NASS VALLEY GATEWAY LTD

Condensed Interim Consolidated Financial Statements

Three And Nine Months Ended

September 30, 2021 and 2020

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim consolidated financial statements by an entity's auditor.

Nass Valley Gateway Ltd

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at September 30, 2021, (Unaudited)	As at December 31, 2020, (Audited)
ASSETS		
Current assets		
Cash	**$ 304**	$ 826,908
Inventory	**291,599**	23,254
Other receivable	**5,264**	5,264
Due from related parties (note 8)	**932,465**	508,175
Assets held for sale (note 5)	**16,794**	16,782
Total assets	**$ 1,246,426**	$ 1,380,383
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**96,667**	87,292
Due to related parties (note 8)	**8,258,618**	4,388,337
Liabilities directly associated with assets held for sale (note 5)	**5,030,185**	4,935,220
Total Liabilities	**13,385,470**	9,410,849
Shareholders' deficiency		
Share capital (note 7)	**1,329,274**	1,329,274
Reserve	**457,370**	457,370
Deficit	**(14,150,297)**	(10,106,942)
Accumulated other comprehensive income (loss)	**224,609**	289,832
Total shareholders' deficiency	**(12,139,044)**	(8,030,466)
Total liabilities and shareholders' deficiency	**$ 1,246,426**	$ 1,380,383

Nature of operations and going concern (note 1); Commitments and contingencies (note 9)

Approved on behalf of the Board of Directors:

"Michael Semler", Director   "Michael Racaniello", Director

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

Nass Valley Gateway Ltd
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Fee revenue	**$ 25,748**	$ -	**$ 44,515**	$ -
Cost of sales				
Purchases	**13,376**	-	**22,760**	-
Gross margin	**12,372**	-	**21,755**	-
Operating expenses				
Marketing and promotion	**257,649**	28,181	**1,090,616**	118,923
Professional fees	**79,891**	156,092	**2,182,362**	324,717
Office and miscellaneous	**98,419**	66,118	**689,646**	105,454
Bank and interest charges	**4,618**	4,144	**10,751**	7,809
	(428,205)	(254,535)	**(3,951,620)**	(556,903)
Loss for continuing operations	**(428,205)**	(254,535)	**(3,951,620)**	(556,903)
Discontinued operations				
Loss from discontinued operations	**(32,244)**	-	**(91,735)**	-
Net loss	**(395,961)**	(254,535)	**(4,043,355)**	(556,903)
Other comprehensive income (loss)				
Foreign currency translation adjustment including discontinued operations	**(293,092)**	(70,187)	**(65,223)**	22,137
Net loss and comprehensive loss	**$ (689,053)**	$ (324,722)	**$ (4,108,578)**	$ (534,766)
Basic and diluted net loss per share				
Continued operations	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.00)
Discontinued operations	**$ (0.00)**	$ 0.00	**$ 0.00**	$ 0.00
Weighted average number of shares outstanding	**312,832,777**	312,832,777	**312,832,777**	312,832,777

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

Nass Valley Gateway Ltd
Condended Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

Nine Months Ended September 30,	2021	2020,
Operating activities		
Net loss for the period	**$ (4,043,355)**	$ (556,903)
Net loss from discontinued operations	**91,735**	-
Adjustment for:		
Changes in non-cash working capital items:		
Other assets	**-**	(8,000)
Inventory	**(268,345)**	(233,088)
Due from related parties	**(385,624)**	-
Accounts payable and accrued liabilities	**9,375**	(3,775)
Due to related parties	**-**	(39,003)
Other current liabilities	**-**	1,193,030
Net cash provided by (used in) operating activities	**(4,596,214)**	352,261
Financing activities		
Advances from related parties	**3,829,959**	-
Net cash provided by (used in) financing activities	**3,829,959**	-
Net change in cash	**(766,255)**	352,261
Effect of foreign currency translation	**(60,349)**	-
Cash, beginning of period	**826,908**	18,317
Cash, end of period	**$ 304**	$ 370,578

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

Nass Valley Gateway Ltd

Condensed Interim Consolidated Statements of Changes in Deficiency
(Expressed in Canadian Dollars)
(Unaudited)

