabilities, as an expense or revenue for the year, except where they relate to items that have been credited or debited directly to shareholders' equity; in that case, taxes are also recognized directly in shareholders' equity. Deferred tax assets and liabilities are measured at the tax rates in effect or substantively enacted at the date of the financial statements applicable to taxable income in the years in which the differences between the carrying amounts and tax basis of assets and liabilities are reversed. A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that a taxable profit will be available against which these deductible temporary differences can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets are classified and measured according to three categories: at amortized cost, at fair value through other comprehensive income (FVOCI) or at fair value through net income (FVNI). Financial liabilities are classified and measured according to two categories: at amortized cost or at fair value through net income (FVNI).

The following table summarizes the classification of the Company's financial instruments.

Financial assets	Classification
Cash and cash equivalents	FVNI
Advance to a director	Amortized cost

Financial liabilities	Classification
Accounts payable and amount payable to a director	Amortized cost

Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at fair value at the date on which the Company becomes a party to the contractual provisions of the instrument. They are subsequently measured at amortized cost using the effective interest rate method, net of impairment losses.

Financial assets at fair value through net income

Financial assets measured at FVNI are measured at fair value and profits or losses are recognized in net income.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are initially measured at fair value, net of transaction costs. The financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expenses are recognized in net income. Upon derecognition, all profits or losses are also recognized in net income.

Impairment of financial assets

Financial assets that are not measured at FVNI are assessed at each reporting date to determine whether there is objective evidence of impairment. The amount of an impairment loss on a financial asset measured at amortized cost is equal to the difference between the carrying value of this asset and the value of the estimated future cash flows discounted at the initial effective interest rate of this asset. Losses are recognized in net income and deducted from the financial assets in an impairment account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment is reversed through net income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share issue expenses

Share issue expenses are recorded in deficit.

Stock-based compensation and other payments

The Company has a stock-based compensation plan as described in Note 8. The Company recognizes the fair value of stock options at the grant date as an expense in net income. Any consideration paid by directors and executives at the time of exercise of options or purchase is credited to share capital. Stock-based compensation expense related to the stock option plan is accounted for using the fair value method and is measured at the grant date. The value attributed to stock options is transferred to share capital upon issuance of the common shares.

In the ordinary course of business, the Company grants shares in exchange for goods or services to parties other than directors and executives. For these transactions, the Company measures the goods or services received and the increase in shareholders' equity that is the counterpart, directly at the fair value of the goods or services received, unless this fair value cannot be reliably estimated. In this case, the fair value is that of options issued on the date the goods or services are received.

Where vesting periods or conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of stock options expected to vest.

Income (loss) per share

Basic income (loss) per common share is calculated by dividing net income or net loss applicable to common shares by the weighted average number of common shares outstanding during the year.

Diluted income (loss) per share is calculated by taking into account the dilution that could occur if stock options and warrants to issue common shares were exercised at the beginning of the period or on the date of their issuance, whichever is later. The treasury stock method is used to determine the dilutive effect of stock options and warrants.

Fair value of warrants

The proceed from the issuance of units is distributed between shares and warrants issued based on their relative fair values using the proportional distribution method. At the time the warrants are exercised, their value is reclassified to share capital. The value of warrants that have not been exercised at maturity is reclassified to contributed surplus.

Cash and cash equivalents

The Company's cash and cash equivalents consist of bank accounts and highly liquid financial instruments with an initial term of three months or less.

4. NEW STANDARDS AND INTERPRETATIONS

New accounting standards applied

On September 1, 2019, the Company applied the following standards:

IFRS 9 - Financial Instruments

The amendments to IFRS 9 - Financial Instruments, issued by the International Accounting Standards Board (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. The amendments did not have any 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 new standard did not have any impact on the Company's financial statements.

New standards and interpretations not yet effective

The IASB and the International Financial Reporting Interpretation Committee (IFRIC) have published new standards whose application will be mandatory for fiscal years beginning after September 1, 2020 or subsequent years. Many of these new accounting policies do not apply to the Company, so they are not discussed below.

New future accounting standards

Conceptual Framework for Financial Reporting

On March 29, 2018, the IASB published a comprehensive revision of the Conceptual Framework for Financial Reporting. The IASB decided to revise the Conceptual Framework for Financial Reporting because significant issues were not addressed and some guidance was outdated or unclear. The revised version includes, for example, a new section on evaluation, guidance on the presentation of financial performance and improved definitions of an asset and a liability and guidance to support those definitions. The conceptual framework assists entities in developing their accounting policies when no IFRS applies to a particular situation. The requirements will apply prospectively to financial statements beginning on or after January 1, 2020. This revision will have no impact on the Company's financial statements.

4. NEW STANDARDS AND INTERPRETATIONS (continued)

New future accounting standards

IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

On October 31, 2018, the IASB published an amendment to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The amendment, entitled "Definitions of Material", clarifies the definition of material in IAS 1 and the explanations accompanying that definition, and aligns the definitions used in the various IFRS standards. The provisions of this amendment will apply prospectively to financial statements beginning on or after January 1, 2020. This amendment will have no impact on the Company's financial statements.

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

On May 14, 2020, the IASB issued Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37), amending the standard regarding costs the Company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. These amendments will apply to financial statements beginning on or after January 1, 2022. The Company has not yet assessed the impact of these amendments on its financial statements.

IAS 1 - Presentation of Financial Statements

The IASB published an amendment to IAS 1 - Presentation of Financial Statements. The amendment concerns the classification of liabilities as current or non-current and only affects the presentation of liabilities in the statement of financial position, and not the amount or timing of recognition of any asset, liability income or expense, or the information that entities disclose about those items. The provisions of this amendment will apply retrospectively to financial statements beginning on or after January 1, 2022. Early adoption is permitted.

On July 15, 2020, the IASB published an amendment to IAS 1 - Presentation of Financial Statements that postpones the effective date to financial statements beginning on or after January 1, 2023. The Company has not yet assessed the impact of this amendment on its financial statements

5. INCOME TAXES

The items giving rise to deferred tax assets and liabilities are as follows:

	2020	2019
Deferred tax assets		
Tax losses	$ 1,398,599	$ 1,282,808
Intangible assets and others	12,266	13,611
	1,410,865	1,296,419
Valuation allowance	(1,410,865)	(1,296,419)
Recognized deferred tax assets and liabilities	$ -	$ -

The Company's effective tax rate differs from the combined basic tax rate (federal and provincial). This difference is due to the following factors:

	2020	2019
Loss before income taxes	$ (461,252)	$ (502,564)
Taxes at the combined federal and provincial rate of 26.5% (2019 - 26.6%)	$ (122,232)	$ (133,682)
Non-deductible expenses	6,745	20,596
Valuation allowance	114,446	107,049
Rate differential and others	1,041	6,037
Income taxes	$ -	$ -

5. INCOME TAXES (continued)

Non-capital losses

As at August 31, 2020, the non-capital losses available to reduce taxes in future years are of $5,298,700 at the federal level and $5,248,800 at the provincial level. The Company may take advantage of the tax benefit resulting from the carry-forward of these losses until 2040:

	Federal	Provincial
2026 -	$ 162,200	$ 160,100
2027 -	$ 505,100	$ 505,100
2028 -	$ 313,900	$ 313,900
2029 -	$ 341,400	$ 341,400
2030 -	$ 414,900	$ 414,900
2031 -	$ 697,400	$ 697,400
2032 -	$ 586,100	$ 572,600
2033 -	$ 149,900	$ 149,900
2034 -	$ 67,200	$ 67,200
2035 -	$ 149,500	$ 149,500
2036 -	$ 264,500	$ 264,500
2037 -	$ 242,900	$ 243,800
2038 -	$ 525,800	$ 509,700
2039 -	$ 437,100	$ 427,000
2040 -	$ 440,800	$ 431,800

6. ACCOUNTS PAYABLE

	2020	2019
Suppliers accounts and accrued liabilities	$ 50,966	$ 105,005

As at August 31, 2020, suppliers accounts totalling $35,000 (2019 - $33,290) due under the specified terms had not been repaid at due date.

7. SHARE CAPITAL

Authorized share capital

Authorized, unlimited in number and without par value

Common shares, participating and voting

7. SHARE CAPITAL (continued)

Authorized share capital

The Company completed the following private placements:

(i) On November 20, 2018, the Company completed a private placement by issuing 2,100,000 common share units 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 Company also issued 254,978 common shares as payment for operating expenses at a value of $25,498.

(ii) On January 14, 2019, the Company completed a private placement by issuing 650,000 common share units 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 Company also issued 94,752 common shares as payment for operating expenses at a value of $9,475.

(iii) On March 18, 2019, 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 $69,672 and the warrants a value of $15,328. The Company also issued 241,613 common shares as payment for operating expenses at a value of $10,569.

(iv) On May 23, 2019, the Company completed a private placement by issuing 1,100,000 common share units 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 Company also issued 476,854 common shares as payment for operating expenses at a value of $23,843.

(v) On August 20, 2019, the Company completed a private placement by issuing 1,300,000 common share units 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 Company also issued 110,296 common shares as payment for operating expenses at a value of $5,515.

7. SHARE CAPITAL (continued)

Authorized share capital

The Company completed the following private placements:

(vi) On October 2, 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 $54,598 and the warrants a value of $27,402. The Company also issued 490,816 common shares as payment for operating expenses at a value of $24,510.

vii) 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 $0.075 per share for a period of five years. The shares had a value of $40,000 and the warrants a value of $26,000. The Company also issued 292,386 common shares as payment for operating expenses at a value of $14,619.

(viii) On April 6, 2020, the Company completed a private placement by issuing 2,100,000 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 $0.075 per share for a period of five years. The shares had a value of $51,774 and the warrants a value of $33,226. The Company also issued 430,994 common shares as payment for operating expenses at a value of $21,550.

(ix) On August 24, 2020, the Company completed a private placement by issuing 1,755,000 common share units for an amount of $70,200. 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 $0.075 per share for a period of five years. The shares had a value of $42,545 and the warrants a value of $27,655. The Company also issued 3,520,536 common shares as payment for operating expenses at a value of $138,400 and 1,545,000 common shares with warrants as payment for operating expenses, each warrant giving the holder the right to acquire an additional share at a price of $0.075 per share for a period of five years. The shares had a value of $42,210 and the warrants a value of $28,789.

7. SHARE CAPITAL (continued)

Warrants

As at August 31, 2020, the issued and outstanding warrants to purchase shares gave the holders the right to subscribe to an equal number of common shares as follows:

						Assumptions used		
	Transaction	Number of warrants	Term	Exercise price	Value in dollars	Volatility	Risk-free rate	Share price
Balance as at August 31, 2017		-			$ -			
September 15, 2017	Issued	5,502,000	60 months	$ 0.20	145,641	100%	1.76%	$ 0.10
September 29, 2017	Issued	734,900	60 months	$ 0.20	19,453	100%	1.76%	$ 0.10
November 28, 2017	Issued	1,393,737	60 months	$ 0.20	36,893	100%	1.76%	$ 0.10
January 18, 2018	Issued	1,000,000	60 months	$ 0.20	26,471	100%	1.76%	$ 0.10
February 15, 2018	Issued	550,000	60 months	$ 0.20	14,560	100%	1.76%	$ 0.10
May 24, 2018	Issued	900,000	60 months	$ 0.20	23,824	100%	1.76%	$ 0.10
July 24, 2018	Issued	850,000	60 months	$ 0.20	22,500	100%	1.76%	$ 0.10
August 28, 2018	Issued	130,000	60 months	$ 0.20	3,441	100%	1.76%	$ 0.10
Balance as at August 31, 2018		11,060,637			$ 292,783			
November 20, 2018	Issued	2,100,000	60 months	$ 0.20	18,934	100%	1.76%	$ 0.05
January 14, 2019	Issued	650,000	60 months	$ 0.20	5,861	100%	1.76%	$ 0.05
March 18, 2019	Issued	1,700,000	60 months	$ 0.20	15,328	100%	1.76%	$ 0.05
May 23, 2019	Issued	1,100,000	60 months	$ 0.20	9,918	100%	1.76%	$ 0.05
August 20, 2019	Issued	1,300,000	60 months	$ 0.20	17,334	100%	1.76%	$ 0.04
Balance as at August 31, 2019		17,910,637			$ 360,158			
October 2, 2019	Issued	2,050,000	60 months	$ 0.20	27,402	100%	1.66%	$ 0.04
December 23, 2019	Issued	1,650,000	60 months	$ 0.075	26,000	100%	1.68%	$ 0.04
April 6, 2020	Issued	2,100,000	60 months	$ 0.075	32,832	100%	0.44%	$ 0.04
August 24, 2020	Issued	1,755,000	60 months	$ 0.075	27,655	100%	0.28%	$ 0.04
August 24, 2020	Issued	920,000	60 months	$ 0.075	18,941	100%	0.28%	$ 0.05
August 24, 2020	Issued	625,000	60 months	$ 0.075	9,848	100%	0.28%	$ 0.04
Balance as at August 31, 2020		27,010,637			$ 502,836			

The value of the warrants was determined according to the Black & Scholes pricing model.

7. SHARE CAPITAL (continued)

Warrants

Number of warrants	Exercise price	Expiration date
5,502,000	$0.20	September 15, 2022
734,900	$0.20	September 29, 2022
1,393,737	$0.20	November 28, 2022
1,000,000	$0.20	January 18, 2023
550,000	$0.20	February 15, 2023
900,000	$0.20	May 24, 2023
850,000	$0.20	July 24, 2023
130,000	$0.20	August 28, 2023
2,100,000	$0.20	November 20, 2023
650,000	$0.20	January 14, 2024
1,700,000	$0.20	March 18, 2024
1,100,000	$0.20	May 23, 2024
1,300,000	$0.20	August 20, 2024
2,050,000	$0.20	October 2, 2024
1,650,000	$0.075	December 23, 2024
2,100,000	$0.075	April 6, 2025
1,755,000	$0.075	August 24, 2025
920,000	$0.075	August 24, 2025
625,000	$0.075	August 24, 2025

The average life of the issued and outstanding warrants was 3.37 years as at August 31, 2020.

8. STOCK OPTIONS

Stock option plan

The Company had adopted a stock option plan under which the Board of Directors may grant non-transferable stock options to directors, executives, employees and consultants of the Company to acquire common shares, which can be exercised within five years from the date of the grant.

Under the option plan, 600,000 options (2019 - 2,055,000) were granted during the year 2020 for a value of $14,700 (2019 - $66,582) of which $28,901 were recognized as consulting fees and $37,681 as remuneration of directors), according to the Black & Scholes option pricing model.

For the year 2019, the Company has not been able to reliably estimate the fair value of services rendered by consultants in consideration for stock options granted to them due to the lack of reliable comparable. As a result, the estimated fair value is that of the stock options issued.

The determination of the volatility assumption of stock options is based on a historical volatility analysis over a period equal to the life of the options.

8. STOCK OPTIONS (continued)

The following table summarizes the status of the stock option plan and changes incurred during the years:

						Assumptions used			
	Transaction	Number of options	Weighted average exercise price	Remaining contractual term in years	Fair value in dollars	Volatility	Risk-free rate	Share price	Term
Outstanding as at August 31, 2017		-			$ -				
March 15, 2018	Issued	1,200,000	$ 0.10	2.5	90,000	100%	1.5%	$ 0.10	5 years
August 21, 2018	Issued	645,000	$ 0.10	3.0	48,375	100%	1.5%	$ 0.10	5 years
Outstanding as at August 31, 2018		1,845,000	$ 0.10		138,375				
June 1, 2019	Issued	2,055,000	$ 0.10	3.8	66,582	100%	1.5%	$ 0.05	5 years
Outstanding as at August 31, 2019		3,900,000	$ 0.10		$ 204,957				
October 2, 2019	Issued	600,000	$ 0.10	4.1	$ 14,700	100%	1.34%	$ 0.04	5 years
Outstanding and exercisable as at August 31, 2020		4,500,000	$ 0.10		$ 219 657				

9. CAPITAL MANAGEMENT

The Company defines the components of its capital structure as its total equity.

With respect to capital management, the Company's objectives are to preserve its ability to continue as a going concern in order to ensure its long-term viability and provide adequate returns to its shareholders in the future. The Company finances its operations by issuing shares.

The Company's capital management objectives and policies have not changed since September 1, 2013.

In order to maintain or adjust its capital structure, the Company may issue new shares or debts.

10. INCOME (LOSS) PER SHARE

The following table presents the basic weighted average number of common shares outstanding:

	2020	2019
Basic weighted average number of common shares outstanding	25,734,092	16,643,582
Elements excluded from the diluted income (loss) per share		
Stock options	4,500,000	3,900,000
Warrants	27,010,637	17,910,637

10. INCOME (LOSS) PER SHARE (continued)

For the years ended August 31, 2020 and 2019, there is no difference between the basic and diluted net loss per share as the dilutive effect of stock options and warrants was not included in the calculation; otherwise the effect would have been anti-dilutive. As a result, the diluted net loss per share has been calculated based on the basic weighted average number of shares outstanding.

11. RELATED PARTY TRANSACTIONS

Related parties of the Company include the Company'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 Company considers its directors and executives to be key management personnel. Key management personnel compensation for the years are as follows:

	Years ended August 31, 2020	2019
Consulting fees*	$ 232,470	$ 120,000
Remuneration of directors - stock-based compensation	14,700	37,681
Office expense - rent	6,000	18,000
Total	$ 253,170	$ 175,681

* Consulting fees for a director of the Company 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.

12. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk of financial loss for the Company if a counterpart fails to meet its obligations. The maximum credit risk is equal to the Company's cash and advance to a director. The credit risk on cash is limited as the contracting party is a financial institution with a high credit rating. The Company does not expect to be exposed to a higher than normal credit risk with respect to the advance to a director.

12. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

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

The Company monitors its liquidity, allowing it to seek additional liquidity in a timely manner when necessary. The necessary financing is provided through the issuance of shares that enable the Company to continue as a going concern.

As at August 31, 2020, the Company had current liabilities totaling $55,298 (2019 - $110,347).

Fair value

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

Financial instruments recognized at fair value are classified in a hierarchy that reflects the importance of data used to compile the ratings. This hierarchy includes three levels:

Level 1 - Prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - Evaluation based on data from observable market for the asset or liability, directly or indirectly obtained.

Level 3 - Evaluation based on data other than observable market for the asset or liability.

Cash is classified in Level 1.

During the years ended August 31, 2020 and 2019, there were no transfers in assessments of financial assets between the different levels.

13. SIGNIFICANT EVENTS

Formal letter of intent

On June 17, 2019, the Company concluded the negotiations with PotBotics/RYAH (RYAH) by signing a formal letter of intent. On November 12, 2019, the deadline of the formal letter of intent has been extended. The transaction was structured in the form of a reverse takeover of the Company by RYAH. The Company shall purchase all of 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).

13. SIGNIFICANT EVENTS (continued)

Formal letter of intent

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

- Change the name of the Company;
- Consolidate the Company's shares; 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.

Coronavirus pandemic (COVID-19)

The coronavirus pandemic (COVID-19) results in an economic downturn across all markets, which has potential financial impacts on the Company. To date, this pandemic has not had any major negative consequences of the Company's activities. Negociations with PotBotics Inc. (PotBotics) continued. The duration and the impact of the pandemic cannot be determined. It is therefore difficult to reliably estimate the potential financial impacts of that uncertainty.

14. SUBSEQUENT EVENTS

On September 14, 2020, the Company completed a private placement by issuing 2,800,000 common share units for an amount of $112,000, or $0.04 per unit. 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 $0.075 per share for a period of five years following the listing on a stock exchange.

On September 14, 2020, the Company entered into a $100,000 loan agreement with PotBotics. This loan is for a period of twenty-four months from the date of signature and bears an interest of 6% annually, to be calculated yearly and payable at maturity. In the event that the merger of the companies is completed, the loan does not need to be reimbursed.

On September 15, 2020, 300,000 options were granted to an executive of the Company, at an exercise price of $0.10 per share, maturing in September 15, 2024.

On September 16, 2020, the Company and PotBotics entered into a binding merger agreement pursuant to which the companies intend to complete the business combination transaction previously announced by the Company in a news release dated June 27, 2019. The transaction will result in a reverse takeover of the Company by PotBotics. Together, the companies will carry on the business of PotBotics.

In connection with the transaction, the holders of the issued and outstanding common stock of PotBotics will receive 0.035 super voting shares of the merged companies (the "Super Voting Shares") for each PotBotics' Common Stock held. The Super Voting Shares grant the holders thereof a right to receive one hundred (100) Subordinated Voting Shares upon conversion in accordance with the terms thereof. Further, in connection with the transaction, all outstanding exercisable or convertible securities of PotBotics will automatically adjust in accordance with their terms such that, following the completion of the transaction, the holders of PotBotics' Convertible Securities will be entitled to acquire Super Voting Shares upon exercise or conversion of such PotBotics' Convertible Securities.

14. SUBSEQUENT EVENTS (continued)

The transaction is an arm's length transaction and is subject to a number of conditions, including, but not limited to:

(i) the receipt of all required regulatory, corporate, shareholder, stock exchange, and third-party approvals,

(ii) the completion of a change in the name of the Company to "RYAH Group, Inc.", or such other name as may be requested by PotBotics and acceptable to applicable regulatory authorities, and

(iii) the completion of the Board and Management Reconstitution.

At the annual general and special meeting of the Company's shareholders held in August 2019, the merger with PotBotics was adopted overwhelmingly by the shareholders. As a consequence of the signing of the merger agreement with PotBotics, the Company will not be consolidating its shares as it had been announced in June, 2019.

The merger agreement marks a significant step forward in PotBotics' plans to complete the transaction and apply for listing of the subordinated voting shares of the merged companies on the Canadian Securities Exchange.

Prime Blockchain Inc.

Financial Statements

As at August 31, 2019 and 2018
(expressed in Canadian dollars)

Together with Independent Auditor's Report

Independent Auditor's Report	3 - 4
Financial Statements	
Statements of Financial Position	5
Statements of Net Income (Loss) and Comprehensive Income (Loss)	6
Statements of Changes in Equity	7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 24

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Prime Blockchain Inc.,

Opinion

We have audited the financial statements of **PRIME BLOCKCHAIN INC.** (Company), which comprise the statements of financial position as at August 31, 2019 and 2018, and the statements of net income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2019 and 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 the Company 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which shows that the Company incurred a net loss of $502,564 for the year ended August 31, 2019, and, as of that date, the Company's current liabilities exceeded its current assets by $108,845. This condition, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information is comprised of the information provided in the Management's discussion and analysis report, excluding the financial statements and our auditor's report on these statements.

Our opinion on the financial statements does not extend to the other information and we do not express any form of assurance on this information.

Regarding our audit of the financial statements, our responsibility is to read the other information and, in doing so, to assess whether there is a significant inconsistency between this information and the financial statements, or the understanding we have acquired during the audit, or whether the other information appears to include any material misstatement, in any other way.

If, in the light of the work we have done, we conclude that there is a material misstatement in the other information, we have the obligation to report it. 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.

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

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

Mallette L.L.P. [1]

Mallette L.L.P.
Partnership of chartered professional accountants

Québec, Canada
December 17, 2019

[1] CPA auditor, CA, public accountancy permit No. A130437

Prime Blockchain Inc.

STATEMENTS OF FINANCIAL POSITION

	August 31, 2019	August 31, 2018
ASSETS		
CURRENT ASSETS		
Cash	$ 1,502	$ 226
Goods and services tax receivable	-	18,932
TOTAL ASSETS	$ 1,502	$ 19,158
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 7)	$ 105,005	$ 116,421
Amount payable to a director, without interest	1,281	-
Goods and services tax payable	4,061	-
	110,347	116,421
NEGATIVE SHAREHOLDERS' EQUITY		
Share capital issued (Note 8)	11,539,919	11,202,894
Share capital subscribed	13,333	-
Warrants issued (Note 8)	360,158	292,783
Warrants subscribed	6,667	-
Stock options issued (Note 9)	204,957	138,375
Contributed surplus	659,442	659,442
Deficit	(12,893,321)	(12,390,757)
	(108,845)	(97,263)
TOTAL LIABILITIES AND EQUITY	$ 1,502	$ 19,158

On behalf of the Board,

(s) Serge Beausoleil, Director

(s) Eugenio Noel Cuesta, Director

The accompanying notes are an integral part of the financial statements.

Prime Blockchain Inc.

STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

	Note	Years ended August 31, 2019	2018
Revenues		$ -	$ -
Expenses			
Office expenses		24,673	25,706
Business development expenses		-	10,010
Travel expenses		24,928	50,373
Consulting fees	9	301,329	382,540
Interest on notes payable		-	948
Other financial fees		816	2,270
Professional fees		105,719	107,653
Listing fees		13,835	30,084
Remuneration of directors	9	37,681	77,775
Total expenses		508,981	687,359
Loss from operations		(508,981)	(687,359)
Gain on settlement of debts		6,417	14,265
Loss resulting from the holding of an investment	5	-	(27,909)
Net loss and comprehensive loss		$ (502,564)	$ (701,003)
Loss per share	11		
Basic		$ (0.03)	$ (0.07)
Fully diluted		$ (0.03)	$ (0.07)

The accompanying notes are an integral part of the financial statements.

Prime Blockchain Inc.

STATEMENTS OF CHANGES IN EQUITY

	Number					Amount							
	Common shares issued	Common shares subscribed	Warrants/ Stock options issued	Warrants subscribed	Total	Share capital issued	Share capital subscribed	Warrants issued	Warrants subscribed	Stock options issued	Contributed surplus	Deficit	Total
BALANCE as at August 31, 2017*	746,565	-	-	-	746,565	$ 10,271,692	$ -	$ -	$ -	$ -	$ 659,442	$ (11,689,754)	$ (758,620)
Shares issued pursuant to private placements	5,119,564	-	5,119,564	-	10,239,128	376,438	-	135,518	-	-	-	-	511,956
Shares issued pursuant to conversion of payables	1,179,206	-	-	-	1,179,206	117,921	-	-	-	-	-	-	117,921
Shares issued pursuant to conversion of notes payable	5,941,073	-	5,941,073	-	11,882,146	436,843	-	157,265	-	-	-	-	594,108
Issuance of shares for the acquisition of an investment (Note 5)	16,050,000	-	-	-	16,050,000	1,605,000	-	-	-	-	-	-	1,605,000
Cancellation of the issuance arising from the acquisition of an investment (Note 5)	(16,050,000)	-	-	-	(16,050,000)	(1,605,000)	-	-	-	-	-	-	(1,605,000)
Stock options issued	-	-	1,845,000	-	1,845,000	-	-	-	-	138,375	-	-	138,375
Net loss	-	-	-	-	-	-	-	-	-	-	-	(701,003)	(701,003)
BALANCE as at August 31, 2018	12,986,408	-	12,905,637	-	25,892,045	11,202,894	-	292,783	-	138,375	659,442	(12,390,757)	(97,263)
Shares issued pursuant to private placements	6,850,000	500,000	6,850,000	500,000	14,700,000	262,125	13,333	67,375	6,667	-	-	-	349,500
Shares issued pursuant to conversion of accounts payable	1,178,493	-	-	-	1,178,493	74,900	-	-	-	-	-	-	74,900
Stock options issued	-	-	2,055,000	-	2,055,000	-	-	-	-	66,582	-	-	66,582
Net loss	-	-	-	-	-	-	-	-	-	-	-	(502,564)	(502,564)
BALANCE as at August 31, 2019	21,014,901	500,000	21,810,637	500,000	43,825,538	$ 11,539,919	$ 13,333	$ 360,158	$ 6,667	$ 204,957	$ 659,442	$ (12,893,321)	$ (108,845)

* On December 11, 2017, the Company proceeded to the consolidation of its share capital at 20 shares for one.

The accompanying notes are an integral part of the financial statements.

Prime Blockchain Inc.

STATEMENTS OF CASH FLOWS

	Years ended August 31, 2019	2018
OPERATING ACTIVITIES		
Net loss and comprehensive loss	$ (502,564)	$ (701,003)
Changes in non-cash working capital items		
Goods and services tax	22,993	(10,852)
Prepaid expenses	-	1,000
Accounts payable	69,901	78,466
Non-cash profit and loss items		
Stock-based compensation	66,582	138,375
Gain on settlement of debts	(6,417)	(14,265)
Amortization of fixed assets	-	2,462
Cash flows from operating activities	(349,505)	(505,817)
FINANCING ACTIVITIES		
Amount payable to a director	1,281	-
Private placements	349,500	511,956
Repayment of a note payable	-	(15,000)
Cash flows from financing activities	350,781	496,956
Increase (decrease) in cash and cash equivalents	1,276	(8,861)
Cash, beginning of year	226	9,087
Cash, end of year	$ 1,502	$ 226
Non-monetary transactions		
Issuance of shares as payment for notes payable	$ -	$ 529,700
Issuance of shares as payment for accounts payable	$ 74,900	$ 182,329

For the year ended August 31, 2019, cash flows from operating activities do not include any interest paid (2018 - $7,635) nor tax paid.

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Company, incorporated under the Canada Business Corporations Act on January 13, 2004, is inoperative. The head office of the Company is located at 101 de la Rotonde, Suite 2605, Verdun, Québec, Canada.

2. BASIS OF PRESENTATION

Declaration of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

These financial statements were approved by the Board of Directors on December 17, 2019.

Material uncertainty related to going concern

The financial statements have been prepared on the historical cost basis, except for the financial asset measured at fair value through net income.

These financial statements have been prepared using the accounting principles that apply to an operating business. This assumes that the Company will continue to operate for the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has not yet realized profitable operations, reporting a comprehensive loss of $502,564 for the year ended August 31, 2019 compared to a comprehensive loss of $701,003 for the year ended August 31, 2018 and has had negative cash flows from operating activities since inception. As a result, the Company's ability to continue as a going concern is uncertain. The Company has capital requirements, notably for the payment of its accounts payable. The Company has relied on external sources of debt and equity to fund operations to date.

The Company's ability to continue as a going concern will depend on management's ability to successfully execute its business plan and obtain additional financing until it achieves profitability and positive cash flows from operating activities. Although, to date, management has been able to obtain financing and feels that the risk that the Company will not be able to continue as a going concern is low, there can be no assurance that such financing and profitability will occur in the amounts and with the terms expected. These financial statements do not give effect to adjustments that would be necessary to the carrying value and classification of assets and liabilities should the Company be unable to continue as a going concern. These factors raise significant doubt about the Company's ability to continue as a going concern.

Functional and presentation currency

The Company's financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the accounting policies used and the carrying amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimated.

The underlying estimates and assumptions are reviewed regularly. Any revision of accounting estimates is accounted for in the period in which the estimates are revised and in future periods affected by said revisions.

The main critical judgments made in applying accounting policies that have the most significant impact on the amounts recognized in the financial statements are as follows:

- Going concern (Note 2);
- Deferred income taxes (Note 6).

The estimates that have the most significant impact on the amounts recognized in the financial statements are as follows:

- Fair value of shares, warrants and stock options.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in the financial statements.

Income taxes

The Company recognizes current and recoverable income taxes for the year, as well as changes in deferred tax assets and liabilities, as an expense or revenue for the year, except where they relate to items that have been credited or debited directly to shareholders' equity; in that case, taxes are also recognized directly in shareholders' equity. Deferred tax assets and liabilities are measured at the tax rates in effect or substantively enacted at the date of the financial statements applicable to taxable income in the years in which the differences between the carrying amounts and tax basis of assets and liabilities are reversed. A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that a taxable profit will be available against which these deductible temporary differences can be utilized.

Financial instruments

Financial assets are classified and measured according to three categories: at amortized cost, at fair value through other comprehensive income (FVOCI) or at fair value through net income (FVNI). Financial liabilities are classified and measured according to two categories: at amortized cost or at fair value through net income (FVNI).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The following table summarizes the changes in the classification of the Company's financial instruments following the adoption of IFRS 9 - Financial Instruments which replaces IAS 39 - Financial Instruments: Recognition and Measurement. The adoption of the new classifications has not led to any adjustments in the measurement of the financial instruments.

Financial assets	Classification with IAS 39	Classification with IFRS 9
Cash and cash equivalents	FVNI	FVNI
Financial liabilities	**Classification with IAS 39**	**Classification with IFRS 9**
Accounts payable and amount payable to a director	Other financial liabilities	Amortized cost

Financial assets at fair value through net income

Financial assets measured at FVNI are measured at fair value and profits or losses are recognized in net income.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are initially measured at fair value, net of transaction costs. The financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expenses are recognized in net income. Upon derecognition, all profits or losses are also recognized in net income.

Impairment of financial assets

Financial assets that are not measured at FVNI are assessed at each reporting date to determine whether there is objective evidence of impairment. The amount of an impairment loss on a financial asset measured at amortized cost is equal to the difference between the carrying value of this asset and the value of the estimated future cash flows discounted at the initial effective interest rate of this asset. Losses are recognized in net income and deducted from the financial assets in an impairment account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment is reversed through net income.

Share issue expenses

Share issue expenses are recorded in deficit.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-based compensation and other payments

The Company has a stock-based compensation plan as described in Note 9. The Company recognizes the fair value of stock options at the grant date as an expense in net income. Any consideration paid by directors and executives at the time of exercise of options or purchase is credited to share capital. Stock-based compensation expense related to the stock option plan is accounted for using the fair value method and is measured at the grant date. The value attributed to stock options is transferred to share capital upon issuance of the common shares.

In the ordinary course of business, the Company grants shares in exchange for goods or services to parties other than directors and executives. For these transactions, the Company measures the goods or services received and the increase in shareholders' equity that is the counterpart, directly at the fair value of the goods or services received, unless this fair value cannot be reliably estimated. In this case, the fair value is that of options issued on the date the goods or services are received.

Where vesting periods or conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of stock options expected to vest.

Income (loss) per share

Basic income (loss) per common share is calculated by dividing net income or net loss applicable to common shares by the weighted average number of common shares outstanding during the year.

Diluted income (loss) per share is calculated by taking into account the dilution that could occur if stock options and warrants to issue common shares were exercised at the beginning of the period or on the date of their issuance, whichever is later. The treasury stock method is used to determine the dilutive effect of stock options and warrants.

Fair value of warrants

The proceed from the issuance of units is distributed between shares and warrants issued based on their relative fair values using the proportional distribution method. At the time the warrants are exercised, their value is reclassified to share capital. The value of warrants that have not been exercised at maturity is reclassified to contributed surplus.

Cash and cash equivalents

The Company's cash and cash equivalents consist of bank accounts and highly liquid financial instruments with an initial term of three months or less.

4. NEW STANDARDS AND INTERPRETATIONS

New accounting standards applied

On September 1, 2018, the Company applied the following standards:

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.

4. NEW STANDARDS AND INTERPRETATIONS (continued)

New standards and interpretations not yet effective

The IASB and the International Financial Reporting Interpretation Committee (IFRIC) 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 Company, 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 will have no 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 in regard to 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 will 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 will not have any significant impact on the Company's financial statements.

5. LOSS RESULTING FROM THE HOLDING OF AN INVESTMENT

On March 15, 2018, the Company acquired all of the shares of Gestion La Marino Inc., a company that holds and operates assets of blockchain and for the mining of digital currency, in consideration for the issuance of 15,000,000 shares of the Company. In addition, 1,050,000 shares were issued as a commission on the transaction. Thereafter, in August 2018, the parties took the decision to rescind the transaction given that the set targets have not been met. Consequently, the 16,050,000 shares issued by the Company as part of the acquisition were returned to it. On its side, the Company gave back the shares of Gestion La Marino, which had been acquired as part of the transaction, to the former shareholders of the latter.

The impact of this transaction has been recognized in the statement of income as a loss of $27,909 resulting from the holding of an investment.

6. INCOME TAXES

The items giving rise to deferred tax assets and liabilities are as follows:

	2019	2018
Deferred tax assets		
Tax losses	$ 1,282,808	$ 1,174,230
Intangible assets and others	13,611	15,140
	1,296,419	1,189,370
Valuation allowance	(1,296,419)	(1,189,370)
Recognized deferred tax assets and liabilities	$ -	$ -

The Company's effective tax rate differs from the combined basic tax rate (federal and provincial). This difference is due to the following factors:

	2019	2018
Loss before income taxes	$ (502,564)	$ (701,003)
Taxes at the combined federal and provincial rate of 26.6% (2018 - 26.7%)	$ (133,682)	$ (187,168)
Non-deductible expenses	20,596	51,378
Valuation allowance	107,049	130,752
Rate differential and others	6,037	5,038
Income taxes	$ -	$ -

6. INCOME TAXES (continued)

Non-capital losses

As at August 31, 2019, the non-capital losses available to reduce taxes in future years are of $4,857,900 at the federal level and $4,817,000 at the provincial level. The Company may take advantage of the tax benefit resulting from the carry-forward of these losses until 2037:

	Federal	Provincial
2025 -	$ 162,200	$ 160,100
2026 -	$ 505,100	$ 505,100
2027 -	$ 313,900	$ 313,900
2028 -	$ 341,900	$ 341,400
2029 -	$ 414,400	$ 414,900
2030 -	$ 697,400	$ 697,400
2031 -	$ 586,100	$ 572,600
2032 -	$ 149,900	$ 149,900
2033 -	$ 67,200	$ 67,200
2034 -	$ 149,500	$ 149,500
2035 -	$ 264,500	$ 264,500
2036 -	$ 242,900	$ 243,800
2037 -	$ 525,800	$ 509,700
2038 -	$ 437,100	$ 427,000

7. ACCOUNTS PAYABLE

	2019	2018
Suppliers accounts and accrued liabilities	$ 105,005	$ 116,421

As at August 31, 2019, suppliers accounts totalling $33,290 (2018 - $39,042) due under the specified terms had not been repaid at due date.

