# ROCKSHIELD CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
FEBRUARY 28, 2021

*(Unaudited - Expressed in Canadian Dollars)*

**NOTICE OF NO AUDITOR REVIEW OF**
**CONDENSED CONSOLIDATED 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 condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

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

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# ROCKSHIELD CAPITAL CORP.
## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
*(Unaudited - Expressed in Canadian Dollars)*

| | Note | February 28, 2021 $ | November 30, 2020 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | 7,734,690 | 3,542,588 |
| Advances receivable | 6(b) | 5,000 | 3,000 |
| GST receivable | | 3,918 | 4,386 |
| Prepaid expenses | | 260 | 1,185 |
| Investments | 4 | 1,589,202 | 1,492,271 |
| **TOTAL ASSETS** | | 9,333,070 | 5,043,430 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | | 75,723 | 8,300 |
| **TOTAL LIABILITIES** | | 75,723 | 8,300 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 5 | 27,859,714 | 24,865,933 |
| Share-based payments reserve | | 4,822,584 | 4,111,318 |
| Deficit | | (23,424,951) | (23,942,121) |
| **TOTAL SHAREHOLDERS' EQUITY** | | 9,257,347 | 5,035,130 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | 9,333,070 | 5,043,430 |

**Nature of Operations** - Note 1

**Event after the Reporting Period** - Note 9

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on April 29, 2021 and are signed on its behalf by:

*/s/ **Dave Doherty***
Dave Doherty
Director

*/s/ **Nick DeMare***
Nick DeMare
Director

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

## ROCKSHIELD CAPITAL CORP.
### CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
*(Unaudited - Expressed in Canadian Dollars)*

| | Note | Three Months Ended February 28, 2021 $ | Three Months Ended February 29, 2020 $ |
|---|---|---|---|
| **Expenses** | | | |
| Accounting and administration | 6(a)(ii) | 10,800 | 12,350 |
| Audit | | 27,500 | - |
| Directors and officers compensation | 6(a)(i) | 20,872 | 29,343 |
| Insurance | | - | 4,375 |
| Legal | | 18,659 | - |
| Office | | 1,850 | 1,422 |
| Professional fees | | 15,874 | - |
| Regulatory | | 2,250 | 2,050 |
| Rent | | - | 2,590 |
| Share-based compensation | 5 | 697,062 | 27,097 |
| Transfer agent | | 1,524 | 1,053 |
| Travel | | - | 3,120 |
| Website | | 660 | 660 |
| | | 797,051 | 84,060 |
| **Loss before other items** | | (797,051) | (84,060) |
| **Other items** | | | |
| Realized loss on sale of investments | 4 | (172,040) | (509,342) |
| Unrealized gain (loss) on investments held | 4 | 1,480,305 | (421,868) |
| Interest income | | 6,462 | 10,970 |
| Foreign exchange | | (506) | 277 |
| | | 1,314,221 | (919,963) |
| **Net income (loss) and comprehensive income (loss) for the period** | | 517,170 | (1,004,023) |
| **Net income (loss) per share - basic and diluted** | | $0.01 | $(0.02) |
| **Weighted average number of common shares outstanding - basic and diluted** | | 66,944,406 | 45,595,354 |

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

# ROCKSHIELD CAPITAL CORP.

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

*(Unaudited - Expressed in Canadian Dollars)*

| | Three Months Ended February 28, 2021 | | | | |
|---|---|---|---|---|---|
| | Share Capital | | | | |
| | Number of Shares | Amount $ | Share-Based Payments Reserve $ | Deficit $ | Total Shareholders' Equity $ |
| **Balance at November 30, 2020** | 45,595,354 | 24,865,933 | 4,111,318 | (23,942,121) | 5,035,130 |
| Common shares issued for: | | | | | |
| Cash - private placement | 40,000,000 | 3,000,000 | - | - | 3,000,000 |
| Cash - exercise of warrants | 200,000 | 30,000 | - | - | 30,000 |
| Redemption of DSUs | 125,000 | 56,875 | (56,875) | - | - |
| Finder's fees | 3,550,333 | 190,196 | 76,079 | - | 266,275 |
| Share issue costs | - | (288,290) | - | - | (288,290) |
| Share-based compensation | - | - | 697,062 | - | 697,062 |
| Transfer on exercise of warrants | - | 5,000 | (5,000) | - | - |
| Net income for the period | - | - | - | 517,170 | 517,170 |
| **Balance at February 28, 2021** | 89,470,687 | 27,859,714 | 4,822,584 | (23,424,951) | 9,257,347 |