	Number of shares	Amount	Reserve	Deficit	Accumulated other comprehensive Income (loss)	Total
Balance, January 1, 2020	**312,832,777**	**$ 1,329,274**	**$ 450,685**	**$ (6,945,383)**	**$ (1,928)**	**(5,167,352)**
Net loss for the period	-	-	-	(556,903)	-	(556,903)
Foreign currency adjustment	-	-	-	-	22,137	22,137
Balance, September 30, 2020	**312,832,777**	**$ 1,329,274**	**$ 450,685**	**$ (7,502,286)**	**$ 20,209**	**$(5,702,118)**
Balance, January 1, 2021	**312,832,777**	**$ 1,329,274**	**$ 457,370**	**$(10,106,942)**	**$ 289,832**	**$(8,030,466)**
Net loss for the period	-	-	-	(4,043,355)	-	(4,043,355)
Foreign currency adjustment	-	-	-	-	(65,223)	(65,223)
Balance, September 30, 2021	**312,832,777**	**$ 1,329,274**	**$ 457,370**	**$ (14,150,297)**	**$ 224,609**	**$(12,139,044)**

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

1. Nature of operations and going concern

Nass Valley Gateway Ltd. (the “Company” or “NVG”) is incorporated under the laws of British Columbia, Canada. The Company is focused on the sales of organic, non-GMO hemp-based zero THC Cannabidiol (“CBD”) products. The Company’s shares are listed on the Canadian SecuritiesExchange (“CSE”) trading under the symbol “NVG”. The principal business address of the Company is 170- 422 Richards Street, Vancouver, BC, V6B 2Z4.

On March 22, 2018 the Company announced that it had entered into Definitive Acquisition and ShareExchange Agreement (“DASE”) with Advanced Bioceutical Limited (“ABL”), and its wholly owned subsidiary Pro-Thotics Technologies Inc. (“PTI”). ABL, through PTI, is engaged in the sale of Durable Medical Equipment (“DME”) and Cannabidiol (“CBD”) with zero THC content for internal use including CBD infused skin, bath and body care products. Pursuant to the terms and conditions of the DASE the Company, on March 18, 2019 has acquired all issued and outstanding shares of ABL by issuing 280,000,000 common shares (the “Transaction”). After the Transaction, the former shareholders of ABL own approximately 89.27% of the common shares of the Company. The Transaction was considered as a reverse take-over and has been accounted as a continuation of the assets and operations of ABL and its subsidiary, PTI, together with recapitalization of ABL (note 12). After the approval of the transaction ABL and PTI are considered subsidiaries of the Company.

The listing fees in the amount of $1,550,379 is comprised of the fair value of common shares, options and warrants of the Company retained by the former shareholders of NVG, plus the amount of net liability assumed from NVG.

The fair value of the common shares issued and subscription receipts was $1,295,897, reflecting the price of common shares issued in the most recent private placement at $0.04 per common share. The average fair value of NVG options of $0.02 per option was determined using the Black-Scholes option pricing model with the following weighted average assumptions: a 1.15 year expected life; share price at the grant date of $0.04; 140% volatility; risk free interest rate of 1.57%; and a dividend yield of 0%. The average fair value of NVG warrants of $0.01 was determined using the Black-Scholes option pricing model with the following weighted average assumptions: a 0.53 year expected life; share price at the grant date of $0.04; 140% volatility; riskfree interest rate of 1.63%; and a dividend yield of 0%.

On January 29, 2020, the Company acquired 100% of equity interest of Nass Valley Gardens Inc. (“NVGI”) from two directors of the Company for a nominal consideration of US$1. On the date of acquisition, NVGI had immaterial assets or liabilities.