8. SHARE CAPITAL

Authorized share capital

Authorized, unlimited in number and without par value

Common shares, participating and voting

The Company completed the following private placements:

(i) On September 15, 2017, the Company completed a private placement by issuing 5,502,000 (110,040,000 before consolidation at 20:1) common share units for an amount of $550,200. 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 ($0.01 before consolidation at 20:1) per share for a period of two years. The shares had a value of $404,559 and the warrants a value of $145,641. The Company also issued 114,434 (2,288,680 before consolidation at 20:1) common shares as payment for operating expenses at a value of $11,443.

(ii) On September 29, 2017, the Company completed a private placement by issuing 734,900 (14,698,000 before consolidation at 20:1) common share units for an amount of $73,490. 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 ($0.01 before consolidation at 20:1) per share for a period of two years. The shares had a value of $54,037 and the warrants a value of $19,453. The Company also issued 44,717 (894,336 before consolidation at 20:1) common shares as payment for operating expenses at a value of $4,472.

(iii) On November 28, 2017, the Company completed a private placement by issuing 1,393,737 (27,874,738 before consolidation at 20:1) common share units for an amount of $139,374. 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 ($0.01 before consolidation at 20:1) per share for a period of two years. The shares had a value of $102,481 and the warrants a value of $36,893. The Company also issued 70,135 (1,402,702 before consolidation at 20:1) common shares as payment for operating expenses at a value of $7,013.

(iv) On December 11, 2017, the Company proceeded with a share consolidation at a ratio of 20 to 1.

(v) On January 18, 2018, the Company completed a private placement by issuing 1,000,000 common share units for an amount of $100,000. 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 $73,529 and the warrants a value of $26,471. The Company also issued 78,979 common shares as payment for operating expenses at a value of $7,898.

(vi) On February 15, 2018, the Company completed a private placement by issuing 550,000 common share units 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 $40,440 and the warrants a value of $14,560. The Company also issued 327,900 common shares as payment for operating expenses at a value of $32,790.

8. SHARE CAPITAL (continued)

Authorized share capital

The Company completed the following private placements:

(vii) On May 24, 2018, the Company completed a private placement by issuing 900,000 common share units for an amount of $90,000. 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 $66,176 and the warrants a value of $23,824. The Company also issued 120,491 common shares as payment for operating expenses at a value of $12,049.

(viii) On July 24, 2018, the Company completed a private placement by issuing 850,000 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 $62,500 and the warrants a value of $22,500. The Company also issued 313,701 common shares as payment for operating expenses at a value of $31,370.

(ix) On August 28, 2018, the Company completed a private placement by issuing 130,000 common share units for an amount of $13,000. 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 $9,559 and the warrants a value of $3,441. The Company also issued 108,849 common shares as payment for operating expenses at a value of $10,886.

(x) On November 20, 2018, the Company completed a private placement by issuing 2,100,000 common share units 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 Company also issued 254,978 common shares as payment for operating expenses at a value of $25,498.

(xi) On January 14, 2019, the Company completed a private placement by issuing 650,000 common share units 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 Company also issued 94,752 common shares as payment for operating expenses at a value of $9,475.

(xii) On March 18, 2019, 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 $69,672 and the warrants a value of $15,328. The Company also issued 241,613 common shares as payment for operating expenses at a value of $10,569.

(xiii) On May 23, 2019, the Company completed a private placement by issuing 1,100,000 common share units 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 Company also issued 476,854 common shares as payment for operating expenses at a value of $23,843.

8. SHARE CAPITAL (continued)

Authorized share capital

The Company completed the following private placements:

(xiv) On August 20, 2019, the Company completed a private placement by issuing 1,300,000 common share units 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 Company also issued 110,296 common shares as payment for operating expenses at a value of $5,515.

See also Note 5.

Warrants

As at August 31, 2019, the issued and outstanding warrants to purchase shares gave the holders the right to subscribe to an equal number of common shares as follows:

						Assumptions used		
	Transaction	Number of warrants	Term*	Exercise price	Value in dollars	Volatility	Risk-free rate	Share price
Balance as at August 31, 2017		-			$ -			
September 15, 2017	Issued	5,502,000	60 months	$ 0.20	145,641	100%	1.76%	$ 0.10
September 29, 2017	Issued	734,900	60 months	$ 0.20	19,453	100%	1.76%	$ 0.10
November 28, 2017	Issued	1,393,737	60 months	$ 0.20	36,893	100%	1.76%	$ 0.10
January 18, 2018	Issued	1,000,000	60 months	$ 0.20	26,471	100%	1.76%	$ 0.10
February 15, 2018	Issued	550,000	60 months	$ 0.20	14,560	100%	1.76%	$ 0.10
May 24, 2018	Issued	900,000	60 months	$ 0.20	23,824	100%	1.76%	$ 0.10
July 24, 2018	Issued	850,000	60 months	$ 0.20	22,500	100%	1.76%	$ 0.10
August 28, 2018	Issued	130,000	60 months	$ 0.20	3,441	100%	1.76%	$ 0.10
Balance as at August 31, 2018		11,060,637			$ 292,783			
November 20, 2018	Issued	2,100,000	60 months	$ 0.20	18,934	100%	1.76%	$ 0.05
January 14, 2019	Issued	650,000	60 months	$ 0.20	5,861	100%	1.76%	$ 0.05
March 18, 2019	Issued	1,700,000	60 months	$ 0.20	15,328	100%	1.76%	$ 0.05
May 23, 2019	Issued	1,100,000	60 months	$ 0.20	9,918	100%	1.76%	$ 0.05
August 20, 2019	Issued	1,300,000	60 months	$ 0.20	17,334	100%	1.76%	$ 0.04
Balance as at August 31, 2019		17,910,637			$ 360,158			

* On June 10, 2019, the Company has extended the term of the warrants from 24 months to 60 months.

The value of the warrants was determined according to the Black & Scholes pricing model.

8. SHARE CAPITAL (continued)

Warrants

Number of warrants	Exercise price	Expiration date
5,502,000	$0.20	September 15, 2022
734,900	$0.20	September 29, 2022
1,393,737	$0.20	November 28, 2022
1,000,000	$0.20	January 18, 2023
550,000	$0.20	February 15, 2023
900,000	$0.20	May 24, 2023
850,000	$0.20	July 24, 2023
130,000	$0.20	August 28, 2023
2,100,000	$0.20	November 20, 2023
650,000	$0.20	January 14, 2024
1,700,000	$0.20	March 18, 2024
1,100,000	$0.20	May 23, 2024
1,300,000	$0.20	August 20, 2024

The average life of the issued and outstanding warrants was 3,7 years as at August 31, 2019.

9. STOCK OPTIONS

Stock option plan

The Company had adopted a stock option plan under which the Board of Directors may grant non-transferable stock options to directors, executives, employees and consultants of the Company to acquire common shares, which can be exercised within five years from the date of the grant.

Under the option plan, 2,055,000 options (2018 - 1,845,000) were granted during the year for a value of $66,582 (2018 - $138,375), according to the Black & Scholes option pricing model, of which $28,901 (2018 - $60,600) were recognized as consulting fees and $37,681 (2018 - $77,775) as remuneration of directors.

The Company has not been able to reliably estimate the fair value of services rendered by consultants in consideration for stock options granted to them due to the lack of reliable comparable. As a result, the estimated fair value is that of the stock options issued.

The determination of the volatility assumption of stock options is based on a historical volatility analysis over a period equal to the life of the options.

9. STOCK OPTIONS (continued)

The following table summarizes the status of the stock option plan and changes incurred during the years:

						Assumptions used			
	Transaction	Number of options	Weighted average exercise price	Remaining contractual term in years	Fair value in dollars	Volatility	Risk-free rate	Share price	Term
Outstanding as at August 31, 2017		-			$ -				
March 15, 2018	Issued	1,200,000	$ 0.10	3.54	90,000	100%	1.5%	$ 0.10	5 years
August 21, 2018	Issued	645,000	$ 0.10	3.98	48,375	100%	1.5%	$ 0.10	5 years
Outstanding as at August 31, 2018		1,845,000	$ 0.10		138,375				
June 1, 2019	Issued	2,055,000	$ 0.10	4.76	66,582	100%	1.5%	$ 0.05	5 years
Outstanding as at August 31, 2019		3,900,000	$ 0.10		$ 204,957				
Exercisable as at August 31, 2019		3,900,000	$ 0.10						

10. CAPITAL MANAGEMENT

The Company defines the components of its capital structure as its total equity.

With respect to capital management, the Company's objectives are to preserve its ability to continue as a going concern in order to ensure its long-term viability and provide adequate returns to its shareholders in the future. The Company finances its operations by issuing shares.

The Company's capital management objectives and policies have not changed since September 1, 2013.

In order to maintain or adjust its capital structure, the Company may issue new shares or debts.

11. INCOME (LOSS) PER SHARE

The following table presents the basic weighted average number of common shares outstanding:

	2019	2018
Basic weighted average number of common shares outstanding	$ 16,643,582	$ 9,495,645
Elements excluded from the diluted income (loss) per share		
Stock options	$ 3,900,000	$ 1,845,000
Warrants	$ 17,910,637	$ 11,060,637

11. INCOME (LOSS) PER SHARE (continued)

For the years ended August 31, 2019 and 2018, there is no difference between the basic and diluted net loss per share as the dilutive effect of stock options and warrants was not included in the calculation; otherwise the effect would have been anti-dilutive. As a result, the diluted net loss per share has been calculated based on the basic weighted average number of shares outstanding.

12. RELATED PARTY TRANSACTIONS

Related parties of the Company include the Company'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 Company 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:

	Years ended August 31,	
	2019	2018
Consulting fees*	$ 120,000	$ 153,225
Remuneration of directors - stock-based compensation	37,681	77,775
Office expense - rent	18,000	6,000
Interest on notes payable	-	1,603
Total	$ 175,681	$ 238,603

* Consulting fees for a director of the Company 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.

13. FINANCIAL INSTRUMENTS

Credit risk

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

13. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

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

The Company monitors its liquidity, allowing it to seek additional liquidity in a timely manner when necessary. The necessary financing is provided through the issuance of shares that enable the Company to continue as a going concern.

As at August 31, 2019, the Company had current liabilities totaling $110,347 (2018 - $116,421).

Fair value

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

Financial instruments recognized at fair value are classified in a hierarchy that reflects the importance of data used to compile the ratings. This hierarchy includes three levels:

Level 1 - Prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - Evaluation based on data from observable market for the asset or liability, directly or indirectly obtained.

Level 3 - Evaluation based on data other than observable market for the asset or liability.

Cash is classified in Level 1.

During the years ended August 31, 2019 and 2018, there were no transfers in assessments of financial assets between the different levels.

14. SIGNIFICANT EVENT

On June 17, 2019, the Company concluded the negotiations with PotBotics/RYAH (RYAH) by signing a formal letter of intent. On November 12, 2019, the deadline of the formal letter of intent has been extended. The transaction was structured in the form of a reverse takeover of the Company by RYAH. The Company shall purchase all of 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 in August 2019, the following resolutions were adopted :

- Change the name of the Company;
- Consolidate the Company's shares; 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.

15. SUBSEQUENT EVENTS

On October 25, 2019, the Company issued 2,050,000 common share units at a price of $0.04 per unit to complete a $82,000 private placement. 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 Company also issued 490,816 shares as payment for operating expenses at a value of $24,541.

In October, 600,000 options were granted to an executive of the Company, at an exercise price of $0.10 per share, maturing on October 2, 2024.

Prime Blockchain Inc.

(formerly Investissements TSPL Inc.)

Financial Statements

As at August 31, 2018 and 2017
(expressed in Canadian dollars)

Together with Independent Auditor's Report

Independent Auditor's Report 3

Financial Statements

Statements of Financial Position 4

Statements of Net Income (Loss) and Comprehensive Income (Loss) 5

Statements of Changes in Equity 6

Statements of Cash Flows 7

Notes to Financial Statements 8

MALLETTE

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Prime Blockchain Inc.,

We have audited the accompanying financial statements of **PRIME BLOCKCHAIN INC.**, which comprise the statements of financial position as at August 31, 2018 and 2017, and the statements of net income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Prime Blockchain Inc. as at August 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis on Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicates the uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

Mallette L.L.P. [1]

Mallette L.L.P.
Partnership of chartered professional accountants

Québec, Canada
December 21, 2018

[1] CPA auditor, CA, public accountancy permit No. A119429

Prime Blockchain Inc.

STATEMENTS OF FINANCIAL POSITION

	August 31, 2018	August 31, 2017
ASSETS		
CURRENT ASSETS		
Cash	$ 226	$ 9,087
Goods and services tax receivable	18,932	8,080
Prepaid expenses	-	1,000
	19,158	18,167
Fixed Assets	-	2,462
TOTAL ASSETS	$ 19,158	$ 20,629
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 7)	$ 116,421	$ 224,549
Notes payable, bearing interest at the rate of 12%	-	554,700
	116,421	779,249
NEGATIVE SHAREHOLDERS' EQUITY		
Share capital (Note 8)	11,202,894	10,271,692
Warrants (Note 8)	292,783	-
Stock options (Note 9)	138,375	-
Contributed surplus	659,442	659,442
Deficit	(12,390,757)	(11,689,754)
	(97,263)	(758,620)
TOTAL LIABILITIES AND EQUITY	$ 19,158	$ 20,629

On behalf of the Board,

(s) Serge Beausoleil, Director

(s) Eugenio Noel Cuesta, Director

The accompanying notes are an integral part of the financial statements.

Prime Blockchain Inc.

STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

	Note	Years ended August 31, 2018	2017
Revenues		$ -	$ -
Expenses			
Office expenses		25,706	12,388
Business development expenses		10,010	-
Travel expenses		50,373	10,565
Consulting fees	9	382,540	96,775
Interest on notes payable		948	53,853
Other financial fees		2,270	-
Professional fees		107,653	64,684
Listing fees		30,084	-
Penalties and interest		-	81,894
Remuneration of directors	9	77,775	-
Total expenses		687,359	320,159
Loss from operations		(687,359)	(320,159)
Gain on settlement of debts		14,265	89,349
Loss resulting from the holding of an investment	5	(27,909)	-
Net loss and comprehensive loss		$ (701,003)	$ (230,810)
Loss per share	11		
Basic		$ (0.07)	$ (0.31)
Fully diluted		$ (0.07)	$ (0.31)

The accompanying notes are an integral part of the financial statements.

Prime Blockchain Inc.

STATEMENTS OF CHANGES IN EQUITY

	Number			Amount					
	Common shares	Warrants/ Stock options	Total	Share capital	Warrants	Stock options	Contributed surplus	Deficit	Total
BALANCE as at August 31, 2016*	746,565	23,750	770,315	$ 10,271,692	$ -	$ -	$ 659,442	$ (11,458,944)	$ (527,810)
Stock options expired	-	(23,750)	(23,750)	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	(230,810)	(230,810)
BALANCE as at August 31, 2017	746,565	-	746,565	10,271,692	-	-	659,442	(11,689,754)	(758,620)
Shares issued pursuant to private placements	5,119,564	5,119,564	10,239,128	376,438	135,518	-	-	-	511,956
Shares issued pursuant to conversion of payables	1,179,206	-	1,179,206	117,921	-	-	-	-	117,921
Shares issued pursuant to conversion of notes payable	5,941,073	5,941,073	11,882,146	436,843	157,265	-	-	-	594,108
Issuance of shares for the acquisition of an investment (Note 5)	16,050,000	-	16,050,000	1,605,000	-	-	-	-	1,605,000
Cancellation of the issuance arising from the acquisition of an investment (Note 5)	(16,050,000)	-	(16,050,000)	(1,605,000)	-	-	-	-	(1,605,000)
Stock options issued	-	1,845,000	1,845,000	-	-	138,375	-	-	138,375
Net loss	-	-	-	-	-	-	-	(701,003)	(701,003)
BALANCE as at August 31, 2018	12,986,408	12,905,637	25,892,045	$ 11,202,894	$ 292,783	$ 138,375	$ 659,442	$ (12,390,757)	$ (97,263)

* On December 11, 2017, the Company proceeded to the consolidation of its share capital at 20 shares for one.

The accompanying notes are an integral part of the financial statements.

Prime Blockchain Inc.

STATEMENTS OF CASH FLOWS

	2018	Years ended August 31, 2017
OPERATING ACTIVITIES		
Net loss and comprehensive loss	$ (701,003)	$ (230,810)
Changes in non-cash working capital items		
Goods and services tax receivable	(10,852)	15,450
Prepaid expenses	1,000	919
Accounts payable	78,466	32,896
Non-cash profit and loss items		
Stock-based compensation	138,375	-
Gain on settlement of debts	(14,265)	(89,349)
Amortization of fixed assets	2,462	-
Cash flows used in operating activities	(505,817)	(270,894)
INVESTING ACTIVITIES		
Fixed assets acquired	-	(2,462)
Cash flows used in investing activities	-	(2,462)
FINANCING ACTIVITIES		
Private placements	511,956	-
Increase in notes payable	-	321,000
Repayment of a note payable (Note 13)	(15,000)	(55,000)
Cash flows from financing activities	496,956	266,000
Decrease in cash and cash equivalents	(8,861)	(7,356)
Cash, beginning of year	9,087	16,443
Cash, end of year	$ 226	$ 9,087
Non-monetary transactions		
Issuance of shares as payment for notes payable	$ 529,700	$ -
Issuance of shares as payment for accounts payable	$ 182,329	$ -
Settlement of accounts payable	$ -	$ 55,449
Settlement of notes payable	$ -	$ 33,900

For the year ended August 31, 2018, cash flows used in operating activities include interest paid of $7,635 (2017 - $10,425) and do not include any tax paid.

The accompanying notes are an integral part of the financial statements.

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Company, incorporated under the Canada Business Corporations Act on January 13, 2004, is inoperative. The head office of the Company is located at 101 de la Rotonde, Suite 2605, Verdun, Québec.

2. BASIS OF PRESENTATION

Declaration of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

These financial statements were approved by the Board of Directors on December 21, 2018.

Going concern assumption

The financial statements have been prepared on the historical cost basis, except for the financial asset measured at fair value through net income.

These financial statements have been prepared using the accounting principles that apply to an operating business. This assumes that the Company will continue to operate for the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has not yet realized profitable operations, reporting a comprehensive loss of $701,003 for the year ended August 31, 2018 compared to a comprehensive loss of $230,810 for the year ended August 31, 2017 and has had negative cash flows from operating activities since inception. As a result, the Company's ability to continue as a going concern is uncertain. The Company has capital requirements, notably for the payment of its accounts payable and notes payable. The Company has relied on external sources of debt and equity to fund operations to date.

The Company's ability to continue as a going concern will depend on management's ability to successfully execute its business plan and obtain additional financing until it achieves profitability and positive cash flows from operating activities. Although, to date, management has been able to obtain financing and feels that the risk that the Company will not be able to continue as a going concern is low, there can be no assurance that such financing and profitability will occur in the amounts and with the terms expected. These financial statements do not give effect to adjustments that would be necessary to the carrying value and classification of assets and liabilities should the Company be unable to continue as a going concern. These factors raise significant doubt about the Company's ability to continue as a going concern.

Functional and presentation currency

The Company's financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the accounting policies used and the carrying amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimated.

The underlying estimates and assumptions are reviewed regularly. Any revision of accounting estimates is accounted for in the period in which the estimates are revised and in future periods affected by said revisions.

The main critical judgments made in applying accounting policies that have the most significant impact on the amounts recognized in the financial statements are as follows:

- Going concern assumption (Note 2);
- Deferred income taxes (Note 6).

The estimates that have the most significant impact on the amounts recognized in the financial statements are as follows:

- Fair value of shares, warrants and stock options.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in the financial statements.

Income taxes

The Company recognizes current and recoverable income taxes for the year, as well as changes in deferred tax assets and liabilities, as an expense or revenue for the year, except where they relate to items that have been credited or debited directly to shareholders' equity; in that case, taxes are also recognized directly in shareholders' equity. Deferred tax assets and liabilities are measured at the tax rates in effect or substantively enacted at the date of the financial statements applicable to taxable income in the years in which the differences between the carrying amounts and tax basis of assets and liabilities are reversed. A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that a taxable profit will be available against which these deductible temporary differences can be utilized.

Financial instruments

Financial assets and liabilities are initially recognized at fair value and are classified under one of the following categories: financial assets or liabilities at fair value through net income, loans and receivables and other financial liabilities. They are subsequently accounted for according to their classification as described below. The purpose for which the financial instruments were acquired and their characteristics determine their classification.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets held at fair value through net income

Cash is classified as a financial asset held at fair value through net income and is recorded at fair value at each date of the statement of financial position and any changes in fair value are presented in net income in the year in which these changes occur.

Loans and receivables and other financial liabilities

Financial instruments classified as other financial liabilities include accounts payable and notes payable. They are accounted for at cost after amortization using the effective interest rate method. Interest income or expense is included in net income over the expected life of the instrument.

Fair value

The fair value of a financial instrument generally corresponds to the consideration for which the instrument would be exchanged in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Impairment of financial assets

Financial assets, other than those at fair value through net income, are tested for impairment at each reporting date. Financial assets are impaired if there is objective evidence of the impact of one or more events occurring after the financial asset was initially recognized.

For financial assets accounted for at amortized cost, the amount of the impairment loss is equal to the difference between the carrying amount of the asset and the current value of estimated future cash flows, discounted at the original effective interest rate of the financial asset.

If the amount of the impairment loss decreases in a subsequent financial year, and if this decrease can be objectively linked to an event occurring after the impairment has been recognized, the previously recognized impairment loss is reversed in net income to the extent that the carrying amount of the financial asset at the date of reversal of the impairment loss does not exceed the amortized cost that would have been obtained if the impairment had not been recognized.

Share issue expenses

Share issue expenses are recorded in deficit.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets

Computer equipment is initially accounted for at cost and subsequently at cost less amortization and accumulated impairment losses.

Amortization is calculated according to the estimated useful life, using the straight-line method over a period of three years.

The residual value, estimated useful life and amortization method are reviewed at each reporting date and changes in estimates are accounted for prospectively. Amortization begins when the asset is ready for use.

Stock-based compensation and other payments

The Company has a stock-based compensation plan as described in Note 9. The Company recognizes the fair value of stock options at the grant date as an expense in net income. Any consideration paid by directors and executives at the time of exercise of options or purchase is credited to share capital. Stock-based compensation expense related to the stock option plan is accounted for using the fair value method and is measured at the grant date. The value attributed to stock options is transferred to share capital upon issuance of the common shares.

In the ordinary course of business, the Company grants shares in exchange for goods or services to parties other than directors and executives. For these transactions, the Company measures the goods or services received and the increase in shareholders' equity that is the counterpart, directly at the fair value of the goods or services received, unless this fair value cannot be reliably estimated. In this case, the fair value is that of options issued on the date the goods or services are received.

Where vesting periods or conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of stock options expected to vest.

Income (loss) per share

Basic income (loss) per common share is calculated by dividing net income or net loss applicable to common shares by the weighted average number of common shares outstanding during the year.

Diluted income (loss) per share is calculated by taking into account the dilution that could occur if stock options and warrants to issue common shares were exercised at the beginning of the period or on the date of their issuance, whichever is later. The treasury stock method is used to determine the dilutive effect of stock options and warrants.

Fair value of warrants

The proceed from the issuance of units is distributed between shares and warrants issued based on their relative fair values using the proportional distribution method. At the time the warrants are exercised, their value is reclassified to share capital. The value of warrants that have not been exercised at maturity is reclassified to contributed surplus.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The Company's cash and cash equivalents consist of bank accounts and highly liquid financial instruments with an initial term of three months or less.

4. NEW STANDARDS AND INTERPRETATIONS

On September 1, 2017, the Company applied the following amendments:

IAS 7 - Statement of Cash Flows

In February 2016, IASB issued amendments of limited scope to IAS 7 - Statement of Cash Flows to require that companies provide information concerning changes in their financing liabilities. These amendments lead to the addition of disclosures that have been disclosed in Note 13.

IAS 12 - Income Taxes

In January 2016, IASB issued amendments to IAS 12 - Income Taxes on the accounting of future tax assets relating to unrealized losses. Essentially, these amendments aim to clarify when a future tax asset should be recognized in regard to an unrealized loss. These amendments did not have any significant 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, 2018 or subsequent years. Many of these new accounting policies will have no impact on the comprehensive income (loss) and the statement of financial position of the Company, so they are not discussed below.

IFRS 9 - Financial Instruments

In July 2014, IASB issued IFRS 9 - Financial Instruments to replace IAS 39 on the classification and measurement of financial assets and liabilities, amortization and hedge accounting. This standard is retrospectively applicable to financial statements of fiscal years beginning on or after January 1, 2018. This new standard will not have any significant impact on the Company's financial statements.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, IASB issued IFRS 15 - Revenue from Contracts with Customers to replace IAS 18 and IAS 11. This new standard provides guidance on the method to be used and when to recognize revenue as per a unique model, except for lease contracts, financial instruments and insurance contracts. This standard is retrospectively applicable from January 1, 2018. The Company will assess the impact of this new standard when it will recognize revenues from its ordinary activities.

4. NEW STANDARDS AND INTERPRETATIONS (continued)

IFRS 2 - Share-based Payment

In June 2016, 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 will apply to fiscal years beginning on or after January 1, 2018, with early adoption permitted. This amendment will not have any significant impact on the Company's 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 in regard to IAS 17 and the distinction between operating and finance leases is retained. This standard will apply to fiscal years beginning on or after January 1, 2019. The Company has not yet assessed the impact of this standard on its financial statements.

IFRIC 23 - Uncertainty over Income Tax Treatments

In June 2017, 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 will not have any significant impact on the Company's financial statements.

5. LOSS RESULTING FROM THE HOLDING OF AN INVESTMENT

On March 15, 2018, the Company acquired all of the shares of Gestion La Marino, a company that holds and operates assets of blockchain and for the mining of digital currency, in consideration for the issuance of 15,000,000 shares of the Company. In addition, 1,050,000 shares were issued as a commission on the transaction. Thereafter, the parties took the decision to rescind the transaction given that the set targets have not been met. Consequently, the 16,050,000 shares issued by the Company as part of the acquisition were returned to it. On its side, the Company gave back the shares of Gestion La Marino, which had been acquired as part of the transaction, to the former shareholders of the latter.

The impact of this transaction has been recognized in the statement of income as a loss of $27,909 resulting from the holding of an investment.

6. INCOME TAXES

The items giving rise to deferred tax assets and liabilities are as follows:

	2018	2017
Deferred tax assets		
Tax losses	$ 1,174,230	$ 1,043,922
Intangible assets and others	15,140	14,696
	1,189,370	1,058,618
Valuation allowance	(1,189,370)	(1,058,618)
Recognized deferred tax assets and liabilities	$ -	$ -

The Company's effective tax rate differs from the combined basic tax rate (federal and provincial). This difference is due to the following factors:

	2018	2017
Loss before income taxes	$ (701,003)	$ (230,810)
Taxes at the combined federal and provincial rate of 26.7% (2017 - 26.8%)	$ (187,168)	$ (61,857)
Non-deductible expenses	51,378	21,948
Valuation allowance	130,752	32,909
Rate differential and others	5,038	7,000
Income taxes	$ -	$ -

6. INCOME TAXES (continued)

Non-capital losses

As at August 31, 2018, the non-capital losses available to reduce taxes in future years are of $4,427,200 at the federal level and $4,396,300 at the provincial level. The Company may take advantage of the tax benefit resulting from the carry-forward of these losses until 2037:

	Federal	Provincial
2025 -	$ 168,600	$ 166,400
2026 -	$ 505,100	$ 505,100
2027 -	$ 313,900	$ 313,900
2028 -	$ 341,900	$ 341,400
2029 -	$ 414,400	$ 414,900
2030 -	$ 697,400	$ 697,400
2031 -	$ 586,100	$ 572,600
2032 -	$ 149,900	$ 149,900
2033 -	$ 67,200	$ 67,200
2034 -	$ 149,500	$ 149,500
2035 -	$ 264,500	$ 264,500
2036 -	$ 242,900	$ 243,800
2037 -	$ 525,800	$ 509,700

7. ACCOUNTS PAYABLE

	2018	2017
Suppliers accounts and accrued liabilities	$ 116,421	$ 144,175
Accrued interest	-	80,374
	$ 116,421	$ 224,549

As at August 31, 2018, suppliers accounts totalling $31,771 (2017 - $96,727) had not been repaid at due date.

8. SHARE CAPITAL

Authorized share capital

Authorized, unlimited in number and without par value

Common shares, participating and voting

The Company completed the following private placements:

(i) On September 15, 2017, the Company completed a private placement by issuing 5,502,000 (110,040,000 before consolidation at 20:1) common share units for an amount of $550,200. 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 ($0.01 before consolidation at 20:1) per share for a period of two years. The shares had a value of $404,559 and the warrants a value of $145,641. The Company also issued 114,434 (2,288,680 before consolidation at 20:1) shares as payment for operating expenses at a value of $11,443.

(ii) On September 29, 2017, the Company completed a private placement by issuing 734,900 (14,698,000 before consolidation at 20:1) common share units for an amount of $73,490. 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 ($0.01 before consolidation at 20:1) per share for a period of two years. The shares had a value of $54,037 and the warrants a value of $19,453. The Company also issued 44,717 (894,336 before consolidation at 20:1) shares as payment for operating expenses at a value of $4,472.

(iii) On November 28, 2017, the Company completed a private placement by issuing 1,393,737 (27,874,738 before consolidation at 20:1) common share units for an amount of $139,374. 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 ($0.01 before consolidation at 20:1) per share for a period of two years. The shares had a value of $102,481 and the warrants a value of $36,893. The Company also issued 70,135 (1,402,702 before consolidation at 20:1) shares as payment for operating expenses at a value of $7,013.

(iv) On December 11, 2017, the Company proceeded with a share consolidation at a ratio of 20 to 1.

(v) On January 18, 2018, the Company completed a private placement by issuing 1,000,000 common share units for an amount of $100,000. 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 $73,529 and the warrants a value of $26,471. The Company also issued 78,979 shares as payment for operating expenses at a value of $7,898.

(vi) On February 15, 2018, the Company completed a private placement by issuing 550,000 common share units 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 $40,440 and the warrants a value of $14,560. The Company also issued 327,900 shares as payment for operating expenses at a value of $32,790.

8. SHARE CAPITAL (continued)

Authorized share capital

The Company completed the following private placements:

(vii) On May 24, 2018, the Company completed a private placement by issuing 900,000 common share units for an amount of $90,000. 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 $66,176 and the warrants a value of $23,824. The Company also issued 120,491 shares as payment for operating expenses at a value of $12,049.

(viii) On July 24, 2018, the Company completed a private placement by issuing 850,000 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 $62,500 and the warrants a value of $22,500. The Company also issued 313,701 shares as payment for operating expenses at a value of $31,370.

(ix) On August 28, 2018, the Company completed a private placement by issuing 130,000 common share units for an amount of $13,000. 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 $9,559 and the warrants a value of $3,441. The Company also issued 108,849 shares as payment for operating expenses at a value of $10,885.

See also Note 5.

Warrants

As at August 31, 2018, the issued and outstanding warrants to purchase shares gave the holders the right to subscribe to an equal number of common shares as follows:

Date	Transaction	Number of warrants	Term	Exercise price	Value in dollars	Volatility	Risk-free rate	Share price
Balance, August 31, 2017		-		$ -	$ -			
September 15, 2017	Issued	5,502,000	24 months	0.20	145,641	100.00%	1.76%	$ 0.10
September 29, 2017	Issued	734,900	24 months	0.20	19,453	100.00%	1.76%	$ 0.10
November 28, 2017	Issued	1,393,737	24 months	0.20	36,893	100.00%	1.76%	$ 0.10
January 18, 2018	Issued	1,000,000	24 months	0.20	26,471	100.00%	1.76%	$ 0.10
February 15, 2018	Issued	550,000	24 months	0.20	14,560	100.00%	1.76%	$ 0.10
May 24, 2018	Issued	900,000	24 months	0.20	23,824	100.00%	1.76%	$ 0.10
July 24, 2018	Issued	850,000	24 months	0.20	22,500	100.00%	1.76%	$ 0.10
August 28, 2018	Issued	130,000	24 months	0.20	3,441	100.00%	1.76%	$ 0.10
Balance, August 31, 2018		11,060,637		$ 0.20	$ 292,783			

8. SHARE CAPITAL (continued)

Warrants

Number of warrants	Exercise price	Expiration date
5,502,000	$0.20	September 15, 2019
734,900	$0.20	September 29, 2019
1,393,737	$0.20	November 28, 2019
1,000,000	$0.20	January 18, 2020
550,000	$0.20	February 15, 2020
900,000	$0.20	May 24, 2020
850,000	$0.20	July 24, 2020
130,000	$0.20	August 28, 2020

The average life of the issued and outstanding warrants was 15 months as at August 31, 2018.

9. STOCK OPTIONS

Stock option plan

The Company had adopted a stock option plan under which the Board of Directors may grant non-transferable stock options to directors, executives, employees and consultants of the Company to acquire common shares, which can be exercised within five years from the date of the grant. The last options under this plan came to maturity prior to year-end on August 31, 2018.

The new option plan was adopted during the quarter ending on November 30, 2017. Under that new plan, 1,845,000 options were granted during the year for a value of $138,375, according to Black & Scholes calculation, of which $60,600 were recognized as consulting fees and $77,775 as remuneration of directors.

The Company has not been able to reliably estimate the fair value of services rendered by consultants in consideration for stock options granted to them due to the lack of reliable comparable. As a result, the estimated fair value is that of the stock options issued.

The determination of the volatility assumption of stock options is based on a historical volatility analysis over a period equal to the life of the options.

9. STOCK OPTIONS (continued)

The following table summarizes the status of the stock option plan and changes incurred during the years:

Date	Transaction	Number of options	Weighted average exercise price	Remaining contractual term in years	Fair value in dollars	Volatility	Risk-free rate	Share price	Term
Outstanding, September 1, 2016		23,750	$ 2.20	-	$ -				
	Expired	(23,750)	$ 2.20	-	$ -				
Outstanding, August 31, 2017		-	-	-	$ -				
March 15, 2018	Issued	1,200,000	$ 0.10	4.34	$ 90,000	100%	1.5%	$ 0.10	5 years
August 21, 2018	Issued	645,000	$ 0.10	4.97	$ 48,375	100%	1.5%	$ 0.10	5 years
		1,845,000							
Outstanding, August 31, 2018		1,845,000	$ 0.10		$ 138,375				
Exercisable, August 31, 2018		1,845,000	$ 0.10						

10. CAPITAL MANAGEMENT

The Company defines the components of its capital structure as its total equity.

With respect to capital management, the Company's objectives are to preserve its ability to continue as a going concern in order to ensure its long-term viability and provide adequate returns to its shareholders in the future. The Company finances its operations by issuing shares.

The Company's capital management objectives and policies have not changed since September 1, 2013.

In order to maintain or adjust its capital structure, the Company may issue new shares or debts.

11. INCOME (LOSS) PER SHARE

The following table presents the basic weighted average number of common shares outstanding:

	2018	2017
Basic weighted average number of common shares outstanding*	$ 9,495,645	$ 746,565
Elements excluded from the diluted income (loss) per share		
Stock options*	$ 1,845,000	$ 23,750
Warrants	$ 11,060,637	$ -

* On December 11, 2017, the Company proceeded to the consolidation of its share capital at 20 shares for one.

11. INCOME (LOSS) PER SHARE (continued)

For the years ended August 31, 2018 and 2017, there is no difference between the basic and diluted net loss per share as the dilutive effect of stock options and warrants was not included in the calculation; otherwise the effect would have been anti-dilutive. As a result, the diluted net loss per share has been calculated based on the basic weighted average number of shares outstanding.

12. RELATED PARTY TRANSACTIONS

Related parties of the Company include the Company'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 Company 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:

	Years ended August 31,	
	2018	2017
Consulting fees*	$ 153,225	$ 6,775
Remuneration of directors - stock-based compensation	77,775	-
Office expense - rent	6,000	-
Note payable (interest)	1,603	1,502
Total	$ 238,603	$ 8,277

* Consulting fees for a director and officer of the Company are paid to a separate management company controlled by this individual.

As at August 31, 2017, the notes payable to a director and a company controlled by a director amounted to $320,500 in principal and $29,369 in interest. As at August 31, 2018, all the payables to directors and officers had been paid.

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

13. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

The table below shows the changes in liabilities arising from the Company's financing activities, which include changes in cash flows and changes without cash consideration:

	Balance, as at July 31, 2017	Cash flows	Conversion of notes payable into shares	Gain on settlement of debts	Balance, as at July 31, 2018
Notes payable	$ 554,700	$ (15,000)	$ (529,700)	$ (10,000)	$ -

14. FINANCIAL INSTRUMENTS

Credit risk

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

Liquidity risk

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

The Company monitors its liquidity, allowing it to seek additional liquidity in a timely manner when necessary. The necessary financing is provided through the issuance of shares that enable the Company to continue as a going concern.

