

MICRON WASTE TECHNOLOGIES INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 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	June 30, 2020	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		\$ 1,772,268	\$ 2,784,525
Marketable securities	4	-	462,500
Accounts receivable	5	22,940	115,721
Loans receivable	6	250,000	-
Prepaid expenses	7	135,745	63,375
Total current assets		2,180,953	3,426,121
Non-current assets			
Deposits		8,100	7,500
Property and equipment	8	127,205	148,069
Right-of-use assets	9	179,644	215,573
Development assets	10	27,000	45,557
Total non-current assets		341,949	416,699
TOTAL ASSETS		\$ 2,522,902	\$ 3,842,820
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 74,434	\$ 74,779
Lease liabilities	9	77,992	72,050
Total current liabilities		152,426	146,829
Non-current liabilities			
Lease liabilities	9	121,011	158,914
Total liabilities		273,437	305,743
Shareholders' equity			
Share capital	11	18,468,935	18,468,935
Reserves	11	895,173	1,767,647
Deficit		(17,114,643)	(16,699,505)
Total shareholders' equity		2,249,465	3,537,077
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 2,522,902	\$ 3,842,820

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 August 21, 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)

	Note	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
General and Administrative Expenses					
Amortization	8,9	\$ 28,396	\$ 29,447	\$ 56,793	\$ 52,825
Business development		478,247	114,129	494,631	174,895
Consulting fees / salaries	12	110,000	439,073	345,064	794,761
Office and general		26,273	70,533	54,845	120,152
Professional fees		70,262	43,385	89,391	76,120
Research expenses		2,730	46,987	22,745	68,873
Share-based compensation	11	-	299,238	7,070	318,246
Transfer agent and filing fees		23,321	34,726	29,842	42,929
Loss from operations		739,229	1,077,518	1,100,381	1,648,801
Interest income		(5,897)	(19,341)	(12,238)	(37,457)
Foreign exchange (gain) loss		1,751	1,002	1,169	(202)
Realized loss on sale of marketable securities	5	-	-	17,870	-
Fair value (gain) loss on marketable securities	5	-	38,678	187,500	(109,705)
Loss and comprehensive loss for the period		\$ 735,083	\$ 1,097,857	\$ 1,294,682	\$ 1,501,437
Loss per share, basic and diluted		\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.04
Weighted average number of common shares outstanding		39,511,841	39,630,796	39,511,841	39,294,299

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
Balance – December 31, 2018	38,711,841	\$ 17,856,227	\$ 1,605,899	\$ 276,483	\$ (11,522,054)	\$ 8,216,555
Shares issued – warrants exercised	750,000	307,500	-	-	-	307,500
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	-	-	318,246	-	-	318,246
Expiration of warrants	-	-	-	(13,645)	13,645	-
Expiration of stock options	-	-	(69,621)	-	69,621	-
Loss and comprehensive loss for the period	-	-	-	-	(1,501,437)	(1,501,437)
Balance – June 30, 2019	39,511,841	\$ 18,468,935	\$ 1,824,932	\$ 17,222	\$ (12,940,225)	\$ 7,370,864
Balance – December 31, 2019	39,511,841	\$ 18,468,935	\$ 1,750,425	\$ 17,222	\$ (16,699,505)	\$ 3,537,077
Share-based compensation	-	-	7,070	-	-	7,070
Expiration of stock options	-	-	(831,436)	-	831,436	-
Forfeiture of stock options	-	-	(48,108)	-	48,108	-
Loss and comprehensive loss for the period	-	-	-	-	(1,294,682)	(1,294,682)
Balance – June 30, 2020	39,511,841	\$ 18,468,935	\$ 877,951	\$ 17,222	\$ (17,114,643)	\$ 2,249,465

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)