During the nine months period ended September 30, 2021, the Company has incurred net loss from continuing operations of $4,043,355 (September 30, 2020 - $556,903) and as at September 30, 2021, the Company had an accumulated deficit of $14,150,297 (December 31, 2020 - $10,106,942). The operations have been funded primarily by the issuance of equity, and advances from related parties. During the year 2019, the Company discontinued its PTI business as described in note 5, and accordingly, does not have a continuing operation which generates revenue, cash flow or profitability. Futureoperations of the Company are dependent upon the Company’s ability to develop a new business, receive continued financial support, and complete equity financings and ultimately the generation profitable operations. These factors raise significant doubt about the Company’s ability to continue as a going concern.

1. **Nature of operations and going concern** (continued)

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, and accordingly, do not purport to give effect to adjustments which may be required should the Company be unable to achieve the objectives above as a going concern. The net realizable value of the Company's assets may be materially less than the amounts recorded in these financial statements should the Company be unable to realize its assets and discharge its liabilities in the normal course of business.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. **Statement of compliance**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting. Accordingly, they do not include all the information required for full annual financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of November 29, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2020, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

These condensed interim consolidated financial statements have been authorized for release by the Company's Board of Directors on November 29, 2021.

3. Significant accounting policies

a) Basis of measurement and preparation

The condensed interim consolidated financial statements have been prepared on an accrual basis and are on a historical costbasis, except for certain financial instruments, which are measured at fair value. The preparation of condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in note 4.

b) Consolidation

These condensed interim consolidated financial statements consolidate the accounts of the Company and its wholly-owned subsidiaries, including ABL, PTI and NVGI. All intercompany transactions and balances are eliminated on consolidation.

c) Foreign currency

The presentation and functional currency of the Company is the Canadian dollar. The functional currency of ABL, PTI and NVGI is the US dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a currency other than the functional currency are retranslated at historical exchange rates.

d) Change in accounting policies

The Company adopted the following amendments, effective January 1, 2020. There was no material impact upon adoption of these amendments on the Company's financial statements:

<u>IAS 1 - Presentation of Financial Statements ("IAS 1") and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")</u>

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

<u>Amendment to IFRS 3 – Business combinations</u>

IFRS 3 "Business Combinations" was amended to revise the definition of the term "business". The amendments narrowed the definitions of a business and outputs and includes an optional concentration test.

4 Significant accounting estimates and judgments

The preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

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

The Company has identified the following areas where significant judgments, estimates and assumptions are made, where actual results may differ from these estimates and this may materially affect the Company's financial results or consolidated statement of financial position in future periods.

Significant areas requiring the use of management estimates include valuation of warrants and share-based payments, recognition of deferred income tax assets, and deferred income tax rates.

Significant areas requiring management judgement include:

Going concern

Assessment of the Company's ability to continue as a going concern requires estimates of future cash flows and includes the consideration of other factors, the outcomes of which are uncertain.

Utilization of deferred income tax assets

Deferred tax assets require management judgement in order to determine the amounts to be recognized and the likelihood that there will be future taxable income for which the deferred tax assets can be utilized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied.

Determination to classify assets as held for sale

Classification of assets, liabilities and operations as held for sale as discontinued operations requires management to consider its future intent for the operation and a determination about whether to continue the operation.

5. Discontinued operations

To streamline the Company's plan to focus on sale of durable medical equipment and Cannabidiol ("CBD") with zero THC content for internal use including CBD infused skin, bath and body care products, management of the Company decided to discontinue the operations of PTI. Therefore, PTI's assets and liabilities have been presented as held for sale at September 30, 2021 and December 31, 2020.

The operating results of PTI are presented as discontinued operations and there has been no activity other than interest expense of $91,735 for the nine months period ended September 30, 2021, thereby reporting net loss from discontinued operations of $91,735.

(Expressed in Canadian Dollars)

5. Discontinued operations (continued)

At September 30, 2021 and December 31, 2020, the assets and liabilities related to the disposal PTI group were as follows:

	Note	September 30, 2021	December 31, 2020
		$	$
Current assets			
Cash		-	-
Accounts receivable and prepaid		-	-
Inventory		-	-
Due from related parties	(i)	16,794	16,782
Total current assets		16,794	16,782
Non-current assets			
Equipment		-	-
Total non-current assets		-	-
Total assets held for sale		16,794	16,782
Current liabilities			
Accounts payable and accrued liabilities		564,396	563,997
Factoring agreements payable	(ii)	210,702	210,553
Due to related parties	(v)	617,948	617,575
Due to ABL	(iii)	365,684	365,684
Notes payable, current portion	(vi)	3,246,465	3,152,501
Other payable		24,990	24,910
Total current liabilities		5,030,185	4,935,220
Total liabilities directly associated with assets held for sale		5,030,185	4,935,220

(i) The due from related parties related consisted of amount receivable from two directors of the Company, representing balances incurred in the normal course of business.