As at August 31, 2018, the Company had current liabilities totaling $116,421 (2017 - $779 249).

Fair value

The carrying amounts of cash and accounts payable represent a reasonable estimate of their fair value due to the short-term maturities of these instruments.

Financial instruments recognized at fair value are classified in a hierarchy that reflects the importance of data used to compile the ratings. This hierarchy includes three levels:

Level 1 - Prices (unadjusted) in active markets for identical assets and liabilities level;

Level 2 - Evaluation based on data from observable market for the asset or liability, directly or indirectly obtained.

Level 3 - Evaluation based on data other than observable market for the asset or liability.

Cash is classified in Level 1.

During the years ended August 31, 2018 and 2017, there were no transfers in assessments of financial assets between the different levels.

15. SUBSEQUENT EVENTS

On November 20, 2018, the Company issued 2,100,000 common share units at a price of $0.05 per unit to complete a $105,000 private placement. 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 Company also issued 254,978 shares as payment for operating expenses at a value of $25,498.

16. COMPARATIVE FIGURES

The Company reclassified expenses of the year 2017 in order to present a more detailed information to users. Consequently, consulting fees in the amount of $96,775 previously presented as professional fees and travel expenses previously presented as office expenses are now presented as distinct items. Furthermore, rent expenses in the amount of $12,000 are now included in office expenses.

SCHEDULE "C"
AUDITED FINANCIAL STATEMENTS OF POTBOTICS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017

(See attached)

POTBOTICS INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

(Expressed in US Dollars)

INDEX TO THE FINANCIAL STATEMENTS

AUDIT REPORT	1 to 2
Consolidated Statements of Financial Position	3
Consolidated Statements of Comprehensive Loss	4
Consolidated Statements of Changes in Shareholders' Equity	5
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	7 to 21

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Potbotics Inc.

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 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 the Company 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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 identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

September 18, 2020

MOORE
An independent firm
associated with Moore
Global Network Limited

Potbotics Inc.
Consolidated Statements of Financial Position
December 31, 2019
(Expressed in US Dollars)

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash		$ 35,792	$ 530,206
Marketable securities		584	2,916
Prepaid expenses		11,609	101,317
Inventories	**5**	173,333	-
		221,318	634,439
NON-CURRENT ASSETS			
Property, plant and equipment	**4**	8,585	7,585
TOTAL ASSETS		$ 229,903	$ 642,024
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	**9**	$ 638,315	$ 171,702
Due to related party	**8**	5,200	15,848
Lease liability		4,642	-
Convertible notes payable	**6**	30,103	282,806
Loans payable - current	**8**	228,443	-
		906,703	470,356
NON-CURRENT LIABILITIES			
Loans payable – non-current	**8**	633,717	302,352
TOTAL LIABILITIES		1,540,420	772,708
SHAREHOLDERS' EQUITY			
Share capital	**7**	23,154,282	22,228,896
Reserves		463,595	262,001
Accumulated deficit		(24,928,394)	(22,621,581)
TOTAL SHAREHOLDER'S EQUITY		(1,310,517)	(130,684)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 229,903	$ 642,024

Nature and continuance of operation (Note 1)
Subsequent events (Note 13)

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

Potbotics Inc.
Consolidated Statements of Comprehensive Loss
For the year ended December 31, 2019
(Expressed in US Dollars)

	Notes	2019	2018
CONTINUING OPERATIONS			
Revenues		$ 3,531	$ -
Cost of sales	**5**	(3,107)	-
Gross profit		**424**	**-**
OPERATING EXPENSES			
Accretion expense	**6, 8**	118,733	339,882
Consulting fees	**7, 8**	793,426	1,195,479
Depreciation expense	**4**	26,526	6,393
General and administrative		38,966	55,349
Insurance expenses		24,568	39,725
Interest Expense	**6,8**	21,151	268,094
Licences and subscriptions		15,495	8,864
Marketing	**8**	149,501	154,454
Occupancy expenses		8,980	26,233
Payroll expenses	**8**	229,501	34,029
Professional fees	**8**	429,973	246,468
Research and development	**8**	418,092	719,781
Travel		38,812	56,476
Total operating expenses		**(2,313,724)**	**(3,151,227)**
Other items			
Other income		17,189	12,916
Other expense		(605)	-
Loss on change in fair value of marketable securities		(2,332)	-
Loss on conversion of convertible notes payable	**6**	-	(5,827,623)
Foreign currency gain		-	131
NET AND COMPREHENSIVE LOSS		**$ (2,299,048)**	**$ (8,965,803)**
Basic and diluted loss per common share		**$ (0.03)**	**$ (0.12)**
Basic and diluted weighted average number of common shares outstanding		**77,647,411**	**75,981,661**

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

Potbotics Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2019
(Expressed in US Dollars)

			Reserves				
	Number of Common Shares	Share Capital	Equity component of convertible notes	Contributed Capital	Warrant reserves	Accumulated Deficit	Total Shareholders' Equity
As at December 31, 2017	**46,493,210**	**$ 8,577,828**	**$ 1,403,433**	**$ -**	**$ -**	**$ (13,655,778)**	**$ (3,674,517)**
Issuance of common shares for cash, net	2,869,288	1,445,748	-	-	37,739	-	1,483,487
Issuance of common shares for consulting services	1,848,689	1,053,753	-		-	-	1,053,753
Conversion of convertible notes payable and accrued interest to common stock	24,770,474	11,151,567	(1,311,937)	-	-	-	9,839,630
Issuance of loans at a discount	-	-	-	132,766	-	-	132,766
Net loss	-	-	-		-	(8,965,803)	(8,965,803)
As at December 31, 2018	**75,981,661**	**$ 22,228,896**	**$ 91,496**	**$ 132,766**	**$ 37,739**	**$ (22,621,581)**	**$ (130,684)**
Issuance of common shares for cash, net	231,509	131,294	-	-	-	-	131,294
Issuance of common shares for consulting services	1,244,781	709,525	-	-	-	-	709,525
Issuance of additional common shares to existing shareholders	7,765,186	7,765				(7,765)	-
Issuance of loans at a discount	-	-	-	278,396	-	-	278,396
Reclass of equity portion of convertible notes to share capital	-	76,802	(76,802)	-	-	-	-
Net loss	-	-	-	-	-	(2,299,048)	(2,299,048)
As at December 31, 2019	**85,223,137**	**$ 23,154,282**	**$ 14,694**	**$ 411,162**	**$ 37,739**	**$ (24,928,394)**	**$ (1,310,517)**

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

Potbotics Inc.
Consolidated Statements of Cash Flows
For the year ended December 31, 2019
(Expressed in US Dollars)

		2019		2018
Cash flows used in operating activities				
Net loss	$	(2,299,048)	$	(8,965,803)
Adjustments for:				
Accretion expenses		118,733		339,882
Consulting fees paid in shares		709,525		1,053,753
Depreciation		26,526		6,393
Gain on change in fair value of marketable securities		2,332		(2,916)
Interest expense on convertible notes		1,856		263,592
Interest expense on related party loans		19,295		4,501
Loss from conversion of convertible notes		-		5,827,623
Changes in non-cash working capital items:				
Prepayments and other assets		89,709		(101,318)
Inventories		(173,333)		-
Deferred income		-		(10,000)
Due to related party		(13,794)		15,848
Accrued liabilities and other payables		215,590		150,704
Net cash used in operating activities		**(1,302,609)**		**(1,417,741)**
Cash flows from investing activities:				
Purchase of property, plant and equipment		-		(5,708)
Repayment of advances to related parties		-		34,252
Repayment of lease liability		(23,275)		-
Net cash used in investing activities		(23,275)		**28,544**
Cash flows from financing activities:				
Repayment of convertible notes payable		-		(10,000)
Proceeds from related party loans		954,490		407,500
Proceeds from issuance of shares, net of issuance cost		131,294		1,483,487
Repayment of related party loans		(254,314)		-
Net cash from financing activities		**831,470**		**1,880,987**
Net increase (decrease) in cash		**(494,414)**		**491,790**
Cash beginning of year		530,206		38,416
Cash end of the year	**$**	**35,792**	**$**	**530,206**

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

1. Nature and continuance of operations

Potbotics Inc. ("Potbotics" or the "Company") was incorporated on February 12, 2014, under the laws of Florida. The principal business of the Company is the use of artificial intelligence, data mining, and cloud technology in order to create products, services, and predictive data insights for the medical cannabis industry. The address of the registered records office of the Company is located at 205 East 42nd Street, 14th floor, New York, NY 10017.

On February 1, 2019, the Company entered into a contribution agreement with Ryah MedTech Inc. ("Ryah"), a Florida Corporation, whereby the Company contributed all assets and liabilities related to the Ryah dose-measuring vaporizer in exchange for 100 shares, or 100% of the issued and outstanding shares, of Ryah common stock. As a result of this transaction Ryah became a 100% wholly owned subsidiary of the Company

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2019, the Company has incurred a loss of $2,299,048 (2018 - $8,965,803), has an accumulated deficit of $24,928,394 (2018 – $22,621,581) and has a working deficit of $685,385 (2018 – working capital of $164,083), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Statement of Compliance and Basis of Presentation

(a) 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") and interpretations issued by the International Reporting Interpretation Committee ("IFRIC") for all periods presented. These financial statements were authorized for issue by the Board of Directors on September 18, 2020.

2. Statement of Compliance and Basis of Presentation

(b) Basis of presentation

These financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value in subsequent periods, and have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements are presented in US dollars, except when otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the US dollar.

3. Significant Accounting Policies

a) *Critical Accounting Estimates and Judgements*

The preparation of these financial statements in accordance with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Critical judgements in applying accounting policies

The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

3. Significant Accounting Policies (continued)

a) *Critical Accounting Estimates and Judgements (continued)*

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits
- the availability of resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

At December 31, 2019, the Company had not recognized any internally-generated intangible asset.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized when it is determined that the Company is likely to recognize their recovery from the generation of taxable income.

3 Significant Accounting Policies (continued)

a) *Critical Accounting Estimates and Judgements (continued)*

Other significant judgments

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- whether research and development costs are capitalized or expensed; and
- the fair value and classification of financial instruments.

b) *Property, plant and equipment*

Property, plant and equipment is recorded at cost net of accumulated depreciation and impairment charges. The cost of repairs and maintenance is expensed as incurred. Depreciation is provided on the straight-line method over the estimated lives of assets. Upon sale of other disposition of a depreciable asset, cost and accumulated depreciation is removed from equipment and any gain or loss is reflected as a gain or loss from operations. Depreciation on equipment is recorded at 20% on a straight-line basis.

c) *Financial Instruments*

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement". A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

3 Significant Accounting Policies (continued)

c) *Financial Instruments (continued)*

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash and restricted cash are measured at FVTPL. Receivables are measured at amortized cost.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or when they expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

3 Significant Accounting Policies (continued)

d) *Leases*

IFRS 16 Leases

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

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

e) *Inventories*

The Company values inventories at the lower of cost and net realizable value. Cost includes the costs of purchases net of vendor allowances plus other costs, such as transportation, that are directly incurred to bring the inventories to their present location and condition. The Company uses the First In, First Out method to determine the cost of inventories. The Company estimates net realizable value as the amount that inventories are expected to be sold while taking into consideration the estimated selling costs. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is apparent evidence of an increase in selling price then the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead, and certain selling costs related to inventories are expensed in the period incurred.

3 Significant Accounting Policies (continued)

f) ***Share capital***

The Company records proceeds from the issuance of its common shares as equity. Proceeds received on the issuance of common shares are allocated to common share component. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted price on the issuance date. The remaining proceeds, if any, are allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. Management does not expect to record a value to the warrant in most equity issuances as unit private placements are commonly priced at market or at a permitted discount to market. If the warrants are issued as share issuance costs, the fair value of agent's warrants are measured using the Black-Scholes Option Pricing Model and recognized in equity as a deduction from the proceeds.

If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in warrant reserve.

Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

g) ***Net loss per share***

Basic earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are calculated using the treasury stock method. This method assumes that common shares are issued for the exercise of options, warrants and convertible securities and that the assumed proceeds from the exercise of options, warrants and convertible securities are used to purchase common shares at the average market price during the period. The difference between the number of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the fully diluted number of common shares outstanding. No exercise or conversion is assumed during the periods in which a net loss is incurred as the effect is anti-dilutive.

h) ***Share-based payments***

Share-based payments are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

3 Significant Accounting Policies (continued)

i) *Revenue recognition*

The Company has adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 replaces all previous revenue recognition standards, including IAS 18 Revenue ("IAS 18"), and related interpretations. The standard sets out the requirements for recognizing revenue. Specifically, the new standard introduces a comprehensive framework with the general principle being that an entity recognizes revenue to depict the transfer of promised goods and services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company has concluded that there was no cumulative effect adjustment required to be recognized on adoption.

Under IFRS 15, revenue from the sale of vaporizer, cartridges, filling machines and other products related to medical cannabis is recognized at a point in time when control over the goods has been transferred to the customer. The Company transfers control and satisfies its performance obligation upon delivery and acceptance by the customer. The Company recognizes revenue in the amount that the Company expects to receive after taking into account any variation that may result from rights of return.

Provisions for warranties and product liability are recognized when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

4 Property, Plant and Equipment

Property, Plant and Equipment consists of Company's purchased equipment and the right of use asset recognized under leases (Note 3).

Equipment consists of the following at December 31, 2019 and 2018:

	Cost	Accumulated Depreciation	Net Book Value
Balance at January 1, 2018	**$ 30,065**	**$ (21,795)**	**$ 8,270**
Additions	5,708	-	5,708
Depreciation expense	-	(6,393)	(6,393)
Balance at December 31, 2018	**35,773**	**(28,188)**	**7,585**
Depreciation expense	-	(3,588)	(3,588)
Balance at December 31, 2019	**$ 35,773**	**$ (31,776)**	**$ 3,997**

4 Property, Plant and Equipment (continued)

Right of Use asset consists of the following at December 31, 2019 and 2018:

	Cost	Accumulated Depreciation	Net Book Value
Balance at December 31, 2018	**$ -**	**$ -**	**$ -**
Additions	27,526	-	27,526
Depreciation expense	-	(22,938)	(22,938)
Balance at December 31, 2019	**$ 27,526**	**$ (22,938)**	**$ 4,588**

5 Inventories

At December 31, 2019 and 2018 the company's inventories were comprised of the following:

As at:	December 31, 2019	December 31, 2018
Prototype Vaporizer	$ 73,089	$ -
Cartridge herb	33,303	-
Cartridge packaging	57,201	-
Filling Machine	9,740	-
Total Inventories	**$ 173,333**	$ -

The Company's inventories are finished goods and are measured at the lower of cost and net realizable value (NRV). During the year ended December 31, 2019 the company recognized $3,107 of inventory as an expense in cost of sales.

6 Convertible Notes

In prior years, the Company issued convertible notes for proceeds that bore interest at 8% per annum and matured on December 31, 2018. The convertible notes along with accrued interest could be converted at the option of the holder at prices between $0.10 and $0.57 per share and will automatically convert into share of the Company upon the occurrence of a reverse merger or other similar transaction with a publicly traded and reporting entity.

During the year ended December 31, 2018, the Company entered into agreements with holders of the convertible notes to amend the conversion price of the convertible notes to encourage early conversion. The convertible notes were converted at prices ranging from $0.05 to $0.57 per share. On the conversion of the convertible notes, the Company recognized a loss on conversion of $5,827,623 (Note 7). Upon conversion of the convertible notes, $1,311,937 was reclassified from reserves to share capital.

In 2019, the Company agreed to a settlement of $254,560 (Note 10) relating to principal and interest of one of the convertible notes.

6 Convertible Notes (continued)

The balance of the convertible notes is as follows:

		2019		2018
Balance at beginning of year	$	282,807	$	3,724,455
Accretion		-		316,766
Interest expense		1,856		263,592
Conversion of convertible notes and accrued interest		-		(4,012,007)
Repayment of convertible notes		-		(10,000)
Reclassified to account payables (Note 10)		(254,560)		-
Total	**$**	**30,103**	**$**	**282,806**

7 Share Capital

Authorized share capital

800,000,000 common shares without par value.

Common shares issued

During the period ended December 31, 2019, the Company issued 231,509 common shares for proceeds of $131,294, net of issuance costs.

During the year ended December 31, 2019, the Company issued 1,166,448 common shares of its common stock to certain of the Company's advisors and consultants. The share awards did not include any vesting period and were immediately recognized at a fair value of $664,875.

The Company signed termination agreement for the consulting and advisory services of three consultant and agreed to compensate them in shares. The Company issued 78,333 shares and recognized at a fair value of $44,650.

During the year ended December 31, 2019, the company issued 7,765,186 common shares under settlement agreements with a leak out provision to certain existing shareholders that had made previous investments in the Company. As no incremental consideration was received in connection with these share issuances, the shares were recorded at a nominal value. Each Purchaser agreed to the following:

a) Subject to applicable securities laws and Canadian Securities Exchange rules and regulations, acknowledge and agree that they will not sell, dispose or otherwise transfer, any of the Issued Shares except pursuant to the following schedule: (i) 10% of the Issued Shares as of the date of this Agreement, (ii) 10% of the Issued Shares upon and subsequent to any going public transaction of Potbotics (including as a result of any "reverse merger" or "reverse takeover" with a public shell company, "IPO") and (ii) 15% of the Issued Shares upon and subsequent to each six-month anniversary of the IPO.

7 Share Capital (continued)

Common shares issued (continued)

b) the leak-out restrictions shall further apply to any capital stock received by each purchaser in exchange for or conversion of any of the Issued Shares, including as a result of any IPO, as if such capital stock were Issued Shares hereunder.

c) the leak-out restrictions shall not apply to any transfers of Issued Shares (i) to the spouse, domestic partner, parent, sibling, child or grandchild (each, an "immediate family member") of each purchaser or to a trust, partnership, limited liability company or other entity formed for the benefit of each purchaser or of an immediate family member of each Purchaser or (ii) by a bona fide gift, will or intestacy; provided that in the case of any transfer or distribution pursuant to this clause (c), (i) each donee, transferee or distribute shall sign and deliver an acknowledgement and agreement in form and substance acceptable to Potbotics that he, she or it agrees to the restrictions set forth to the signed agreement.

d) the leak-out restrictions shall further not apply to any transaction, including, without limitation, a merger, consolidation or other business combination, resulting in not less than a majority of the outstanding voting securities of Potbotics being disposed of in such transaction (including with respect to the consummation of an IPO).

During the year ended December 31, 2018, the Company issued 2,869,288 common shares for proceeds of $1,483,487, net of issuance costs. In addition, the Company issued 166,245 finder's warrants entitling the holder to acquire 166,245 shares of the Company at a price of $0.75 per share. The fair value of the finder's warrants issued was estimated using the Black Scholes option pricing model to be $37,739 using the following assumptions: estimated volatility of 87%, expected life of 2 years and a risk-free rate of 2.33%.

During the year ended December 31, 2018, the Company issued 1,848,689 common shares with a fair value of $1,053,753 to consultants.

During the year ended December 31, 2018, the Company issued 24,770,474 common shares with a fair value of $11,151,567 at the conversion of convertible notes payable. A loss of $5,827,623 (Note 6) on the conversion of these convertible notes payable was recognized in the statement of comprehensive loss.

8 Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

8 Related Party Transactions (continued)

The remuneration of directors and key management personnel made during the years ended December 31, 2019 and 2018, is as follows:

Year ended December 31,		2019		2018
Salaries to a director	$	75,062	$	15,000
Marketing fees paid to a director		-		49,287
Marketing fees paid to companies controlled by a director of the Company		747		11,000
Consulting fee paid to a director		9,000		-
Research and development fees paid to a director		81,586		5,500
Total	**$**	**166,395**	**$**	**80,787**

As at December 31, 2019, the Company has $5,200 (2018 – $15,848) due to a company controlled by a director of the Company.

Loan from Related Parties

During the year ended December 31, 2019, the Company received loans from a company controlled by a director of the Company in the amounts of $954,490 (2018 - $407,500). The loans bear interest at 2.7% per annum with maturing between April 30, 2020 and December 29, 2021. As at December 31, 2019, there is a balance of principal and interest of $1,131,296 (2018 - $412,001). The loans are initially measured at fair value using an estimated market discount rate of 25%, causing the carrying value to be lower than the principal value with a difference of $278,396 (2018 - $132,766) recorded as contributed capital in reserves. The loans are subsequently measured at amortized cost using the effective interest rate method. See Note 13.

Period / Year ended		2019		2018
Balance at beginning of year	$	302,352	$	-
Loans repaid		(254,314)		-
Loans issued		954,490		407,500
Discount on loans		(278,396)		(132,766)
Interest expense		19,295		4,501
Accretion		118,733		23,117
Total	**$**	**862,160**	**$**	**302,352**

9 Accounts Payable and Accrued Liabilities

		2019		2018
Accounts payable	$	474,295	$	90,702
Accrued liabilities		164,020		81,000
	$	**638,315**	**$**	**171,702**

10 Contingency

One of the convertible notes issued by the Company amounting to $200,000 with an original expiration in August 2016 was not reimbursed by the Company when expired. The purchaser of the convertible note commenced litigation against the Company in June 2018 under New York Supreme Court. During the year ended December 31, 2018, the Company was ordered by the Supreme Court of New York to pay $254,560 (Notes 6 and 9) relating to the litigation and this is included in accounts payable on the statement of financial position.

11 Income Tax

The provision for income taxes differs from the amount that would have resulted in applying the combined federal statutory tax rate as follows:

	2019	2018
Net loss	$ (2,299,048)	$ (8,965,803)
Statutory income tax rate	21%	21%
Expected income tax (recovery)	(482,800)	(1,882,818)
Permanent differences	26,217	67,594
Adjustment to prior years statutory return	(292,567)	-
Valuation Allowance	749,151	1,815,224
Income taxes	$ -	$ -

Temporary differences that give rise to the following deferred tax assets and liabilities at are:

	2019	2018
Deferred tax assets:		
Non-capital loss carry forwards	$ 3,742,987	$ 2,753,813
Stock based compensation	-	221,288
Amortizable tax attributes	30,413	57,541
Property, plant and equipment	852	(7,541)
Total	3,774,252	3,025,101
Valuation allowance	(3,774,252)	(3,025,101)
	$ -	$ -

Tax attributes are subject to review, and potential adjustment, by tax authorities. No deferred tax asset has been recognized as there exists significant uncertainty that the deductible temporary differences will be utilized. The tax losses may be carried forward indefinitely subject to certain limitations.

12 Financial risk management objectives and policies

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the risk of changes in market interest rates, as its convertible notes bear fixed interest rate at 8% per annum.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk is minimal. The foreign currency risk is assessed as low.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in the United States of America. As all of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described below, in normal circumstances.

Historically, the Company's sole source of funding has been the issuance of equity securities and convertible notes. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company's financial liabilities are comprised of its accounts payable, convertible notes and loans payable. The accounts payable and convertible notes are due on demand or within 30 days. The loans payable mature between April 2020 and December 2021.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as well as managing the outstanding level of debt.

12 Financial risk management objectives and policies (continued)

Fair Values

The carrying values of financial instruments such as cash and cash equivalents and prepayments and other assets, accrued liabilities and other payables and loan payable are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The carrying value of the convertible notes approximates its fair value as its fixed interest rate approximates the market interest rate considering the Company's credit risk. The fair value of the marketable securities (securities held for sale) of $584 is derived from its quoted stock price as at December 31, 2019 and is considered as Level 1 in the fair value hierarchy.

13. Subsequent events

On February 24, 2020, the Company issued a promissory note for proceeds of $25,000. The note bears interest of 6% per annum based on a 360-day year and will mature 18 months from the issue date.

On March 30, 2020 Company issued a convertible note for proceeds $100,000 pursuant to a subscription agreement, that bears interest at 8% per annum based on a 360-day year and matures on March 30, 2022. The convertible note along with accrued interest can be converted at the option of the holder at prices between $0.10 and $0.57 per share and will automatically convert into shares of the Company upon the occurrence of a reverse merger or other similar transaction with a publicly traded and reporting entity.

On April 16, 2020 the Company entered into an agreement with a related party to convert various loans in the aggregate total of $750,000 (Note 8) into 2,238,597 shares of the Company's common stock.

POTBOTICS INC

FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Expressed in U.S. Dollars)

INDEX TO THE FINANCIAL STATEMENTS

AUDIT REPORT	1 to 2
Statements of Financial Position	3
Statements of Comprehensive Loss	4
Statements of Changes in Equity	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 to 17

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Potbotics Inc.

Opinion

We have audited the financial statements of Potbotics Inc., (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, 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 the Company 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company has incurred losses and negative operating cash flows since inception and the Company's ability to continue its operations is dependent on its ability to raise additional financing to continue operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

Potbotics Inc.
Statements of Financial Position
December 31, 2018
(Expressed in US Dollars)

	Notes	2018	2017
CURRENT ASSETS			
Cash		$ 530,205	$ 38,416
Marketable securities		2,916	-
Deposits	**5**	101,318	-
Due from related party	**8**	-	34,252
		634,439	72,668
NON-CURRENT ASSETS			
Equipment	**4**	7,585	8,270
TOTAL ASSETS		$ 642,024	$ 80,938
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	**9**	171,702	21,000
Due to related party	**8**	15,848	-
Convertible notes payable	**6**	282,806	3,724,455
Deferred income		-	10,000
		470,356	3,755,455
NON-CURRENT LIABILITIES			
Loans payable – related party	**8**	302,352	-
TOTAL LIABILITIES		772,708	3,755,455
SHAREHOLDERS' EQUITY			
Share capital	**7**	22,228,896	8,577,828
Reserves		262,001	1,403,433
Accumulated deficit		(22,621,581)	(13,655,778)
TOTAL SHAREHOLDER'S EQUITY		(130,684)	(3,674,517)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 642,024	$ 80,938

Nature and continuance of operation (Note 1)
Subsequent events (Note 14)

The accompanying notes are an integral part of these financial statements

Potbotics Inc.
Statements of Comprehensive Loss
For the year ended December 31, 2018
(Expressed in US Dollars)

	Notes	2018	2017
OPERATING EXPENSES			
Accretion expense	**6,8**	$ 339,882	$ 375,859
Consulting fees		1,195,479	640,972
Depreciation expense	**4**	6,393	6,012
General and administrative		55,349	36,131
Insurance expenses		39,725	49,663
Interest Expense	**6,8**	268,094	313,019
Licences and subscriptions		8,864	44,976
Marketing	**8**	154,454	139,284
Occupancy expenses		26,233	41,474
Payroll expenses		34,029	-
Professional fees	**8**	246,468	98,641
Research and development	**8**	719,781	314,774
Travel		56,476	37,803
Loss before other items		**3,151,227**	**2,098,608**
Other items			
Other Income		(12,916)	(1,400)
Loss on conversion of convertible notes payable	**6**	5,827,624	-
Foreign currency gain		(132)	-
NET AND COMPREHENSIVE LOSS		**$ (8,965,803)**	**$ (2,097,208)**
Loss per share		**$ 0.16**	**$ 0.05**
Weighted average number of shares outstanding.		**54,386,404**	**45,693,010**

The accompanying notes are an integral part of these financial statements

Potbotics Inc.
Statements of Changes in Equity
For the year ended December 31, 2018
(Expressed in U.S Dollars)

			Reserves				
	Number of Common Shares	Share Capital	Equity component of convertible notes	Contributed capital	Warrant reserves	Accumulated Deficit	Total Shareholders' Equity
As at January 1, 2017	**44,475,490**	**$ 7,430,726**	**$ 1,352,980**		**$ -**	**$ (11,558,570)**	**$ (2,774,864)**
Issuance of common shares for cash	1,022,720	579,952	-		-	-	579,952
Issuance of common shares for consulting services	995,000	567,150	-		-	-	567,150
Issuance of convertible debentures	-	-	50,453		-	-	50,453
Net loss	-	-	-		-	(2,097,208)	(2,097,208)
As at December 31, 2017	**46,493,210**	**8,577,828**	**1,403,433**		**-**	**(13,655,778)**	**(3,674,517)**
Issuance of common shares for cash, net	2,869,288	1,445,748	-		37,739	-	1,483,487
Issuance of common shares for consulting services	1,848,689	1,053,753	-		-	-	1,053,753
Conversion of convertible notes payable and accrued interest to common stock	24,770,474	11,151,567	(1,311,937)		-	-	9,839,630
Issuance of loans at discount				132,766			132,766
Net loss	-	-	-		-	(8,965,803)	(8,965,803)
As at December 31, 2018	**75,981,661**	**$ 22,228,896**	**$ 91,496**	**$ 132,766**	**$ 37,739**	**$ (22,621,581)**	**$ (130,684)**

The accompanying notes are an integral part of these financial statements

Potbotics Inc.
Statement of Cash Flow
For the year ended December 31, 2018
(Expressed in U.S. Dollars)

		2018		2017
Cash flows used in operating activities				
Loss	$	(8,965,803)	$	(2,097,208)
Adjustments for:				
Accretion on convertible notes		339,882		375,859
Consulting fees paid in shares		1,053,753		567,150
Depreciation		6,393		6,012
Gain on change in fair value of marketable securities		(2,916)		-
Interest expense on convertible notes		263,593		313,019
Interest expense on related party loans		4,501		-
Loss from conversion of convertible notes		5,827,624		-
Changes in non-cash working capital items:				
Prepayments and other assets		(101,318)		465
Deferred income		(10,000)		-
Accrued liabilities and other payables		150,701		7,500
Net cash used in operating activities		**(1,433,590)**		**(827,203)**
Cash flows from investing activities:				
Purchase of equipment		(5,708)		-
Repayment of advances to related parties		34,252		-
Net cash used in investing activities		**28,544**		**-**
Cash flows from financing activities:				
Proceeds from issuance of convertibles notes		-		215,000
Repayment of convertible notes payable		(10,000)		-
Proceeds from related party loans		407,500		-
Proceeds from issuance of shares, net of issuance cost		1,483,487		579,952
Advances from related parties		15,848		-
Deposit paid		-		10,000
Net cash generated from financing activities		**1,896,835**		**804,952**
Net decrease in cash		**491,789**		**(22,251)**
Cash beginning of year		38,416		60,667
Cash end of the year	**$**	**530,205**	**$**	**38,416**

The accompanying notes are an integral part of these financial statements

1. Nature and continuance of operations

Potbotics Inc., ("Potbotics" or the "Company") was incorporated on February 12, 2014, under the laws of Florida. The principal business of the Company is the use of artificial intelligence, data mining, and cloud technology in order to create products, services, and predictive data insights for the medical cannabis industry. The address of the registered records office of the Company is located at 205 East 42nd Street, 14th floor, New York, NY 10017.

The Company has incurred losses and negative cash flows from operations from inception that has primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, promissory notes, related party loans and through private placement of common shares.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Statement of Compliance and Basis of Presentation

(a) 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") and interpretations issued by the International Reporting Interpretation Committee ("IFRIC") for all periods presented. These financial statements were authorized for issue by the Board of Directors on _____.

(b) Basis of presentation

These financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value in subsequent periods and have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements are presented in US dollars, except when otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the US dollar.

3. Significant Accounting Policies

a) *Equipment*

Equipment is recorded at cost net of accumulated amortization and impairment charges. The cost of repairs and maintenance is expensed as incurred. Amortization is provided on the straight-line method over the estimated lives of assets. Upon sale of other disposition of a depreciable asset, cost and accumulated amortization is removed from equipment and any gain or loss is reflected as a gain or loss from operations. Depreciation on equipment is recorded at 20% on a straight-line basis.

b) *Critical Accounting Estimates and Judgements*

The preparation of these financial statements in accordance with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Critical judgements in applying accounting policies

The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits
- the availability of resources to complete the development and to use or sell the intangible asset; and

3. Significant Accounting Policies (continued)

b) Critical Accounting Estimates and Judgements

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

At December 31, 2018, the Company had not recognized any internally-generated intangible asset.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized when it is determined that the Company is likely to recognize their recovery from the generation of taxable income.

Other significant judgments

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- whether research and development costs are capitalized or expensed; and
- the fair value and classification of financial instruments.

3. Significant Accounting Policies (continued)

b) *Financial Instruments*

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement". A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash and restricted cash are measured at FVTPL. Receivables are measured at amortized cost.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. Significant Accounting Policies (continued)

c) *Financial Instruments (continued)*

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or when they expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company retrospectively adopted IFRS 9 on January 1, 2018. Due to the short-term and/or liquid nature of its financial assets and financial liabilities, the adoption had no impact on the amounts recognized in the Company's financial statements for the year-ended December 31, 2018.

d) *New accounting standards not yet adopted*

The standards and interpretations issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

New Standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. The Company does not expect the implementation of IFRS 16 to have a significant effect on the Company's financial statements.

4. Equipment

Equipment consists of the following at December 31, 2017 and 2018:

	Cost	Accumulated Depreciation	Net Book Value
Balance at January 1, 2017	**$ 30,065**	**$ (15,783)**	**$ 14,282**
Depreciation expense	-	(6,012)	(6,012)
Balance at December 31, 2017	**30,065**	**(21,795)**	**8,270**
Additions	5,708	-	5,708
Depreciation expense	-	(6,393)	(6,393)
Balance at December 31, 2018	**$ 35,773**	**$ (28,188)**	**$ 7,585**

5. Deposits

Deposits consist of prepayments of inventory that was received in 2019.

6. Convertible Notes

In prior years, the Company issued convertible notes for proceeds that bore interest at 8% per annum and matured on December 31, 2018. The convertible notes along with accrued interest could be converted at the option of the holder at prices between $0.10 and $0.57 per share and would automatically convert into shares upon the occurrence of a reverse merger or other similar transaction with a publicly traded and reporting entity.

During the year ended December 31, 2018, the Company entered into agreements with holders of the convertible notes to amend the conversion price. The convertible notes were converted at prices ranging from $0.05 to $0.57 per share. On the conversion of the convertible notes, the Company recognized a loss on conversion of $5,827,624. Upon conversion of the convertible notes, $1,311,937 was reclassified from reserves to share capital.

The balance of the convertible notes is as follows:

	December 31,	
	2018	**2017**
Balance at beginning of year	$ 3,724,455	$ 2,871,030
Proceeds from convertible notes	-	215,000
Equity portion of convertible notes	-	(50,453)
Accretion	316,765	375,859
Interest expense	263,593	313,019
Conversion of convertible notes and accrued interest	(4,012,007)	-
Repayment of convertible notes	(10,000)	-
Total	**$ 282,806**	**$ 3,724,455**

7. Share Capital

Authorized share capital

800,000,000 common shares without par value.

Common shares issued

During the year ended December 31, 2018, the Company issued 2,869,288 common shares for proceeds of $1,483,487, net of issuance costs. In addition, the Company issued 166,245 finder's warrants entitling the holder to acquire 166,245 common shares at $0.75 per share. The fair value of the finder's warrants issued was estimated using the Black Scholes option pricing model to be $37,739 using the following assumptions: estimated volatility of 87%, expected life of 2 years and a risk-free rate of 2.33%.

During the year ended December 31, 2018, the Company issued 1,848,689 common shares with a fair value of $1,053,753 to consultants.

During the year ended December 31, 2017, the Company issued 1,022,720 common shares for proceeds of $579,952.

During the year ended December 31, 2017, the Company issued 995,000 common shares with a fair value of $567,150 to consultants.

8. Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

The remuneration of directors and key management personnel made during the years ended December 31, 2018 and 2017, is as follows:

Year ended December 31,		**2018**		**2017**
Salaries to a director	$	15,000	$	-
Marketing fees paid to a director		49,287		43,540
Marketing fees paid to companies controlled by a director		11,000		39,217
Research and development fees paid to a director		5,500		-
Research and development fees paid to companies controlled by a director		-		50,000
Total	**$**	**80,787**	**$**	**132,757**

As at December 31, 2018, the Company has $15,848 (2017 - $34,252 due from) due to a company controlled by a director of the Company.

8. Related Party Transactions (continued)

Loans from Related Parties

During the year ended December 31, 2018, the Company received loans from two related parties, in the amounts of $107,500 and $300,000, respectively. The loans bear interest at 2.7% per annum maturing between June 30, 2020 and December 29, 2020. As at December 31, 2018, there is a balance of principal and interest of $412,001. The loans are recorded at amortized cost using an effective interest rate of 25%, causing the carrying value to be lower than the principal value with a difference of $132,766 recorded as a related party contribution.

	December 31,	
	2018	**2017**
Balance at beginning of year	$ -	$ -
Loans issued	407,500	-
Discount on loans	(132,766)	-
Interest expense	4,501	-
Accretion	23,117	-
Total	**$ 302,352**	**$ -**

9. Accounts Payable and Accrued Liabilities

	2018	**2017**
Accounts payable	$ 90,702	$ -
Accrued liabilities	81,000	21,000
	$ **171,702**	$ **21,000**

10. Contingency

A $200,000 convertible note, due in August 2016, was not repaid. The holder of the convertible note commenced litigation against the Company in June 2018. During the year ended December 31, 2018, the Company was ordered by the Supreme Court of New York to pay $254,560 and this is included in convertible notes payable on the statement of financial position.

