

**MICRON WASTE TECHNOLOGIES INC.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(Expressed in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

**MICRON WASTE TECHNOLOGIES INC.**  
**Unaudited Condensed Interim Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

	Note	March 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 2,749,581	\$ 2,784,525
Marketable securities	4	-	462,500
Accounts receivable	5	79,879	115,721
Prepaid expenses	6	38,850	63,375
<b>Total current assets</b>		<b>2,868,310</b>	<b>3,426,121</b>
<b>Non-current assets</b>			
Deposits		8,100	7,500
Property and equipment	7	137,637	148,069
Right-of-use assets	8	197,609	215,573
Development assets	9	27,000	45,557
<b>Total non-current assets</b>		<b>370,346</b>	<b>416,699</b>
<b>TOTAL ASSETS</b>		<b>\$ 3,238,656</b>	<b>\$ 3,842,820</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11	\$ 38,878	\$ 74,779
Lease liabilities	8	74,975	72,050
<b>Total current liabilities</b>		<b>113,853</b>	<b>146,829</b>
<b>Non-current liabilities</b>			
Lease liabilities	8	140,255	158,914
<b>Total liabilities</b>		<b>254,108</b>	<b>305,743</b>
<b>Shareholders' equity</b>			
Share capital	10	18,468,935	18,468,935
Reserves	10	902,071	1,767,647
Deficit		(16,386,458)	(16,699,505)
<b>Total shareholders' equity</b>		<b>2,984,548</b>	<b>3,537,077</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 3,238,656</b>	<b>\$ 3,842,820</b>

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

Approved and authorized for issue by the Board of Directors on July 23, 2020.

"Michael Malana"  
Michael Malana, Director

"Kal Malhi"  
Kal Malhi, Director

**MICRON WASTE TECHNOLOGIES INC.**  
**Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian Dollars)

Three months ended March 31	Note	2020	2019
<b>General and Administrative Expenses</b>			
Amortization	7, 8	\$ 28,397	\$ 23,378
Business development		16,384	60,766
Consulting fees / salaries	11	235,064	355,688
Office and general		28,572	49,619
Professional fees		19,129	32,735
Research expenses		20,015	21,886
Share-based compensation	10	7,070	19,008
Transfer agent and filing fees		6,521	8,203
Loss from operations		361,152	571,283
Interest income		(6,341)	(18,116)
Foreign exchange (gain) loss		(582)	(1,204)
Realized loss on sale of marketable securities	4	17,870	-
Fair value (gain) loss on marketable securities	4	187,500	(148,383)
<b>Loss and comprehensive loss for the period</b>		<b>\$ 559,599</b>	<b>\$ 403,580</b>
<b>Loss per share, basic and diluted</b>		<b>\$ 0.01</b>	<b>\$ 0.01</b>
<b>Weighted average number of common shares outstanding</b>		<b>39,511,841</b>	<b>39,104,062</b>

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

**MICRON WASTE TECHNOLOGIES INC.****Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Option Reserve	Warrant Reserve	Deficit	Total
<b>Balance – December 31, 2018</b>	<b>38,711,840</b>	<b>\$ 17,856,227</b>	<b>\$ 1,605,899</b>	<b>\$ 276,483</b>	<b>\$ (11,522,054)</b>	<b>\$ 8,216,555</b>
Shares issued – warrants exercised	675,000	270,000	-	-	-	270,000
Reclassification from warrant reserve to share capital	-	245,616	-	(245,616)	-	-
Shares issued – options exercised	50,000	30,000	-	-	-	30,000
Reclassification from option reserve to share capital	-	29,592	(29,592)	-	-	-
Share-based compensation	-	-	19,008	-	-	19,008
Expiration of stock options	-	-	(12,872)	-	12,872	-
Loss and comprehensive loss for the period	-	-	-	-	(403,580)	(403,580)
<b>Balance – March 31, 2019</b>	<b>39,436,840</b>	<b>\$ 18,431,435</b>	<b>\$ 1,582,443</b>	<b>\$ 30,867</b>	<b>\$ (11,912,762)</b>	<b>\$ 8,131,983</b>
<b>Balance – December 31, 2019</b>	<b>39,511,841</b>	<b>\$ 18,468,935</b>	<b>\$ 1,750,425</b>	<b>\$ 17,222</b>	<b>\$ (16,699,505)</b>	<b>\$ 3,537,077</b>
Share-based compensation	-	-	7,070	-	-	7,070
Expiration of stock options	-	-	(824,538)	-	824,538	-
Forfeiture of stock options	-	-	(48,108)	-	48,108	-
Loss and comprehensive loss for the period	-	-	-	-	(559,599)	(559,599)
<b>Balance – March 31, 2020</b>	<b>39,511,841</b>	<b>\$ 18,468,935</b>	<b>\$ 884,849</b>	<b>\$ 17,222</b>	<b>\$ (16,386,458)</b>	<b>\$ 2,984,548</b>