| | Three Months Ended February 29, 2020 | | | | |
|---|---|---|---|---|---|
| | Share Capital | | | | |
| | Number of Shares | Amount $ | Share-Based Payments Reserve $ | Deficit $ | Total Shareholders' Equity $ |
| **Balance at November 30, 2019** | 45,595,354 | 24,865,933 | 4,076,853 | (23,005,503) | 5,937,283 |
| Share-based compensation | - | - | 27,097 | - | 27,097 |
| Net loss for the period | - | - | - | (1,004,023) | (1,004,023) |
| **Balance at February 29, 2020** | 45,595,354 | 24,865,933 | 4,103,950 | (24,009,526) | 4,960,357 |

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

## ROCKSHIELD CAPITAL CORP.
### CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
*(Unaudited - Expressed in Canadian Dollars)*

| | Three Months Ended | |
|---|---|---|
| | February 28, 2021 $ | February 29, 2020 $ |
| **Operating activities** | | |
| Net income (loss) for the period | 517,170 | (1,004,023) |
| Adjustments for: | | |
| Realized loss on sale of investments | 172,040 | 509,342 |
| Unrealized (gain) loss on investments held | (1,480,305) | 421,868 |
| Share-based compensation | 697,062 | 27,097 |
| Changes in non-cash working capital items: | | |
| Advances receivable | (2,000) | 13,700 |
| GST receivable | 468 | (1,959) |
| Prepaid expenses | 925 | (831) |
| Accounts payable and accrued liabilities | 67,423 | (17,058) |
| **Net cash used in operating activities** | (27,217) | (51,864) |
| **Investing activities** | | |
| Proceeds from sale of investments | 1,211,334 | 278,552 |
| Investment purchases | - | (600,372) |
| **Net cash provided by (used in) provided by investing activities** | 1,211,334 | (321,820) |
| **Financing activities** | | |
| Issuance of common shares | 3,030,000 | - |
| Share issue costs | (22,015) | - |
| **Net cash provided by financing activities** | 3,007,985 | - |
| **Net change in cash** | 4,192,102 | (373,684) |
| **Cash at beginning of period** | 3,542,588 | 3,083,702 |
| **Cash at end of period** | 7,734,690 | 2,710,018 |

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

## 1. Nature of Operations

Rockshield Capital Corp. (the "Company") is a publicly-traded Canadian based venture capital firm focused on investments in early stage companies with high growth potential. The Company's common shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "RKS". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. During the three months ended February 28, 2021 the Company recorded net income of $517,170 and, as at February 28, 2021, had working capital of $9,257,347. The Company believes that it has adequate financial resources to cover current levels of corporate operations and expected investment purchases for the next twelve months. However, as a junior venture capital firm, the Company is subject to risks and challenges similar to other companies in a comparable stage. These risks include, but are not limited to, dependence on key individuals, investment risks, market risks, illiquid securities and the ability to maintain adequate cash flows and continuing as a going concern.

These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern or be unable to realize its assets or discharge its liabilities in the normal course of business. Such adjustments can be material.

During March 2020 the World Health Organization characterized COVID-19 as a pandemic. COVID-19 has had a material adverse impact on global economies. In order to combat the spread of COVID-19 governments worldwide, including Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures.

Determining the impact of COVID-19 on the valuation of the Company's investment portfolio required significant judgement given the amount of uncertainty regarding the long-term impact of COVID-19. The ultimate impact of COVID-19 on the financial results of the Company will depend on future developments, including the duration and spread of the pandemic and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and difficult to predict. If the financial markets and/or the overall economy are impacted for a period significantly longer than currently implied by the markets, the financial results of the Company, including the fair value of its corporate investments, may be materially adversely affected.

On April 23, 2021 the Company entered in a binding letter of intent to assume the contractual rights to acquire various equity interests in a number of companies operating in the plant-based food market, as described in Note 9.

## 2. Basis of Preparation

***Statement of Compliance***

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2020, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's audited consolidated financial statements for the year ended November 30, 2020.

***Basis of Measurement and Presentation***

The Company's condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

## 3. Subsidiary

As at February 28, 2021 the Company had one wholly-owned subsidiary, Rockshield Plywood Corp., which is an inactive holding company.

## 4. Investments

The Company's investments in marketable securities include common shares and other equity instruments of Canadian and U.S. companies that are listed on various Canadian stock exchanges or the OTCQB. The Company also has investments in common shares of private companies which plan to publicly list their shares.