11. Income Tax

The provision for income taxes differs from the amount that would have resulted in applying the combined federal statutory tax rate as follows:

	2018	2017
Net loss	$ (8,965,603)	$ (2,097,208)
Statutory income tax rate	21%	35%
Expected income tax recovery	(1,882,777)	(734,023)
Impact of change in future tax rates	-	806,585
Permanent differences	72,449	132,931
Adjustment to prior years statutory return	-	(435,554)
Valuation Allowance	1,810,328	230,061
Income taxes	**$ -**	**$ -**

Temporary differences that give rise to the following deferred tax assets and liabilities at are:

	2018	2017
Deferred tax assets		
Non-capital loss carry forwards	$ 2,748,917	$ 1,070,100
Stock based compensation	221,288	-
Amortizable tax attributes	57,540	138,680
Property, plant and equipment	(7,541)	1,096
Valuation allowance	(3,020,204)	(1,209,876)
	$ -	**$ -**

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. Financial risk management objectives and policies

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the risk of changes in market interest rates, as its convertible notes bear fixed interest rate at 8% per annum.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in the United States of America. As all of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

12. Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described below, in normal circumstances.

Historically, the Company's sole source of funding has been the issuance of equity securities and convertible notes. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company's financial liabilities are comprised of its convertible notes and deposits.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares as well as managing the outstanding level of debt.

13. Fair Values

The carrying values of financial instruments such as cash and cash equivalents and prepayments and other assets, accrued liabilities and other payables and loan payable are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The carrying value of the convertible notes approximates its fair value as its fixed interest rate approximates the market interest rate considering the Company's credit risk. The fair value of the marketable securities (securities held for sale) of $2,916 is derived from its quoted stock price as at December 31, 2018 and is considered as Level 1 in the fair value hierarchy.

14. Subsequent events

Subsequent to the year ended December 31, 2018, the Company issued 161,386 common shares for proceeds of $91,990.

Subsequent to the year ended December 31, 2018, the Company received various loans from related parties of $583,460, of which $100,000 has been repaid. The loans are unsecured and will mature at the earlier of a liquidity event or 24 months from the respective issue dates. The notes bear interest at 2.7%.

Subsequent to the year ended December 31, 2018, the Company entered into an agreement with Ryah MedTech Inc. ("Ryah"), a Florida Corporation, whereby the Company contributed all assets and liabilities related to the Ryah dose-measuring vaporizer in exchange for 100% of the issued and outstanding shares, of Ryah common stock. As a result of this transaction Ryah became a 100% wholly owned subsidiary of the Company.

POTBOTICS INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

(Expressed in U.S. Dollars)

INDEX TO THE FINANCIAL STATEMENTS

Audit Report	1
Statements of Financial Position	2
Statements of Comprehensive Loss	3
Statements of Changes in Shareholders' Equity	4
Statements of Cash Flows	5
Notes to the Financial Statements	6 to 14

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Potbotics Inc.

We have audited the accompanying financial statements of Potbotics Inc., which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Potbotics Inc. as at December 31 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Potbotics Inc.'s ability to continue as a going concern.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
May 17, 2019

An independent firm associated with
Moore Stephens International Limited
MOORE STEPHENS

Potbotics Inc.
Statements of Financial Position
As at December 31, 2017
(Expressed in U.S. Dollars)

ASSETS	**Notes**	**2017**	**2016**
CURRENT ASSETS			
Cash		$ 38,416	$ 60,667
Prepaid expenses		-	465
Due from related party	**7**	34,252	34,252
		72,668	95,384
NON-CURRENT ASSETS			
Equipment	**4**	8,270	14,282
TOTAL ASSETS		**$ 80,938**	**$ 109,666**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable		21,000	13,500
Convertible notes payable	**5**	3,724,455	200,000
Deferred income		10,000	-
		3,755,455	213,500
NON-CURRENT LIABILITIES			
Convertible notes payable	**5**	-	2,671,030
TOTAL LIABILITIES		3,755,455	2,884,530
SHAREHOLDERS' EQUITY			
Share capital	**6**	8,577,828	7,430,726
Equity component of convertible note		1,403,433	1,352,980
Accumulated deficit		(13,655,778)	(11,558,570)
TOTAL SHAREHOLDER'S EQUITY		(3,674,517)	(2,774,864)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 80,938**	**$ 109,666**

Going Concern (Note 1)
Contingency (Note 8)
Subsequent events (Notes 8, 11)

The accompanying notes form an integral part of these financial statements.

POTBOTICS INC
Statements of Comprehensive Loss
For the year ended December 31, 2017
(Expressed in US Dollars)

	Notes		2017		2016
OPERATING EXPENSES					
Accretion expense	**5**	$	375,859	$	304,848
Consulting fees			640,972		366,075
Depreciation expense	**4**		6,012		6,002
General and administrative			36,131		90,253
Insurance expenses			49,663		74,694
Interest Expense	**5**		313,019		259,562
Licences and subscriptions			44,976		70,647
Marketing	**7**		139,284		195,502
Occupancy expenses			41,474		63,543
Professional fees	**7**		98,641		153,028
Research and development	**7**		314,774		830,304
Travel			37,803		136,295
Loss before other items			**2,098,608**		**2,550,753**
Other items					
Other Income			(1,400)		-
NET AND COMPREHENSIVE LOSS		**$**	**(2,097,208)**	**$**	**(2,550,753)**

The accompanying notes form an integral part of these financial statements.

POTBOTICS INC.
Statements of Changes in Equity
For the year ended December 31, 2017
(Expressed in U.S Dollars)

	Number of Common Shares	Share Capital	Equity component of convertible notes	Accumulated Deficit	Total Shareholders' Equity
As at January 1, 2016	**41,775,490**	**$ 5,891,726**	**$ 1,258,144**	**$ (9,007,817)**	**$ (1,857,947)**
Issuance of common shares for cash	2,429,825	1,385,000	-	-	1,385,000
Issuance of common shares for consulting services	270,175	154,000	-	-	154,000
Issuance of convertible debentures	-	-	94,836	-	94,836
Net loss	-	-	-	(2,550,753)	(2,550,753)
As at December 31, 2016	**44,475,490**	**7,430,726**	**1,352,980**	**(11,558,570)**	**(2,774,864)**
Issuance of common shares for cash	1,022,720	579,952	-	-	579,952
Issuance of common shares for consulting services	995,000	567,150	-	-	567,150
Issuance of convertible debentures	-	-	50,453	-	50,453
Net loss	-	-	-	(2,097,208)	(2,097,208)
As at December 31, 2017	**46,493,210**	**$ 8,577,828**	**$ 1,403,433**	**$ (13,655,778)**	**$ (3,674,517)**

The accompanying notes form an integral part of these financial statements.

		2017		2016
Cash flows used in operating activities				
Loss	$	(2,097,208)	$	(2,550,753)
Adjustments for:				
Depreciation		6,012		6,002
Interest expense on convertible notes		313,019		259,562
Accretion on convertible notes		375,859		304,848
Consulting fees paid in shares		567,150		154,000
Changes in non-cash working capital items:				
Prepayments and other assets		465		(465)
Accrued liabilities and other payables		7,500		9,933
Net cash used in operating activities		**(827,203)**		**(1,816,783)**
Cash flows from investing activities:				
Purchase of equipment		-		(65)
Advances to related parties		-		(34,252)
Net cash used in investing activities		**-**		**(34,317)**
Cash flows from financing activities:				
Proceeds from issuance of shares		579,952		1,385,000
Proceeds from issuance of convertible notes		215,000		322,500
Deposit paid		10,000		-
Net cash generated from financing activities		**804,952**		**1,707,500**
Net decrease in cash		**(22,251)**		**(143,690)**
Cash beginning of year		60,667		204,357
Cash end of the year	**$**	**38,416**	**$**	**60,667**

The accompanying notes form an integral part of these financial statements.

1. Nature and continuance of operations

Potbotics Inc. ("Potbotics" or the "Company") was incorporated on February 12, 2014, under the laws of Florida. The principal business of the Company is the use of artificial intelligence, data mining, and cloud technology in order to create products, services, and predictive data insights for the medical cannabis industry. The address of the registered records office of the Company is located at 205 East 42nd Street, 14th floor, New York, NY 10017.

The Company has incurred losses and negative cash flows from operations from inception that has primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, promissory notes, related party loans and through private placement of common shares.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Statement of Compliance and Basis of Presentation

(a) 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") and interpretations issued by the International Reporting Interpretation Committee ("IFRIC") for all periods presented. These financial statements were authorized for issue by the Board of Directors on May 17, 2019.

(b) Basis of presentation

These financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value in subsequent periods, and have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements are presented in US dollars, except when otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the US dollar

3. Significant Accounting Policies

a) Equipment

Equipment is recorded at cost net of accumulated amortization and impairment charges. The cost of repairs and maintenance is expensed as incurred. Amortization is provided on the straight-line method over the estimated lives of assets. Upon sale of other disposition of a depreciable asset, cost and accumulated amortization is removed from equipment and any gain or loss is reflected as a gain or loss from operations. Depreciation on equipment is recorded at 20% on a straight line basis.

b) Critical Accounting Estimates and Judgements

The preparation of these financial statements in accordance with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Critical judgements in applying accounting policies

The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Research and development expenditure
Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits
- the availability of resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. Significant Accounting Policies

b) Critical Accounting Estimates and Judgements (continued)

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

At December 31, 2017, the Company had not recognized any internally-generated intangible asset.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized when it is determined that the Company is likely to recognize their recovery from the generation of taxable income.

Other significant judgments

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- whether research and development costs are capitalized or expensed; and
- the fair value and classification of financial instruments.

c) Financial Instruments

The Company classifies its financial instruments in the following categories:

a. fair value through profit or loss;
b. loans and receivables;
c. held-to-maturity;
d. available-for-sale financial assets; and
e. financial liabilities.

3. Significant Accounting Policies (continued)

c) Financial Instruments

The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for the impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade date, the date on which the Company commits to purchase the asset.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

3. Significant Accounting Policies (continued)

d) New accounting standards not yet adopted

The standards and interpretations issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Overall, the Company does not expect the implementation of IFRS 9 to have a significant impact on its financial assets.

New standard IFRS 15 "Revenue from Contracts with Customers"
This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Overall, the Company does not expect the implementation of IFRS 15 to have a significant impact on its financial statements.

New standard IFRS 16 "Leases"
This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. The Company does not expect the implementation of IFRS 16 to have a significant effect on the Company's financial statements.

4. Equipment

	Cost	Accumulated Depreciation	Net Book Value
Balance at January 1, 2016	**$ 30,000**	**$ (9,781)**	**$ 20,219**
Additions	65	-	65
Depreciation expense	-	(6,002)	(6,002)
Balance at December 31, 2016	**30,065**	**(15,783)**	**14,282**
Depreciation expense	-	(6,012)	(6,012)
Balance at December 31, 2017	**$ 30,065**	**$ (21,795)**	**$ 8,270**

5. Convertible Notes

During the year ended December 31, 2017, the Company issued convertible notes for $215,000 (2016 – $322,500) that bear interest at 8% per annum and mature on December 31, 2018. The convertible notes along with accrued interest can be converted at the option of the holder at prices between $0.10 and $0.57 per share and will automatically convert into shares the occurrence of a reverse merger or other similar transaction with a publicly traded and reporting entity.

	December 31,	
	2017	**2016**
Balance, beginning	$ 2,871,030	$ 2,078,956
Proceeds from convertible notes	215,000	322,500
Equity portion of convertible notes	(50,453)	(94,836)
Accretion	375,859	304,848
Interest expense	313,019	259,562
Balance, ending	**$ 3,724,455**	**$ 2,871,030**

6. Share Capital

Authorized share capital
800,000,000 common shares without par value.

Common shares issued
During the year ended December 31, 2017, the Company issued 1,022,720 shares for $579,952.

During the year ended December 31, 2017, the Company issued 995,000 shares with a fair value of $567,150 to consultants.

During the year ended December 31, 2016, the Company issued 2,429,825 shares for of $1,385,000.

During the year ended December 31, 2016, the Company issued 270,175 shares with a fair value of $154,000 to consultants.

7. Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. As at December 31, 2017, the Company has $34,252 (2016 - $34,252) due from a company controlled by a director. The remuneration is as follows:

Year ended December 31,		**2017**		**2016**
Professional fees paid to a former director	$	-	$	32,878
Marketing fees paid to a director		43,540		-
Marketing fees paid to companies controlled by a director of the Company		39,217		66,112
Research and development fees paid to a director		-		66,550
Research and development fees paid to companies controlled by a director of the Company		50,000		239,196
Total	**$**	**132,757**	**$**	**404,736**

8. Contingency

The payment for a convertible note issued in the amount of $200,000 due in August 2016 was not paid. The holder of the convertible note commenced litigation against the Company in June 2018 under the New York Supreme Court. Subsequent to the year ended December 31, 2017, the Company was ordered to pay $254,560.

9. Income Tax

The provision for income taxes differs from the amount that would have resulted in applying the combined federal statutory tax rate as follows:

		2017		**2016**
Net loss	$	(2,097,208)	$	(2,550,753)
Statutory income tax rate		35%		35%
Expected income tax recovery		(734,023)		(892,764)
Impact of change in future tax rates		382,359		545,756
Adjustment to prior years statutory return		211,535		-
Temporary differences		223,255		471,628
Other		(83,126)		(124,620)
Income taxes	$	-	$	-

Temporary differences that give rise to the following deferred tax assets and liabilities at are:

		2017		**2016**
Deferred tax assets				
Non-capital loss carry forwards	$	828,310	$	648,605
Equipment		4,565		3,302
		832,875		651,907
Valuation allowance		(832,875)		(651,907)
	$	-	$	-

Tax attributes are subject to review, and potential adjustment, by tax authorities.

10. Financial risk management objectives and policies

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the risk of changes in market interest rates, as its convertible notes bear fixed interest rate at 8% per annum.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in the United States of America. As all of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in note 14, in normal circumstances.

Historically, the Company's sole source of funding has been the issuance of equity securities and convertible notes. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company's financial liabilities are comprised of its convertible notes and deposits.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as well as managing the outstanding level of debt.

11. Subsequent events

Subsequent to the year ended December 31, 2017, the Company issued 768,415 shares for proceeds of $624,933.

Subsequent to the year ended December 31, 2017, the Company issued 1,848,689 shares to consultants for services.

Subsequent to the year ended December 31, 2017, the Company received loans from related parties for $407,500. The notes are unsecured and will mature at the earlier of a liquidity event or 24 months form the issue date. The notes bear interest at 2.7% per annum.

11. Subsequent events

Subsequent to the year ended December 31, 2017, the Company entered into an agreement with the convertible debt holders that amended the conversion terms of the convertible notes (See Note 5). Subsequent to December 31, 2017, a total of $4,000,377 of principal and related accrued interest was converted into 24,770,474 shares.

SCHEDULE "D"
ANNUAL MD&A OF PRIME FOR THE FISCAL YEAR ENDED AUGUST 31, 2020

(See attached)

PRIME BLOCKCHAIN INC.
(formerly Investissements TSPL Inc.)
Management Discussion and Analysis
For the year ending on August 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 years ended August 31, 2020 and 2019. This report should be read in conjunction with the Audited financial statements for these periods and the notes thereto. For more information, please visit the SEDAR web site at www.sedar.com.

The Financial Statements were not adjusted in regard to 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 Financial Statements of August 31, 2020, were prepared by management and were 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 November 5, 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 concluding a Reverse Takeover (¨RTO¨), with Potbotics Inc. which was initially announced on June 27, 2019 and the subject of other press releases since then. This will transform the Corporation so it can become active commercially.

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 $461,252 during the year ended August 31, 2020 (2019 - $502,564), 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 year ended August 31, 2020, the Corporation completed the following private placements:

(vi) On October 2, 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 $54,598 and the warrants a value of $27,402. The Company also issued 490,816 common shares as payment for operating expenses at a value of $24,510.

(vii) 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 $0.075 per share for a period of five years. The shares had a value of $40,000 and the warrants a value of $26,000. The Company also issued 292,386 common shares as payment for operating expenses at a value of $14,619.

(vii) On April 6, 2020, the Company completed a private placement by issuing 2,100,000 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 $0.075 per share for a period of five years. The shares had a value of $51,774 and the warrants a value of $33,226. The Company also issued 430,994 common shares as payment for operating expenses at a value of $21,550.

(viii) On August 24, 2020, the Company completed a private placement by issuing 1,755,000 common share units for an amount of $70,200. 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 $0.075 per share for a period of five years. The shares had a value of $42,545 and the warrants a value of $27,655. The Company also issued 3,520,536 common shares as payment for operating expenses at a value of $138,400 and 1,545,000 common shares with warrants as payment for operating expenses, each warrant giving the holder the right to acquire an additional share at a price of $0.075 per share for a period of five years. The shares had a value of $42,210 and the warrants a value of $28,789.

In August 2020, a sum of CA$50,000 was advanced to Mr. Beausoleil so he could pay a Corporation account payable and deal with a claim currently being dealt with in Small Claims Court. This advance shows up in the Financial Statements as an Advance to a Director, without interest. When Releases and Discharges for these amounts are received the loan will be reduced or eliminated, and if any funds are remaining after the payments they will be remitted to the Corporation.

COVID-19

The Corporation does not have any ongoing operations except in regard to closing the proposed RTO transaction. 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 if the proposed RTO is not completed. 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 need 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. This is also the approach followed in its exchange of documents with Potbotics and its management and board of directors.

The current financial crisis has also slowed down the pace at which the proposed merger with RYAH/PotBotics is progressing. Prime has decided to lend RYAH CA$100,000 and take care of raising the needed financing so that RYAH can meet the CSE Listing conditions and hopefully be listed as soon as possible.

2. FINANCIAL OVERVIEW

Prime Blockchain incurred costs for the advancement of the proposed merger with Potbotics, during the year.

The Corporation's operations were partly financed via accounts payable. 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.

An amount of $1,167 was payable to a director at year-end (August 31, 2020) which is to be converted into common share units prior to the RTO ($1,281 – August 31, 2019).

During the year ended August 31, 2020, the Corporation incurred $21,286 of travel expenses in its search for capital to meet its cash needs during the year and to find the needed capital to qualify for listing, compared with $24,928 in 2019. This reduction in travel expenses was mainly due to the fact that most of the travel since the onset of COVID-19 has been either eliminated or mostly done by car and train, which are less expensive than airplane travel.

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 $341,516 in consulting fees compared to $301,329 in 2019, when it was looking for projects or acquisition targets. This increase in consulting fees was in mostly due to the bonuses paid for completing the RTO. 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 related parties which is discussed at length in the relevant portion of this MD&A.

The Corporation incurred professional fees of $50,187 at August 31, 2020 compared to $105,719 at August 31, 2019. The main reason for this reduction is due to the fact that the Corporation didn't initiate any activities related to the signing of a potential acquisition agreement during the last year, since a

merger candidate had been identified. Also, some of the COVID-19 caused delays resulted in less demand for professional fees.

Office Expenses were $10,531 in 2020 ($24,673 – 2019). This is mostly due to the Company's reduced activities because of the signing of the merger with Potbotics and COVID-19. Financial fees were $1,830 vs $816 in 2019, which are mainly due to added banking and related fees. Listing fees came in at $21,202 vs $13,835 in 2019. This increase was due to added filings with the regulators and the issuance of more news releases. The reduction of Renumeration to Directors from $37,681 in 2019 to $14,700 came from the smaller number of options being granted during the year.

3. SUMMARY OF RESULTS

Years ended August 31	**2020**	2019	2018
	$	$	$
Revenues	-	-	-
Expenses	461 252	508 981	687 359
Gain on debt settlement	-	6 417	14 265
Loss resulting from the holding of an investment	-	-	27 909
Net loss and comprehensive income	(461 252)	(502 564)	(701 003)
Basic and fully diluted net loss per share	(0.020)	(0.030)	(0.070)

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

In Dollars	Aug. 31, 2020	May 31, 2020	Feb. 29, 2020	Nov. 30, 2019	Aug. 31, 2019	May 31, 2019	Feb. 28, 2019	Nov. 30, 2018
Gain on debt settlement	-	-	-	-	6 417	-	-	-
Revenue	-	-	-	-	-	-	-	-
Expenses	219 914	19 747	110 773	110 818	202 987	104 301	127 293	74 400
Loss resulting from the holding of an investment	-	-	-	-	-	-	-	-
Net loss	(219 914)	(19 747)	(110 773)	(110 818)	(196 570)	(104 301)	(127 293)	(74 400)
Basic loss per share	(0.006)	(0.001)	(0.005)	(0.050)	(0.030)	(0.006)	(0.008)	(0.005)

4. SUMMARY OF STATEMENTS OF FINANCIAL POSITION

	August 31, 2019	**August 31,2019**
Current assets	$ 53,179	$1,502
Total Assets	$ 53,179	$1,502
Current liabilities	$ 55,298	$110,347
Total Liabilities	$ 55,298	$110,347

5. SUMMARY OF CASH FLOWS

	August 31, 2020	August 31,2019
Operating activities	($231,409)	$(349,505)
Investing activities	($50,000)	-
Financing activities	$283,086	$350,781
Net increase (decrease) in cash	$1,677	$1,276

At August 31, 2020, Prime Blockchain Inc. had a negative working capital amounting to $2,119, compared to a negative working capital amounting to $108,845 at August 31, 2019.

6. SUMMARY OF SHAREHOLDERS' EQUITY

	November 05, 2020	August 31, 2020	August 31, 2019	August 31, 2018
Number of shares outstanding	37,649,633	34,849,633	21,014,901	12,986,408
Stock options	4,800,000	4,500,000	3,900,000	1,845,000
Warrants	29,810,637	27,010,637	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.

During 2020, 600,000 options were granted to Directors and Officers.

As at August 31, 2020, the number of issued and outstanding shares was 34,849,633. The number of warrants issued was 27,010,637.

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:

	Year ended August 31, 2020	2019
Consulting fees*	232,470	120,000
Remuneration of directors – stock-based compensation	14,700	37,681
Office expense- rent	6,000	18,000
Total	$ 253,170	$ 175,681

* 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 August 31, 2020, accounts payable totaled $50,966 ($105,005 as at August 31, 2019) and an amount of $1,167, 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.

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.

The estimates that have the most significant impact on the amounts recognized in the financial statements are as follows:

- Fair value of shares, warrants and stock options.

There has been no material change in the accounting policies and estimates of the Corporation since August 31, 2020. A full description of the accounting policies is presented in the corresponding section 3 of the financial statements.

New accounting standards applied

On September 1, 2019, the Company applied the following standards:

IFRS 9 - Financial Instruments

The amendments to IFRS 9 - Financial Instruments, issued by the International Accounting Standards Board (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. The amendments did not have any 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 new standard did not have any impact on the Company's financial statements.

New standards and interpretations not yet effective

The IASB and the International Financial Reporting Interpretation Committee (IFRIC) have published new standards whose application will be mandatory for fiscal years beginning after September 1, 2020 or subsequent years. Many of these new accounting policies do not apply to the Company, so they are not discussed below.

New future accounting standards

Conceptual Framework for Financial Reporting

On March 29, 2018, the IASB published a comprehensive revision of the Conceptual Framework for Financial Reporting. The IASB decided to revise the Conceptual Framework for Financial Reporting because significant issues were not addressed and some guidance was outdated or unclear. The revised version includes, for example, a new section on evaluation, guidance on the presentation of financial performance and improved definitions of an asset and a liability and guidance to support those definitions. The conceptual framework assists entities in developing their accounting policies when no IFRS applies to a particular situation. The requirements will apply prospectively to financial statements beginning on or after January 1, 2020. This revision will have no impact on the Company's financial statements.

New future accounting standards

IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

On October 31, 2018, the IASB published an amendment to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The amendment, entitled "Definitions of Material", clarifies the definition of material in IAS 1 and the explanations accompanying that definition, and aligns the definitions used in the various IFRS standards. The provisions of this amendment will apply prospectively to financial statements beginning on or after January 1, 2020. This amendment will have no impact on the Company's financial statements.

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

On May 14, 2020, the IASB issued Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37), amending the standard regarding costs the Company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. These amendments will apply to financial statements beginning on or after January 1, 2022. The Company has not yet assessed the impact of these amendments on its financial statements.

IAS 1 - Presentation of Financial Statements

The IASB published an amendment to IAS 1 - Presentation of Financial Statements. The amendment concerns the classification of liabilities as current or non-current and only affects the presentation of liabilities in the statement of financial position, and not the amount or timing of recognition of any asset, liability income or expense, or the information that entities disclose about those items. The provisions of this amendment will apply retrospectively to financial statements beginning on or after January 1, 2022. Early adoption is permitted.

On July 15, 2020, the IASB published an amendment to IAS 1 - Presentation of Financial Statements that postpones the effective date to financial statements beginning on or after January 1, 2023. The Company has not yet assessed the impact of this amendment on its financial statements.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit risk

Credit risk is the risk of financial loss for the Company if a counterpart fails to meet its obligations. The maximum credit risk is equal to the Company's cash and advance to a director. The credit risk on cash is limited as the contracting party is a financial institution with a high credit rating. The Company does not expect to be exposed to a higher than normal credit risk with respect to the advance to a director.

Liquidity risk

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

The Company monitors its liquidity, allowing it to seek additional liquidity in a timely manner when necessary. The necessary financing is provided through the issuance of shares that enable the Company to continue as a going concern.

As at August 31, 2020, the Company had current liabilities totaling $55,298 (2019 - $110,347).

Fair Value

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

Financial instruments recognized at fair value are classified in a hierarchy that reflects the importance of data used to compile the ratings. This hierarchy includes three levels:

Level 1 - Prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - Evaluation based on data from observable market for the asset or liability, directly or indirectly obtained.

Level 3 - Evaluation based on data other than observable market for the asset or liability.

Cash is classified in Level 1.

During the years ended August 31, 2020 and 2019, there were no transfers in assessments of financial assets between the different levels.

13. SIGNIFICANT EVENTS

On June 17, 2019, the Company concluded the negotiations with PotBotics/RYAH (¨RYAH¨) by signing a formal letter of intent (¨LOI¨). On November 12, 2019, the deadline of the formal letter of intent was extended. On September 9, 2020, the Company signed the formal Merger Agreement with RYAH, replacing the previously signed LOI. Some of the conditions were changed and they are outlined below. The transaction is structured in the form of a reverse takeover of the Company by RYAH. The Company shall purchase all of 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, 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.

The Merger Agreement calls for Prime to initially lend to RYAH the sum of CA$100,000 which was done on September 16, 2020. Prime has also taken the responsibility of raising the needed capital to qualify for listing on the CSE, which it is currently in the process of doing. Currently this amount is unknown since it will be supplied to the Parties at the time when the Conditional Approval for Listing is received. In addition, the Parties have agreed to NOT ask Prime to consolidate its shares, as was originally

required under the LOI. The Company will proceed with the proposed name change and the creation of the two (2) classes of common shares.

13. SUBSEQUENT EVENTS

On September 9, 2020, the Company signed the formal Merger Agreement with RYAH, replacing the previously signed LOI.

On September 14, 2020, the Company completed a private placement by issuing 2,800,000 common share units for an amount of $112,000, or $0.04 per unit. 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 $0.075 per share for a period of five years following the listing on a stock exchange.

The Merger Agreement calls for Prime to initially lend to RYAH the sum of CA$100,000 which was done on September 16, 2020. Prime has also taken the responsibility of raising the needed capital to qualify for listing on the CSE, which it is currently in the process of doing. At this time, the exact amount needed is unknown since it will be supplied to the Parties, by the CSE, at the time when the Conditional Approval for Listing is received. In addition, the Parties have agreed to NOT ask Prime to consolidate its shares, as was originally required under the LOI. The Company will proceed with the proposed name change and the creation of the two (2) classes of common shares.

In September, 300,000 options were granted to an executive of the Company, at an exercise price of $0.10 per share, maturing on September 15, 2024.

14. OTHER INFORMATION

Additional information about the Corporation is available on SEDAR at www.sedar.com.

(s) Serge Beausoleil

Serge Beausoleil
Director and Chief Financial Officer
November 5, 2020

SCHEDULE "E"
ANNUAL MD&A OF POTBOTICS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

(See attached)

POTBOTICS, INC.

Management Discussion and Analysis

Year Ended December 31, 2019

DATE

The following Management's Discussion and Analysis ("MD&A") is dated September 13, 2020 and unless otherwise noted, should be read in conjunction with Potbotics Inc.'s ("Potbotics" or the "Company") consolidated financial statements for the year ending December 31, 2019 and related notes thereto. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in U.S. dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

The following MD&A contains statements which, to the extent that they are not recitations of historical facts, may constitute forward-looking information under applicable Canadian securities legislation. Such forward-looking statements or information include financial and other projections as well as statements regarding the Company's future plans, objectives, performance, revenues, growth, profits, operating expenses or the Company's underlying assumptions. Forward-looking statements and information relating to the Company are based on the beliefs of management as well as assumptions made by and information currently available to us. The words "may", "would", "could", "will", "likely", "expect", "anticipate", "intend", "plan", "forecast", "project", "estimate" and "believe" or other similar words and phrases may identify forward-looking statements or information. Persons reading this MD&A are cautioned that such statements or information are only predictions, and that the Company's actual future results or performance may be materially different. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to: the possibility of development or deployment difficulties or delays; the timing of entering into significant contracts; the performance of the global economy; industry analyst perception of the Company and its vision and future prospects; the success of certain business combinations engaged in by the Company or by its competitors; possible disruptive effects of organizational or personnel changes; new products and standards; risks related to acquisitions and international expansion; reliance on large customers; dependence upon key personnel and hiring; reliance on a limited number of suppliers; risks related to the Company's competition; the Company not adequately protecting its intellectual property; currency exchange rate risk; and including, but not limited to, other factors described in the Company's reports filed on SEDAR, its listing statement and those referred to under the heading "Risks and Uncertainties".

In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Company takes into account the following material factors and assumptions in addition to the above factors: the Company's ability to execute on its business plan; timing of execution of outstanding or potential customer contracts by the Company; sales opportunities available to the Company; the Company's subjective assessment of the likelihood of success of a sales lead or opportunity; the Company's historical ability to generate sales leads or opportunities; and that sales will be completed at or above the Company's estimated margins. This list is not exhaustive of the factors that may affect the Company's forward-looking information. These factors should be considered carefully and readers should

FORWARD-LOOKING STATEMENTS (CONTINUED)

not place undue reliance on forward-looking information. All forward-looking statements made in this MD&A are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. The Company disclaims any intention and obligation to update and revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

COMPANY OVERVIEW

PotBotics (d/b/a "RYAH") is a big data and technology company focused on valuable predictive analysis in the global medical plant intake industry. Its robust artificial intelligence platform aggregates and correlates HIPAA-compliant medical data, which is intended to help doctors and patients personalize plant-based treatments to better predict treatment outcomes. The data collection is also relevant for growers, processors, dispensaries and regulators to monitor and manage plant strain effects on patients.

The Company operates multiple brands that serve the plant-based medical industry. The Company develops and produces IoT dose-control and measuring devices, such as a dry-herb vaporizer. The Company focuses on the intake, and analysis of patient demographics, patient ailments, patient dose measurement / control, plant-strain analytics and patient dose session feedback. This aggregated data and is shared with its client partners via the Company's proprietary software program. The Company has also developed a personalized cannabis recommendation software application. The application has aggregated a large database of peer reviewed studies on the efficacy of cannabis as a medicine. The platform collects research on 37 medical indications, 6 major cannabinoids, 300+ strains and over 1 million clinical studies. The associated patient mobile application has over 180,000 downloads on the App Store and Google Play Store and has over the last 3 years, been ranked at or near number one under the keyword 'Cannabis' and/or 'Marijuana" in the United States. The vision of the Company is to elevate the plant-based medical industry to higher standards by streamlining the analysis, recommendation, consumption, and plant-based medicine selection process. This is achieved through the use of its IoT devices. Its clinical study-based strain recommendation software and subsequent combined downstream data analytics.

As a dose-measuring device and data-driven company, our strategy is centered around collecting and interpreting a consolidation of both empirical data from clinical studies as well as proprietary data on real-time patient consumption and analytics that is derived from its IoT devices. The Company believes that the plant based medical market is still fraught with fragmented, unstructured, incomplete and unorganized data. This is exacerbated by the complexity of cannabis plant itself and its unique effects on each individual. Company believes these are key reasons why national health institutions and a number of governments haven't adopted medical cannabis at a federal level (i.e. the United States) as these institutions contest that there is not enough empirical data yet to substantiate cannabis having a medical value. In order to differentiate ourselves, the Company intends to create a suite of IoT delivery solutions, focused on the medical vertical to capture patient consumption data and plant strain intake and correlate this data with its clinical study software. According to Kathleen Burke, at MarketWatch "When it comes to growing a plant-based industry, big data and technology may be more valuable than fertilizer." By sharing these two data lakes with the medical plant industry stakeholders, Company believes it is filling a

COMPANY OVERVIEW (Continued)

major gap that is lacking the most in the market. Company believes that this dual data strategy provides a greater value to the insights on data that the Company generates.

The following is a description of how the business of PotBotics, Inc. and its subsidiaries developed over the three most recently completed financial years and the current financial year:

- PotBotics is incorporated in the state of Florida in February 12, 2014

- In June 2015, PotBotics aggregated data on plant based analytics on over 1 million + peer reviewed studies for its data analytics platform

- In April 2016, PotBotics, launched PotBot. The Company has developed a personalized cannabis recommendation software application. This maintains a large and growing database of peer reviewed studies on the efficacy of cannabis as a medicine. The platform collects research on 37 medical indications, 6 major cannabinoids, 300+ strains and over 1 million clinical studies. The associated free patient mobile application has over 180,000 downloads on the App Store and Google Play Store and has over the last 3 years, been ranked at or near number one under the keyword 'Cannabis' in the United States [1]. Through an interactive questionnaire, the mobile application collects demographic data on patients, patient location, patient ailment indications and desired relief. The application then cross-references this patient data with the company's clinical study database to provide the patient with education and guidance on potential plant-strain matches along with local dispensaries / LPs that can further consult with the patient.

- On March 16, 2018 PotBotics Submitted a Utility Patent Application 15/924172 to the USPTO. This utility patent application covers the functionality of an electronic vaporizer and the method of its temperature and dosing control. In addition, the patent covers the type and method of the patient and plant strain data collected, which is shared with filling partners. Finally, the patent covers the process of the vaporizer that is controlled remotely, by the Company's mobile application. This patent is currently pending with the USPTO.

- RYAH Medtech Inc was incorporated in the State of Florida in December 2018. The Company's sub-brand develops and produces IoT dose-control and measuring devices, such as a dry-herb vaporizer. The Company focuses on the intake, and analysis of patient demographics, patient ailments, patient dose measurement / control, dosing session temperature settings and patient dose session efficacy feedback. The company captures the feedback and output of the patient consumption-based data that is derived from the use of its dose-measuring IoT devices and its proprietary plant-filled cartridges.

[1] App Store Rankings August 2019 keyword 'Cannabis' https://www.apple.com/us/search/cannabis?src=globalnav

- PotBotics and RYAH Medtech, Inc executed a contribution agreement on February 1, 2019

- On February 22nd RYAH submitted a USPTO Design Patent for the RYAH Vaporizer Cartridge - (Patent Application 62-809266) This patent covers the design of the RYAH dry-herb vaporizer cartridge. The cartridges are designed to be sealed with Company's proprietary filling machine and is used for storage of dry herb materials for use in Company's vaporizer. Airflow holes are present on both ends of the cartridge to facilitate air movement during vaporization of the materials inside the cartridge. This patent is currently pending with the USPTO.

- On April 26, 2019 RYAH submitted a USPTO Design Patent Application for the RYAH Vaporizer Mouthpiece (Patent Application 62/839450)**.** This patent application covers the design of the dry-herb vaporizer mouthpiece. The mouthpiece has an extended maze-like vapor pathway inside - where vapor travels through before reaching a user's mouth which is known to reduce the temperature of the vapor by the time it reaches the patient's mouth. The mouthpiece is made of thermal insulating material such that the mouthpiece remains cool during use and provides comfort to the user. This patent is pending with the USPTO.

- On May 29, 2019 PotBotics was granted a Utility Patent by the USPTO (patent number 10,296,714 relating to a method of Artificial Intelligence (AI) to capture, identify and interpret correlations between plant strains, patient demographics and medical indications. The invention also provides information on cannabinoid product availability. Medical professionals, cannabis growers, cannabis manufacturers, and other stakeholders may find this unique software program useful to study trends, efficacy, and other pertinent information to the medical cannabis market.

- On June 05, 2019 RYAH Medtech, Inc. received a class I Medical Device license from Health Canada for its dry-herb cartridges. This is considered an important step for Licensed Producers (LPs) and other entities to be able to effectively sell RYAH products in Canada.

- On June 07, 2019 – RYAH Medtech, Inc. executed a distribution agreement with Northern Green Canada, a Toronto based licensed producer (LP). The agreement opens the door for RYAH to distribute its devices and cartridges to the Canadian plant-based medical market.