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

**MICRON WASTE TECHNOLOGIES INC.**  
**Unaudited Condensed Interim Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)

Three months ended March 31	2020	2019
<b>Operating Activities</b>		
Net loss for the period	\$ (559,599)	\$ (403,580)
<b>Items not involving the use of cash</b>		
Amortization	28,396	23,378
Share-based compensation	7,070	19,008
Realized loss on sale of marketable securities	17,870	-
Fair value (gain) loss on marketable securities	187,500	(148,383)
Unrealized foreign exchange (gain) loss	(653)	1,829
<b>Changes in non-cash working capital</b>		
Accounts receivable	35,842	(58,148)
Prepaid expenses	24,525	16,017
Deposits	(600)	-
Accounts payable and accrued liabilities	(35,901)	240,875
Net cash used in operating activities	(295,550)	(309,004)
<b>Investing Activities</b>		
Proceeds from sale of marketable securities	257,130	-
Refunds from return of development assets	18,557	-
Additions to property and equipment	-	(23,771)
Additions to development assets	-	(265,837)
Additions to deferred assets	-	(10,787)
Additions to right-of-use assets	-	(275,901)
Net cash provided by (used in) investing activities	275,687	(576,296)
<b>Financing Activities</b>		
Proceeds from warrants exercised	-	270,000
Proceeds from stock options exercised	-	30,000
Lease liabilities payments	(15,734)	(16,903)
Net cash provided by financing activities from continuing operations	(15,734)	283,097
Foreign exchange effect on cash	653	(1,829)
Decrease in cash and cash equivalents	(39,944)	(604,032)
Cash and cash equivalents, beginning of period	2,784,525	3,081,567
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,749,581</b>	<b>\$ 2,477,535</b>
<b>Supplemental cash flow information</b>		
Non-cash financing activities:		
Reclassification from warrants reserve to share capital	\$ -	\$ 245,616
Reclassification from options reserve to share capital	\$ -	\$ 29,592
		\$
Reclassification from options reserve to deficit	\$ 872,646	12,872
Development assets included in accounts payable and accrued liabilities	\$ -	\$ 92,893
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these condensed interim consolidated financial statement

**MICRON WASTE TECHNOLOGIES INC.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2020 and 2019**  
(Expressed in Canadian Dollars, unless stated otherwise)

---

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Micron Waste Technologies Inc., (the “Company” or “Micron”), was incorporated on November 29, 2006 pursuant to the *Business Corporations Act*, British Columbia. The Company’s principal business activity has been the development and commercialization of an on-site treatment system that can turn organic waste into clean water that meets municipal effluent discharge standards. The Company’s common shares trade on the Canadian Securities Exchange under the symbol of “MWM”.

The head office, principal address and registered office of the Company are located at Suite 915, 700 West Pender Street, Vancouver, B.C., V6C 1G8.