(ii) PTI entered into various sales of future accounts receivable under factoring agreements for cash. These agreements are short term in nature with repayment terms ranging from 120 to 300 days, and are repayable by fixed daily payments until the agreed balance has been remitted. As of September 30, 2021, the balance due under these factoring agreements was $210,702 (December 31, 2020 - $210,553). The September 30, 2021 balance of $210,702 was overdue as of June 30, 2017.

(iii) The amount represented advances from ABL to PTI, the discontinued operations. See note 8.

(iv) During the year ended December 31, 2020, the Company wrote off assets including inventories, amounts receivable and other assets in the total amount of $106,404.

(Expressed in Canadian Dollars)

5. Discontinued operations (continued)

(v) As at September 30, 2021, the balance due to National Brace Inc., a related party under common control of a director of the Company, totaled $183,653 (USD $144,143) (December 31, 2020 - $183,523), representing balances incurred in the normal course of business. The difference is due to fluctuation of foreign exchange rates.

PTI entered into a management services agreement with NY DME, LLC ("NY DME"), a related party owned by the Company's president. NY DME provides durable medical equipment and related services and supplies to patients pursuant to the agreement. The fee for the said services is 10% of weekly collected income, as defined. During the year ended December 31, 2020, PTI incurred $nil (2019- $168,061) for services provided under the agreement. As of September 30, 2021, total amount owed to NY DME was $400,178 (USD $314,087) (December 31, 2020- $399,896), which is included in liabilities on the accompanying condensed interim consolidated statements of financial position. The difference is due to fluctuation of foreign exchange rates.

Due to related parties also included balances owing to other related parties of $34,117 as at September 30, 2021 (December 31, 2020 - $34,126), representing balances incurred in the normal course of business.

(vi) PTI had the following note payable activity for the period ended September 30, 2021 and December 31, 2020:

	Related parties	**Madison, LLC**	**Total**
	$	**$**	**$**
Balance and current portion, December 31, 2018	2,069,699	857,937	2,927,636
Accrued interest	159,228	131,363	290,591
Foreign currency translation adjustment	(140,535)	(5,970)	(146,505)
Balance, December 31, 2019	2,088,392	983,330	3,071,722
Accrued interest	40,246	108,661	148,907
Foreign currency translation adjustment	(47,460)	(20,668)	(68,128)
Balance, December 31, 2020	2,081,178	1,071,323	3,152,501
Accrued interest	28,154	63,581	91,735
Foreign currency translation adjustment	1,984	245	2,229
Balance, September 30, 2021	2,111,316	1,135,149	3,246,465

Related party notes payable

On August 18, 2016, PTI entered into a promissory note agreement with the Chief Financial Officer of the Company for USD $250,000. The note bore interest at a rate of 4% per month and had an originalmaturity date of October 18, 2016. In December 2017, the maturity date was extended to January 31, 2018, and in January 2018, the maturity date was further extended to May 17, 2018. Effective January 1, 2020, the annual interest rate is 12%. As of September 30, 2021, outstanding balance on the promissory note was $318,525 (USD$250,000) (December 31, 2020 - $318,300) and interest payable was $582,396 (December 31, 2020 – $553,338). The promissory note is in default and currently due on demand and unsecured. Interest expense for the nine months period ended September 30, 2021 amounted to $28,154.

On November 30, 2018, the Company entered into a promissory note agreement with National Brace, a related party under common ownership under which, $1,400,520 (USD $1,100,000) of the outstandingbalance due to National Brace, was refinanced to a long term obligation due on May 31, 2020. The note is in default, due on demand, unsecured and non-interest-bearing. As of September 30, 2021, outstanding balance on the promissory note was $1,210,395 (USD $950,000) (December 31, 2020 - $1,209,540).