Six months ended June 30	2020	2019
Operating Activities		
Net loss for the period	\$ (1,294,682)	\$ (1,501,437)
Items not involving the use of cash		
Amortization	56,793	52,825
Share-based compensation	7,070	318,246
Realized loss on sale of marketable securities	17,870	-
Fair value (gain) loss on marketable securities	187,500	(109,705)
Unrealized foreign exchange (gain) loss	(317)	3,164
Changes in non-cash working capital		
Accounts receivable	92,781	(66,120)
Prepaid expenses	(72,370)	16,135
Deposits	(600)	-
Accounts payable and accrued liabilities	(345)	125,089
Net cash used in operating activities	(1,006,300)	(1,161,803)
Investing Activities		
Redemption of short-term investments	-	3,000,000
Proceeds from sale of marketable securities	257,130	-
Refunds from return of development assets	18,557	-
Loan to another company (note 6)	(250,000)	-
Additions to property and equipment	-	(33,389)
Additions to development assets	-	(535,585)
Additions to deferred assets	-	(31,300)
Additions to right-of-use assets	-	(275,901)
Net cash provided by (used in) investing activities	25,687	2,123,825
Financing Activities		
Proceeds from warrants exercised	-	307,500
Proceeds from stock options exercised	-	30,000
Lease liabilities payments	(31,961)	(31,834)
Net cash provided by financing activities from continuing operations	(31,961)	305,666
Foreign exchange effect on cash	317	(3,164)
Decrease in cash and cash equivalents	(1,012,257)	1,264,524
Cash and cash equivalents, beginning of period	2,784,525	3,081,567
Cash and cash equivalents, end of period	\$ 1,772,268	\$ 4,346,091
Supplemental cash flow information		
Non-cash financing activities:		
Reclassification from warrants reserve to share capital	\$ -	\$ 245,616
Reclassification from options reserve to share capital	\$ -	\$ 29,592
Reclassification from warrants reserve to deficit	\$ -	\$ 13,645
Reclassification from options reserve to deficit	\$ 879,544	\$ 69,621
Development assets included in accounts payable and accrued liabilities	\$ -	\$ 346,748
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 Six Months Ended June 30, 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 (the “CSE”) under the symbol “MWM”.

The head office, principal address and registered office of the Company is 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 (the “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 \$17,114,643 (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 consistent 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.

MICRON WASTE TECHNOLOGIES INC.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars, unless stated otherwise)

2. BASIS OF PRESENTATION (Continued)

These condensed interim consolidated 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 June 30, 2020 were approved and authorized for issuance by the Board of Directors on August 21, 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 subsidiary 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 Six Months Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars, unless stated otherwise)

4. MARKETABLE SECURITIES

As at June 30, 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 POM warrants expired on February 28, 2020.

During the six months ended June 30, 2020, the Company sold all of the POM shares for net proceeds of \$257,130. The cost base for the POM shares was \$275,000, which was the acquisition cost recognized for the POM shares at March 7, 2018. The sale of the POM 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 for the six months ended June 30, 2020.

5. ACCOUNTS RECEIVABLE

	June 30, 2020	December 31, 2019
Accounts receivable	\$ 2,323	\$ 46,251
Interest receivable	7,330	35,082
GST receivable	13,287	34,388
	\$ 22,940	\$ 115,721

6. LOANS RECEIVABLE

During the period ended June 30, 2020, the Company made a non-revolving term loan (“Loan”) in the amount of \$250,000 (December 31, 2019 - \$nil) to Covid Technologies Inc. (“Covid Technologies”) with interest set at 8% per annum pursuant to the terms and conditions set in a loan agreement dated April 24, 2020. The Loan has a one-year term with principal and accrued interest due on April 24, 2021. Subsequent to the period ended June 30, 2020, the Company completed the acquisition (the “Acquisition”) of all of the issued and outstanding securities of Covid Technologies pursuant to the terms of a share exchange agreement (the “SPA” or “Agreement”) dated May 18, 2020 among the Company, Covid Technologies, and the securityholders of Covid Technologies.