On May 12, 2020 the Company completed a consolidation of its common shares on the basis of one post-consolidated common share for every two pre-consolidation common shares (“Consolidation”). Upon the completion of the Consolidation, the Company’s common shares start trading under a new CUSIP number. The Company’s name and stock symbol remain unchanged. All the figures as to the number of common shares, stock options, warrants, prices of issued shares, exercise prices of stock options and warrants, as well as loss per share, in the consolidated financial statements are post-consolidation amounts and the prior year comparatives have been retroactively restated to present the post-consolidation amounts.

The Company will continue the research and development of its Pharmavore™ and Organivore™ waste digesters from its Delta facilities.

The Company has an accumulated deficit of \$16,386,458 (December 31, 2019 – \$16,699,505). These condensed interim consolidated financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. However, there are material uncertainties that cast significant doubt on the Company’s ability to continue as a going concern.

The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations and the ability of the Company to raise additional capital. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. Management anticipates that the Company will continue to raise adequate funding through equity or debt financings. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

**2. BASIS OF PRESENTATION**

**Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consisting with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). They have been prepared on a historical cost basis, except for certain financial instruments, which are stated at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

These condensed interim consolidated financial statements have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the year ended December 31, 2019, except that they do not include all the disclosures required for the annual audited financial statements. These

**MICRON WASTE TECHNOLOGIES INC.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2020 and 2019**  
(Expressed in Canadian Dollars, unless stated otherwise)

---

**2. BASIS OF PRESENTATION (Continued)**

financial statements should be read in conjunction with the audited consolidated financial statements for the Company for year ended December 31, 2019.

**Approval of the consolidated financial statements**

The condensed interim consolidated financial statements of the Company for the period ended March 31, 2020 were approved and authorized for issuance by the Board of Directors on July 23, 2020.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Consolidation**

The condensed interim consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiary, Micron Technologies Holding Inc. (since October 19, 2017). Subsidiaries are fully consolidated from the date of acquisition being the date that the Company obtains control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany transactions and balances have been eliminated on consolidation.

**Foreign currencies**

The reporting and functional currency of the Company and its subsidiaries is the Canadian dollar (“CAD”). Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction, except amortization, which is translated at the rates of exchange applicable to the related assets. Monetary assets and liabilities that are denominated in foreign currencies are translated at the exchange rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the initial transaction. Non-monetary items that are measured at fair values are reported at the exchange rate on the date when fair values are determined.

**Significant Accounting Judgments, Estimates and Assumptions**

The preparation of condensed interim consolidated financial statements requires management to make estimates, judgments and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

Actual outcomes could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Company’s accounting policies and key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements for the Company for years ended December 31, 2019 and 2018.



**MICRON WASTE TECHNOLOGIES INC.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2020 and 2019**  
(Expressed in Canadian Dollars, unless stated otherwise)

---

**4. MARKETABLE SECURITIES**

As at March 31, 2020, the Company held nil (December 31, 2019 - 2,500,000) common shares and nil (December 31, 2019 - 2,500,000) warrants of Palladium Ore Mining Inc. ("POM"). The warrants expired on February 28, 2020.

During the period ended March 31, 2020, the Company sold all of the POM shares for net proceeds of \$257,130. The cost base for these shares was \$275,000, which was the acquisition cost recognized for the shares at March 7, 2018. The sale of the shares resulted in a realized loss on sale of marketable securities of \$17,870 and an unrealized loss on the fair value of marketable securities of \$187,500.

**5. ACCOUNTS RECEIVABLE**

---

	March 31, 2020	December 31, 2019
Accounts receivable	\$ 3,610	\$ 46,251
Accrued interest receivable	42,804	35,082
GST receivable	33,465	34,388
	<b>\$ 79,879</b>	<b>\$ 115,721</b>

---

**6. PREPAID EXPENSES**

---

	March 31, 2020	December 31, 2019
Business development	\$ 21,750	\$ 34,800
Employees' advances	-	2,752
Office and general	13,908	20,778
Professional fees – Legal retainer	3,192	2,814
Transfer agent and filing fees / Shareholders communication	-	2,231
	<b>\$ 38,850</b>	<b>\$ 63,375</b>