- June 17, 2019: PotBotics and Prime entered into a binding Letter of Intent. On June 17, 2019, Prime entered into the Letter of Intent with PotBotics in connection with the Amalgamation for anticipated listing on the CSE. This transaction calls for Prime to change its name to RYAH Group, Inc. or any other name as may be requested by PotBotics/RYAH and acceptable to the regulatory authorities.

- July 15 2019, RYAH's dry-herb vaporizer went into commercialization stage with a launch of a pilot program in a medical dispensary in Maryland, United States. Sweetspot is a new medical cannabis dispensary in Olney, Maryland. Sweetspot caters to patients of all knowledge and experience with cannabis. We pride ourselves on educating our patients and making recommendations that can help with the patient's medical conditions.

- On July 26, 2019 RYAH submitted to the USPTO, a Utility Patent application for the RYAH Smart Patch (patent No. 62/879283). This utility patent application covers the functionality of the RYAH smart patch and the method of its temperature and dosing control. In addition, the patent covers the type and method of the patient and plant strain data collected, which is shared with filling partners. Finally, the patent covers the process of the smart patch that is controlled remotely, by the Company's mobile application. This patent is currently pending with the USPTO.

- On July 29, 2019 – RYAH signed a collaboration agreement with SOS Cannabis , who will prepare the case file and seek retroactive and prospective reimbursement for plant-based medical patients, at no cost. The agreement provides RYAH with a unique advantage in terms of its Canadian footprint and leading market positioning for serving the region's medical community. SOS Cannabis is a multi-disciplinary law firm headquartered in Quebec, Canada whose objective is to help people that use medical cannabis prescribed by a doctor to seek retroactive and prospective monetary reimbursement through claims made to governmental organizations. SOS Cannabis also provides referral services to a network of medical professionals and medical cannabis suppliers.

- On August 25, 2019 – RYAH submitted to the USPTO, a Utility patent application for the RYAH Tincture (Patent application No. 62/891,37. This utility patent application covers the functionality of the RYAH tincture pen and the method of its liquid dispensing and dosing control. In addition, the patent covers the type and method of the patient and plant strain data collected, which is shared with filling partners. Finally, the patent covers the process of the tincture pen that is controlled remotely, by the Company's mobile application. This patent is currently pending with the USPTO.

Over the coming years, the Company intends to develop a suite of unique, high-end, medically oriented IoT delivery device products that will complement its dry-herb vaporizer. The company further intends to develop a vertically integrated suite of productivity technology and services that is built from seed to consumption with all the major patient and doctor segments addressed. By supporting both the delivery device and data insights of the industry, the Company sees the value in developing technology that will help accelerate advancement in the industry, improve the performance and business of the plant-based medical community and create valuable insights to further develop the market globally. The Company believes that creating a closed loop enterprise data cycle throughout the value chain from seed to consumption - which is capable of improving dosing regimens, prescription insights, and strain to demographic correlations, the Company will provide the medical industry a unique offering that is built to make the plant, patient and medical relationship and ecosystem successful.

The scaling of the Company's ability to derive real-time dosing and effects through the data it collects is designed to uniquely address an enterprise goal to in encouraging true innovation and insights in the medical plant space. The Company also offers another unique selling proposition by way of its massive network of clinical studies and AI technology associated with its PotBotics sub brand. The platform has become a-tune to converting raw clinical data feeds and patient demographics into productive data insights. The Company intends to combine and monetize the significant amount of clinical data, with the

growing data gathered by its core IoT device dose measurement tools. These two ecosystems provides the Company with the ability to grow an enterprise-class data insights and medical business intelligence capability. The Company also sees further opportunity to develop future IP through development of unique IoT devices and AI technologies.

MANAGEMENT & DIRECTORS

BORIS GOLDSTEIN, FOUNDER AND CHAIRMAN, DIRECTOR

Dr. Boris Goldstein is a seasoned entrepreneur, venture capitalist and investment banker. Dr. Goldstein started his career in 1989 as founder of Software House HT, a startup technology company, which he developed into a worldwide corporation with over 40 offices in 17 countries. Since then, Dr. Goldstein has founded and served on the board of directors and advisory boards of numerous companies in Silicon Valley and Silicon Alley, including Trans Global Ventures Group, Intelligent Video Systems, Visisys Holdings Plc., E-Trade Eurasia, Pacific Petroleum Technologies, E*Forex, Solby, CBSF Capital Management, CBSF International Fund, CBSF, Daldaris, Pacific Venture Fund, and FRB. During this period. Dr. Goldstein was involved in numerous of financings totaling over $700 million in consolidated debt/equity/ADR instruments. Dr. Goldstein brings experience in fundamental research, investment and technologies, and is the author of multiple patents and books.

GREGORY WAGNER, CHIEF EXECUTIVE OFFICER, DIRECTOR

Greg is a 20+ year former financial markets global head and intrapreneur. He has held executive roles in both the United States as CEO of ABN AMRO's broker dealer, and in London as Head of Equity Prime Services for the Royal Bank of Scotland where Greg oversaw $60b in assets under custody and over $300m in global, annual revenues at its peak. Greg steered the Prime Services division in achieving 26 of 29 1st Place Awards in ISF Securities Lending survey (2011), Global Investor Synthetic Prime Top Provider Award (2010/2011), and Global Investor Securities Lending Award (2010/2011). At Itaú BBA, Greg created the first fully outsourced Securities Finance operation and leveraged state-of-the-art hosted solutions that demonstrated a lean and best-in-class institutional offering. Greg has co-founded and built several startups for the ground up and was named an "Innovator of the Year" from Innovate, Long Island in 2018. Greg holds FINRA Series 7, 63, 24, 55 licenses and an MBA in Finance from Fordham University. Greg has also received a Certification in Innovation and Strategy from Harvard University.

SELECTED HISTORICAL ANNUAL FINANCIAL INFORMATION

The below table highlights selected financial information for the financial years ended December 31, 2019 and 2018. The selected financial information below has been derived from the Company's audited financial statements and should be read together with and is qualified in its entirety by reference to such financial statements. The financial statements have been prepared in accordance with IFRS.

In U.S dollars, except for share and per share data	**Year ended December 31, 2019**	**Year Ended December 31, 2018**

	($)	($)
Total Revenue	-	-
Loss and comprehensive loss	(2,223,793)	(8,965,803)
Loss per Share (base and diluted)	(0.03)	(0.11)
Total Assets	229,903	642,024
Total Non-Current Liabilities	633,717	302,352
Dividends Declared	-	-

Year Ended December 31, 2019 Compared to December 31, 2018

The company has a relatively limited operating history since its inception on February 12, 2014, under the laws of Florida. The annual financial results reflect the Company's minimal levels of activity during 2018 and 2019 fiscal years, as management conducted research and set-up activities due to the company's expansion plans and raising capital activities.

The Company has incurred losses and negative cash flows from operations from inception that has primarily been funded through financing activities.

The total comprehensive loss of $2,223,793 for the year ended December 31, 2019 (2018 – 8,965,803) is attributed primarily to general and administrative expenses, research and development expenses, sales and marketing expenses, occupancy expenses and depreciation expenses that were incurred during the year (2018 - $3,100,000). General and administrative expenses include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, advisory services, and client and investor relations.

The decrease in total assets in 2019 compared to 2018 is primarily due to cash used, together with the net proceeds of the loans and shares issued during the year, in operating activities. During the year ended December 31, 2019, the Company issued 231,509 common shares for proceeds of $131,294, net of issuance costs. The Company's cash and cash equivalents balance as at December 31, 2019 was $35,792 versus $530,206 as at December 31, 2018 and the Company had a negative working capital of ($602,365) at December 31, 2019 versus a positive working capital of $164,083 at December 31, 2018.

The increase in current liabilities in 2019 compared to 2018 can be attributed to the increase in amounts payable to operating activities and the increase of the Company's loans that are payable within one year.

Discussion of Operations

The following table presents an analysis of the Company's operations for the years ended December 31, 2019 and December 31, 2018. This information was derived from our revenue and expense accounts for the respective periods.

	12 Months Ended December 31,2019	12 Months Ended December 31, 2018
Statement of Comprehensive Loss Data:		
Revenue	$ 3,531	$ -
Cost of sales	(3,107)	-

Accretion expenses	(118,733)	(339,882)
Consulting fees	(801,191)	(1,195,479)
Depreciation expenses	(26,526)	(6,393)
General and administrative	(39,180)	(55,349)
Insurance expenses	(24,568)	(39,725)
Interest expense	(20,937)	(268,094)
Licenses and subscriptions	(15,495)	(8,864)
Marketing	(149,501)	(154,454)
Occupancy expense	(8,980)	(26,233)
Payroll expenses	(229,501)	(34,029)
Professional fees	(346,953)	(246,468)
Research and development	(418,092)	(719,781)
Travel	(38,812)	(56,476)
Loss on conversion of convertible notes payable	-	(5,827,624)
Other income	17,189	12,916
Other expense	(605)	-
Loss on change in fair value of marketable securities	(2,332)	-
Foreign currency translation	-	132
Net and comprehensive loss	**$ (2,223,793)**	**$ (8,965,803)**

The Company had a total comprehensive loss of ($2,223,793) for the year ended December 31, 2019 compared to a total comprehensive loss of ($8,965,803) for the year ended December 31, 2018. The accumulated deficit from inception of the Company is $24,845,374.

Professional fees of $346,953 for the year ended December 31, 2019 increased from $246,468 for the year ended December 31, 2018. The increase was due to audit cost, legal counsel, investor relations activities and the expansion of the Company.

Consultant fees is mainly comprised of stock-based compensation to certain of the Company's consultants. Stock based compensation for the company's consultants was $709,525 for the year ending December 31, 2019 and $1,053,753 for the year ending December 31, 2018.

There is a net decrease of $17,253 in occupancy expenses for fiscal year ended December 31, 2019 compared to its occupancy expenses of December 31, 2018 related to rent expense for the Company's premises. In 2019, the Company rental less lease space during 2019.

Payroll expenses consist of the remuneration of directors and key management personnel made during the year ended December 31, 2019. The payroll expenses amounted to $229,501 for the fiscal year ended December 31, 2019, which corresponds to an increase of $195,472 compared to the year ended 31, 2018 which was $34,029. In 2018, the Company had consulting agreements with the key management

personnel including those persons having authority and responsibility for planning directing and controlling the activities of the company as a whole. In 2019, company decreased headcount by 2 and moved the remaining U.S. based full time headcount from R&D to employee classification.

The increase in other income for the year ended December 31, 2019 as compared to other income for the year ended December 31, 2018 was due to the write of a related party payable.

The Company recorded nil loss on conversion of convertible notes payable during the year ended December 31, 2019 compared to $5,827,624 that recorded in the year ended December 31, 2018. During FY 2018, the Company entered into agreements with the holders of the convertible notes to convert the debt into shares of the Company's common stock.

Interest expense mainly consists of interest due to related parties' loans as well as interest on the convertible notes. The decrease in interest expense for the year ended December 31, 2019, was mainly related to the conversion of the convertible notes occurred in the year ended December 31, 2018.

Accretion expense relates to the recognition of expenses related to the convertible note payables over the term of the notes. The amount charged to expense represents the change in the remaining discounted cash flows of that liability. Accretion expense decreased for fiscal year ended December 31, 2019 compared to the accretion expense for the year ended December 31, 2018 due to the conversion that occurred on 2018.

SELECTED HISTORICAL QUARTERLY FINANCIAL DATA

The selected historical quarterly financial data as of June 30, 2020 and 2019 has been derived from our unaudited interim financial statements for the three and twelve months ended December 31, 2019, and should be read together with and are qualified in their entirety by reference to such financial statements, which have been prepared in accordance with IFRS.

(in U.S. dollars, except for per share data.)	**For the quarter ended June 30, 2019**	**For the quarter ended March 31, 2019**	**For the year ended December 31, 2018**	**For the quarter ended September 30, 2018**
Total revenue	-	-	-	-
Loss and comprehensive loss	(504,775)	(324,887)	(3,754,452)	(4,084,083)
Loss per share, basic and diluted	(0,01)	(0,06)	(0,06)	(0,08)
Dividends declared per share	-	-	-	-

(in U.S. dollars, except for per share data.)	For the quarter ended June 30, 2018	For the quarter ended March 31, 2018	For the year ended December 31, 2017	For the quarter ended September 31, 2017
Total revenue	-	-	-	-
Loss and comprehensive loss	(451,386)	(675,881)	(393,140)	(427,557)
Loss per share, basic and diluted	(0,09)	(0,01)	(0,00)	(0,01)
Dividends declared per share	-	-	-	-

The quarterly financial results reflect the Company's minimal levels of activity during the fiscal quarters in 2018 and 2019, as management conducted research, development and set-up activities. Quarterly losses can be attributed primarily to the total general and administrative expenses and research and development expenses incurred each quarter as well as interest expense. General and administrative expenses include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, advisory services, and client and investor relations. Interest expense is related to outstanding borrowings under various loan agreements from related parties and interest on convertibles notes issued by the Company. The total comprehensive loss for the three months ended September 30, 2018 and the three months ended December 31, 2018 was primarily related to the conversion of its convertible notes. Upon conversion, the company recognised a loss of $5,827,624.

RESULTS OF OPERATIONS

Operating Results for the Three and Six Months Ended June 30, 2019 compared to the Three and Six Months Ended June 30, 2018.

The following table presents revenue and expense information for the three and six months ended June 30, 2019 and 2018. This information was derived from our revenue and expense accounts for the respective periods.

	6 months ended June 30, 2019	6 months ended June 30, 2018	3 months ended June 30, 2019	3 months Ended June 30, 2018
Statement of Comprehensive Loss Data:				
Revenue	$ -	$ -	$ -	$ -
Cost of sales	-	-		-
Accretion expenses	(76,267)	(212,617)	(30,773)	(114.526)
Consulting Fees	(39,264)	(193,394)	(12,044)	(83.297)

	6 months ended June 30, 2019	6 months ended June 30, 2018	3 months ended June 30, 2019	3 months Ended June 30, 2018
Depreciation Expense	(12,079)	(2,965)	(7,959)	(1.466)
General and administrative	(23,237)	(20,329)	(14,382)	(9.929)
Insurance expenses	(16,560)	(17,123)	(8,350)	(13,805)
Interest expense	(7,710)	(170,757)	(4,628)	(86,871)
Licences and subscriptions	(7,805)	(2,515)	(4,949)	(1,471)
Marketing	(76,481)	(51,120)	(42,163)	(19,536)
Occupancy expenses	(4,961)	(15,163)	3,313	(7,600)
Payroll expenses	(136,118)	-	(44,077)	-
Professional fees	(160,642)	(38,127)	(98,428)	(22,714)
Research and development	(242,812)	(413,543)	(120.576)	(96,927)
Travel	(24,011)	(21,268)	(8,944)	(14,896)
Other income	-	31,654	-	21,654
Loss on change in fair value of marketable securities	(1,110)		(815)	
Other expenses	(605)	-	-	
Net and comprehensive loss	**$ (829,662)**	**$ (1,127,267)**	**$ (394,775)**	**$ (451,384)**

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

During the three-month period ended June 30, 2019, the Company recorded a net and comprehensive loss of $394,775 compared to a net and comprehensive loss of $451,384 during the three-month period ended June 30, 2018, a decrease of $79,078 or 17%. The decrease in total operating expenses was primarily attributable to higher interest expense that occurred during the three months ended June 30, 2018. Interest expense consists of interest on outstanding borrowings under various Loan agreements from related parties as well as amortization of debt discounts and interest on convertible Notes issued by the Company. The Convertible Notes and Loan payable balance was higher than the balance of 2019 for the corresponding period.

Salaries and benefits were $42,163 for the three months ended June 30, 2019 as compared to nil for the three months ended June 30, 2018. The increase was due to an increase in headcount at the corporate level. For the three months ended June 2018, the Company hired external consultants. Consultant fees

were $83,297 for the three months ended June 30, 2018 an increase of $8,753 or 86% compared to the three months ended June 30, 2019.

Sales and marketing expenses totalled $42,163 for the three months ended June 30, 2019, compared to $19,536 for the three months ended June 30, 2018, an increase of $22,627. The increase was due to branding and increased lobbying and public relations costs.

Rent and occupancy expenses totalled ($3,313) for the three months ended June 30, 2019, compared to $7,600 for the three months ended June 30, 2018. The implementation of the IFRS 16 required the company to update its lease accounting policy related to office premises and recognized a right-of-use asset and a lease liability for all of its lease contracts. After the inception of the lease, the right of use asset initially measured at cost and is depreciated on a straight-line basis over the lease term and charged to depreciation account as explained below. The amount actually charged for ren in the three months ended June 30, 2019 is $4,587. The overall decrease of the rent an occupancy expenses by $6,326 was due to the rental of less lease space during 2019.

Travel expenses totalled $8,944 for the three months ended June 30, 2019, compared to $14,896 for the three months ended June 30, 2018, which represents a decrease of $5,952. The decrease was due to a decrease in executive travel.

Professional fees were $98,428 for the three months ended June 30, 2019 compared to $22,714 for the three months ended June 30, 2018, which represents an increase of $75,714. This increase was primarily due to increased legal and accounting fees in new operating markets.

General and administrative expenses were $14,382 for the three months ended June 30, 2019 as compared to $9,929 for the three months ended June 30, 2018, which represents an increase of $4,453 This increase was primarily due to increased office supplies and monthly services, development of new products and business development.

Research and development expenses totalled $120,000 for the three months ended June 30, 2019, compared to $96,000 for the three months ended June 30, 2018, which represents an increase of $27,000 or 22%. The increase was primarily due to increased external consultant fees for developing the Company's proprietary technologies and costs due to the development of hardware and software for transdermal patch and Pen.

Depreciation and amortization expense was $7,959 for the three months ended June 30, 2019, compared to $1,466 for the three months ended June 30, 2018. Depreciation expense movement has been affected by $4,587 from the implementation of the IFRS 16 which required the company to update its lease accounting policy related to office premises. The amount of $4.587 refers to rental expenses charged to depreciation expenses during the three months ended June 30, 2019.The portion of the fixed asset's cost recorded as an expense during the compared accounting periods is $1,466 and $3,008, respectively for 2018 and 2019.

Total other income, net, for the three months ended June 30, 2019 was $815 compared to $21,654 for the three months ended June 30, 2018, a net decrease of $20,839. This amount is the fair value of the marketable securities (securities held for sale) at each closing period.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

Total operating expenses for the six months ended June 30, 2019 were $829,662 as compared to $1,124,050 for the six months ended June 30, 2018, a decrease of $294,388 or 26%. The decrease in total operating expenses was primarily attributable to the decrease in consulting fees, interest and research and development expenses.

Interest expense consists of interest on outstanding borrowings under various loan agreements from related parties and interest on convertible notes issued by the Company. The decrease in interest expense during the six months ended June 30, 2019 is due to a decrease in convertible notes and loans payable in the six months ended on June 2019 in comparison with the corresponding period in 2018.

The decrease in research and development expenses for the six months ended June 30, 2019 of $170,731 was primarily related to an expense of $250,000 for the development of hardware and software for the transdermal patch and Pen during the first six months of 2018.

Salaries and benefits were $136,118 for the six months ended June 30, 2019, as compared to nil in the six months ended June 30, 2018. The increase is due to an increase in staffing at the corporate level. This increase was offset by an approximately equal decrease of consulting fees in the same period. For the six months ended June 2018, Company hired external consultants and had no payroll expenses. Consulting fees were $193,394 for the six months ended June 30, 2018 an increase of $154,130 or 80% compared to the six months ended June 30, 2019. Consulting fees also include stock-based compensation expenses of $84,753 during the six months ended June, 2018 as compared to nil for the corresponding period in 2019.

Sales and marketing expenses totalled $76,481 for the six months ended June 30, 2019, compared to $51,120 for the six months ended June 30, 2018, which represents an increase of $25,361. The increase was due to branding and increased lobbying and public relations costs.

Rent and occupancy expenses totalled $4,961 for the six months ended June 30, 2019, compared to $15,163 for the six months ended June 30, 2018. The implementation of the IFRS 16 required the company to update its lease accounting policy related to office premises and recognized a right-of-use asset and a lease liability for all of its lease contracts. After the inception of the lease, the right of use asset initially measured at cost and is depreciated on a straight-line basis over the lease term and charged to depreciation account as explained below. The amount actually charged for rental the six months ended June 30, 2019 is $9,175. The overall decrease of the rent and occupancy expenses by $1,027 was due to the rental of less lease space during 2019.

Travel expenses totalled $24,011for the six months ended June 30, 2019, compared to $21,268 for the six months ended June 30, 2018, which represents a decrease of $2,743. The decrease was due to decreased executive travel.

Professional fees were $160,642 for the six months ended June 30, 2019 compared to $38,127 for the six months ended June 30, 2018, which represents an increase of $122,515. This increase was primarily due to an increase in legal and accounting fees in new operating markets.

General and administrative expenses were $23,237 for the six months ended June 30, 2019 compared to $30,329 for the six months ended June 30, 2018, which represents an increase of $2,908 This increase was primarily due to increased office supplies and monthly services, development of new products and business development.

Depreciation and amortization expense was $12,079 for the six months ended June 30, 2019, compared to $2,965 for the six months ended June 30, 2018. Depreciation expense movement has been affected by $9,114 from the implementation of the IFRS 16 which required the company to update its lease accounting policy related to office premises. The amount of $9,114 refers to rental expenses charged to depreciation expenses during the six months ended June 30, 2019.The portion of the fixed asset's cost recorded as an expense during the compared accounting periods is $3,196 and $ 2,903 accordingly for 2018 and 2019.

Total other income, net for the six months ended June 30, 2019 was $1,715 compared to $(31,654) for the six months ended June 30, 2018, which represents a net decrease of $ 33,369. This amount corresponds to the fair value of the marketable securities (securities held for sale) at each closing period.

ADDITIONAL DISCLOSURE FOR ISSUERS WITHOUT SIGNIFICANT REVENUE

	Six Months June 30,	
	2019	**2018**
Research and Development	(242,812)	(413,543)
Administrative expenses	(23,237)	(20,329)
Consultants fees	(39,264)	(193,394)
Total	(305,313)	(627,266)
Taxes	300	11,278
Office supplies	10,671	8,312
Other general expenses	12,266	649
Total Administrative Expenses	**35.462**	**31.749**

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

The remuneration of directors and key management personnel made as of the six months ended June 30, 2019 and 2018 and for the years ended December 31, 2018 and 2019, is as follows:

Periods	**2019/Q2**	**2018/Q2**	**2019**	**2018**
Salaries to a director	$ 45,000	$ -	$ 66,666	$ 15,000
Marketing fees paid to a director	-	26,000	-	49,287
Marketing fees paid to companies controlled by a director of the Company	746	11,000	746	11,000
Consulting fees paid to a director			9,000	-
Research and development fees paid to a director	8,000	-	79,990	5,500
Research and development fees paid to companies controlled by a director of the Company	3,898	28,426	-	-
Total	**$ 57,644**	**$ 65,426**	**$ 147,403**	**$ 80,787**

As at December 31, 2019 and December 31, 2018, the Company has $2,054 and $15,848 accordingly due to a company controlled by a director of the Company.

During the year ended December 31, 2018, the Company received loans from two related parties, in the amounts of $107,500 and $300,000, respectively. The loans bear interest at 2.7% per annum and have maturity dates ranging from June 30, 2020 through December 29, 2020. As at December 31, 2018, there was a balance of $412,001 related to these loans. There were no related party loans during the year ended December 31, 2017.

During the year ended December 31, 2019, the Company received loans from one related party in the amounts of $950,000. The loans bear interest at 2.7% per annum with maturing between April 30, 2020 and December 29, 2021. As at December 31, 2019, there is a balance of principal and interest of $1,131,473 (2018 - $412,001). The loans are recorded at amortized cost using an effective interest rate of

25%, causing the carrying value to be lower than the principal value with a difference of $278,397 recorded as a shareholder contribution. During 2019, company repaid a total of $254,314 of these loans.

LIQUIDITY AND CAPITAL RESOURCES

Our primary short-term liquidity needs are to fund general working capital requirements and debt service, while our long-term liquidity needs primarily relate to capital expenditures relating acquisitions, maintenance capital expenditures and debt repayment.

During the year ended December 31, 2017, the Company issued convertible notes for $215,000 (2016 – $322,500) that bear interest at 8% per annum and mature on December 31, 2018. The convertible notes along with accrued interest can be converted at the option of the holder at prices between $0.10 and $0.57 per share or will automatically convert into shares in the event of a reverse merger or other similar transaction with a publicly traded and reporting entity.

During the year ended December 31, 2018, the Company completed a private placement with Canadian investors with total net proceeds amounting to the equivalent of $1,483,487.

During the period ended December 31, 2019, the Company issued 231,509 common shares for proceeds of $131,294 net of issuance costs.

The Company reported working capital of working capital of $ 164,083 at December 31, 2018 versus a working deficit of $602,369 at December 31, 2019. On 2018, the improvement in working capital was a result of the early conversion of the convertible notes and the proceeds of the private placements in the amount of $483,487, net of issuance costs, which was used for prepaid expenses and inventory. On 2019, working capital was mainly affected by loans from companies controlled by directors.

During the year ending December 31, 2019 the Company reported a loss of $2,223,793 compared to $8,965,803 for the year ending December 31, 2018. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent upon the continued financial support of its creditors, access to equity financial markets and ultimately, the attainment of profitable operations.

The Company has successfully utilized both debt and equity financing in the past, but there I no assurance that such funding will be available in the future or if it is that it will be on terms that are acceptable. Management anticipates that its working capital is sufficient to meet its expected ongoing obligations for the upcoming year. However, if the Company requires additional capital and it is unable to obtain acceptable financing, it will experience liquidity issues and management expects that it will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Any additional equity financing may involve substantial dilution.

Cash Flow

The following table presents cash flow information for the years ended December 31, 2018 and 2017 and for the six months periods ended June 30, 2018 and 2019. This information was derived from our statement of cash flows for the respective periods.

(in U.S. dollars)	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018	Six Months Ended June 30, 2018	Six Months Ended June 30, 2019
Net cash provided by/(used in) operating activities	$ (1,302,609)	$ (1,433,589)	$ (630,200)	$ (923,612)
Net cash used in investing activities	(23,275)	28,544	34,252	-
Net cash provided by financing activities	831,469	1,896,835	735,848	416,141
Increase in cash and cash equivalents cash	(494,414)	491,790	139,900	(507,471)
Cash and cash equivalents at the end of the period	$ 35,792	$ 530,206	$178,316	$ 22,735

Net cash used in operating activities of approximately $1.3 million and $1.4 million for the years ended December 31, 2019 and 2018, respectively are mainly due to losses for the year. Net cash provided by financing activities for the year ended December 31, 2019 &2019 consisted of cash received for the issuance of the Company's notes, private placements and proceeds from related party loans.

Net cash used in operating activities of approximately by $0.6 million for the six month period ended June 30, 2018 as compared to $0.9 million cash provided by operating activities for the six month period ended June 30, 2019 was mainly due to the losses in those periods. Net cash provided by financing activities for the six-month period ended June 30, 2018 increased by $0,3 million as compared to the six-month period ended June 30, 2019 mainly due to issuance of the convertible debentures. The net cash provided by financing activities for the six months of 2019 was mainly proceeds from related party loans.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

1. Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the risk of changes in market interest rates, as its convertible notes bear fixed interest rate at 8% per annum.

2. Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The total gross exposure as at January 31, 2019 is not significant.

3. Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described below, in normal circumstances. Historically, the Company's sole source of funding has been the issuance of equity securities and convertible notes and funding from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. At the end of June 2019, the Company's financial liabilities are comprised of its related parties Loan with 2 years of maturity and fixed interest of 2.7% per annum.

The following table summarizes our long-term contractual obligations as of December 31, 2019:

	TOTAL	Less than 1 Year	1 to 3 Years	4 to 5 Years	More than 5 years
Operating lease Commitments (1)	$ 4,641	$ 4,641	$	$ -	$ -
Debt obligations (2)	1,000,176	257,500	742,676	-	-
Total	$ 1004,817	$ 261,141	$ 742,676	$ -	$ -

(1) Amounts in the table reflect minimum payments due for the Company's leased facilities under the current operating lease agreements that expire through February 2021.

(2) Amounts in the table reflect the contractually required principal and interest payments payable under related party loan agreements. The loans bear interest at 2.7% per annum with maturity dates ranging between June 20, 2020 and December 29, 2020.

4. Capital management:

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as well as managing the outstanding level of debt.

5. Market risk:

The Company's financial instruments are exposed to a number of financial and market risks, including credit and liquidity risk. The Company does not currently have in place hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size

and pattern of operations would warrant such hedging activities. The Company evaluates the key risks on an ongoing basis and has established policies and procedures to mitigate such risks.

6. Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Fair Value

The carrying values of financial instruments such as cash and cash equivalents and prepayments and other assets, accrued liabilities and other payables and loan payable are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The carrying value of the convertible notes approximates its fair value as its fixed interest rate approximates the market interest rate considering the Company's credit risk. The fair value of the marketable securities (securities held for sale) of $2,916 is derived from its quoted stock price as at December 31, 2018 and is considered as Level 1 in the fair value hierarchy

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

PROPOSED TRANSACTIONS

On November 7, 2018 Spyder entered into non-binding letter of intent (the"LOI") with Anchor Capital Corporation. The terms outline the conditions pursuant to which Anchor and Spyder would be willing to complete a transaction that will result in a reverse take-over of Anchor by the shareholders of Spyder.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

(i) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible secured subordinate debentures that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest relating to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

(ii) Income taxes

The Company has not recognized a deferred tax asset as management believe it is not probable that taxable profit will be available against which a deductible temporary difference can be utilized.

(iii) Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

ACCOUNTING STANDARDS ADOPTED IN THE CURRENT YEAR

In January 2016, the IASB issued the IFRS 16 Leases, which requires lessees to recognize all leases on the statement of Financial Position. Following the adoption of IFRS 16, on February 1, 2019 the Company recognized right of use asset and long-term lease liability for its existing leases on its retail locations totaling $27.525.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaced IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 came into effect January 31, 2018. The adoption of this standard had no significant impact on the Company.

In July 2014, the IASB completed the final elements of IFRS 9 Financial Instruments. The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. IFRS 9 will came into effect on January 1, 2018. Other than disclosure the adoption of this standard had no impact on the

Company.

DISCLOSURE OF OUTSTANDING SHARE DATA

Summary of Outstanding Share Data as of December 31, 2019:

During the period ended December 31, 2019, the Company issued 231,509 common shares for proceed of $131,294 net of issuance costs.

During the year ended December 31, 2019, the Company issued 1,166,448 shares of its common stock to certain of the Company's advisors and consultants. The share awards did not include any vesting period and were immediately recognized a fair value of $664,875.

The Company's Chairman signed termination agreement for the consulting and advisory services of three consultants and agreed to compensate them in shares. Company issued 78,333 shares and recognized a fair value of $44,650.

The company's Chairman authorized issuance of 7,765,186 common shares with fair value of $7,765 under settlement agreements with a leak out provision. Each Purchaser agreed to the following:

a) Subject to applicable securities laws and Canadian Securities Exchange rules and regulations, acknowledge and agree that they will not sell, dispose or otherwise transfer, any of the Issued Shares except pursuant to the following schedule: (i) 10% of the Issued Shares as of the date of this Agreement, (ii) 10% of the Issued Shares upon and subsequent to any going public transaction of Potbotics (including as a result of any "reverse merger" or "reverse takeover" with a public shell company, "IPO") and (ii) 15% of the Issued Shares upon and subsequent to each six-month anniversary of the IPO.

b) the leak-out restrictions shall further apply to any capital stock received by each purchaser in exchange for or conversion of any of the Issued Shares, including as a result of any IPO, as if such capital stock were Issued Shares hereunder.

c) the leak-out restrictions shall not apply to any transfers of Issued Shares (i) to the spouse, domestic partner, parent, sibling, child or grandchild (each, an "immediate family member") of each purchaser or to a trust, partnership, limited liability company or other entity formed for the benefit of each purchaser or of an immediate family member of each Purchaser or (ii) by a bona fide gift, will or intestacy; provided that in the case of any transfer or distribution pursuant to this clause (c), (i) each donee, transferee or distribute shall sign and deliver an acknowledgement and agreement in form and substance acceptable to Potbotics that he, she or it agrees to the restrictions set forth to the signed agreement.

d) the leak-out restrictions shall further not apply to any transaction, including, without limitation, a merger, consolidation or other business combination, resulting in not less than a

majority of the outstanding voting securities of Potbotics being disposed of in such transaction (including with respect to the consummation of an IPO).

During the year ended December 31, 2018, the Company issued 2,869,288 common shares for proceeds of $1,483,487, net of issuance costs. In addition, the Company issued 166.245 finder's warrants entitling the holder to acquire 166,245 shares of the Company at a price of $0.25 per share. The fair value of the finder's warrants issued was estimated using the Black Scholes option pricing model to be $37,739 using the following assumptions: estimated volatility of 87%, expected life of 2 years and a risk-free rate of 2.33%.

During the year ended December 31, 2018, the Company issued 1,848,689 with a fair value of $1,053,753 to consultants.

During the year ended December 31, 2017, the Company issued 1,022,720 common shares for proceeds of $579,952.

During the year ended December 31, 2017, the Company issued 995,000 with a fair value of $567,150 to consultants.

i. Authorized and issued share capital:

			Issued and Outstanding	
Class	Par Value	Authorized	2019	2018
Common	.01	800,000,000	85,223,137	75,981,661

ii. There were 2,982,810 stock options outstanding as of December 31, 2019 (December 31, 2018- **nil)**.

iii. Total stock-based compensation recorded during the year December 31, 2019 was $709,525 (January 31, 2018 - $1.053,452)

SUBSEQUENT EVENTS

On January 31, 2020 entered into a strategic arrangement with DelleD SAS, a biotech company specialized in medical cannabis in France, with an aim to participate in the **French National Medical Cannabis Experimentation** and ultimately, distribute the RYAH Dry-Herb Inhaler and software platform throughout the country.

On February 11, 2020 the Company announced it entered into a multi-country strategic distribution arrangement with Northern Green Canada Inc. ("NGC"), The agreement's aim is to facilitate the commercial distribution, through NGC, of the RYAH IoT Inhaler and data analytics platform together with NGC's plant-based medicine and GMP certifications throughout German speaking countries in Europe.

On February 24, 2020, the Company issued a promissory note for proceeds of $17,984. The note bears interest of 6% per annum based on a 360-day year and will mature 18 months from the issue date.

On March 30, 2020 Company issued a convertible note for proceeds $100,000 pursuant to a subscription agreement, that bears interest at 8% per annum based on a 360-day year and matures on March 30, 2022. The convertible note along with accrued interest can be converted at the option of the holder at prices between $0.10 and $0.57 per share and will automatically convert into shares of the Company upon the occurrence of a reverse merger or other similar transaction with a publicly traded and reporting entity.

On April 21, 2020 the Company entered into an agreement with High Technology Capital Fund to convert various related party loans in the aggregate total of $750,000 into 2,238,597 shares of the Company's common stock.