7. PREPAID EXPENSES

	June 30, 2020	December 31, 2019
Business development	\$ 122,163	\$ 34,800
Employees’ advances	-	2,752
Office and general	7,037	20,778
Professional fees – Legal retainer	4,314	2,814
Transfer agent and filing fees / Shareholders communication	2,231	2,231
	\$ 135,745	\$ 63,375

MICRON WASTE TECHNOLOGIES INC.
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(Expressed in Canadian Dollars, unless stated otherwise)

8. PROPERTY AND EQUIPMENT

	Leasehold improvements	Promotional models	Furniture / Equipment	Computer equipment	Total
Cost					
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 June 30, 2020	\$ 180,176	\$ -	\$ 23,535	\$ 4,718	\$ 208,429
Accumulated Amortization					
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	18,451	-	2,118	295	20,864
Balance at June 30, 2020	\$ 69,468	\$ -	\$ 8,708	\$ 3,048	\$ 81,224
Carrying Amounts					
December 31, 2019	\$ 129,159	\$ -	\$ 16,945	\$ 1,965	\$ 148,069
June 30, 2020	\$ 110,708	\$ -	\$ 14,827	\$ 1,670	\$ 127,205

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has a lease agreement for its Innovation Centre 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 June 30, 2020 is as follows:

MICRON WASTE TECHNOLOGIES INC.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars, unless stated otherwise)

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

Right-of-use asset	
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	(35,929)
Value of right-of-use asset at June 30, 2020	\$ 179,644
Lease liability	
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	(45,471)
Lease interest	13,510
Lease liability recognized as at June 30, 2020	\$ 199,003
Current portion	\$ 77,992
Long-term portion	121,011
	\$ 199,003

10. 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 were intended to transform organic waste into clean water and meets municipal effluent discharge standards.

Cost	
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 June 30, 2020	\$ 27,000
Accumulated Amortization	
Balance at December 31, 2018 – June 30, 2020 ⁽¹⁾	-
Carrying Amounts	
December 31, 2019	\$ 45,557
June 30, 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 Six Months Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars, unless stated otherwise)

11. 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 June 30, 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 June 30, 2020:

- No new common shares were issued.

During the period ended June 30, 2019:

- 750,000 common shares were issued in connection with the exercise of share purchase warrants for gross proceeds of \$307,500. 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 4,131,750 shares held in escrow.

As at June 30, 2020, the Company had 619,763 (December 31, 2019 – 1,224,525) common shares held in escrow. The next and last release is scheduled on October 26, 2020.

Under the escrow agreement, the remaining shares held in escrow would 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 Six Months Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars, unless stated otherwise)

11. 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, June 30, 2020	12,584,100	\$ 0.68

As at June 30, 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	1.79
May 1, 2022	2,000,000	0.50	1.84
June 1, 2022 ⁽¹⁾	5,009,100	1.00	1.92
Balance at June 30, 2020	12,584,100	\$ 0.68	1.85

(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 ⁽¹⁾	(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	(1,282,500)	0.65
Forfeited	(100,000)	0.72
Balance at June 30, 2020	1,362,500	\$ 0.73

(1) The weighted average share price on the date of exercise for options exercised was \$0.90.

MICRON WASTE TECHNOLOGIES INC.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars, unless stated otherwise)

11. SHARE CAPITAL AND RESERVES (Continued)

Stock Options (Continued)

As at June 30, 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	2.32
July 6, 2018	July 6, 2023	287,500	1.10	3.02
April 8, 2019 ⁽¹⁾	April 8, 2024	287,500	0.72	3.78
Balance at June 30, 2020		1,362,500	\$ 0.73	2.77

Share-based compensation

During the six months ended June 30, 2020, the total share-based compensation recognized was \$7,070 (2019 - \$318,246).