---

**MICRON WASTE TECHNOLOGIES INC.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2020 and 2019**  
(Expressed in Canadian Dollars, unless stated otherwise)

**7. PROPERTY AND EQUIPMENT**

	Leasehold improvements	Promotional models	Furniture / Equipment	Computer equipment	Total
<b>Cost</b>					
Balance at December 31, 2018	\$ 162,830	\$ 9,377	\$ 33,156	\$ 14,107	\$ 219,470
Additions	17,346	-	16,043	-	33,389
Disposal	-	-	(6,425)	-	(6,425)
Impairment	-	(9,377)	(19,239)	(9,389)	(38,005)
Balance at December 31, 2019 and March 31, 2020	\$ 180,176	\$ -	\$ 23,535	\$ 4,718	\$ 208,429
<b>Accumulated Amortization</b>					
Balance at December 31, 2018	\$ 16,283	\$ 2,344	\$ 5,123	\$ 6,471	\$ 30,221
Amortization expense	34,734	4,485	6,965	2,227	48,411
Disposal	-	-	(512)	-	(512)
Impairment	-	(6,829)	(4,986)	(5,945)	(17,760)
Balance at December 31, 2019	\$ 51,017	\$ -	\$ 6,590	\$ 2,753	\$ 60,360
Amortization	9,226	-	1,059	147	10,432
Balance at March 31, 2020	\$ 60,243	\$ -	\$ 7,649	\$ 2,900	\$ 70,792
<b>Carrying Amounts</b>					
December 31, 2019	\$ 129,159	\$ -	\$ 16,945	\$ 1,965	\$ 148,069
March 31, 2020	\$ 119,933	\$ -	\$ 15,886	\$ 1,818	\$ 137,637

**8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

The Company has a lease agreement for its Innovation Center in Delta, British Columbia. The Company adopted IFRS 16 – Leases effective January 1, 2019.

The continuity of the right-of-use asset (“ROU asset”) and lease liability for the period ended March 31, 2020 is as follows:

**MICRON WASTE TECHNOLOGIES INC.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2020 and 2019**  
(Expressed in Canadian Dollars, unless stated otherwise)

**8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)**

<b>Right-of-use asset</b>	
Value of right-of-use asset as at January 1, 2019	\$ 287,431
Amortization	(71,858)
Value of right-of-use asset as at December 31, 2019	215,573
Amortization	(17,964)
<b>Value of right-of-use asset at March 31, 2020</b>	<b>\$ 197,609</b>
<b>Lease liability</b>	
Lease liability recognized as of January 1, 2019	\$ 287,431
Lease payments	(85,843)
Lease interest	29,376
Lease liability recognized as of December 31, 2019	230,964
Lease payments	(22,736)
Lease interest	7,002
<b>Lease liability recognized as at March 31, 2020</b>	<b>\$ 215,230</b>
Current portion	\$ 74,975
Long-term portion	140,255
	<b>\$ 215,230</b>

**9 DEVELOPMENT ASSETS**

Other assets, reclassified from development assets, comprise of prototype equipment, which the Company has constructed or was in the process of constructing, that was intended to transform organic waste into clean water and meets municipal effluent discharge standards.

<b>Cost</b>	
Balance at December 31, 2018	\$ 1,428,424
Additions	1,102,624
Impairment	(2,485,491)
Balance at December 31, 2019	45,557
Refunds from return of development assets	(18,557)
Balance at March 31, 2020	\$ 27,000
<b>Accumulated Amortization</b>	
Balance at December 31, 2018 – March 31, 2020 <sup>(1)</sup>	-
<b>Carrying Amounts</b>	
December 31, 2019	\$ 45,557
March 31, 2020	\$ 27,000

(1) No amortization has been recognized to date as the development assets were not available for use.

**MICRON WASTE TECHNOLOGIES INC.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2020 and 2019**  
(Expressed in Canadian Dollars, unless stated otherwise)

---

## 10. SHARE CAPITAL AND RESERVES

### Share Capital

(a) **Authorized:** Unlimited number of common shares without par value.