SCHEDULE "F"
INTERIM FINANCIAL STATEMENTS OF POTBOTICS FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

(See attached)

POTBOTICS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2020

(Expressed in US Dollars)

(Unaudited)

INDEX TO THE FINANCIAL STATEMENTS

Condensed Consolidated Interim Statements of Financial Position	3
Condensed Consolidated Interim Statements of Comprehensive Loss	4
Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency	5
Condensed Consolidated Interim Statements of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7 to 14

Potbotics Inc.
Condensed Consolidated Interim Statements of Financial Position (unaudited)
As at September 30, 2020 and December 31, 2019
(Expressed in US Dollars)

	Notes	September 30, 2020	December 31, 2019
ASSETS			
CURRENT ASSETS			
Cash		$ 24,099	$ 35,792
Marketable securities		426	584
Prepaid expenses		7,034	11,609
Inventory	**3**	145,243	173,333
		176,802	221,318
NON-CURRENT ASSETS			
Property and equipment	**4**	15,137	8,585
TOTAL ASSETS		$ 191,939	$ 229,903
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	**5**	$ 833,382	$ 638,315
Due to related party	**6**	99,447	5,200
Loans from related parties	**6**	132,188	228,443
Current portion of convertible notes	**7**	31,743	30,103
Lease liability	**8**	12,253	4,642
Loans payable	**9**	93,709	-
		1,202,722	906,703
NON-CURRENT LIABILITIES			
Loans from related parties	**6**	179,343	633,717
Convertible notes	**7**	84,617	-
Loans payable	**9**	35,500	-
TOTAL LIABILITIES		1,502,182	1,540,420
SHAREHOLDERS' DEFICIENCY			
Share capital	**10**	24,060,349	23,154,282
Reserves	**10**	244,856	463,595
Deficit		(25,615,448)	(24,928,394)
TOTAL SHAREHOLDERS' DEFICIENCY		(1,310,243)	(1,310,517)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		$ 191,939	$ 229,903

Nature and continuance of operation (Note 1)
Contingency (Note 11)
Subsequent events (Note 12)

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

Potbotics Inc.
Condensed Consolidated Interim Statements of Comprehensive Loss (unaudited)
For the three and nine months ended September 30, 2020 and 2019
(Expressed in US Dollars)

	Notes	Three Months Ended 9/30/2020	Nine Months Ended 9/30/2020	Three Months Ended 9/30/2019	Nine Months Ended 9/30/2019
CONTINUING OPERATIONS					
Revenue		**$** 20,350	$ 42,832	**$** 2,506	**$** 2,506
Cost of revenue		(11,889)	(24,279)	(801)	(801)
Gross profit		**8,461**	**18,553**	**1,705**	**1,705**
OPERATING EXPENSES					
Accretion expense	**6, 7**	(13,045)	(78,770)	(20,383)	(96,650)
Consulting fees	**6**	(21,028)	(66,700)	(505,661)	(571,075)
Depreciation	**4**	(7,636)	(22,625)	(7,223)	(19,302)
General and administrative		(7,489)	(13,034)	(12,225)	(35,462)
Insurance		(3,934)	(15,455)	(4,006)	(20,566)
Interest	**6,7**	(6,595)	(49,057)	(5,918)	(13,628)
Licenses and subscriptions		(2,378)	(7,977)	(4,262)	(12,068)
Marketing	**6**	(4,310)	(13,996)	(44,682)	(121,163)
Occupancy expense/cost recovery		(220)	(1,840)	-	(4,961)
Payroll		(55,392)	(146,335)	(47,485)	(183,603)
Professional fees	**6**	(85,541)	(189,124)	(64,402)	(225,044)
Research and development	**6**	(18,359)	(108,989)	(115,501)	(358,313)
Travel		-	(3,313)	(14,801)	(38,812)
Loss before other items		(217,466)	(698,662)	(844,844)	(1,698,941)
Other Items					
Change in fair value of marketable securities		(130)	(158)	(1,092)	(2,202)
Other income		-	14,467	1,341	1,341
Other expense		-	(1,390)	-	(605)
NET AND TOTAL COMPREHENSIVE LOSS		**$ (217,596)**	**$ (685,743)**	**$ (844,595)**	**$ (1,700,407)**
Basic and diluted loss per common share		$ (0.00)	$ (0.01)	$ (0.01)	$ (0.02)
Basic and diluted weighted average number of common shares outstanding		84,854,793	84,854,793	76,425,125	76,240,299

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

Potbotics Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency) (unaudited)
(Expressed in US Dollars)

			Reserves				
	Number of Common Shares	Share Capital	Equity component of convertible notes	Contributed Capital	Warrant reserves	Deficit	Total Shareholders' Equity (Deficiency)
As at December 31, 2018	**75,981,661**	**$ 22,228,896**	**$ 91,496**	**$ 132,766**	**$ 37,739**	**$ (22,621,581)**	**$ (130,684)**
Issuance of common shares for cash	231,509	130,794	-	-	-	-	130,794
Issuance of common shares for consulting services	674,519	384,476	-	-	-	-	384,476
Issuance of loans at a discount	-	-	-	221,045	-	-	221,045
Reclass of equity portion of convertible notes to share capital	-	76,802	(76,802)	-	-	-	-
Net and total comprehensive loss	-	-	-	-	-	(1,700,407)	(1,700,407)
As at September 30, 2019	**76,887,689**	**$ 22,820,968**	**$ 14,694**	**$ 353,811**	**$ 37,739**	**$ (24,321,988)**	**$ (1,094,776)**
As at December 31, 2019	**85,223,137**	**$ 23,154,282**	**$ 14,694**	**$ 411,162**	**$ 37,739**	**$ (24,928,394)**	**$ (1,310,517)**
Issuance of common shares for cash	43,860	25,000	-	-	-	-	25,000
Issuance of additional common shares to existing shareholders	1,310,687	1,311	-	-	-	(1,311)	-
Conversion of loans from related parties to common shares	2,238,597	879,756	-	(243,852)	-	-	635,904
Issuance of convertible note / equity portion	-	-	25,113	-	-	-	25,113
Net and total comprehensive loss	-	-	-	-	-	(685,743)	(685,743)
As at September 30, 2020	**88,816,281**	**$ 24,060,349**	**$ 39,807**	**$ 167,310**	**$ 37,739**	**$ (25,615,448)**	**$ (1,310,243)**

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

Potbotics Inc.
Condensed Consolidated Interim Statements of Cash Flows (unaudited)
For the nine months ended September 30, 2020 and 2019
(Expressed in U.S. Dollars)

		2020		2019
Cash flows used in operating activities				
Loss	$	(685,743)	$	(1,700,407)
Adjustments for:				
Accretion expenses		78,770		96,648
Depreciation		22,625		19,302
Consulting fees paid in shares		-		516,437
Change in fair value of marketable securities		158		2,202
Interest expense on convertible notes		5,729		1,251
Interest expense on lease liability		363		328
Interest expense on loans payable		918		-
Interest expense on loans from related parties		12,074		12,051
Interest expense on litigation payable		27,618		-
Changes in non-cash working capital items:				
Prepaid expenses		4,575		94,703
Inventory		28,090		(169,487)
Due to related party		97,393		-
Accounts payable and accrued liabilities		164,303		(32,773)
Net cash used in operating activities		**(243,127)**		**(1,159,745)**
Cash flows from investing activities:				
Repayment of lease liability		(21,929)		(16,293)
Net cash used in investing activities		**(21,929)**		**(16,293)**
Cash flows generated from financing activities:				
Proceeds from issuance of convertible notes		100,000		-
Proceeds from issuance of shares		25,000		131,294
Proceeds from loans from related parties		72		778,945
Proceeds from loans from non-related parties		92,791		-
Repayment of loans from related parties		-		(250,000)
Proceeds from long term loan		35,500		-
Net cash generated from financing activities		**253,363**		**660,239**
Net decrease in cash		**(11,693)**		**(515,799)**
Cash, beginning of the period		35,792		530,206
Cash, end of the period	**$**	**24,099**	**$**	**14,407**
Supplemental disclosure with respect to cash flows				
Shares issued for the conversion of loans from related party	**$**	**(635,904)**	$	-

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

1. Nature and continuance of operations

Potbotics Inc. ("Potbotics" or the "Company") was incorporated on February 12, 2014 under the laws of Florida. The principal business of the Company is the use of artificial intelligence, data mining, and cloud technology in order to create products, services, and predictive data insights for the medical cannabis industry. The address of the registered record office of the Company is 205 East 42nd Street, 14th floor, New York, NY 10017.

On February 1, 2019, the Company entered into a contribution agreement with Ryah MedTech Inc. ("Ryah"), a Florida Corporation, whereby the Company contributed all its assets and liabilities related to the Ryah dose-measuring vaporizer in exchange for 100 shares, or 100% of the issued and outstanding shares, of Ryah common stock. As a result of this transaction, Ryah became a wholly owned subsidiary of the Company.

The Company has incurred losses and negative cash flows from operations since inception that has primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond in order to support its current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, promissory notes, loans from related parties and through private placement of common shares. These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Merger

The Company entered into a merger and reorganization agreement ("Merger Agreement") dated September 9, 2020 with Prime Blockchain Inc. ("Prime", a Canadian Reporting Issuer corporation which historically traded on TSX-Venture under symbol of "IMSH") and Prime's wholly-owned subsidiary Ryah Acquisition Corp. ("Merger Co.", a Florida Corporation). Pursuant to the Merger Agreement, Merger Co. will merge with the Company and the Company will continue as the surviving corporation under the name of Ryah Group, Inc. to carry on the current business of Potbotics.

Under the Merger Agreement, the current shareholders of the Company will receive 0.035 super voting shares of the merged companies in exchange for each issued and outstanding common share of the Company. Each super voting share grants the holder a right to receive 100 subordinate voting shares upon conversion. In addition, all outstanding exercisable or convertible securities of the Company will automatically adjust such that the holders will be entitled to acquire super voting shares upon conversion in accordance with their terms.

The transaction will result in a reverse takeover of Prime by the Company. The Company will become a wholly-owned subsidiary of Prime which is to be renamed as Ryah Group, Inc. under the reorganization plan.

1. Nature and continuance of operations (continued)

COVID-19

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

There are significant uncertainties with respect to future developments and impact to the Company related to the COVID-19 pandemic, including the duration, severity and scope of the outbreak and the measures taken by governments and businesses to contain the pandemic. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations cannot be reasonably estimated at this time. As at the approval date of these condensed consolidated interim financial statements, the outbreak and the related mitigation measures have had the following impacts on the Company's operations, among others: temporary closure of business locations, supply chain issues, and decrease in sales. The extent to which these events may further impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in United States and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine the ultimate financial impacts at this time. Any deterioration in the current situation could have an adverse impact on our business, results of operations, financial position and cash flows in 2021.

2. Statement of Compliance and Basis of Presentation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Reporting Interpretation Committee ("IFRIC") for all periods presented, but pursuant to IAS 34 Interim Financial Reporting, do not include all of the information and footnotes required by IFRS for complete financial statements.

The notes presented in these condensed consolidated interim financial statements include only significant events and transactions occurring since the Company's last fiscal year end and they do not include all of the information required in the Company's most recent annual financial statements. Except as noted below, these condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019, which were prepared in accordance with IFRS as issued by IASB.

These condensed consolidated interim financial statements were authorized and approved by the Board of Directors on December 21, 2020.

2. Statement of Compliance and Basis of Presentation (continued)

(b) Basis of presentation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Ryah. All inter-company balances and transactions have been eliminated on consolidation.

These financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value in subsequent periods, and have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements are presented in US dollars, except when otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the US dollar.

3. Inventory

The company's inventory was comprised of the following:

As at:		September 30, 2020		December 31, 2019
Prototype Vaporizer	$	55,550	$	73,089
Capsules		30,007		33,303
Cartridges		51,436		57,201
Filling Machine		8,250		9,740
Total	**$**	**145,243**	**$**	**173,333**

The Company's inventory includes finished goods and is measured at the lower of cost and net realizable value. Inventory valuation method used was the first-in-first-out. During the nine months ended September 30, 2020, the company recognized $24,279 of inventory as cost of revenue.

4. Property and Equipment

Property and equipment consist of the Company's purchased furniture and equipment as well as the leased licensed premised recognized under its leases as right-of-use asset.

	Furniture and Equipment	ROU Asset	Total
Cost			
Balance at January 1, 2019	$ 35,773	$ -	$ 35,773
Additions	-	27,526	27,526
Balance at December 31, 2019	35,773	27,526	63,299
Additions	-	29,177	29,177
Balance at September 30, 2020	**$ 35,773**	**$ 56,703**	**$ 92,476**
Accumulated depreciation			
Balance at January 1, 2019	$ 28,188	$ -	$ 28,188
Charge for the period	3,588	22,938	26,526
Balance at December 31, 2019	31,776	22,938	54,714
Charge for the period	1,018	21,607	22,625
Balance at September 30, 2020	**$ 32,794**	**$ 44,545**	**$ 77,339**
Net book value			
December 31, 2019	$ 3,997	$ 4,588	$ 8,585
September 30, 2020	**$ 2,979**	**$ 12,158**	**$ 15,137**

5. Accounts Payable and Accrued Liabilities

	September 30, 2020	December 31, 2019
Accounts payable	$ 735,769	$ 474,295
Accrued liabilities	97,613	164,020
	$ 833,382	**$ 638,315**

6. Related Parties

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

6. Related Parties (continued)

The remuneration of directors and key management personnel made during the nine months ended September 30, 2020 and 2019, are as follows:

Nine months ended September 30,		2020		2019
Salaries to officers and a director	$	65,000	$	50,063
Marketing fees paid to a director		23,000		-
Marketing fees paid to companies controlled by a director		-		747
Consulting fee paid to directors		13,333		9,000
Research and development fees paid to a director		-		55,990
	$	**73,000**	**$**	**115,800**

As at September 30, 2020, the Company has $98,747 (December 31, 2019 - $5,200) due to directors and officers of the Company and $700 (December 31, 2019 - $nil) due to a company controlled by a director.

Loan from Related Parties

During the nine months ended September 30, 2020, the Company converted the loans from related parties with nominal value $750,000 into shares. As at September 30, 2020, there is a balance of $360,940. The loans are recorded at amortized cost using an effective interest rate of 25%, causing the carrying value to be lower than the principal value with a difference of $49,409 recorded as a related party contribution. The loans bear interest at 2.7% per annum with maturities between April 30, 2020 and December 29, 2021.

During the year ended December 31, 2019, the Company received loans from a company controlled by a director of the Company in the amounts of $954,490. The loans bear interest at 2.7% per annum maturing between April 30, 2020 and December 29, 2021. As at December 31, 2019, there was a total balance of principal and interest of $1,131,296. The loans are initially measured at fair value using an estimated market discount rate of 25%, causing the carrying value to be lower than the principal value with a difference of $278,396 recorded as contributed capital in reserves. The loans are subsequently measured at amortized cost using the effective interest rate method.

		Nine months ended September 30, 2020		Year ended December 31, 2019
Balance, beginning	$	862,160	$	302,352
Loans repaid /converted into shares		(635,904)		(254,314)
Loans issued		72		954,490
Discount on loans		-		(278,396)
Interest expense		12,074		19,295
Accretion		73,129		118,733
Balance, ending	**$**	**311,531**	**$**	**862,160**

7. Convertible Notes

During the year ended December 31, 2019, the Company agreed to a settlement of $254,560 (Note 11) relating to capital and interest of one of the convertible notes.

On March 30, 2020, the Company issued convertible notes for proceeds of $100,000 that bore interest at 8% per annum and 2 years duration. Upon the maturity date, the principal of, and accrued interest on, each Note would convert into Company common stock at the option of either the holder or the Company, at a 15% discount to $0.57. The convertible notes are recorded at amortized cost using an effective interest rate of 25%, causing the carrying value to be lower than the principal value with a difference of $25,113 recorded as a capital contribution.

	Nine months ended September 30, 2020	Year ended December 31, 2019
Balance, beginning	$ 30,103	$ 282,807
Issuance of convertible notes	100,000	-
Reclassify of equity component of convertible notes	(25,113)	-
Accretion	5,641	-
Interest expense	5,729	1,856
Reclassified to account payables and accrued liabilities (Note 11)	-	(254,560)
Balance, ending	**$ 116,360**	**$ 30,103**

8. Lease Liability

Lease liability consists of a lease for licensed premises entered by Ryah during the nine months ended September 30, 2020. The lease expires in February, 2021 and the related liability has been discounted using 2.7% as estimated incremental borrowing rate for this lease.

Lease liability at December 31, 2019	$ 4,642
Addition	29,177
Less: lease payments	(21,566)
Lease liability at September 30, 2020	**$ 12,253**

9. Loans Payable

On February 24, 2020, the Company issued a promissory note for proceeds of $17,984 (CAD$25,000). The note is unsecured, bearing interest of 6% per annum based on a 360-day year and maturing in 18 months from the issue date.

On April 21, 2020, the Company received $35,500 from a promissory note entered with BNB Bank and funded by U.S. Small Business Administration. The loan matures two years from the date of first disbursement of the loan, with no payment required for the first six months, and bears interest at 1% per annum.

9. Loans Payable (continued)

the Company may apply for forgiveness on the amount due on this loan in an amount equal to the sum of payroll costs and payments for covered interest, rent or utility obligations during the eight-week period commencing from the first disbursement of the loan. As at September 30, 2020, the Company has not applied for such forgiveness, the possibility and the amount for receiving forgiveness on the loan is determined not reasonably assured. Therefore, $nil was recognized on the condensed consolidated interim statement of comprehensive loss for the nine months then ended.

On September 14, 2020, the Company issued a promissory note for proceeds of $74,807 (CAD$100,000). The note is unsecured, bearing interest of 6% per annum based on a 360-day year and maturing in 24 months from the issue date. Pursuant to the terms of the Merger Agreement, the outstanding balance of the note will be converted into subordinate voting shares of the surviving corporation at the completion of the merger.

	Nine months ended September 30, 2020
Balance, beginning	$ -
Issuance of promissory notes	128,291
Accrual of interest expense	918
Balance, ending	**$ 129,209**

10. Share Capital and Reserves

Authorized share capital

800,000,000 common shares without par value.

Common shares

During the period ended September 30, 2019, the Company issued 231,509 common shares for proceeds of $130,794, net of issuance costs.

During the period ended September 30, 2019, the Company issued 674,519 common shares to certain of the Company's advisors and consultants. The share awards did not include any vesting period and were immediately recognized at a fair value of $384,476.

On April 16, 2020, the Company entered into a conversion agreement and converted an outstanding principal of $750,000 loans from related parties plus all interest accrued on such principal into 2,238,597 common shares. The fair value of shares issued was $879,756.

During the period ended September 30, 2020, the Company issued 1,310,687 common shares under settlement agreements to two existing shareholders that had made previous investments in the Company. As no incremental consideration was received in connection with these share issuances, the shares were recorded at a nominal value.

During the period ended September 30, 2020, the Company issued 43,860 common shares for proceeds of $25,000, net of issuance costs.

11. Contingency

One of the convertible notes issued by the Company amounting to $200,000 with an original expiration in August 2016 was not reimbursed by the Company when expired. The purchaser of the convertible note commenced litigation against the Company in June 2018 under New York Supreme Court. During the year ended December 31, 2018, the Company was ordered by the Supreme Court of New York to pay $254,560 relating to the litigation and the outstanding balance bore interest at 8% per annum.

As at September 30, 2020, the total amount of the litigation payable was $270,600 (December 31, 2019 - $254,560) and was included in accounts payable and accrued liabilities on the condensed consolidated interim statement of financial position.

12. Subsequent events

On October 15, 2020, the Company granted 2,982,810 options to an officer of the Company. Each option is exercisable at $0.0756 (CAD$0.10) per share for a period of 10 years.
On November 17, 2020, the Company issued a promissory note for proceeds of $305,360 (CAD$400,000). The note is unsecured, bearing interest of 6% per annum based on a 360-day year and maturing in 24 months from the issue date. Pursuant to the terms of the Merger Agreement, the outstanding balance of the note will be converted into subordinate voting shares of the surviving corporation at the completion of the merger.

SCHEDULE "G"
INTERIM MD&A OF POTBOTICS FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2019

(See attached)

POTBOTICS, INC.

Management Discussion and Analysis

Nine Months Ended September 30, 2020

DATE

The following Management's Discussion and Analysis ("MD&A") is dated December 06, 2020 and unless otherwise noted, should be read in conjunction with Potbotics Inc.'s ("Potbotics" or the "Company") consolidated financial statements for the nine months ended September 30, 2020 and related notes thereto. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in U.S. dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

The following MD&A contains statements which, to the extent that they are not recitations of historical facts, may constitute forward-looking information under applicable Canadian securities legislation. Such forward-looking statements or information include financial and other projections as well as statements regarding the Company's future plans, objectives, performance, revenues, growth, profits, operating expenses or the Company's underlying assumptions. Forward-looking statements and information relating to the Company are based on the beliefs of management as well as assumptions made by and information currently available to us. The words "may", "would", "could", "will", "likely", "expect", "anticipate", "intend", "plan", "forecast", "project", "estimate" and "believe" or other similar words and phrases may identify forward-looking statements or information. Persons reading this MD&A are cautioned that such statements or information are only predictions, and that the Company's actual future results or performance may be materially different. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to: the possibility of development or deployment difficulties or delays; the timing of entering into significant contracts; the performance of the global economy; industry analyst perception of the Company and its vision and future prospects; the success of certain business combinations engaged in by the Company or by its competitors; possible disruptive effects of organizational or personnel changes; new products and standards; risks related to acquisitions and international expansion; reliance on large customers; dependence upon key personnel and hiring; reliance on a limited number of suppliers; risks related to the Company's competition; the Company not adequately protecting its intellectual property; currency exchange rate risk; and including, but not limited to, other factors described in the Company's reports filed on SEDAR, its listing statement and those referred to under the heading "Risks and Uncertainties".

In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Company takes into account the following material factors and assumptions in addition to the above factors: the Company's ability to execute on its business plan; timing of execution of outstanding or potential customer contracts by the Company; sales opportunities available to the Company; the Company's subjective assessment of the likelihood of success of a sales lead or opportunity; the Company's historical ability to generate sales leads or opportunities; and that sales will be completed at or above the Company's estimated margins. This list is not exhaustive of the factors that may affect the Company's forward-looking information. These factors should be considered carefully and readers should

FORWARD-LOOKING STATEMENTS (CONTINUED)

not place undue reliance on forward-looking information. All forward-looking statements made in this MD&A are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. The Company disclaims any intention and obligation to update and revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

COMPANY OVERVIEW

PotBotics (d/b/a "RYAH") is a big data and technology company focused on valuable predictive analysis in the global medical plant intake industry. Its robust artificial intelligence platform aggregates and correlates HIPAA-compliant medical data, which is intended to help doctors and patients personalize plant-based treatments to better predict treatment outcomes. The data collection is also relevant for growers, processors, dispensaries and regulators to monitor and manage plant strain effects on patients.

The Company operates multiple brands that serve the plant-based medical industry. The Company develops and produces IoT dose-control and measuring devices, such as a dry-herb vaporizer. The Company focuses on the intake, and analysis of patient demographics, patient ailments, patient dose measurement / control, plant-strain analytics and patient dose session feedback. This aggregated data and is shared with its client partners via the Company's proprietary software program. The Company has also developed a personalized cannabis recommendation software application. The application has aggregated a large database of peer reviewed studies on the efficacy of cannabis as a medicine. The platform collects research on 37 medical indications, 6 major cannabinoids, 300+ strains and over 1 million clinical studies. The associated patient mobile application has over 180,000 downloads on the App Store and Google Play Store and has over the last 3 years, been ranked at or near number one under the keyword 'Cannabis' and/or 'Marijuana" in the United States. The vision of the Company is to elevate the plant-based medical industry to higher standards by streamlining the analysis, recommendation, consumption, and plant-based medicine selection process. This is achieved through the use of its IoT devices. Its clinical study-based strain recommendation software and subsequent combined downstream data analytics.

As a dose-measuring device and data-driven company, our strategy is centered around collecting and interpreting a consolidation of both empirical data from clinical studies as well as proprietary data on real-time patient consumption and analytics that is derived from its IoT devices. The Company believes that the plant based medical market is still fraught with fragmented, unstructured, incomplete and unorganized data. This is exacerbated by the complexity of cannabis plant itself and its unique effects on each individual. Company believes these are key reasons why national health institutions and a number of governments haven't adopted medical cannabis at a federal level (i.e. the United States) as these institutions contest that there is not enough empirical data yet to substantiate cannabis having a medical value. In order to differentiate ourselves, the Company intends to create a suite of IoT delivery solutions, focused on the medical vertical to capture patient consumption data and plant strain intake and correlate this data with its clinical study software. According to Kathleen Burke, at MarketWatch "When it comes to growing a plant-based industry, big data and technology may be more valuable than fertilizer." By sharing these two data lakes with the medical plant industry stakeholders, Company believes it is filling a

COMPANY OVERVIEW (Continued)

major gap that is lacking the most in the market. Company believes that this dual data strategy provides a greater value to the insights on data that the Company generates.

The following is a description of how the business of PotBotics, Inc. and its subsidiaries developed over the three most recently completed financial years and the current financial year:

- PotBotics is incorporated in the state of Florida in February 12, 2014

- In June 2015, PotBotics aggregated data on plant-based analytics on over 1 million + peer reviewed studies for its data analytics platform

- In April 2016, PotBotics, launched PotBot. The Company has developed a personalized cannabis recommendation software application. This maintains a large and growing database of peer reviewed studies on the efficacy of cannabis as a medicine. The platform collects research on 37 medical indications, 6 major cannabinoids, 300+ strains and over 1 million clinical studies. The associated free patient mobile application has over 180,000 downloads on the App Store and Google Play Store and has over the last 3 years, been ranked at or near number one under the keyword 'Cannabis' in the United States [1]. Through an interactive questionnaire, the mobile application collects demographic data on patients, patient location, patient ailment indications and desired relief. The application then cross-references this patient data with the company's clinical study database to provide the patient with education and guidance on potential plant-strain matches along with local dispensaries / LPs that can further consult with the patient.

- On March 16, 2018 PotBotics Submitted a Utility Patent Application 15/924172 to the USPTO. This utility patent application covers the functionality of an electronic vaporizer and the method of its temperature and dosing control. In addition, the patent covers the type and method of the patient and plant strain data collected, which is shared with filling partners. Finally, the patent covers the process of the vaporizer that is controlled remotely, by the Company's mobile application. This patent is currently pending with the USPTO.

- RYAH Medtech Inc was incorporated in the State of Florida in December 2018. The Company's sub-brand develops and produces IoT dose-control and measuring devices, such as a dry-herb vaporizer. The Company focuses on the intake, and analysis of patient demographics, patient ailments, patient dose measurement / control, dosing session temperature settings and patient dose session efficacy feedback. The company captures the feedback and output of the patient consumption-based data that is derived from the use of its dose-measuring IoT devices and its proprietary plant-filled cartridges.

- PotBotics and RYAH Medtech, Inc executed a contribution agreement on February 1, 2019

[1] App Store Rankings August 2019 keyword 'Cannabis' https://www.apple.com/us/search/cannabis?src=globalnav

- On February 22nd RYAH submitted a USPTO Design Patent for the RYAH Vaporizer Cartridge - (Patent Application 62-809266) This patent covers the design of the RYAH dry-herb vaporizer cartridge. The cartridges are designed to be sealed with Company's proprietary filling machine and is used for storage of dry herb materials for use in Company's vaporizer. Airflow holes are present on both ends of the cartridge to facilitate air movement during vaporization of the materials inside the cartridge. This patent is currently pending with the USPTO.

- On April 26, 2019 RYAH submitted a USPTO Design Patent Application for the RYAH Vaporizer Mouthpiece (Patent Application 62/839450)**.** This patent application covers the design of the dry-herb vaporizer mouthpiece. The mouthpiece has an extended maze-like vapor pathway inside - where vapor travels through before reaching a user's mouth which is known to reduce the temperature of the vapor by the time it reaches the patient's mouth. The mouthpiece is made of thermal insulating material such that the mouthpiece remains cool during use and provides comfort to the user. This patent is pending with the USPTO.

- On May 29, 2019 PotBotics was granted a Utility Patent by the USPTO (patent number 10,296,714 relating to a method of Artificial Intelligence (AI) to capture, identify and interpret correlations between plant strains, patient demographics and medical indications. The invention also provides information on cannabinoid product availability. Medical professionals, cannabis growers, cannabis manufacturers, and other stakeholders may find this unique software program useful to study trends, efficacy, and other pertinent information to the medical cannabis market.

- On June 05, 2019 RYAH Medtech, Inc. received a class I Medical Device license from Health Canada for its dry-herb cartridges. This is considered an important step for Licensed Producers (LPs) and other entities to be able to effectively sell RYAH products in Canada.

- On June 07, 2019 – RYAH Medtech, Inc. executed a distribution agreement with Northern Green Canada, a Toronto based licensed producer (LP). The agreement opens the door for RYAH to distribute its devices and cartridges to the Canadian plant-based medical market.

- June 17, 2019: PotBotics and Prime entered into a binding Letter of Intent. On June 17, 2019, Prime entered into the Letter of Intent with PotBotics in connection with the Amalgamation for anticipated listing on the CSE. This transaction calls for Prime to change its name to RYAH Group, Inc. or any other name as may be requested by PotBotics/RYAH and acceptable to the regulatory authorities.

- July 15 2019, RYAH's dry-herb vaporizer went into commercialization stage with a launch of a pilot program in a medical dispensary in Maryland, United States. Sweetspot is a new medical cannabis dispensary in Olney, Maryland. Sweetspot caters to patients of all knowledge and experience with cannabis. We pride ourselves on educating our patients and making recommendations that can help with the patient's medical conditions.

- On July 26, 2019 RYAH submitted to the USPTO, a Utility Patent application for the RYAH Smart Patch (patent No. 62/879283). This utility patent application covers the functionality of the RYAH smart patch and the method of its temperature and dosing control. In addition, the patent covers

the type and method of the patient and plant strain data collected, which is shared with filling partners. Finally, the patent covers the process of the smart patch that is controlled remotely, by the Company's mobile application. This patent is currently pending with the USPTO.

- On August 25, 2019 – RYAH submitted to the USPTO, a Utility patent application for the RYAH Tincture (Patent application No. 62/891,37. This utility patent application covers the functionality of the RYAH tincture pen and the method of its liquid dispensing and dosing control. In addition, the patent covers the type and method of the patient and plant strain data collected, which is shared with filling partners. Finally, the patent covers the process of the tincture pen that is controlled remotely, by the Company's mobile application. This patent is currently pending with the USPTO.
- September 09: PotBotics entered into a merger agreement with Prime, whereby PotBotics will amalgamate with Numco and shareholders of PotBotics will receive either Super Voting or Subordinate Voting Resulting Issuer Shares in exchange for their PotBotics Shares, resulting in the shareholders of PotBotics acquiring control of Prime by way of a reverse take-over.

Over the coming years, the Company intends to develop a suite of unique, high-end, medically oriented IoT delivery device products that will complement its dry-herb vaporizer. The company further intends to develop a vertically integrated suite of productivity technology and services that is built from seed to consumption with all the major patient and doctor segments addressed. By supporting both the delivery device and data insights of the industry, the Company sees the value in developing technology that will help accelerate advancement in the industry, improve the performance and business of the plant-based medical community and create valuable insights to further develop the market globally. The Company believes that creating a closed loop enterprise data cycle throughout the value chain from seed to consumption - which is capable of improving dosing regimens, prescription insights, and strain to demographic correlations, the Company will provide the medical industry a unique offering that is built to make the plant, patient and medical relationship and ecosystem successful.

The scaling of the Company's ability to derive real-time dosing and effects through the data it collects is designed to uniquely address an enterprise goal to in encouraging true innovation and insights in the medical plant space. The Company also offers another unique selling proposition by way of its massive network of clinical studies and AI technology associated with its PotBotics sub brand. The platform has become a-tune to converting raw clinical data feeds and patient demographics into productive data insights. The Company intends to combine and monetize the significant amount of clinical data, with the growing data gathered by its core IoT device dose measurement tools. These two ecosystems provide the Company with the ability to grow an enterprise-class data insights and medical business intelligence capability. The Company also sees further opportunity to develop future IP through development of unique IoT devices and AI technologies.

MANAGEMENT & DIRECTORS

BORIS GOLDSTEIN, FOUNDER AND CHAIRMAN, DIRECTOR

Dr. Boris Goldstein is a seasoned entrepreneur, venture capitalist and investment banker. Dr. Goldstein started his career in 1989 as founder of Software House HT, a startup technology company, which he developed into a worldwide corporation with over 40 offices in 17 countries. Since then, Dr. Goldstein has founded and served on the board of directors and advisory boards of numerous companies in Silicon Valley and Silicon Alley, including Trans Global Ventures Group, Intelligent Video Systems, Visisys Holdings Plc., E-Trade Eurasia, Pacific Petroleum Technologies, E*Forex, Solby, CBSF Capital Management, CBSF International Fund, CBSF, Daldaris, Pacific Venture Fund, and FRB. During this period Dr. Goldstein was involved in numerous of financings totaling over $700 million in consolidated debt/equity/ADR instruments. Dr. Goldstein brings experience in fundamental research, investment and technologies, and is the author of multiple patents and books.

GREGORY WAGNER, CHIEF EXECUTIVE OFFICER, DIRECTOR

Greg is a 20+ year former financial markets global head and intrapreneur. He has held executive roles in both the United States as CEO of ABN AMRO's broker dealer, and in London as Head of Equity Prime Services for the Royal Bank of Scotland where Greg oversaw $60b in assets under custody and over $300m in global, annual revenues at its peak. Greg steered the Prime Services division in achieving 26 of 29 1st Place Awards in ISF Securities Lending survey (2011), Global Investor Synthetic Prime Top Provider Award (2010/2011), and Global Investor Securities Lending Award (2010/2011). At Itaú BBA, Greg created the first fully outsourced Securities Finance operation and leveraged state-of-the-art hosted solutions that demonstrated a lean and best-in-class institutional offering. Greg has co-founded and built several startups for the ground up and was named an "Innovator of the Year" from Innovate, Long Island in 2018. Greg holds FINRA Series 7, 63, 24, 55 licenses and an MBA in Finance from Fordham University. Greg has also received a Certification in Innovation and Strategy from Harvard University.

SELECTED HISTORICAL ANNUAL FINANCIAL INFORMATION

The below table highlights selected financial information for the financial years ended December 31, 2019 and 2018. The selected financial information below has been derived from the Company's audited financial statements and should be read together with and is qualified in its entirety by reference to such financial statements. The financial statements have been prepared in accordance with IFRS.

In U.S dollars, except for share and per share data	**Year ended December 31, 2019 ($)**	**Year Ended December 31, 2018 ($)**
Total Revenue	3,531	-
Loss and comprehensive loss	(2,299,048)	(8,965,803)
Loss per Share (base and diluted)	(0.03)	(0.12)
Total Assets	229,903	642,024
Total Non-Current Liabilities	633,717	302,352

Dividends Declared	-	-

Year Ended December 31, 2019 Compared to December 31, 2018

The company has a relatively limited operating history since its inception on February 12, 2014, under the laws of Florida. The annual financial results reflect the Company's minimal levels of activity during 2018 and 2019 fiscal years, as management conducted research and set-up activities due to the company's expansion plans and raising capital activities.

The Company has incurred losses and negative cash flows from operations from inception that has primarily been funded through financing activities.

The total comprehensive loss of $2,299,048 for the year ended December 31, 2019 (2018 – 8,965,803) is attributed primarily to general and administrative expenses, research and development expenses, sales and marketing expenses, occupancy expenses and depreciation expenses that were incurred during the year (2018 - $3,100,000). General and administrative expenses include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, advisory services, and client and investor relations.

The decrease in total assets in 2019 compared to 2018 is primarily due to cash used, together with the net proceeds of the loans and shares issued during the year, in operating activities. During the year ended December 31, 2019, the Company issued 231,509 common shares for proceeds of $131,294, net of issuance costs. The Company's cash and cash equivalents balance as at December 31, 2019 was $35,792 versus $530,206 as at December 31, 2018 and the Company had a negative working capital of ($685,385) at December 31, 2019 versus a positive working capital of $164,083 at December 31, 2018.

The increase in current liabilities in 2019 compared to 2018 can be attributed to the increase in amounts payable to operating activities and the increase of the Company's loans that are payable within one year.

Discussion of Operations

The following table presents an analysis of the Company's operations for the years ended December 31, 2019 and December 31, 2018. This information was derived from our revenue and expense accounts for the respective periods.

	12 Months Ended December 31,2019	**12 Months Ended December 31, 2018**
Statement of Comprehensive Loss Data:		
Revenue	$ 3,531	$ -

Cost of sales	(3,107)	-
Accretion expenses	(118,733)	(339,882)
Consulting fees	(793,426)	(1,195,479)
Depreciation expenses	(26,526)	(6,393)
General and administrative	(38,966)	(55,349)
Insurance expenses	(24,568)	(39,725)
Interest expense	(21,151)	(268,094)
Licenses and subscriptions	(15,495)	(8,864)
Marketing	(149,501)	(154,454)
Occupancy expense	(8,980)	(26,233)
Payroll expenses	(229,501)	(34,029)
Professional fees	(429,973)	(246,468)
Research and development	(418,092)	(719,781)
Travel	(38,812)	(56,476)
Loss on conversion of convertible notes payable	-	(5,827,624)
Other income	17,189	12,916
Other expense	(605)	-
Loss on change in fair value of marketable securities	(2,332)	-
Foreign currency translation	-	132
Net and comprehensive loss	**$ (2,299,048)**	**$ (8,965,803)**

The Company had a total comprehensive loss of ($2,299,048) for the year ended December 31, 2019 compared to a total comprehensive loss of ($8,965,803) for the year ended December 31, 2018. The accumulated deficit from inception of the Company is $24,928,394.

Professional fees of $429,973 for the year ended December 31, 2019 increased from $246,468 for the year ended December 31, 2018. The increase was due to audit cost, legal counsel, investor relations activities and the expansion of the Company.

Consultant fees is mainly comprised of stock-based compensation to certain of the Company's consultants. Stock based compensation for the company's consultants was $709,525 for the year ending December 31, 2019 and $1,053,753 for the year ending December 31, 2018.

There is a net decrease of $17,253 in occupancy expenses for fiscal year ended December 31, 2019 compared to its occupancy expenses of December 31, 2018 related to rent expense for the Company's premises. In 2019, the Company rental less lease space during 2019.

Payroll expenses consist of the remuneration of directors and key management personnel made during the year ended December 31, 2019. The payroll expenses amounted to $229,501 for the fiscal year ended December 31, 2019, which corresponds to an increase of $195,472 compared to the year ended 31, 2018 which was $34,029. In 2018, the Company had consulting agreements with the key management personnel including those persons having authority and responsibility for planning directing and controlling the activities of the company as a whole. In 2019, company decreased headcount by 2 and moved the remaining U.S. based full time headcount from R&D to employee classification.

The increase in other income for the year ended December 31, 2019 as compared to other income for the year ended December 31, 2018 was due to the write of a related party payable.

The Company recorded nil loss on conversion of convertible notes payable during the year ended December 31, 2019 compared to $5,827,623 that recorded in the year ended December 31, 2018. During FY 2018, the Company entered into agreements with the holders of the convertible notes to convert the debt into shares of the Company's common stock.