Management has designated its investments in common shares and warrants of companies as "investments in equity/debt instruments" with the change in fair value recognized in profit or loss. The carrying values of the listed common shares and warrants have been directly referenced to published price quotations in an active market. The carrying values of equity and debt investments in unlisted private companies are valued at fair value using non-observable market inputs based on specific company information and general market conditions. The carrying values of the unlisted warrants are valued at fair value using the Black-Scholes option pricing model.

During the three months ended February 28, 2021 the Company sold certain of its investments for proceeds totalling $1,211,334 (February 29, 2020 - $278,552) and recognized a loss of $172,040 (February 29, 2020 - $509,342). In addition, the Company recorded unrealized gain of $1,480,305 (February 29, 2020 - loss of $421,868) on investments held.

## 5. Share Capital

### (a) *Authorized Share Capital*

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

### (b) *Equity Financings*

*Three Months ended February 28, 2021*

On January 15, 2021 the Company completed a non-brokered private placement of 40,000,000 units at $0.075 per unit for total proceeds of $3,000,000. Each unit comprised one common share and one share purchase warrant entitling the holder to purchase an additional common share at a price of $0.15 per share on or before January 15, 2023. Certain directors and officers of the Company acquired a total of 4,133,334 units of the private placement.

The Company also issued 3,550,333 finders' units having the same terms as the private placement units. The units were recorded at a fair value of $266,275. The fair value of the underlying warrants to the finder's units has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.15%; expected volatility of 116%; an expected life of two years; a dividend yield of 0%; and an expected forfeiture rate of 0%. The value assigned to the underlying warrants to the finder's units was $76,079.

The Company incurred a total of $22,015 for filing fees and legal costs.

*Fiscal 2020*

No financings were conducted by the Company during fiscal 2020.

*(Unaudited - Expressed in Canadian Dollars)*

**5. Share Capital** (continued)

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at February 28, 2021 and February 29, 2020 and the changes for the three months ended on those dates is as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Number | Weighted Average Exercise Price $ | Number | Weighted Average Exercise Price $ |
| Balance, beginning of period | - | - | 1,236,499 | 0.80 |
| Issued | 43,550,333 | 0.15 | - | - |
| Exercised | (200,000) | 0.15 | - | - |
| Expired | - | - | (1,236,499) | 0.80 |
| Balance, end of period | 43,350,333 | 0.15 | - | |

As at February 28, 2021 there were 43,350,333 warrants outstanding and exercisable at an exercise price of $0.15 per share, expiring January 15, 2023.

(d) *Share Option Plan*

On February 26, 2021 the Company's Board of Directors approved a rolling share option plan (the "Rolling Share Option Plan") as a replacement to the Company's Fixed Share Option Plan. Under the Rolling Share Option Plan the maximum number of common shares which can be reserved for issuance is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options shall not be less than the price determined in accordance with CSE policies while the Company's shares are listed on the CSE. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the three months ended February 28, 2021 the Company granted share options to purchase 7,700,000 common shares and recorded share-based compensation expense of $129,852 on the vesting of share options granted. The fair value of the share options granted was estimated using the Black-Scholes Option Pricing Model using the following assumptions: risk-free interest rate of 0.90%; estimated volatility of 112%; expected life of 5 years; expected dividend yield of 0%; and an estimated forfeiture rate of 0%.

The Company did not grant any share options during the three months ended February 29, 2020.

The weighted average measurement date fair value of all share options granted and vested during the three months ended February 28, 2021, using the Black-Scholes Option Pricing Model, was $0.45 per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

*(Unaudited - Expressed in Canadian Dollars)*

**5. Share Capital** (continued)

A summary of the Company's share options at February 28, 2021 and February 29, 2020 and the changes for the three months ended on those dates is as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Number of Options Outstanding | Weighted Average Exercise Price $ | Number of Options Outstanding | Weighted Average Exercise Price $ |
| Balance, beginning of period | - | - | - | - |
| Granted | 7,700,000 | 0.56 | - | - |
| Balance, end of period | 7,700,000 | 0.56 | - | - |

The following table summarizes information about the share options outstanding and exercisable at February 28, 2021:

| Number Outstanding | Number Exercisable | Exercise Price $ | Expiry Date |
|---|---|---|---|
| 7,700,000 | 250,000 | 0.56 | February 26, 2026 |

(f) *Deferred Share Unit ("DSU") Plan and Restricted Share Unit ("RSU") Plan*

On October 24, 2016 a deferred share unit ("DSU") plan was approved by the Company's Board of directors and subsequently ratified by the Company's shareholders. Under the DSU Plan an eligible participant could elect to receive DSUs up to 100% of his or her annual base compensation. In addition, the Board could award additional DSUs to the participant. The maximum number of DSUs that could be awarded pursuant to the DSU Plan was 4,552,785 DSUs. On January 5, 2018 the Company awarded a total of 1,500,000 DSUs.