(b) **Issued and Outstanding:**

On May 12, 2020, the Company consolidated its common shares on the basis of one post-consolidated common share for two pre-consolidation common shares. All the figures as to the number of common shares, stock options, warrants, prices of issued shares, exercise prices of stock options and warrants, as well as loss per share, in the consolidated financial statements are post-consolidation amounts and the prior year comparatives have been retroactively restated to present the post-consolidation amounts.

As at March 31, 2020 and December 31, 2019, there were 39,511,481 common shares issued and outstanding. Details of common shares are as follows:

**During the period ended March 31, 2020:**

- No new common shares were issued.

**During the period ended March 31, 2019:**

- 675,000 common shares were issued in connection with the exercise of share purchase warrants for gross proceeds of \$270,000. The historical fair value allocated to these warrants on issuance date of \$245,616 was reclassified from reserves to share capital.
- 50,000 common shares were issued in connection with the exercise of stock options for gross proceeds of \$30,000. The historical fair value allocated to these stock options on issuance date of \$29,592 was reclassified from reserves to share capital.

(c) **Escrow Shares**

Pursuant to the policies of the CSE, an escrow agreement was entered into in connection with the reverse acquisition completed during the year ended December 21, 2017. There were 8,263,500 shares held in escrow.

As at March 31, 2020, the Company had 2,449,050 (December 31, 2019 – 2,449,050) common shares held in escrow. Subsequent to period end, 1,224,525 of escrow shares were released.

Under the escrow agreement, the remaining shares held in escrow will be released from escrow in fifteen percent tranches during consecutive six-month intervals over a 36-month period following the completion of the amalgamation transaction on October 19, 2017.

**MICRON WASTE TECHNOLOGIES INC.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2020 and 2019**  
(Expressed in Canadian Dollars, unless stated otherwise)

**10. SHARE CAPITAL AND RESERVES (Continued)**

**Share Purchase Warrants**

The changes in warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2018	16,979,836	\$ 0.73
Exercised	(750,000)	0.41
Expired	(287,500)	0.49
Balance, December 31, 2019	15,942,236	\$ 0.74
Expired	(3,358,236)	1.00
Balance, March 31, 2020	12,584,100	\$ 0.68

As at March 31, 2020, the Company had the following warrants outstanding:

Date of Expiry	Number of Warrants Outstanding	Exercise Price	Weighted Average Remaining Life in Years
April 13, 2022	5,575,000	0.50	2.04
May 1, 2022	2,000,000	0.50	2.08
June 1, 2022 <sup>(1)</sup>	5,009,100	1.00	2.17
Balance at March 31, 2020	12,584,100	\$ 0.68	2.10

(1) On May 17, 2019, the expiry date of an aggregate of 5,009,100 common shares purchase warrants issued pursuant to a non-brokered private placement in June 2017 were amended from June 1, 2019 to June 1, 2022 with all other terms remaining the same.

**Stock Options**

The changes in stock options outstanding are as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance at December 31, 2018	2,672,500	\$ 0.74
Granted	600,000	0.72
Exercised <sup>(1)</sup>	(50,000)	0.60
Expired	(402,500)	0.97
Forfeited	(75,000)	1.10
Balance at December 31, 2019	2,745,000	\$ 0.69
Expired	(1,270,000)	0.65
Forfeited	(100,000)	0.72
Balance at March 31, 2020	1,375,000	\$ 0.74

(1) The weighted average share price on the date of exercise for options exercised was \$0.45.