5. Discontinued operations (continued)

Madison, LLC

On July 7, 2017, PTI entered into a secured promissory note agreement with a Madison, LLC (the "Lender") for borrowing up to $682,100 (USD $500,000). The note bears interest at a rate of 12% per annum and is secured by the Company's accounts receivable. In the event of default, the note bears interest at a rate of 18% per annum. All unpaid principal and interest were due in full on July 6, 2018. On February 8, 2018, PTI entered into an amended and renewed promissory note agreement ("First Amendment") with the Lender. Under the First Amendment, the remaining unpaid principal of $682,100 (USD $500,000) was increased to $954,940 (USD $700,000) and payable as follows: $68,210 (USD $50,000) on March 1, 2018, $102,315 (USD $75,000) on April 1, 2018, $170,525 (USD $125,000) on May 1, 2018, $272,840 (USD $200,000) on June 1, 2018 and $341,050 (USD $250,000) plus all accrued interest on July 1, 2018. The Company determined that the First Amendment represented substantial modifications of the financial liabilities under IFRS 9, as the respective differences between the net present value of the cash flows under the modified terms exceeded 10 percent different from the net present value of the remaining cash flows of the note prior to the modification, both discounted at the original effective interest rate. The resulting different of $259,140 is recognized in the consolidated statement of loss and comprehensive loss. On July 6, 2018, PTI entered into a second amended and renewed promissory note agreement ("Second Amendment") with the Lender pursuant to which the lender waived the late fees incurred by PTI and continued to allow interest to accrue at a rate of 12% per annum instead of at the default rate, and extended the maturity date of the note to October 15, 2018 with a modified repayment schedule in consideration of a fee of $136,420 (USD $100,000) (the "Extension Fee") in free-trade shares (the "Shares") of Nass Valley Gateway Ltd ("Nass Valley"). If the Shares are not publicly trading on or before July 31, 2018, the Extension Fee shall be paid on July 31, 2018. Under the Second Amendment, the remaining unpaid principal of $613,890 (USD $450,000) and interest shall be due and payable as follows: $68,210 (USD $50,000) on July 31, 2018, $68,210 (USD $50,000) on August 30, 2018, $68,210 (USD $50,000) on September 30, 2018 and $409,260 (USD $300,000) plus all accrued interest on October 31, 2018. The Company determined that the Second Amendment represented substantial modification of the financial liabilities under IFRS 9, as the respective differences between the net present value of the cash flows under the modified terms exceeded 10 percent different from the net present value of the remaining cash flows of the note prior to the modification, both discounted at the original effective interest rate. The resulting difference of $123,789 is recognized in the consolidated statement of loss and comprehensive loss. As of June 30, 2021, outstanding balance and Extension Fee on the note was $700,755 (USD $550,000) (December 31, 2020 - $700,260), and the promissory note was in default and due on demand. The interest payable totaled $443,950 as at September 30, 2021 (December 31, 2020 - $371,063). The interest expense for the nine months period ended September 30, 2021 amounted to $63,581.

(vii) Included in professional services is consulting and management fees charged by related parties, including directors, management and entities under the common control of these parties or family members of these parties in the aggregated amount of $413,869 for the year ended December 31, 2019.

PTI entered into a management services agreement with National Brace, a related party under common control of a director. Pursuant to the agreement, National Brace provides certain management services, including but not limited to, receiving and reviewing prescriptions for DME, checking patient insurance benefits, communicating with prescribing physicians and/or patients and arranging the shipping of the prescribed products. Management fees under the agreement equal to $28,181 (USD $21,750) per week. In addition, PTI reimburses National Brace for the full cost of the services provided. The agreement was terminated as at January 1, 2020. During the year ended December 31, 2020, management fees under the agreement totaled $nil (2019 - $ 226,568).

(viii) Included in wages and benefit is salaries of $119,421 paid to management for the year ended December 31, 2019.