Interest expense mainly consists of interest due to related parties' loans as well as interest on the convertible notes. The decrease in interest expense for the year ended December 31, 2019, was mainly related to the conversion of the convertible notes occurred in the year ended December 31, 2018.

Accretion expense relates to the recognition of expenses related to the convertible note payables over the term of the notes. The amount charged to expense represents the change in the remaining discounted cash flows of that liability. Accretion expense decreased for fiscal year ended December 31, 2019 compared to the accretion expense for the year ended December 31, 2018 due to the conversion that occurred on 2018.

SELECTED HISTORICAL QUARTERLY FINANCIAL DATA

The selected historical quarterly financial data as of September 30, 2020 and 2019 has been derived from our unaudited interim financial statements for the three and nine months ended September 30, 2020, and should be read together with and are qualified in their entirety by reference to such financial statements, which have been prepared in accordance with IFRS.

(in U.S. dollars, except for per share data.)	**For the quarter ended September 30, 2020**	**For the quarter ended June 30, 2020**	**For the quarter ended March 31, 2020**	**For the quarter ended December 31, 2019**
Total revenue	20,350	22,482	-	1,025

Loss and comprehensive loss	(502,596)	(231,006)	(237,141)	(598,641)
Loss per share, basic and diluted	(0.01)	(0.00)	(0.00)	(0,01)
Dividends declared per share	-	-	-	-

(in U.S. dollars, except for per share data.)	**For the quarter ended September 30, 2019**	**For the quarter ended June 30, 2019**	**For the quarter ended March 31, 2019**	**For the quarter ended December 31, 2018**
Total revenue	2,506	-	-	-
Loss and comprehensive loss	(870,745)	(394,775)	(434,887)	(3,754,452)
Loss per share, basic and diluted	(0.01)	(0,01)	(0,06)	(0,06)
Dividends declared per share	-	-	-	-

The quarterly financial results reflect the Company's minimal levels of activity during the fiscal quarters in 2020, 2019 and 2018, as management conducted research, development and set-up activities. Quarterly losses can be attributed primarily to the total general and administrative expenses and research and development expenses incurred each quarter as well as interest expense. General and administrative expenses include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, advisory services, and client and investor relations. Interest expense is related to outstanding borrowings under various loan agreements from related parties and interest on convertibles notes issued by the Company. The total comprehensive loss for the three months ended December 31, 2018 was primarily related to the conversion of its convertible notes. Upon conversion, the company recognised a loss of $5,827,623.

RESULTS OF OPERATIONS

Operating Results for the Three and Nine Months Ended September 30, 2020 compared to the Three and Nine Months Ended September 30, 2019.

The following table presents revenue and expense information for the three and nine months ended September 30, 2020 and 2019. This information was derived from our revenue and expense accounts for the respective periods.

	9 months ended September 30, 2020	9 months ended September 30, 2019	3 months ended September 30, 2020	3 months ended September 30, 2019
Statement of Comprehensive Loss Data:				
Revenue	$ 42,832	$ 2,506	$ 20,350	$ 2,506
Cost of sales	(24,279)	(801)	(11,889)	(801)
Accretion expenses	(78,770)	(96,650)	(13,045)	(20,383)
Consulting Fees	(66,700)	(571,075)	(21,028)	(531,811)
Depreciation Expense	(22,625)	(19,302)	(7,636)	(7,223)
General and administrative	(13,034)	(35,462)	(7,489)	(12,225)
Insurance expenses	(15,455)	(20,566)	(3,934)	(4,006)
Interest expense	(49,057)	(13,628)	(6,595)	(5,918)
Licences and subscriptions	(7,977)	(12,068)	(2,378)	(4,262)
Marketing	(13,996)	(121,163)	(4,310)	(44,682)
Occupancy expenses	(1,840)	(4,961)	(220)	-
Payroll expenses	(146,335)	(183,603)	(55,392)	(47,485)
Professional fees	(189,124)	(225,044)	(85,541)	(64,402)
Research and development	(108,989)	(358,313)	(18,359)	(115,501)
Share based compensation	(285,000)	-	(285,000)	-
Travel	(3,313)	(38,812)	-	(14,801)
Other income	14,467	1,341	-	1,341
(Loss)/ Gain on change in fair value of marketable securities	(158)	(2,202)	(130)	(1,092)
Other expenses	(1,390)	(605)	-	-
Net and comprehensive loss	**$ (970,743)**	**$ (1,700,407)**	**$ (502,596)**	**$ (870,745)**

Three Months Ended September 30, 2020 Compared to Three Months Ended September 30, 2019

During the three-month period ended September 30, 2020, the Company recorded a net and comprehensive loss of $502,596 compared to a net and comprehensive loss of $870,745 during the three-month period ended September 30, 2019, a decrease of $368,149 or 42%. The decrease in net and comprehensive loss was primarily attributable to (i) higher revenue earned on the three months ended September 30, 2020 and (ii) the lower consulting fees, marketing and research and development costs incurred during the three months ended September 30, 2020. However, this decrease was partially offset with the increase of the share-based compensation in the three months ended September 30, 2020.

Salaries and benefits were $55,392 for the three months ended September 30, 2020 as compared to $47,485 for the three months ended September 30, 2019. The decrease was a result of the re-classification of one employee from 'R&D' to 'Salaries and Benefits' and the subsequent deferral of certain salary payments to the CEO of the company in Q3 2020. Consultant fees

Sales and marketing expenses totalled $4,310 for the three months ended September 30, 2020, compared to $44,682 for the three months ended September 30, 2019, a decrease of $40,372. The decrease was due to the decrease in branding, lobbying and public relations costs incurred in the three months ended September 30, 2020 as a result of reduction of overall expenses and liabilities resulting the COVD-19 pandemic.

Rent and occupancy expenses totalled $220 for the three months ended September 30, 2020, compared to nil for the three months ended September 30, 2019. The implementation of the IFRS 16 required the company to recognize a right-of-use asset and a lease liability for the lease contract related to office premises. After the inception of the lease, the right of use asset initially measured at cost and is depreciated on a straight-line basis over the lease term and charged to depreciation account as explained below. The amount actually charged for rent in the three months ended September 30, 2020 is $7,401, compared to $6,983 in the three months ended September 30, 2019.

Travel expenses were nil for the three months ended September 30, 2020, compared to $14,801 for the three months ended September 30, 2019. The decrease was due to COVID-19 outbreak and the travel restrictions that imposed by the government during the three months ended September 30, 2020.

Professional fees were $85,541 for the three months ended September 30, 2020, compared to $64,402 for the three months ended September 30, 2019, which represents an increase of $21,139. This increase was primarily due to increased legal and accounting fees in new operating markets incurred in the three months ended September 30, 2020 resulting from the preparation of meeting legal and accounting requirements for the submission of a listing statement to the CSE.

General and administrative expenses were $7,489 for the three months ended September 30, 2020 as compared to $12,225 for the three months ended September 30, 2019, which represents a decrease of

$4,736. This decrease was primarily due to decrease office supplies and monthly services, development of new products and business development incurred in the three months ended September 30, 2020.

Research and development expenses totalled $18,359 for the three months ended September 30, 2020, compared to $115,501 for the three months ended September 30, 2019, which represents a decrease of $97,142 or 84%. The decrease was primarily due to reduced external consultant fees for developing the Company's proprietary technologies and costs due to the development of hardware and software for transdermal patch and Pen which incurred in the three months ended September 30, 2019.

Share-based compensation expenses amounted to $285,000 for the three months ended September 30, 2020 as compared to $nil for the three months ended September 30, 2019. This increase was due to the issuance of 500,000 shares as part of employment agreements in the three months ended September 30, 2020.

Depreciation and amortization expense was $7,636 for the three months ended September 30, 2020 compared to $7,223 for the three months ended September 30, 2019. Depreciation expense movement has been affected by $7,294 from the company's lease accounting policy related to office premises. The amount of $7,294 refers to rental expenses charged to depreciation expenses during the three months ended September 30, 2020. The portion of the fixed asset's cost recorded as an expense during the compared accounting periods is $342 and $341, respectively for 2020 and 2019.
Loss on change in fair value of marketable securities (securities held for sale) was $130 for the three months ended September 30, 2020, as compared to loss $1,092 for the three months ended September 30, 2019, a decrease of $962 or 88%.

Nine Months Ended September 30, 2020 Compared to Nine Months Ended September 30, 2019

Net and comprehensive loss for the nine months ended September 30, 2020 were $970,743 as compared to $1,700,407 for the nine months ended September 30, 2019, a decrease of $729,664 or 43%. The decrease was primarily attributable to the decrease in consulting fees, marketing, professional and research and development costs.

Interest expense consists of interest on outstanding borrowings under various loan agreements from related parties and interest on convertible notes issued by the Company. The increase in interest expense is due to the increased outstanding loans principal that existed for the biggest part of the nine months ended September 30, 2020. However, in April, 2020 the Company converted the majority of the outstanding loans into shares.

The decrease in research and development expenses for the nine months ended September 30, 2020 of $249,324 was primarily related the decrease was primarily due to reduced external consultant fees for developing the Company's proprietary technologies and costs due to the development of hardware and software for transdermal patch and Pen which previously incurred in the three months ended September 30, 2019.

Share-based compensation expenses amounted to $285,000 for the nine months ended September 30, 2020 as compared to $nil for the nine months ended September 30, 2019. This increase was due to the

issuance of 500,000 shares as part of employment agreements in the nine months ended September 30, 2020.

Salaries and benefits were $146,335 for the nine months ended September 30, 2020 as compared to $183,603 for the nine months ended September 30, 2019. The decrease is due to a decrease in staffing at the corporate level. Consulting fees were $66,700 for the nine months ended September 30, 2020, a decrease of $504,375, compared to $571,075 for the nine months ended September 30, 2019.

Sales and marketing expenses totalled $13,996 for the nine months ended September 30, 2020, compared to $121,163 for the nine months ended September 30, 2019, which represents a decrease of $107,167. The decrease was due to the increased branding, lobbying and public relations costs incurred in the nine months ended September 30, 2019.

Rent and occupancy expenses totalled $1,840 for the nine months ended September 30, 2020, compared to $4,961 for the nine months ended September 30, 2019. Further to its lease accounting policy, the Company recognized a right-of-use asset and a lease liability for its lease contract related to office premises. After the inception of the lease, the right of use asset initially measured at cost and is depreciated on a straight-line basis over the lease term and charged to depreciation account as explained below. The amount actually charged for rental the six months ended September 30, 2020 is $21,607.

Travel expenses totalled $3,313 for the nine months ended September 30, 2020, compared to $38,812 for the nine months ended September 30, 2019, which represents a decrease of $35,499. The decrease was attributed to travel restrictions imposed by government due to COVID-19 outbreak.

Professional fees were $189,124 for the nine months ended September 30, 2020, compared to $225,044 for the nine months ended September 30, 2019, which represents a decrease of $35,920. The decrease is mainly due to the increase in legal and accounting fees in new operating markets incurred in the nine months ended September 30, 2019.

General and administrative expenses were $13,034 for the nine months ended September 30, 2020, compared to $35,462 for the nine months ended September 30, 2019, which represents a decrease of $22,428. The decrease was due to a decrease office supplies and monthly services, development of new products and business development incurred in the nine months ended September 30, 2020.

Depreciation and amortization expense was $22,625 for the nine months ended September 30, 2020, compared to $19,302 for the nine months ended September 30, 2019. Depreciation expense movement has been affected by $21,607 from the Company's lease accounting policy related to office premises. The amount of $21,607 refers to rental expenses charged to depreciation expenses during the nine months ended September 30, 2020. The portion of the fixed asset's cost recorded as an expense during the compared accounting periods is $1,018 and $ 3,244 accordingly for 2020 and 2019.

Loss on change in fair value of marketable securities (securities held for sale) was $158 for the nine months ended September 30, 2020, as compared to $2,202 for the nine months ended September 30, 2019, a decrease of $2,044 or 93%.

ADDITIONAL DISCLOSURE FOR ISSUERS WITHOUT SIGNIFICANT REVENUE

	Nine Months September 30,	
	2020	**2019**
Research and Development	(108,989)	(358,313)
Administrative expenses	(13,034)	(35,462)
Consultants fees	(66,700)	(571,075)
Total	(188,723)	(964,850)
Taxes	3,300	300
Office supplies	4,208	11,107
Other general expenses	5,526	24,055
Total Administrative Expenses	**13,034**	**35,462**

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

The remuneration of directors and key management personnel made as of the nine months ended September 30, 2020 and 2019 and for the years ended December 31, 2018 and 2019, is as follows:

Periods	**2020/Q3**	**2019/Q3**	**2019**	**2018**
Salaries to a director	$65,000	$ 50,000	$ 66,666	$ 15,000
Marketing fees paid to a director	23,000	40,000	-	49,287
Marketing fees paid to companies controlled by a director of the Company		2,000	746	11,000
Consulting fees paid to a director	13,333		9,000	-
Research and development fees paid to a director		-	79,990	5,500
Total	**$101,333**	**$ 92,000**	**$ 147,403**	**$ 80,787**

As at December 31, 2019 and December 31, 2018, the Company has $2,054 and $15,848accordingly due to a company controlled by a director of the Company . As at September 30, 2020, the Company has $98,747 (December 31, 2019 - $5,200) due to directors and officers of the Company and $700 (December 31, 2019 - $nil) due to a company controlled by a director."

During the year ended December 31, 2018, the Company received loans from two related parties, in the amounts of $107,500 and $300,000, respectively. The loans bear interest at 2.7% per annum and have

maturity dates ranging from June 30, 2020 through December 29, 2020. As at December 31, 2018, there was a balance of $412,001 related to these loans. There were no related party loans during the year ended December 31, 2017.

During the year ended December 31, 2019, the Company received loans from one related party in the amounts of $950,000. The loans bear interest at 2.7% per annum with maturing between April 30, 2020 and December 29, 2021. As at December 31, 2019, there is a balance of principal and interest of $1,131,473 (2018 - $412,001). The loans are recorded at amortized cost using an effective interest rate of 25%, causing the carrying value to be lower than the principal value with a difference of $278,397 recorded as a shareholder contribution. During 2019, company repaid a total of $254,314 of these loans.

LIQUIDITY AND CAPITAL RESOURCES

Our primary short-term liquidity needs are to fund general working capital requirements and debt service, while our long-term liquidity needs primarily relate to capital expenditures relating acquisitions, maintenance capital expenditures and debt repayment.

During the year ended December 31, 2017, the Company issued convertible notes for $215,000 (2016 – $322,500) that bear interest at 8% per annum and mature on December 31, 2018. The convertible notes along with accrued interest can be converted at the option of the holder at prices between $0.10 and $0.57 per share or will automatically convert into shares in the event of a reverse merger or other similar transaction with a publicly traded and reporting entity.

During the year ended December 31, 2018, the Company completed a private placement with Canadian investors with total net proceeds amounting to the equivalent of $1,483,487.

During the period ended December 31, 2019, the Company issued 231,509 common shares for proceeds of $131,294 net of issuance costs.

During the nine months ended September 30, 2020, the Company issued convertible notes for net proceeds of $100,000. The Company also received $25,000 for 43,860 common shares that will be issued upon the conclusion of the RTO transaction. The company issued 1,310,687 common shares to settle disputes with investors. The company issued 500,00 shares to employees of the company.

On September 14, 2020 The Company received 100,000CND or $74,807.29 as an advance in the RTO related from Prime Blockchain. The transaction was secured via a promissory note.

The Company reported working capital deficit of $1,025,920 at September 30, 2020 versus a working capital deficit of $685,385 at December 31, 2019. On 2020, the decline in working capital was mainly due to the increase of accounts payable and accrued liabilities.

During the year ending December 31, 2019 the Company reported a loss of $2,299,048 compared to $8,965,803 for the year ending December 31, 2018. The Company's ability to meet its obligations as they

fall due and to continue to operate as a going concern is dependent upon the continued financial support of its creditors, access to equity financial markets and ultimately, the attainment of profitable operations.

The Company has successfully utilized both debt and equity financing in the past, but there I no assurance that such funding will be available in the future or if it is that it will be on terms that are acceptable. Management anticipates that its working capital is sufficient to meet its expected ongoing obligations for the upcoming year. However, if the Company requires additional capital and it is unable to obtain acceptable financing, it will experience liquidity issues and management expects that it will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Any additional equity financing may involve substantial dilution.

Cash Flow

The following table presents cash flow information for the years ended December 31, 2019 and 2018 and for the nine months periods ended September 30, 2020 and 2019. This information was derived from our statement of cash flows for the respective periods.

(in U.S. dollars)	**Twelve Months Ended December 31, 2019**	**Twelve Months Ended December 31, 2018**	**Nine Months Ended September 30, 2020**	**Nine Months Ended September 30, 2019**
Net cash provided by/(used in) operating activities	$ (1,302,609)	$ (1,433,589)	$ (**243,127**)	$ (1,159,745)
Net cash used in investing activities	(23,275)	28,544	(21,929)	(16,293)
Net cash provided by financing activities	831,469	1,896,835	253,363	660,239
Increase in cash and cash equivalents cash	(494,414)	491,790	(11,693)	(515,799)
Cash and cash equivalents at the end of the period	$ 35,792	$ 530,206	$24,099	$ 14,407

Net cash used in operating activities of approximately $1.3 million and $1.4 million for the years ended December 31, 2019 and 2018, respectively are mainly due to losses for the year. Net cash provided by financing activities for the year ended December 31, 2019 &2018 consisted of cash received for the issuance of the Company's notes, private placements and proceeds from related party loans.

Net cash used in operating activities of approximately by $0.2 million for the nine-month period ended September 30, 2020 as compared to $1.2 million cash provided by operating activities for the nine-month period ended September 30, 2019 was mainly due to the losses in those periods. Net cash provided by financing activities for the nine-month period ended September 30, 2020 decreased by $0.4 million as compared to the nine-month period ended September 30, 2019. The net cash provided by financing

activities for the nine months of 2020 was mainly proceeds from issuance of convertible notes and common shares.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

1. Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the risk of changes in market interest rates, as its convertible notes bear fixed interest rate at 8% per annum.

2. Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The total gross exposure as at June 30, 2020 is not significant.

3. Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described below, in normal circumstances. Historically, the Company's sole source of funding has been the issuance of equity securities and convertible notes and funding from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. At the end of September 2020, the Company's financial liabilities are comprised of its related parties Loan with 2 years of maturity and fixed interest of 2.7% per annum.

The following table summarizes our long-term contractual obligations as of December 31, 2019:

	TOTAL	Less than 1 Year	1 to 3 Years	4 to 5 Years	More than 5 years
Operating lease Commitments (1)	$ 4,641	$ 4,641	$	$ -	$ -
Debt obligations (2)	1,000,176	257,500	742,676	-	-
Total	$ 1004,817	$ 261,141	$ 742,676	$ -	$ -

(1) Amounts in the table reflect minimum payments due for the Company's leased facilities under the current operating lease agreements that expire through February 2021.

(2) Amounts in the table reflect the contractually required principal and interest payments payable under related party loan agreements. The loans bear interest at 2.7% per annum with maturity dates ranging between September 20, 2020 and December 29, 2020.

4. Capital management:

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as well as managing the outstanding level of debt.

5. Market risk:

The Company's financial instruments are exposed to a number of financial and market risks, including credit and liquidity risk. The Company does not currently have in place hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size and pattern of operations would warrant such hedging activities. The Company evaluates the key risks on an ongoing basis and has established policies and procedures to mitigate such risks.

6. Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Fair Value

The carrying values of financial instruments such as cash and cash equivalents and prepayments and other assets, accrued liabilities and other payables and loan payable are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The carrying value of the convertible notes approximates its fair value as its fixed interest rate approximates the market interest rate considering the Company's credit risk. The fair value of the marketable securities (securities held for sale) of $426 is derived from its quoted stock price as at September 30, 2020 and is considered as Level 1 in the fair value hierarchy

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

PROPOSED TRANSACTIONS

On November 7, 2018 Spyder entered into non-binding letter of intent (the"LOI") with Anchor Capital Corporation. The terms outline the conditions pursuant to which Anchor and Spyder would be willing to complete a transaction that will result in a reverse take-over of Anchor by the shareholders of Spyder.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

(i) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible secured subordinate debentures that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest relating to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

(ii) Income taxes

The Company has not recognized a deferred tax asset as management believe it is not probable that taxable profit will be available against which a deductible temporary difference can be utilized.

(iii) Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

ACCOUNTING STANDARDS ADOPTED IN THE CURRENT YEAR

In January 2016, the IASB issued the IFRS 16 Leases, which requires lessees to recognize all leases on the statement of Financial Position. Following the adoption of IFRS 16, on February 1, 2019 the

Company recognized right of use asset and long-term lease liability for its existing leases on its retail locations totaling $27.525.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaced IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 came into effect January 31, 2018. The adoption of this standard had no significant impact on the Company.

In July 2014, the IASB completed the final elements of IFRS 9 Financial Instruments. The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. IFRS 9 will came into effect on January 1, 2018. Other than disclosure the adoption of this standard had no impact on the Company.

DISCLOSURE OF OUTSTANDING SHARE DATA

Summary of Outstanding Share Data as of September 30, 2020:

During the nine months ended September 30, 2020, the Company issued 500,000 common shares to employees of the company.

During the nine months ended September 30, 2020, the Company issued 1,310,687 shares of its common stock under settlement agreements, to two existing shareholders that had made previous investments in the Company. As no incremental consideration was received in connection with these share issuances, the shares were recorded at a nominal value.

During the nine months ended September 30, 2020, the Company converted $750,000 of its outstanding loans into 2,238,597 common shares.

During the period ended December 31, 2019, the Company issued 231,509 common shares for proceed of $131,294 net of issuance costs.

During the year ended December 31, 2019, the Company issued 1,166,448 shares of its common stock to certain of the Company’s advisors and consultants. The share awards did not include any vesting period and were immediately recognized a fair value of $664,875.

The Company signed termination agreement for the consulting and advisory services of three consultants and agreed to compensate them in shares. Company issued 78,333 shares and recognized a fair value of $44,650.

The company issued 7,765,186 common shares with fair value of $7,765 under settlement agreements with a leak out provision. Each Purchaser agreed to the following:

a) Subject to applicable securities laws and Canadian Securities Exchange rules and regulations, acknowledge and agree that they will not sell, dispose or otherwise transfer, any of the Issued Shares except pursuant to the following schedule: (i) 10% of the Issued Shares as of the date of this Agreement, (ii) 10% of the Issued Shares upon and subsequent to any going public transaction of Potbotics (including as a result of any "reverse merger" or "reverse takeover" with a public shell company, "IPO") and (ii) 15% of the Issued Shares upon and subsequent to each six-month anniversary of the IPO.

b) the leak-out restrictions shall further apply to any capital stock received by each purchaser in exchange for or conversion of any of the Issued Shares, including as a result of any IPO, as if such capital stock were Issued Shares hereunder.

c) the leak-out restrictions shall not apply to any transfers of Issued Shares (i) to the spouse, domestic partner, parent, sibling, child or grandchild (each, an "immediate family member") of each purchaser or to a trust, partnership, limited liability company or other entity formed for the benefit of each purchaser or of an immediate family member of each Purchaser or (ii) by a bona fide gift, will or intestacy; provided that in the case of any transfer or distribution pursuant to this clause (c), (i) each donee, transferee or distribute shall sign and deliver an acknowledgement and agreement in form and substance acceptable to Potbotics that he, she or it agrees to the restrictions set forth to the signed agreement.

d) the leak-out restrictions shall further not apply to any transaction, including, without limitation, a merger, consolidation or other business combination, resulting in not less than a majority of the outstanding voting securities of Potbotics being disposed of in such transaction (including with respect to the consummation of an IPO).

During the year ended December 31, 2018, the Company issued 2,869,288 common shares for proceeds of $1,483,487, net of issuance costs. In addition, the Company issued 166.245 finder's warrants entitling the holder to acquire 166,245 shares of the Company at a price of $0.75 per share. The fair value of the finder's warrants issued was estimated using the Black Scholes option pricing model to be $37,739 using the following assumptions: estimated volatility of 87%, expected life of 2 years and a risk-free rate of 2.33%.

During the year ended December 31, 2018, the Company issued 1,848,689 with a fair value of $1,053,753 to consultants.

i. Authorized and issued share capital:

			Issued and Outstanding	
Class	Par Value	Authorized	2019	2018
Common	0.00	800,000,000	85,223,137	75,981,661

ii. There were nil stock options outstanding as of December 31, 2019 (December 31, 2018- **nil)**.

iii. During the year ended December 31, 2019, total stock-based compensation from the issuance of common shares to various consultants recorded in the consulting fee was $709,525 (December 31, 2018 - $1.053,452).

SUBSEQUENT EVENTS

On October 15, 2020, the Company granted 2,982,810 options to an officer of the Company. Each option is exercisable at $0.0756 (CAD$0.10) per share for a period of 10 years.

On November 17, 2020, the Company issued a promissory note for proceeds of $305,360 (CAD$400,000). The note is unsecured, bearing interest of 6% per annum based on a 360-day year and maturing in 24 months from the issue date. Pursuant to the terms of the Merger Agreement, the outstanding balance of the note will be converted into subordinate voting shares of the surviving corporation at the completion of the merger.

The Company granted 25,000 shares to an employee for stock based compensation that will be issued Dec 31 2020.

ADDITIONAL INFORMATION

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

SCHEDULE "H"
INTERIM FINANCIAL STATEMENTS OF PRIME FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

(See attached)

Prime Blockchain Inc.

Condensed Interim Financial Statements

As at November 30, 2020
(expressed in Canadian dollars)

Together with Interim Review Report

Interim Review Report 3

Condensed Interim Financial Statements

Condensed Interim Statement of Financial Position 4

Condensed Interim Statement of Net Income (Loss) and Comprehensive Income (Loss) 5

Condensed Interim Statement of Changes in Equity 6

Condensed Interim Statement of Cash Flows 7

Notes to Condensed Interim Financial Statements 8

MALLETTE
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comptables professionnels agréés

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INTERIM REVIEW REPORT

To the Board of Directors,

In accordance with our engagement letter dated February 1, 2020, we have performed an interim review of the statement of financial position of Prime Blockchain Inc. as at November 30, 2020, the statement of net income (loss) and comprehensive income (loss) for the three-month period ended November 30, 2020, and the statements of changes in equity and cash flows for the three-month period then ended. These financial statements are the responsibility of the Company's management.

We performed our interim review in accordance with Canadian generally accepted standards for a review of interim financial statements by a Company's auditor.

An interim review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our interim review, we are not aware of any material modification that needs to be made for these financial statements to be in accordance with the International Financial Reporting Standards.

This report is solely for the use of the Board of Directors of Prime Blockchain Inc. to assist it in discharging its regulatory obligation to review these financial statements, and should not be used for any other purpose.

Mallette L.L.P.[1]

Mallette L.L.P.
Partnership of chartered professional accountants

Québec, Canada
February 28, 2021

[1] CPA auditor, CA, public accountancy permit No. A130437

Prime Blockchain Inc.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(Unaudited, in Canadian dollars)

	November 30, 2020	August 31, 2020
ASSETS		
CURRENT ASSETS		
Cash	$ 959,540	$ 3,179
Goods and services tax receivable	11,277	-
Advance to a director, without interest	53,128	50,000
	1,023,945	53,179
NON-CURRENT ASSETS		
Other receivables (Note 5)	502,811	-
TOTAL ASSETS	$ 1,526,756	$ 53,179
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 6)	$ 77,643	$ 50,966
Amount payable to a director, without interest	-	1,167
Goods and services tax payable	-	3,165
	77,643	55,298
NEGATIVE SHAREHOLDERS' EQUITY		
Share capital issued (Note 7)	12,037,739	11,969,519
Share capital subscribed	877,576	606
Warrants issued (Note 7)	546,616	502,836
Warrants subscribed	570,424	394
Stock options issued (Note 8)	227,007	219,657
Contributed surplus	659,442	659,442
Deficit	(13,469,691)	(13,354,573)
	1,449,113	(2,119)
TOTAL LIABILITIES AND EQUITY	$ 1,526,756	$ 53,179

On behalf of the Board,

(s) Serge Beausoleil, Director

(s) Eugenio Noel Cuesta, Director

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

Prime Blockchain Inc.

CONDENSED INTERIM STATEMENT OF NET INCOME (LOSS)
AND COMPREHENSIVE INCOME (LOSS)
(Unaudited, in Canadian dollar)

	Note	2020	Period ended November 30, 2019
Revenues		$ 2,811	$ -
Expenses			
Office expenses		3,639	4,820
Travel and entertainment		1,504	4,172
Consulting fees	11	76,335	61,760
Other financial fees		777	192
Professional fees		17,890	12,940
Listing fees		10,434	7,494
Remuneration of directors	11	7,350	19,440
Total expenses		117,929	110,818
Net loss and comprehensive loss		$ (115,118)	$ (110,818)
Loss per share	10		
Basic		$ (0.003)	$ (0.05)
Fully diluted		$ (0.003)	$ (0.05)

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

Prime Blockchain Inc.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(Unaudited, in Canadian dollar)

	Number					Amount							
	Common shares issued	Common shares subscribed*	Warrants/ Stock options issued	Warrants subscribed*	Total	Share capital issued	Share capital subscribed	Warrants issued	Warrants subscribed	Stock options issued	Contributed surplus	Deficit	Total
BALANCE as at August 31, 2019	21,014,901	500,000	21,810,637	500,000	43,825,538	$ 11,539,919	$ 13,333	$ 360,158	$ 6,667	$ 204,957	$ 659,442	$ (12,893,321)	$ (108,845)
Shares issued pursuant to private placements	2,050,000	(500,000)	2,050,000	(500,000)	3,100,000	68,000	(13,333)	34,000	(6,667)	-	-	-	82,000
Shares issued pursuant to conversion of accounts payable	490,816	-	-	-	490,816	24,510	-	-	-	-	-	-	24,510
Stock options issued	-	-	600,000	-	600,000	-	-	-	-	19,440	-	-	19,440
Net loss	-	-	-	-	-	-	-	-	-	-	-	(110,818)	(110,818)
BALANCE as at November 30, 2019	23,555,717	-	24,460,637	-	48,016,354	11,632,429	-	394,158	-	224,397	659,442	(13,004,139)	(93,713)
BALANCE as at August 31, 2020	34,849,633	25,000	31,510,637	25,000	66,410,270	11,969,519	606	502,836	394	219,657	659,442	(13,354,573)	(2,119)
Shares issued or subscribed pursuant to private placements	2,800,000	36,175,000	2,800,000	36,175,000	77,950,000	68,220	876,970	43,780	570,030	-	-	-	1,559,000
Stock options issued	-	-	300,000	-	300,000	-	-	-	-	7,350	-	-	7,350
Net loss	-	-	-	-	-	-	-	-	-	-	-	(115,118)	(115,118)
BALANCE as at November 30, 2020	37,649,633	36,200,000	34,610,637	36,200,000	144,660,270	$ 12,037,739	$ 877,576	$ 546,616	$ 570,424	$ 227,007	$ 659,442	$ (13,469,691)	$ 1,449,113

* As at November 30, 2020, the issuance of 27,675,000 common shares subscribed and of 27,675,000 warrants subscribed is conditional to the listing of the Company on the Canadian Securities Exchange.

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

Prime Blockchain Inc.

CONDENSED INTERIM STATEMENT OF CASH FLOWS
(Unaudited, in Canadian dollar)

	2020	Period ended November 30, 2019
OPERATING ACTIVITIES		
Net loss and comprehensive loss	$ (115,118)	$ (110,818)
Changes in non-cash working capital items		
Goods and services tax	(14,442)	(613)
Prepaid expenses	-	(4,053)
Accounts payable	26,677	12,686
Non-cash profit and loss items		
Interest on amounts due	(2,811)	-
Stock-based compensation	7,350	19,440
Cash flows from operating activities	(98,344)	(83,358)
INVESTING ACTIVITIES		
Advance to a director	(4,295)	-
Other receivables	(500,000)	-
Cash flows from investing activities	(504,295)	-
FINANCING ACTIVITIES		
Private placements	1,559,000	82,000
Cash flows from financing activities	1,559,000	82,000
Increase (decrease) in cash and cash equivalents	956,361	(1,358)
Cash, beginning of period	3,179	1,502
Cash, end of period	$ 959,540	$ 144
Non-monetary transaction		
Issuance of shares and warrants as payment for accounts payable	$ -	$ 24,510

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

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Company, incorporated under the Canada Business Corporations Act on January 13, 2004, is inoperative. The head office of the Company is located at 101 de la Rotonde, Suite 2605, Verdun, Québec, Canada.

In September 2020, the company Ryah Acquisition Corp. was created for the intended transaction with Potbotics Inc. This company has not carried out any activities since its inception (Note 13).

2. BASIS OF PRESENTATION

Declaration of compliance

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting. These interim condensed financial statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with our most recent annual financial statements and the basis of going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

These condensed interim financial statements were approved by the Board of Directors on February 28, 2021.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the financial asset measured at fair value through net income.

Material uncertainty related to going concern

These financial statements have been prepared using the accounting principles that apply to an operating business. This assumes that the Company will continue to operate for the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has not yet realized profitable operations, reporting a comprehensive loss of $115,118 for the period ended November 2020 compared to a comprehensive loss of $110,818 for the period ended November 30, 2019, has accumulated a deficit of $13,469,691 and has had negative cash flows from operating activities since inception. As a result, the Company's ability to continue as a going concern is uncertain. The Company has capital requirements, notably for the payment of its accounts payable. The Company has relied on external sources of debt and equity to fund operations to date. The Company continues its merger activities with PotBotics/RYAH and the process for its listing on the Canadian Securities Exchange (Notes 13 and 14).

The Company's ability to continue as a going concern will depend on management's ability to successfully execute its business plan and obtain additional financing until it achieves profitability and positive cash flows from operating activities. Although, to date, management has been able to obtain financing and feels that the risk that the Company will not be able to continue as a going concern is low, there can be no assurance that such financing and profitability will occur in the amounts and with the terms expected.

2. BASIS OF PRESENTATION (continued)

Material uncertainty related to going concern

These financial statements do not reflect the restatements that would be necessary if the going concern assumption was not appropriate, because management feels that the measures described above that the Company took or intends to take will mitigate the effect of the conditions and facts that raise doubt about the appropriateness of this assumption.

Functional and presentation currency

The Company's financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the accounting policies used and the carrying amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimated.

The underlying estimates and assumptions are reviewed regularly. Any revision of accounting estimates is accounted for in the period in which the estimates are revised and in future periods affected by said revisions.

The main critical judgments made in applying accounting policies that have the most significant impact on the amounts recognized in the financial statements are as follows:

- Going concern;
- Deferred income taxes;
- Value of other receivables.

The estimates that have the most significant impact on the amounts recognized in the financial statements are as follows:

- Fair value of shares, warrants and stock options.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in the financial statements.

Revenue recognition

Interest income is recognized when earned.

Income taxes

The Company recognizes current and recoverable income taxes for the year, as well as changes in deferred tax assets and liabilities, as an expense or revenue for the year, except where they relate to items that have been credited or debited directly to shareholders' equity; in that case, taxes are also recognized directly in shareholders' equity. Deferred tax assets and liabilities are measured at the tax rates in effect or substantively enacted at the date of the financial statements applicable to taxable income in the years in which the differences between the carrying amounts and tax basis of assets and liabilities are reversed. A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that a taxable profit will be available against which these deductible temporary differences can be utilized.

Financial instruments

Financial assets are classified and measured according to three categories: at amortized cost, at fair value through other comprehensive income (FVOCI) or at fair value through net income (FVNI). Financial liabilities are classified and measured according to two categories: at amortized cost or at fair value through net income (FVNI).

The following table summarizes the classification of the Company's financial instruments.

Financial assets	Classification
Cash and cash equivalents	FVNI
Advance to a director	Amortized cost
Other receivables	Amortized cost

Financial liabilities	Classification
Accounts payable and amount payable to a director	Amortized cost

Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at fair value at the date on which the Company becomes a party to the contractual provisions of the instrument. They are subsequently measured at amortized cost using the effective interest rate method, net of impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets at fair value through net income

Financial assets measured at FVNI are measured at fair value and profits or losses are recognized in net income.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are initially measured at fair value, net of transaction costs. The financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expenses are recognized in net income. Upon derecognition, all profits or losses are also recognized in net income.

Impairment of financial assets

Financial assets that are not measured at FVNI are assessed at each reporting date to determine whether there is objective evidence of impairment. The amount of an impairment loss on a financial asset measured at amortized cost is equal to the difference between the carrying value of this asset and the value of the estimated future cash flows discounted at the initial effective interest rate of this asset. Losses are recognized in net income and deducted from the financial assets in an impairment account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment is reversed through net income.

Share issue expenses

Share issue expenses are recorded in deficit.

Stock-based compensation and other payments

The Company has a stock-based compensation plan as described in Note 8. The Company recognizes the fair value of stock options at the grant date as an expense in net income. Any consideration paid by directors and executives at the time of exercise of options or purchase is credited to share capital. Stock-based compensation expense related to the stock option plan is accounted for using the fair value method and is measured at the grant date. The value attributed to stock options is transferred to share capital upon issuance of the common shares.

In the ordinary course of business, the Company grants shares in exchange for goods or services to parties other than directors and executives. For these transactions, the Company measures the goods or services received and the increase in shareholders' equity that is the counterpart, directly at the fair value of the goods or services received, unless this fair value cannot be reliably estimated. In this case, the fair value is that of options issued on the date the goods or services are received.