**MICRON WASTE TECHNOLOGIES INC.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2020 and 2019**  
(Expressed in Canadian Dollars, unless stated otherwise)

**10. SHARE CAPITAL AND RESERVES (Continued)**

**Stock Options (Continued)**

As at March 31, 2020, the Company had the following stock options outstanding and exercisable:

Date of Grant	Date of Expiry	Outstanding and Exercisable	Exercise Price	Weighted Average Remaining Life in Years
October 25, 2017	October 25, 2022	787,500	\$ 0.60	2.57
July 6, 2018	July 6, 2023	287,500	1.10	3.27
April 8, 2019 <sup>(1)</sup>	April 8, 2024	300,000	0.72	4.02
Balance at December 31, 2019		1,375,000	\$ 0.74	3.03

(1) Subsequent to March 31, 2020, 12,500 stock options with a weighted average exercise price of \$0.72 per option expired following the termination of an employee.

**Share-based compensation**

During the three months ended March 31, 2020, the total share-based compensation recognized was \$7,070 (2019 - \$19,008).

**11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

Key management personnel include senior officers and directors of the Company.

Compensation to key management personnel is as follows:

Three months ended March 31	2020	2019
Consulting fees – key management personnel <sup>(1)</sup>	\$ 117,000	\$ 152,606

Related party transactions not included in compensation to key management personnel are as follows:

Three months ended March 31	2020	2019
Rent <sup>(2)</sup>	\$ 9,000	\$ 6,000

Accounts payables and accrued liabilities of the Company include the following amounts due to related parties:

	March 31, 2020	December 31, 2019
Key management personnel	\$ -	\$ 15,705

- (1) Fees paid to management personnel or companies related to management personnel for the three months ended March 31, 2020:
- \$60,000 (2019 - \$60,000): to a company owned by the Chairman/Director and interim President/CEO;
  - \$30,000 (2019 - \$30,000) to a company owned by the CTO and Director;
  - \$nil (2019 - \$33,606) to a company owned by the former President/CEO who resigned effective January 2, 2020;
  - \$nil (2019 - \$5,000) to the former CEO who resigned effective January 13, 2019;
  - \$18,000 (2019 - \$18,000) to a company owned by CFO
  - \$nil (2019 - \$4,500) to a company owned by a Director who resigned effective December 23, 2019;
  - \$4,500 (2019 - \$1,500) to a Director;
  - \$4,500 (2019 - \$nil) to a Director.

**MICRON WASTE TECHNOLOGIES INC.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2020 and 2019**  
(Expressed in Canadian Dollars, unless stated otherwise)

**11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (Continued)**

- (2) Fees for the three months ended March 31, 2020 were \$9,000 (2019 - \$6,000) for office rent paid to a company that the Chairman and director of the Company and a senior officer are principals.

**12. SEGMENTED INFORMATION**

The Company is a Canadian technology company and operates in one reportable operating segment being the development and commercialization of an on-site treatment system that can turn organic waste into clean water that meets municipal effluent discharge standards. All of the Company's assets and expenditures are located and incurred in Canada. Geographic information of the Company's long-term assets are as follows:

	March 31, 2020	December 31, 2019
<b>Canada</b>	\$ 370,346	\$ 416,699

**13. FINANCIAL AND CAPITAL RISK MANAGEMENT**

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest risk, liquidity risk, and foreign exchange rate risk.

**Credit Risk**

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and accounts receivable. The Company's accounts receivable is comprised of GST receivable, other receivables and accrued interest receivable from guaranteed investment certificates ("GICs") held with the bank. GST receivable is not a financial instrument as it does not arise from contractual obligations. The Company limits exposure to credit risk on GICs by holding deposits in high credit quality banking institutions in Canada. The Company is not exposed to significant credit risk on its other receivables. The Company does not have any asset-backed commercial paper included in cash.

Management believes that the credit risk with respect to receivables is minimal.

**Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. All of the Company's financial obligations are due within one year.

As at March 31, 2020	Carrying amount \$	Contractual cash flows \$	1 year or less \$	1 -5 years \$
Accounts payable and accrued liabilities	38,878	38,878	38,878	-
Lease liabilities	215,230	255,378	91,603	163,775
	254,108	294,256	130,481	163,775

**MICRON WASTE TECHNOLOGIES INC.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2020 and 2019**  
(Expressed in Canadian Dollars, unless stated otherwise)

---

**13. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)**

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks.