6. Other payable to shareholder

On November 2, 2018, the Company received proceeds of $191,115 (December 31, 2020 - $190,980) equivalent to USD $150,000 from a shareholder. The amount was non-interest-bearing.

On March 27, 2018, the Company received proceeds of $191,115 (December 31, 2020 - $190,980) equivalent to USD $150,000 from a shareholder bearing interest at 10% per annum for a term of 120 days.

On September 20, 2019, the Company received $127,410 (December 31, 2020 - $127,320) equivalent to USD $100,000 froma shareholder. The amount was non-interest-bearing.

The above parties entered into share purchase agreements with Global 1 Solutions LLC ("Global 1"), an entity under the common control of a director of the Company, whereby Global would sell common shares of the Company held by Global 1 and the proceeds were directed to ABL as advances from Global 1. As of December 31, 2020, the shares have been transferred to the above parties and therefore, the total amount was included as amount due to related parties as at September 30, 2021 and December 31, 2020 (note 8).

7. Share capital

a) Authorized share capital

At September 30, 2021, the authorized share capital of the Company comprised of an unlimited number of common shares at no par value as well as an unlimited number of classes A-1 and A-2 of convertible preference shares at no par value.

b) Issue of common shares

As at September 30, 2021 and December 31, 2020, the issued and outstanding common shares were 312,832,777.

Pursuant to the reverse-take over transaction, the Company issued 280,000,000 shares in exchange for 2,000 shares of ABL during the year ended December 31, 2019.

During the year ended December 31, 2019, the Company issued 516,000 common shares pursuant to exercise of 516,000 stock options at $0.10/share.

During the year ended December 31, 2019, the Company issued 20,000 common shares pursuant to exercise of 20,000 stock options at $0.10/share.

During the year ended December 31, 2019, the Company issued 153,300 common shares pursuant to exercise of 153,300 share purchase warrants at $0.10/share.

(Expressed in Canadian Dollars)

7. Share capital (continued)

c) Stock options

The Company grants stock options to employees, directors, officers, and consultants as compensation for services pursuant to its Stock Option Plan (the "Plan"). Options issued pursuant to the Plan must have an exercise price greater than or equal to the "Market Price" of the Company's stock on the grant date less applicable discounts. Options have a maximum expiry period of up to five years from the grant date and are subject to the minimum vesting requirements, as determined by the Board of Directors.

The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. Stock options granted to directors vest at a rate of 50% on the grant date and the balance 180 days after the date of issuance. Stock options granted to employees vest at a rate of 50% 180 days after the date of issuance and the balance on the first anniversary of the grant date.

The Company granted nil stock options during the period ended September 30, 2021 and 2020. The Company recorded share-based payment of $nil (2020 - $nil). The fair value of 1,555,000 options granted in 2019 was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rate 1.55%, the expected life of 3 years, expected volatility of 366%, forfeiture rate of 0% and expected dividends of $nil.

The following tables summarize the continuity of the Company's stock options:

Expiry Date	Exercise Price	December 31, 2020	Granted	Exercised	Expired/ Forfeited	Cancelled	September 30, 2021
December 5, 2020	$ 0.10	-	-	-	-	-	-
April 10, 2022	$ 0.18	835,000	-	-	-	-	835,000
		835,000	-	-	-	-	835,000
Weighted average exercise price							**$0.18**

Expiry Date	Exercise Price	December 31, 2019	Granted	Exercised	Expired/ Forfeited	Cancelled	December 31, 2020
December 5,2020	$ 0.10	100,000	-	-	(100,000)	-	-
April 10,2022	$ 0.18	835,000	-	-	-	-	835,000
		935,000	-	-	(100,000)	-	835,000
Weighted average exercise price							**$0.18**

Details regarding the options outstanding and exercisable as at September 30, 2021 are as follows:

Exercise Price	Number of Options Outstanding and Exercisable	Weighted Average Remaining Contractual Life (years)	Weighted Average Grant Date Fair Value
$ 0.18	835,000	0.53	$ 0.16

(Expressed in Canadian Dollars)

7 Share capital (continued)

c) Stock options (continued)