On December 14, 2020 the Company awarded a total of 500,000 DSUs which vested immediately. During the three months ended February 28, 2021 the Company recorded share-based compensation expense of $42,730 (2020 - $27,097) for the DSUs awarded on December 14, 2020 and the final vesting of DSUs which had been awarded in fiscal 2018.

On January 27, 2021 the Company issued 125,000 common shares of the Company on the partial redemption of DSUs by a former director of the Company, with the remaining 75,000 DSUs expiring.

On February 26, 2021 the Company's Board of Directors approved a rolling restricted share unit plan (the "RSU Plan") as a replacement for the Company's DSU plan. Under the RSU Plan the maximum number of restricted shares units ("RSUs") which can be awarded is 10% of the issued and outstanding common shares of the Company. RSUs awarded may be subject to vesting provisions as determined by the Board of Directors. The remaining 1,550,000 DSUs outstanding were transferred to the RSU Plan, with equivalent and no additional vesting, subject to the terms and provisions of the RSU Plan. Under IFRS 2, *Share-based Payment*, the transferring of the DSUs into RSUs are considered to be a modification and the Company has recognized additional share-based compensation expense of $337,250 during the three months ended February 28, 2021.

On February 26, 2021 the Company also awarded 7,350,000 RSUs of which 300,000 RSUs vested immediately and 7,050,000 RSUs are subject to vesting over two years. During the three months ended February 28, 2021 the Company recognized $187,230 as share-based compensation expense relating to the vesting of the RSUs.

*(Unaudited - Expressed in Canadian Dollars)*

**5. Share Capital** (continued)

A summary of the Company's DSUs is as follows:

| | Number of DSUs |
|---|---|
| Balance as at November 30, 2018 | 1,500,000 |
| Cancelled | (100,000) |
| Balance as at November 30, 2019 | 1,400,000 |
| Cancelled | (150,000) |
| Balance as at November 30, 2020 | 1,250,000 |
| Awarded | 500,000 |
| Redeemed | (125,000) |
| Cancelled | (75,000) |
| Transferred to RSU Plan | (1,550,000) |
| Balance as at February 28, 2021 | - |

A summary of the RSUs is as follows:

| | Number of RSUs |
|---|---|
| Balance as at November 30, 2020 | - |
| Transferred from DSU Plan | 1,550,000 |
| Awarded | 7,350,000 |
| Balance as at February 28, 2021 | 8,900,000 |

The following table summarizes information about the RSUs outstanding and exercisable at February 28, 2021:

| Number Outstanding | Number Exercisable | Expiry Date |
|---|---|---|
| 8,900,000 | 1,850,000 | February 26, 2023 |

**6. Related Party Disclosures**

(a) Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

(i) During the three months ended February 28, 2021 and February 29, 2020 the following amounts were incurred with respect to these positions:

| | 2021 $ | 2020 $ |
|---|---|---|
| Management compensation | 20,872 | 29,343 |
| Share-based compensation on stock options | 4,644 | - |
| Share-based compensation on RSUs | 170,794 | - |
| Share-based compensation on DSUs | 41,484 | 22,079 |
| Share-based compensation on transferring DSUs to RSUs | 313,500 | - |
| | 551,294 | 51,422 |

*(Unaudited - Expressed in Canadian Dollars)*

## 6. Related Party Disclosures

(ii) During the three months ended February 28, 2021 the Company incurred a total of $10,800 (February 29, 2020 - $12,350) by Chase Management Ltd. ("Chase"), a private corporation owned by the Chief Financial Officer ("CFO"), for accounting and administration services provided by Chase personnel, excluding the CFO. As at February 28, 2021 $5,000 (November 30, 2020 - $6,500) remained unpaid and has been included in accounts payable and accrued liabilities.

During the three months ended February 28, 2021 the Company recorded $137,495 share-based compensation for share options, DSUs and RSUs granted to Chase. During the three months ended February 29, 2020 the Company recorded $5,088 share-based compensation for 250,000 DSUs granted to Chase.