(a) 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 risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of its short-term investment nature. The Company's financial asset exposed to interest rate risk consists of cash and cash equivalents.

(b) Foreign Exchange Rate Risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the CAD (primarily US\$). The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and the US dollar. The exposure to foreign exchange rate risk is considered low. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

As at March 31, 2020, a 10% strengthening (weakening) of the Canadian dollar against the US dollar would have increased (decreased) the Company's net loss before taxes by approximately \$812 (December 31, 2019 - \$647).

(c) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company's marketable securities were carried at market value and were therefore directly affected by fluctuations in the market value of the underlying securities. After the sale of all of the marketable securities during the period ended March 31, 2020, the Company is not exposed to significant other price risk.

**Management of Capital**

Capital comprises the Company's shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues or cash flows since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended March 31, 2020. The Company is not subject to externally imposed capital requirements.



**MICRON WASTE TECHNOLOGIES INC.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2020 and 2019**  
(Expressed in Canadian Dollars, unless stated otherwise)

**14. CONTINGENCY**

During the year ended December 31, 2019, a former employee filed a suit of wrongful dismissal against the Company. The Company believes the allegations are without merit and the Company intends to vigorously defend itself against this claim. Due to the outcome of the claim being unlikely and not measurable, no contingent liability has been recorded.

**15. FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The Company classified its financial instruments at Level 1 and as follows:

	<b>Financial Assets</b>		<b>Loans and Receivables</b>		<b>Other Financial Liabilities</b>
	Fair Value Through Profit or Loss		Measured at Amortized Cost		Measured at Amortized Cost
<b>March 31, 2020</b>					
Cash and cash equivalents	\$ 2,749,581	\$	-	\$	-
Accounts receivable	-		46,414		-
Accounts payable and accrued liabilities	-		-		(38,878)
Lease liabilities	-		-		(215,230)
	\$ 2,749,581	\$	46,414	\$	(254,108)

	<b>Financial Assets</b>		<b>Loans and Receivables</b>		<b>Other Financial Liabilities</b>
	Fair Value Through Profit or Loss		Measured at Amortized Cost		Measured at Amortized Cost
<b>December 31, 2019</b>					
Cash and cash equivalents	\$ 2,784,525	\$	-	\$	-
Marketable securities	462,500		-		-
Accounts receivable	-		81,333		-
Accounts payable and accrued liabilities	-		-		(74,779)
Lease liabilities	-		-		(230,964)
	\$ 3,247,025	\$	81,333	\$	(305,743)

**Fair Value**

The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value due to the short-term nature of these instruments.

**MICRON WASTE TECHNOLOGIES INC.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2020 and 2019**  
(Expressed in Canadian Dollars, unless stated otherwise)

---

**16. SUBSEQUENT EVENTS**

On April 20, 2020, the Company announced the signing of a non-binding letter of intent (the “LOI”) with Covid Technologies Inc. (“Covid”) to acquire all of the outstanding securities of Covid (the “Acquisition”). Covid is a privately held British Columbia corporation based in Vancouver, BC that will manufacture personal protective equipment (“PPE”). At the time of the signing of the LOI, Covid was in the midst of a private placement to sell 16,500,000 units (the “Units”) at a price of \$0.02 per Unit for gross proceeds of \$330,000.

On April 24, 2020, the Company made a loan payment to Covid in the aggregate sum of \$250,000 to be used as working capital during the negotiation of the share exchange agreement (the “Definitive Agreement”), on terms mutually agreed to by both parties.

On May 19, 2020, the Company announced that it has entered into the Definitive Agreement with Covid with regard to the Acquisition. In exchange for the shares of Covid, the Company will issue 16,500,000 post-consolidated Micron common shares at a deemed price of \$0.08 per share and 16,500,000 replacement warrants exercisable for a price of \$0.10 per share for a period up to and including April 28, 2025. Closing of the Acquisition is anticipated to be completed by the end of May 2020.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. 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 Company in future periods.