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. The fair value of stock options granted is recognized in income on a graded vesting basis. Option pricing models require the input of highly subjective input assumptions, which can materially affect the fair value estimate and therefore the existing models do not necessarily provide reliably a single measure of the fair value of the Company's stock options.

d) Share purchase warrants

As at September 30, 2021 and December 31, 2020, the following tables summarize the Company's share purchase warrants:

Expiry Date	Exercise Price	December 31, 2019	Granted	Exercised	Expired/ Cancelled	December 31, 2020
Oct 16, 2020	$0.11	3,500,000	-	-	(3,500,000)	-
		3,500,000	-	-	(3,500,000)	-
Weighted average exercise price						-
Weighted average contractual remaining life (years)						-

Expiry Date	Exercise Price	December 31, 2018	Granted	Exercised	Expired/ Cancelled	December 31, 2019
May 1, 2017[(1)]	$0.10	11,058,500	-	(256,000)	(10,802,500)	-
July 25, 2019	$0.10	1,363,042	-	(153,300)	(1,209,742)	-
Oct 16, 2020	$0.11	3,500,000	-	-	-	3,500,000
		15,921,542	-	(409,300)	(12,012,242)	3,500,000
Weighted average exercise price						$0.11
Weighted average contractual remaining life (years)						0.79

(1) 11,450,000 warrants due to expire May 1, 2017 were extended to June 17, 2019 due to a length of time the Company's shares were halted on the Exchange.

(Expressed in Canadian Dollars)

8. Related party transactions and balances

Key management personnel compensation

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management personnel include the Company's directors and members of the senior management group.

For the three and nine months ended September 30, 2021, the compensation expenses for key management personnel totaled $nil and $541,187 respectively (Year ended December 31, 2020 - $667,061). The amount due from related parties for $566,781 are in the normal course of operations. The amounts due to related parties of $8,258,618 included advances from ARD Ventures for $50,964, Global 1 Solutions LLC for $5,500,983 and National Brace Inc. for $2,706,671.

Details of key management personnel compensation are as follows:

Nine months ended September 30,	**2021**	**YE December 31, 2020**
Consulting fees (b)	$ 541,187	$ 667,061
Marketing and promotions	$ -	$ -
Share-based payments	$ -	$ 6,685

As at	**September 30, 2021**	**December 31, 2020**
Balances payable to related parties (a)	$8,258,618	$ 4,388,337
Balance due from PTI (note 5(iii))	$ 365,684	$ 365,684
Balance receivable from related parties	$ 566,781	$ 142,491

a) During the nine months ended September 30, 2021 and year ended December 31, 2020, National Brace entered into various share purchase agreements with third party investors, where National Brace would sell common shares of the Company held by National Brace and the proceeds were directed to ABL as an advance from National Brace to the Company. The advances are non-interest-bearing, due on demand and unsecured. As of September 30, 2021, the total amount payable to National Brace was $2,706,671 (USD$2,124,380) (December 31, 2020 - $1,043,467), which is included in due to related parties on the accompanying condensed interim consolidated statements of financial position.

During the nine months ended September 30, 2021 and year ended December 31, 2020, Global 1 Solutions, LLC ("Global 1"), a related party under the common control of a director of the Company, entered into various share purchase agreements with third party investors, where Global 1 would sell common shares of the Company held by Global 1 and the proceeds were directed to ABL as an advance from the related party to the Company. The advances are non-interest-bearing, due on demand and unsecured. During the year ended December 31, 2020, total amount of due to other shareholders of $509,640 (USD $400,000) were reclassified to amount due to Global 1 as the common shares of the Company held by Global 1 were transferred to these other shareholders (note 6). As of September 30, 2021, the total amount payable to Global 1 was $5,500,983 (USD$4,317,544) (December 31, 2020 - $3,293,942), which is included in due to related parties on the accompanying condensed interim consolidated statements of financial position.

b) The Company entered into consulting agreements with two directors and a certain family member. The agreements are valid for 12 months and automatically renewable with fees upon further negotiation. The consulting fees for the nine months period ended September 30, 2021 amounted to $541,187.