12. 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:

Six months ended June 30	2020	2019
Consulting fees – key management personnel ⁽¹⁾	\$ 204,000	\$ 320,606
Share-based compensation (note 11)	-	137,946
	\$ 204,000	\$ 458,552

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

Six months ended June 30	2020	2019
Rent ⁽²⁾	\$ 18,000	\$ 12,000
Tax services ⁽³⁾	-	2,000
	\$ 18,000	\$ 14,000

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

	June 30, 2020	December 31, 2019
Key management personnel	\$ -	\$ 15,705

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12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (Continued)

- (1) Fees paid to management personnel or companies related to management personnel for the six months ended June 30, 2020:
- \$120,000 (2019 - \$120,000): to a company owned by the Chairman/Director and interim President/CEO;
 - \$30,000 (2019 - \$60,000) to a company owned by the CTO and Director;
 - \$nil (2019 - \$87,606) 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;
 - \$36,000 (2019 - \$36,000) to a company owned by CFO
 - \$nil (2019 - \$9,000) to a company owned by a Director who resigned effective December 23, 2019;
 - \$9,000 (2019 - \$3,000) to a Director;
 - \$9,000 (2019 - \$nil) to a Director.
- (2) Fees for the six months ended June 30, 2020 were \$18,000 (2019 - \$12,000) for office rent paid to a company that the Chairman and director of the Company and a senior officer are principals.
- (3) Fees of \$nil (2019 - \$2,000) for tax services paid to a partnership which a senior officer is a partner.

13. 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:

	June 30, 2020	December 31, 2019
Canada	\$ 341,949	\$ 416,699

14. 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.

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14. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

Liquidity Risk (Continued)

As at June 30, 2020	Carrying amount \$	Contractual cash flows \$	Contractual cash flows 1 year or less \$	Contractual cash flows 1 -5 years \$
Accounts payable and accrued liabilities	74,434	74,434	74,434	–
Lease liabilities	199,003	232,642	92,264	140,378
	273,437	307,076	166,698	140,378

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 June 30, 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 \$775 (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 June 30, 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.

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14. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

Management of Capital (Continued)

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 June 30, 2020. The Company is not subject to externally imposed capital requirements.

15. CONTINGENCY

During the year ended December 31, 2019, a former employee filed a suit of wrongful dismissal against the Company. The litigation is still ongoing and expected to proceed to trial. As of August 21, 2020, a trial date has not been set. Due to the outcome of the trial being unknown and immeasurable with certainty, no contingent liability has been recorded.

16. 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:

	Financial Assets	Loans and Receivables	Other Financial Liabilities
	Fair Value Through Profit or Loss	Measured at Amortized Cost	Measured at Amortized Cost
June 30, 2020			
Cash and cash equivalents	\$ 1,772,268	\$ -	\$ -
Accounts receivable	-	9,653	-
Loans receivable	-	250,000	-
Accounts payable and accrued liabilities	-	-	(74,434)
Lease liabilities	-	-	(199,003)
	\$ 1,772,268	\$ 259,653	\$ (273,437)

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16. FINANCIAL INSTRUMENTS (Continued)

	Financial Assets	Loans and Receivables	Other Financial Liabilities
	Fair Value Through Profit or Loss	Measured at Amortized Cost	Measured at Amortized Cost
December 31, 2019			
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.

17. SUBSEQUENT EVENTS

On May 19, 2020, the Company announced that it entered into the Definitive Agreement with the shareholders of Covid Technologies, pursuant to which the Company agreed to acquire 100% of the issued and outstanding securities of Covid Technologies, including dilutive securities, in exchange for securities of Micron:

- Upon the closing of the Acquisition on July 8, 2020, the Company acquired all of the issued and outstanding securities of Covid Technologies in consideration for the issuance of 16,500,000 common shares (the “Consideration Shares”) of the Company at a deemed price of \$0.08 per Consideration Share and 16,500,000 replacement warrants (the “Replacement Warrants”) exercisable into common shares in the capital of the Company for a price of \$0.10 for a period up to and including April 28, 2025. Further, upon closing of the Acquisition Mr. Harveer Sidhu was appointed to the Company’s Board of Directors.

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.