Where vesting periods or conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of stock options expected to vest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income (loss) per share

Basic income (loss) per common share is calculated by dividing net income or net loss applicable to common shares by the weighted average number of common shares outstanding during the period.

Diluted income (loss) per share is calculated by taking into account the dilution that could occur if stock options and warrants to issue common shares were exercised at the beginning of the period or on the date of their issuance, whichever is later. The treasury stock method is used to determine the dilutive effect of stock options and warrants.

Fair value of warrants

The proceed from the issuance of units is distributed between shares and warrants issued based on their relative fair values using the proportional distribution method. At the time the warrants are exercised, their value is reclassified to share capital. The value of warrants that have not been exercised at maturity is reclassified to contributed surplus.

Cash and cash equivalents

The Company's cash and cash equivalents consist of bank accounts and highly liquid financial instruments with an initial term of three months or less.

4. NEW STANDARDS AND INTERPRETATIONS

New accounting standards applied

On September 1, 2020, the Company applied the following standards:

Conceptual Framework for Financial Reporting

On March 29, 2018, the International Accounting Standards Board (IASB) published a comprehensive revision of the Conceptual Framework for Financial Reporting. The IASB decided to revise the Conceptual Framework for Financial Reporting because significant issues were not addressed, and some guidance was outdated or unclear. The revised version includes, for example, a new section on evaluation, guidance on the presentation of financial performance and improved definitions of an asset and a liability and guidance to support those definitions. The conceptual framework assists entities in developing their accounting policies when no IFRS applies to a particular situation. This revision did not have any impact on the Company's financial statements.

IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

On October 31, 2018, the IASB published an amendment to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The amendment, entitled “Definitions of Material”, clarifies the definition of material in IAS 1 and the explanations accompanying that definition, and aligns the definitions used in the various IFRS standards. This amendment did not have any impact on the Company's financial statements.

4. NEW STANDARDS AND INTERPRETATIONS (continued)

New standards and interpretations not yet effective

The IASB and the International Financial Reporting Interpretation Committee (IFRIC) have published new standards whose application will be mandatory for fiscal years beginning after September 2021 or subsequent years. Many of these new accounting policies do not apply to the Company, so they are not discussed below.

New future accounting standards

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

On May 14, 2020, the IASB issued Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37), amending the standard regarding costs the Company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. These amendments will apply to financial statements beginning on or after January 1, 2022. The Company has not yet assessed the impact of these amendments on its financial statements.

IAS 1 - Presentation of Financial Statements

The IASB published an amendment to IAS 1 - Presentation of Financial Statements. The amendment concerns the classification of liabilities as current or non-current and only affects the presentation of liabilities in the statement of financial position, and not the amount or timing of recognition of any asset, liability income or expense, or the information that entities disclose about those items. The provisions of this amendment will apply retrospectively to financial statements beginning on or after January 1, 2022. Early adoption is permitted.

On July 15, 2020, the IASB published an amendment to IAS 1 - Presentation of Financial Statements that postpones the effective date to financial statements beginning on or after January 1, 2023. The Company has not yet assessed the impact of this amendment on its financial statements.

5. OTHER RECEIVABLES

During the period and following the signature of the Merger and Plan of Merger Agreement, the Company advanced, at various times, $500,000 to Potbotics Inc. (Potbotics). In exchange for receiving these funds, Potbotics issued to the Company promissory notes in same amounts to the Company. These notes have a maturity of twenty-four (24) months from their date of issuance. They bear interest at six percent (6%) per annum payable on maturity together with the principal if the companies have not merged by that date. Following the merger, these notes will be cancelled.

6. ACCOUNTS PAYABLE

	November 30, 2020	August 31, 2020
Suppliers accounts and accrued liabilities	$ 77,643	$ 50,966

As at November 30, 2020, supplier accounts totalling $35,000 (August 31, 2020 - $35,000) due under the specified terms had not been repaid at due date.

7. SHARE CAPITAL

Authorized share capital

Authorized, unlimited in number and without par value

Common shares, participating and voting

The Company completed the following private placements:

(i) On October 2, 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 $54,598 and the warrants a value of $27,402. The Company also issued 490,816 common shares as payment for operating expenses at a value of $24,510.

(ii) 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 $0.075 per share for a period of five years. The shares had a value of $40,000 and the warrants a value of $26,000. The Company also issued 292,386 common shares as payment for operating expenses at a value of $14,619.

(iii) On April 6, 2020, the Company completed a private placement by issuing 2,100,000 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 $0.075 per share for a period of five years. The shares had a value of $51,774 and the warrants a value of $33,226. The Company also issued 430,994 common shares as payment for operating expenses at a value of $21,550.

(iv) On August 24, 2020, the Company completed a private placement by issuing 1,755,000 common share units for an amount of $70,200. 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 $0.075 per share for a period of five years. The shares had a value of $42,545 and the warrants a value of $27,655. The Company also issued 3,520,536 common shares as payment for operating expenses at a value of $138,400 and 1,545,000 common shares with warrants as payment for operating expenses, each warrant giving the holder the right to acquire an additional share at a price of $0.075 per share for a period of five years. The shares had a value of $42,210 and the warrants a value of $28,789.

7. SHARE CAPITAL (continued)

Authorized share capital

(v) On September 14, 2020, the Company completed a private placement by issuing 2,800,000 common share units for an amount of $112,000. 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 $0.075 per share for a period of five years. The shares had a value of $68,220 and the warrants a value of $43,780.

(vi) As at November 30, 2020, the Company had collected an amount of $1,447,000 from investors which were to be converted in December 2020 by the issuance of 36,175,000 units. 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 $0.075 per share for a period of five years. The shares had a value of $876,970 and the warrants a value of $570,030.

Warrants

As at November 30, 2020, the issued and outstanding warrants to purchase shares gave the holders the right to subscribe to an equal number of common shares as follows:

						Assumptions used		
	Transaction	Number of warrants	Term	Exercise price	Value in dollars	Volatility	Risk-free rate	Share price
Balance as at August 31, 2017		-			$ -			
September 15, 2017	Issued	5,502,000	60 months	$ 0.20	145,641	100%	1.76%	$ 0.10
September 29, 2017	Issued	734,900	60 months	$ 0.20	19,453	100%	1.76%	$ 0.10
November 28, 2017	Issued	1,393,737	60 months	$ 0.20	36,893	100%	1.76%	$ 0.10
January 18, 2018	Issued	1,000,000	60 months	$ 0.20	26,471	100%	1.76%	$ 0.10
February 15, 2018	Issued	550,000	60 months	$ 0.20	14,560	100%	1.76%	$ 0.10
May 24, 2018	Issued	900,000	60 months	$ 0.20	23,824	100%	1.76%	$ 0.10
July 24, 2018	Issued	850,000	60 months	$ 0.20	22,500	100%	1.76%	$ 0.10
August 28, 2018	Issued	130,000	60 months	$ 0.20	3,441	100%	1.76%	$ 0.10
Balance as at August 31, 2018		11,060,637			$ 292,783			
November 20, 2018	Issued	2,100,000	60 months	$ 0.20	18,934	100%	1.76%	$ 0.05
January 14, 2019	Issued	650,000	60 months	$ 0.20	5,861	100%	1.76%	$ 0.05
March 18, 2019	Issued	1,700,000	60 months	$ 0.20	15,328	100%	1.76%	$ 0.05
May 23, 2019	Issued	1,100,000	60 months	$ 0.20	9,918	100%	1.76%	$ 0.05
August 20, 2019	Issued	1,300,000	60 months	$ 0.20	17,334	100%	1.76%	$ 0.04
Balance as at August 31, 2019		17,910,637			$ 360,158			
October 2, 2019	Issued	2,050,000	60 months	$ 0.20	27,402	100%	1.66%	$ 0.04
December 23, 2019	Issued	1,650,000	60 months	$ 0.075	26,000	100%	1.68%	$ 0.04
April 6, 2020	Issued	2,100,000	60 months	$ 0.075	32,832	100%	0.44%	$ 0.04
August 24, 2020	Issued	1,755,000	60 months	$ 0.075	27,655	100%	0.28%	$ 0.04
August 24, 2020	Issued	920,000	60 months	$ 0.075	18,941	100%	0.28%	$ 0.05
August 24, 2020	Issued	625,000	60 months	$ 0.075	9,848	100%	0.28%	$ 0.04
Balance as at August 31, 2020		27,010,637			$ 502,836			
September 14, 2020	Issued	2,800,000	60 months	$ 0.075	43,780	100%	0.25%	$ 0.04
Balance as at November 30, 2020		29,810,637			546,616			

The value of the warrants was determined according to the Black & Scholes pricing model.

7. SHARE CAPITAL (continued)

Warrants

Number of warrants	Exercise price	Expiration date
5,502,000	$0.20	September 15, 2022
734,900	$0.20	September 29, 2022
1,393,737	$0.20	November 28, 2022
1,000,000	$0.20	January 18, 2023
550,000	$0.20	February 15, 2023
900,000	$0.20	May 24, 2023
850,000	$0.20	July 24, 2023
130,000	$0.20	August 28, 2023
2,100,000	$0.20	November 20, 2023
650,000	$0.20	January 14, 2024
1,700,000	$0.20	March 18, 2024
1,100,000	$0.20	May 23, 2024
1,300,000	$0.20	August 20, 2024
2,050,000	$0.20	October 2, 2024
1,650,000	$0.075	December 23, 2024
2,100,000	$0.075	April 6, 2025
1,755,000	$0.075	August 24, 2025
920,000	$0.075	August 24, 2025
625,000	$0.075	August 24, 2025
2,800,000	$0.075	September 14, 2025

The average life of the issued and outstanding warrants was 3.12 years as at November 30, 2020.

8. STOCK OPTIONS

Stock option plan

The Company had adopted a stock option plan under which the Board of Directors may grant non-transferable stock options to directors, executives, employees and consultants of the Company to acquire common shares, which can be exercised within four or five years from the date of the grant.

Under the option plan, 300,000 options (November 30, 2019 - 600,000) were granted during the period ended November 30, 2020 for a value of $7,350 (November 30, 2019 - $19,440) (recognized as remuneration of directors), according to the Black & Scholes option pricing model.

The determination of the volatility assumption of stock options is based on a historical volatility analysis over a period equal to the life of the options.

8. STOCK OPTIONS (continued)

Stock option plan

The following table summarizes the status of the stock option plan and changes incurred during the periods:

						Assumptions used			
	Transaction	Number of options	Weighted average exercise price	Remaining contractual term in years	Fair value in dollars	Volatility	Risk-free rate	Share price	Term
Outstanding as at August 31, 2017		-			$ -				
March 15, 2018	Issued	1,200,000	$ 0.10	2.3	$ 90,000	100%	1.5%	$ 0.10	5 years
August 21, 2018	Issued	645,000	$ 0.10	2.7	$ 48,375	100%	1.5%	$ 0.10	5 years
Outstanding as at August 31, 2018		1,845,000	$ 0.10		$ 138,375				
June 1, 2019	Issued	2,055,000	$ 0.10	3.5	$ 66,582	100%	1.5%	$ 0.05	5 years
Outstanding as at August 31, 2019		3,900,000	$ 0.10		$ 204,957				
October 2, 2019	Issued	600,000	$ 0.10	3.8	$ 14,700	100%	1.34%	$ 0.04	5 years
Outstanding and exercisable as at August 31, 2020		4,500,000	$ 0.10		$ 219,657				
September 15, 2020	Issued	300,000	$ 0.10	3.8	$ 7,350	100%	0.25%	$ 0.04	4 years
Outstanding and exercisable as at November 30, 2020		4,800,000	$ 0.10		$ 227,007				

9. CAPITAL MANAGEMENT

The Company defines the components of its capital structure as its total equity.

With respect to capital management, the Company's objectives are to preserve its ability to continue as a going concern in order to ensure its long-term viability and provide adequate returns to its shareholders in the future. The Company finances its operations by issuing shares.

The Company's capital management objectives and policies have not changed since September 1, 2013.

In order to maintain or adjust its capital structure, the Company may issue new shares or debt.

10. INCOME (LOSS) PER SHARE

The following table presents the basic weighted average number of common shares outstanding:

	Period ended November 30,	
	2020	2019
Basic weighted average number of common shares outstanding	37,218,864	22,567,622
Elements excluded from the diluted income (loss) per share		
Stock options	4,800,000	4,500,000
Warrants	29,810,637	19,960,637

For the period ended November 30, 2020 and 2019, there is no difference between the basic and diluted net loss per share as the dilutive effect of stock options and warrants was not included in the calculation; otherwise, the effect would have been anti-dilutive. As a result, the diluted net loss per share has been calculated based on the basic weighted average number of shares outstanding.

11. RELATED PARTY TRANSACTIONS

Related parties of the Company include the Company'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 Company considers its directors and executives to be key management personnel. Key management personnel compensation for the periods are as follows:

	Period ended November 30,	
	2020	2019
Consulting fees*	$ 30,000	$ 30,000
Remuneration of directors - stock-based compensation	7,350	19,440
Office expense - rent	-	3,000
Total	$ 37,350	$ 52,440

* Consulting fees for a director of the Company 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.

12. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk of financial loss for the Company if a counterpart fails to meet its obligations. The maximum credit risk is equal to the Company's cash, advance to a director and other receivables. The credit risk on cash is limited as the contracting party is a financial institution with a high credit rating. The Company does not expect to be exposed to a higher than normal credit risk with respect to the advance to a director and other receivables. For other receivables, if the transaction mentioned in Note 13 does not materialize, the credit risk will be higher.

Liquidity risk

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

The Company monitors its liquidity, allowing it to seek additional liquidity in a timely manner when necessary. The necessary financing is provided through the issuance of shares that enable the Company to continue as a going concern.

As at November 30, 2020, the Company had current liabilities totaling $77,643 (August 31, 2020 - $55,298).

Fair value

The carrying amounts of cash, advance to a director, other receivables and accounts payable represent a reasonable estimate of their fair value due to the short-term maturities of these instruments.

Financial instruments recognized at fair value are classified in a hierarchy that reflects the importance of data used to compile the ratings. This hierarchy includes three levels:

Level 1 - Prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - Evaluation based on data from observable market for the asset or liability, directly or indirectly obtained.

Level 3 - Evaluation based on data other than observable market for the asset or liability.

Cash is classified in Level 1.

During the periods ended November 30, 2020 and 2019, there were no transfers in assessments of financial assets between the different levels.

13. SIGNIFICANT EVENTS

Formal letter of intent and Signature of Merger and Plan of Merger Agreement

On June 17, 2019, the Company concluded the negotiations with PotBotics/RYAH (Potbotics) by signing a formal letter of intent. On November 12, 2019, the deadline of the formal letter of intent was extended. The transaction was structured in the form of a reverse takeover of the Company by Potbotics. The Company shall purchase all the shares and other securities of Potbotics. The final transaction is subject to the receipt of legal and fiscal guarantees as well as for securities. The transaction is also conditional upon the receipt of a notice of conditional approval of the listing of the resulting company's shares on the Canadian Securities Exchange (CSE). The Merger and Plan of Merger Agreement was formally signed between the parties on September 16, 2020.

At the annual general and special meeting held in August 2019, the following resolutions were adopted, but remain to be fulfilled:

- Change of the name of the Company;
- Consolidation of the Company's shares; and
- Creation of 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.

Coronavirus pandemic (COVID-19)

The coronavirus pandemic (COVID-19) results in an economic downturn across all markets, which has potential financial impacts on the Company. At the date of the report, this pandemic has not had any major negative consequences of the Company's activities. Negociations with PotBotics continued and have now entered their final stages and should lead to the listing of the combined compagnies' shares on the CSE. The duration and the impact of the pandemic cannot be determined. It is therefore difficult to reliably estimate the potential financial impacts of that uncertainty.

14. SUBSEQUENT EVENTS

As stated in the Merger and Plan of Merger Agreement, the parties amended some of the merger conditions. The Company agreed to take the responsibility of raising the funds required to meet the CSE listing approval conditions, which also includes supplying sufficient funds to the resulting issuer so it can meet its operational needs for the first year. In exchange, Potbotics agreed to cancel the requirement to see the Company consolidate its shares and to change the number of subordinate voting shares to be issued in exchange for the Company's shares at the time of the merger.

The Company agreed to finance Potbotics operations and cash needs until the formal merger and the listing of the Company's shares on the CSE. The Company agreed to finance an amount of $2.8 million. Potbotics also allowed the Company to issue a sufficient number of shares so it could meet its operational needs and financial obligations. The final figure is to be determined by the number of shares issued and outstanding in the Company after completing financings so it could meet these requirements.

14. SUBSEQUENT EVENTS (continued)

On December 1, 2020, the Company completed a private placement by issuing 13,166,843 common shares and common share units. Of this amount, the Company raised $500,000 through the issuance of 12,500,000 common share units. 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 $0.075 per share for a period of five years. An additional 666,843 shares were issued in payment for services rendered to the Company by consultants for a value of $26,673. No warrants were issued as part of this compensation.

On December 15, 2020, the Company completed a private placement by issuing 48,000,000 common share units for an amount of $1,920,000. 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 $0.075 per share for a period of five years.

As at November 30, 2020, the Company has cashed an amount of $1,447,000 from the private placements of December 1, 2020 and December 15, 2020, and has consequently recognized shares subscribed but not issued in the amount of $876,970 and warrants subscribed but not issued in the amount of $570,030.

On January 14, 2021, the Company completed a private placement by issuing 41,549,735 common shares and common share units. Of this amount, the Company raised $1,650,400 through the issuance of 41,260,000 common share units. 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 $0.075 per share for a period of five years. An additional 289,735 shares were issued in payment for services rendered to the Company by consultants for a value of $11,589. No warrants were issued as part of this compensation.

On January 25, 2021, the Company completed a private placement by issuing 20,239,148 common shares and common share units. Of this amount, the Company raised $800,000 through the issuance of 20,000,000 common share units. 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 $0.075 per share for a period of five years. An additional 239,148 shares were issued in payment for services rendered to the Company by consultants for a value of $9,565. No warrants were issued as part of this compensation.

From these subscriptions, subscriptions totalling 109,260,000 shares and warrants are conditional to the listing of the Company on the Canadian Securities Exchange. If this condition is not met, the cashed amounts will be reclassified in liabilities.

During the period and following the signature of the Merger and Plan of Merger Agreement, the Company advanced $500,000 to Potbotics. In exchange for receiving these funds, Potbotics issued to the Company promissory notes in same amount. Following the merger, these notes will be cancelled (Note 5).

Since the end of the period, the Company advanced an additional $300,000 to Potbotics under the same conditions and it advanced an amount of $97,100 to Boris Goldstein, Potbotics' chairman, under the same conditions. Following the merger, these notes will be cancelled.

At the end of the period, an amount of $50,000 is shown as having been advanced to M. Beausoleil, the Company's President. Since that time, this advance has been reimbursed by Mr. Beausoleil.

SCHEDULE "I"
INTERIM MD&A OF PRIME FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

(See attached)

PRIME BLOCKCHAIN INC.
(formerly Investissements TSPL Inc.)
Management Discussion and Analysis
For the period ending on November 30, 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 November 30, 2020 and November 30, 2019. This version is dated March 1, 2021, and has been prepared taking into consideration the changes needed following a review of the quarterly financial statement for the period indicated above. This review is needed for the purpose of meeting the rules of the Canadian Securities Exchange as part of the merger transaction between Potbotics and Prime and the related listing of the resulting issuer's shares on this exchange. Some of the information in the Financial Statements and the MD&A takes into consideration events and activities which happened between the filing of the initial MD&A and Financial Statements, on SEDAR, on January 28, 2021, and March 1, 2021.

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 3 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 Financial Statements.

For more information, please visit the SEDAR web site at 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.

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting. These interim condensed financial statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with our most recent annual financial statements and the basis of going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

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 November 30, 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 classify 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 March 1, 2021.

-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 concluding a Reverse Takeover (¨RTO¨), with Potbotics Inc. which was initially announced on June 27, 2019 and the subject of other press releases since then. This will transform the Corporation so it can become active commercially.

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 $115,118 during the period ended November 30, 2020 (2019 - $110,818), 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. Since the year-end it issued shares to pay its operating debts. 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, 2020, and the three months ended on November 30, 2020, the Corporation completed the following private placements:

(i) On October 2, 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 $54,598 and the warrants a value of $27,402. The Company also issued 490,816 common shares as payment for operating expenses at a value of $24,510.

(ii) 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 $0.075 per share for a period of five years. The shares had a value of $40,000 and the warrants a value of $26,000. The Company also issued 292,386 common shares as payment for operating expenses at a value of $14,619.

(iii) On April 6, 2020, the Company completed a private placement by issuing 2,100,000 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 $0.075 per share for a period of five years. The shares had a value of $51,774 and the warrants a value of $33,226. The Company also issued 430,994 common shares as payment for operating expenses at a value of $21,550.

(iv) On August 24, 2020, the Company completed a private placement by issuing 1,755,000 common share units for an amount of $70,200. 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 $0.075 per share for a period of five years. The shares had a value of $42,545 and the warrants a value of $27,655. The Company also issued 3,520,536 common shares as payment for operating expenses at a value of $138,400 and 1,545,000 common shares with warrants as payment for operating expenses, each warrant giving the holder the right to acquire an additional share at a price of $0.075 per share for a period of five years. The shares had a value of $42,210 and the warrants a value of $28,789.

(v) On September 14, 2020, the Company completed a private placement by issuing 2,800,000 common share units for an amount of $112,000. 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 $0.075 per share for a period of five years. The shares had a value of $68,220 and the warrants a value of $43,780.

(vi) As of November 30, 2020, the company had collected an amount of $ 1,447,000, from investors, which were to be converted in December 2020 to 36,175,000 Common Share units at a price of $0.04 per unit. Each unit consists in one share and one warrant, each warrant giving the holder the right to acquire an additional share at a price of $0.075 for a period of five years. The shares had a value of $876,970 and the warrants a value of $570,030.

COVID-19

The Corporation does not have any ongoing operations except to conclude the proposed RTO transaction. 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 if the proposed RTO is not completed. 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 investors. To meet its need, 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. This is also the approach followed in its exchange of documents with Potbotics and its management and board of directors.

MERGER WITH POTBOTICS

The current financial crisis has also slowed down the pace at which the proposed merger with PotBotics is progressing. In early September Prime and Potbotics signed the Merger and Plan of Merger Agreement finalizing the conditions under which the merger was going to be concluded.

Under the Merger and Plan of Merger Agreement Prime Blockchain Inc. agreed to take the responsibility of raising the funds required to meet the CSE listing approval conditions which also includes supplying sufficient funds to the resulting issuer so it can meet its operational needs for the first year. In exchange, Potbotics agreed to cancel the requirement to see Prime consolidate its shares and to change the number of subordinate voting shares to be issued in exchange for the Prime shares at the time of the merger.

Prime agreed to finance Potbotics operations and cash needs until the formal merger and the listing of the Company’s shares on the CSE for an amount of CAD2.8 million. Potbotics also allowed Prime to issue a sufficient number of shares so it could meet its own operational needs and financial obligations. The final figure is to be determined by the number of shares issued and outstanding in Prime after completing the financings so it could meet these requirements.

2. FINANCIAL OVERVIEW

Prime Blockchain incurred costs for the advancement of the proposed merger with Potbotics, during the period.

The Corporation's operations were partly financed via accounts payable. 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.

As discussed in **Section 1. Merger with Potbotics** the conditions of the merger were amended and Prime undertook to raise the financing to meet the CSE listing conditions and meet operational needs. As a result of these additional responsibilities the Company found itself at the end of the period with$959,540 in cash compared to $3,179 during the same period in 2019. It had $11,277 in GST receivable compared to none in 2019. A sum of $53,128 was advanced to a Director which was reimbursed in February 2021. This compares to $50,000 at August 31, 2020.

As part of the funds obtained during the period ending on November 30, 2020, the Company advanced $500,000 to Potbotics, under the terms of the Merger and Plan of Merger Agreement. Potbotics issued promissory notes to Prime for these advances that carry an annual interest of 6%. As required under IFRS accounting standards the Company must reflect the accrued interest on these notes resulting in an additional amount of $2,811 shown under Non-Current Assets of $502,811. This compares to none at August 31, 2020, when no such advance existed. Accounts payable totaled $77,643 compared to $50,966 at August 31, 2020. As agreed to, in the Agreement, no accounts payable will exist on the merger date. No amounts were payable to a director, without interest, at the end of the 2020 period while $1,167 was shown at August 31, 2020. Similarly, at August 31, 2020 the sum of $3,165 was owed in GST to the government, this amount was reimbursed as part of the refunds obtained during the year and at the end of the period no such amount was owed to the government.

During the period ended November 30, 2020, the Corporation incurred $1,504 of travel expenses in its search for capital to meet its cash needs and to find the needed capital to qualify for listing, compared with $4,172 in 2019. This reduction in travel expenses was mainly due to the fact that most of the travel since the onset of COVID-19 has been either eliminated or mostly done by car and train, which is less expensive than airplane travel.

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 $76,335 in consulting fees compared to $61,760 in 2019, when it was looking for projects or acquisition targets. This increase in consulting fees was in mostly due to the bonuses paid for completing the RTO. 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 related parties which is discussed at length in the relevant portion of this MD&A.

The Corporation incurred professional fees of $50,187 at August 31, 2020 compared to $105,719 at August 31, 2019. The main reason for this reduction is due to the fact that the Corporation didn't initiate any activities related to the signing of a potential acquisition agreement during the last year, since a merger candidate had been identified.

Office Expenses were $3,639 during the period ($4,820 – 2019). This is mostly due to the Company's reduced activities because of the signing of the merger with Potbotics and COVID-19. Financial fees were $777, during the period vs $192 in 2019, which are mainly due to added banking, fund transfer and related fees. Listing fees came in at $10,434 vs $7,494 during the same period in 2019. This increase was due to added filings with the regulators and the issuance of more news releases. The reduction of Renumeration to Directors from $19,440 during the period in 2019 to $7,350 in 2020 came from the smaller number of options being granted during the period.

3. SUMMARY OF RESULTS

Years ended August 31	**2020**	2019	2018
	$	$	$
Revenues	-	-	-
Expenses	461 252	508 981	687 359
Gain on debt settlement	-	6 417	14 265
Loss resulting from the holding of an investment	-	-	27 909
Net loss and comprehensive income	(461 252)	(502 564)	(701 003)
Basic and fully diluted net loss per share	(0.020)	(0.030)	(0.070)

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

In Dollars	**Nov. 30, 2020**	**Aug. 31, 2020**	**May 31, 2020**	**Feb. 29, 2020**	**Nov. 30, 2019**	**Aug. 31, 2019**	**May 31, 2019**	**Feb. 28, 2019**
Gain on debt settlement	-	-	-	-	-	6 417	-	-
Revenue	2 811	-	-	-	-	-	-	-
Expenses	117 929	219 914	19 747	110 773	110 818	202 987	104 301	127 293
Net loss	(115 118)	(219 914)	(19 747)	(110 773)	(110 818)	(196 570)	(104 301)	(127 293)
Basic loss per share	(0.003)	(0.006)	(0.001)	(0.005)	(0.050)	(0.030)	(0.006)	(0.008)

4. SUMMARY OF STATEMENTS OF FINANCIAL POSITION

	November 30, 2020	**August 31,2020**
Current assets	$1,023,945	$53,179
Non-Current assets	$502,811	-
Total Assets	$1,526,756	$53,179
Current liabilities	$77,643	$55,298
Total Liabilities	$77,643	$55,298

5. SUMMARY OF CASH FLOWS

	November 30, 2020	November 30,2019
Operating activities	($98,344)	$(83,358)
Investing activities	($504,295)	-
Financing activities	$1,559,000	$82,000
Net increase (decrease) in cash	$956,361	($1,358)

At November 30, 2020, Prime Blockchain Inc. had a positive working capital amounting to $946,302 compared to a negative working capital amounting to $2,119 at August 31, 2020.

6. SUMMARY OF SHAREHOLDERS' EQUITY

	March 1, 2021	November 30, 2020	August 31, 2020	August 31, 2019
Number of shares outstanding	160,630,360	37,649,633	34,849,633	21,014,901
Stock options	4,800,000	4,800,000	4,500,000	3,900,000
Warrants	151,570,637	29,810,637	27,010,637	17,910,637

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.

During the period ended November 30, 2020, 300,000 options were granted to Directors and Officers.

As at November 30, 2020, the number of issued and outstanding shares was 37,649,633. The number of warrants issued was 29,810,637.

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 November 30, 2020	2019
Consulting fees*	30,000	30,000
Remuneration of directors – stock-based compensation	7,350	19,440
Office expense- rent	-	3,000
Total	$ 37,350	$ 52,440

* 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 November 30, 2020, accounts payable totaled $77,643 ($50,966 as at August 31, 2020) and an amount of $0, payable to a director, without interest ($1,167 as at August 31, 2020).

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 the proposed merger and meeting any minimum funding requirements to meet CSE listing conditions which are unknown at this stage. While Prime will endeavour to have as little payables as possible on the merger date it expects that any remaining payable will be covered by the funds in excess of $2.8 million it has raised to date.

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.

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.

The estimates that have the most significant impact on the amounts recognized in the financial statements are as follows:

- Fair value of shares, warrants and stock options.

There has been no material change in the accounting policies and estimates of the Corporation since August 31, 2020. A full description of the accounting policies is presented in the corresponding section 3 of the financial statements.

New applied accounting standards:

On September 1, 2020, the Company applied the following standards:

Conceptual Framework for Financial Reporting

On March 29, 2018, the International Accounting Standards Board (IASB) published a comprehensive revision of the Conceptual Framework for Financial Reporting. The IASB decided to revise the Conceptual Framework for Financial Reporting because significant issues were not addressed, and some guidance was outdated or unclear. The revised version includes, for example, a new section on evaluation, guidance on the presentation of financial performance and improved definitions of an asset and a liability and guidance to support those definitions. The conceptual framework assists entities in developing their accounting policies when no IFRS applies to a particular situation. This revision did not have any impact on the Company's financial statements.

IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

On October 31, 2018, the IASB published an amendment to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The amendment, entitled “Definitions of Material”, clarifies the definition of material in IAS 1 and the explanations accompanying that definition, and aligns the definitions used in the various IFRS standards. This amendment did not have any impact on the Company's financial statements.

New standards and interpretations not yet effective

The IASB and the International Financial Reporting Interpretation Committee (IFRIC) have published new standards whose application will be mandatory for fiscal years beginning after September 2021 or subsequent years. Many of these new accounting policies do not apply to the Company, so they are not discussed below.

New future accounting standards

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

On May 14, 2020, the IASB issued Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37), amending the standard regarding costs the Company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. These amendments will apply to financial statements beginning on or after January 1, 2022. The Company has not yet assessed the impact of these amendments on its financial statements.

IAS 1 - Presentation of Financial Statements

The IASB published an amendment to IAS 1 - Presentation of Financial Statements. The amendment concerns the classification of liabilities as current or non-current and only affects the presentation of liabilities in the statement of financial position, and not the amount or timing of recognition of any asset, liability income or expense, or the information that entities disclose about those items. The provisions of this amendment will apply retrospectively to financial statements beginning on or after January 1, 2022. Early adoption is permitted.

On July 15, 2020, the IASB published an amendment to IAS 1 - Presentation of Financial Statements that postpones the effective date to financial statements beginning on or after January 1, 2023. The Company has not yet assessed the impact of this amendment on its financial statements.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit risk

Credit risk is the risk of financial loss for the Company if a counterpart fails to meet its obligations. The maximum credit risk is equal to the Company's cash, advance to a director and other receivables. The credit risk on cash is limited as the contracting party is a financial institution with a high credit rating. The Company does not expect to be exposed to a higher than normal credit risk with respect to the advance to a director. For other receivables, if the transaction mentioned in Note 13 does not materialize, the credit risk will be higher.

Liquidity risk

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

The Company monitors its liquidity, allowing it to seek additional liquidity in a timely manner when necessary. The necessary financing is provided through the issuance of shares that enable the Company to continue as a going concern.

As at November 30, 2020, the Company had current liabilities totaling $77,643 (August 31, 2021 - $55,298).

Fair Value

The carrying amounts of cash, advance to a director, other receivables and accounts payable represent a reasonable estimate of their fair value.

Financial instruments recognized at fair value are classified in a hierarchy that reflects the importance of data used to compile the ratings. This hierarchy includes three levels:

Level 1 - Prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - Evaluation based on data from observable market for the asset or liability, directly or indirectly obtained.

Level 3 - Evaluation based on data other than observable market for the asset or liability.

Cash is classified in Level 1.

During the period ended November 30, 2020 and 2019, there were no transfers in assessments of financial assets between the different levels.

13. SIGNIFICANT EVENTS

On June 17, 2019, the Company concluded the negotiations with PotBotics (¨Potbotics¨) by signing a formal letter of intent (¨LOI¨). On November 12, 2019, the deadline of the formal letter of intent was extended. On September 16, 2020, the Company signed the formal Merger and Plan of Merger Agreement with POTBOTICS, replacing the previously signed LOI. Some of the conditions were changed and they are outlined below. The transaction is structured in the form of a reverse takeover of the Company by POTBOTICS. The Company shall purchase all of the shares and other securities of POTBOTICS. The final transaction is subject to the receipt 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 Securities Exchange (CSE).

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.

The Merger and Plan of Merger Agreement calls for Prime to initially lend to POTBOTICS the sum of CA$100,000 which was done on September 16, 2020. Prime has also taken the responsibility of raising the needed capital to qualify for listing on the CSE, which it has mostly raised. Currently this amount is unknown since it will be supplied to the Parties at the time when the Conditional Approval for Listing is received. In addition, the Parties have agreed to NOT ask Prime to consolidate its shares, as was originally required under the LOI. The Company will proceed with the proposed name change and the creation of the two (2) classes of common shares.

14. SUBSEQUENT EVENTS

As stated in the Merger and Plan of Merger Agreement, the parties amended some of the merger conditions. The Company agreed to take the responsibility of raising the funds required to meet the CSE listing approval conditions, which also includes supplying sufficient funds to the resulting issuer so it can meet its operational needs for the first year. In exchange, Potbotics agreed to cancel the requirement to see the Company consolidate its shares and to change the number of subordinate voting shares to be issued in exchange for the Company's shares at the time of the merger.

The Company agreed to finance Potbotics operations and cash needs until the formal merger and the listing of the Company's shares on the CSE. The Company agreed to finance an amount of $2.8 million. Potbotics also allowed the Company to issue a sufficient number of shares so it could meet its operational needs and financial obligations. The final figure is to be determined by the number of shares issued and outstanding in the Company after completing financings so it could meet these requirements.

On December 1, 2020, the Company completed a private placement by issuing 13,166,843 common shares and common share units. Of this amount, the Company raised $500,000 through the issuance of 12,500,000 common share units. 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 $0.075 per share for a period of five years. An additional 666,843 shares were issued in payment for services rendered to the Company by consultants for a value of $26,673. No warrants were issued as part of this compensation.

On December 15, 2020, the Company completed a private placement by issuing 48,000,000 common share units for an amount of $1,920,000. 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 $0.075 per share for a period of five years.

As at November 30, 2020, the Company has cashed an amount of $1,447,000 from the private placements of December 1, 2020 and December 15, 2020, and has consequently recognized shares subscribed but not issued in the amount of $876,970 and warrants subscribed but not issued in the amount of $570,030.

On January 14, 2021, the Company completed a private placement by issuing 41,549,735 common shares and common share units. Of this amount, the Company raised $1,650,400 through the issuance of 41,260,000 common share units. 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 $0.075 per share for a period of five years. An additional 289,735 shares were issued in payment for services rendered to the Company by consultants for a value of $11,589. No warrants were issued as part of this compensation.

On January 25, 2021, the Company completed a private placement by issuing 20,239,148 common shares and common share units. Of this amount, the Company raised $800,000 through the issuance of 20,000,000 common share units. 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 $0.075 per share for a period of five years. An additional 239,148 shares were issued in payment for services rendered to the Company by consultants for a value of $9,565. No warrants were issued as part of this compensation.

14. SUBSEQUENT EVENTS (continued)

From these subscriptions, subscriptions totalling 109,260,000 shares and warrants are conditional to the listing of the Company on the Canadian Securities Exchange. If this condition is not met, the cashed amounts will be reclassified in liabilities.

During the period and following the signature of the Merger and Plan of Merger Agreement, the Company advanced $500,000 to Potbotics. In exchange for receiving these funds, Potbotics issued to the Company promissory notes in same amount. Following the merger, these notes will be cancelled (Note 5).

Since the end of the period, the Company advanced an additional $300,000 to Potbotics under the same conditions and it advanced an amount of $97,100 to Boris Goldstein, Potbotics' chairman, under the same conditions. Following the merger, these notes will be cancelled.

At the end of the period, an amount of $50,000 is shown as having been advanced to M. Beausoleil, the Company's President. This advance was reimbursed by Mr. Beausoleil in February, 2021.

14. OTHER INFORMATION

Additional information about the Corporation is available on SEDAR at www.sedar.com.

(s) Serge Beausoleil

Serge Beausoleil
Director and Chief Financial Officer
March 1, 2021