Other transactions

PTI had transactions and balances with related parties. See note 5 for details.

9. Commitment and contingencies

Lease

The Company rents office spaces in New York and Florida for its operation under operating leases with terms of five to ten years. The lease agreement expires in July 2021.The leases require payment of base lease payments plus the Company's share of operating expenses. The lease to the New York office has been terminated. In July 2021, the lease to the Florida office has been renewed on a short-term basis.

Future minimum rental payments under these lease agreements are as follows:

Year	$
2021	11,100
	11,100

10. Financial instruments

The Company's financial instruments include cash, other receivable, due from related parties, accounts payable, factoring agreements payable, due to related parties, other payable and notes payable. The carrying value of other receivable, due from related parties, accounts payable, factoring agreements payable, due to related parties, other payable and notes payable as presented in these consolidated financial statements are reasonable estimates of fair values due to the relatively short periods to maturity and the terms of these instruments.

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and,
Level 3: Inputs that are not based on observable market data.

The Company's financial instruments have been classified as follows:

Financial instrument	Classification
Cash	FVTPL
Other receivable	Amortized cost
Due from related parties	Amortized cost
Accounts payable	Amortized cost
Other payable	Amortized cost
Due to related parties	Amortized cost

10. Financial instruments (continued)

Risk exposure and management
The Company is exposed to various financial instrument risks and continuously assesses the impact and likelihood of this exposure. These risks include credit risk, commodity price risk, liquidity risk, interest rate risk and currency risk. Where material these risks are reviewed and monitored by the Board of Directors.

a) Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its cash and accounts receivable. Cash is held with an investment grade financial institution as assessed by external rating agencies. Management believes the risk of loss to be minimal. As at September 30, 2021, the Company's maximum credit risk is the carrying value of cash and accounts receivable.

b) Liquidity risk

Liquidity risk refers to the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 11. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at September 30, 2021, the Company had a working capital deficit of $12,139,044. All of the Company's financial liabilities are classified as current including the liabilities directly associated with assets held for sale.

c) Interest rate risk

As at September 30, 2021, the Company does not hold any variable rate term deposits. The Company's promissory notes payable bear fixed rates of interest and therefore is not subject to any significant interest rate cash flow risk.

11. Management of capital

The Company manages its capital to ensure it will be able to continue as a going concern and continue the funding of its long-term investment. The Company currently has commercial operations that management anticipates will, in the near future, generate cash flow. The Company will, as management finds necessary to achieve growth, utilize financings to fund its long-term investment, merge and acquisition, inventory, and periodic cash flow needs. The success of each financing depends on numerous factors including a positive economic environment, positive stock market and industry conditions, the Company's ongoing track record and prudent management decisions supported by the Board of Directors approval. The capital structure of the Company currently consists of notes payable, and shareholders' deficiency, which is comprised of share capital and deficit. Once the Company achieves projected top line growth and establishes quarter overquarter revenue growth and certain financial benchmarks, it may consider return on capital criteria. The Company does not pay dividends and is not exposed to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

12. Reverse-take over transaction

As described in Note 1, on March 22, 2018, the Company entered into DASE with ABL to acquire 100% outstanding common shares of ABL by issuance of 280,000,000 common shares of the Company. The Transaction was closed on March 18, 2019. Upon completion of the Transaction, the Company owned approximately 89.7% of the issued and outstanding common shares of NVG.

The fair value of the consideration for the Transaction is as follows:

	Number	**Amount**
Shares and warrants issued:		
Outstanding common shares and subscription receipts of NVG deemed to be issued	32,399,677	$ 1,295,987
Outstanding options of Aim deemed to be issued	1,105,000	27,021
Outstanding warrants of Aim deemed to be issued	15,921,542	188,759
Total consideration		$ 1,511,767

Net working capital and assets acquired:	
Cash	$ 6,204
Amounts receivable	3,046
Marketable securities	264
Accounts payable and accrued liabilities	(48,126)
Net liabilities assumed	$ (38,612)

Total consideration	$ 1,511,767
Net liabilities assumed	(38,612)
Total listing transaction expense	$ 1,550,379