(b) The Company has made ongoing advances to Rockshield Opportunities Corp. ("Rockshield Opportunities") a company which was initially incorporated as a wholly-owned subsidiary of the Company and of which its common shares were subsequently distributed to the Company shareholders. Certain of the Company's directors remain as directors of Rockshield Opportunities. The advances are non-interest bearing and repayable on demand.

## 7. Financial Instruments and Risk Management

***Categories of Financial Assets and Financial Liabilities***

Financial instruments are classified into one of the following categories: FVTPL; amortized cost; and FVOCI. The carrying values of the Company's financial instruments are classified into the following categories:

| Financial Instrument | Category | February 28, 2021 $ | November 30, 2020 $ |
|---|---|---|---|
| Cash | FVTPL | 7,734,690 | 3,542,588 |
| Advance receivable | Amortized cost | 5,000 | 3,000 |
| Investments | FVTPL | 1,589,202 | 1,492,271 |
| Accounts payable and accrued liabilities | Amortized cost | (75,723) | (8,300) |

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Fair Value*

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

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 three levels of the fair value hierarchy are:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

*(Unaudited - Expressed in Canadian Dollars)*

## 7. Financial Instruments and Risk Management (continued)

The recorded amounts for amounts receivable, advance receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for cash and investments approximate their fair value. The fair value of cash and investment in common shares under the fair value hierarchy is measured using Level 1 and Level 3 inputs.

The following is an analysis of the Company's financial assets measured at fair value as at February 28, 2021 and November 30, 2020:

| | February 28, 2021 | | |
|---|---|---|---|
| | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ |
| Cash | 7,734,690 | - | - |
| Investments | 1,589,202 | - | - |
| | 9,323,892 | - | - |

| | November 30, 2020 | | |
|---|---|---|---|
| | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ |
| Cash | 3,542,588 | - | - |
| Investments | 1,492,271 | - | - |
| | 5,034,859 | - | - |

*Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

| | Contractual Maturity Analysis at February 28, 2021 | | | | |
|---|---|---|---|---|---|
| | Less than 3 Months<br>$ | 3 - 12 Months<br>$ | 1 - 5 Years<br>$ | Over 5 Years<br>$ | Total<br>$ |
| Cash | 7,734,690 | - | - | - | 7,734,690 |
| Advance receivable | 5,000 | - | - | - | 5,000 |
| Investments | 1,589,202 | - | - | - | 1,589,202 |
| Accounts payable and accrued liabilities | (75,723) | - | - | - | (75,723) |

*(Unaudited - Expressed in Canadian Dollars)*

## 7. Financial Instruments and Risk Management (continued)

| | Contractual Maturity Analysis at November 30, 2020 | | | | |
|---|---|---|---|---|---|
| | Less than 3 Months $ | 3 - 12 Months $ | 1 - 5 Years $ | Over 5 Years $ | Total $ |
| Cash | 3,542,588 | - | - | - | 3,542,588 |
| Amounts receivable | 3,000 | - | - | - | 3,000 |
| Investments | 1,492,271 | - | - | - | 1,492,271 |
| Accounts payable and accrued liabilities | (8,300) | - | - | - | (8,300) |

*Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and demand deposits bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Equity Price Risk

The Company holds investments in publicly traded equity securities. Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. See also Note 2.

(c) Concentration Risk

As at February 28, 2021, $1,296,057 of the Company's portfolio of investments was held in one company. This investment represents approximately 82% of the Company's investment portfolio and poor performance in the market price of this investment could adversely affect the Company's results.

*Capital Management*

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its investment. 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 defines capital that it manages as share capital. The Company will continue to assess new investment opportunities as they arise and if it has adequate financial resources to do so. 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 have been no changes to the Company's approach to capital management during the three months ended February 28,2021 or fiscal 2020. The Company is not subject to any externally imposed capital requirements.

*(Unaudited - Expressed in Canadian Dollars)*

## 8. Supplemental Cash Flow Information

During the three months ended February 28, 2021 and February 29, 2020 non-cash activities were conducted by the Company as follows:

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Financing activities | | |
| Issuance of share capital | 252,071 | - |
| Share issue costs | (266,275) | - |
| Share-based payments reserve | 14,204 | - |
| | - | - |

## 9. Event after the Reporting Period

On April 23, 2021 the Company entered into a binding letter of intent ("LOI") with Novel Agri-Technologies Inc. ("Novel") pursuant to which the Company will assume Novel's contractual rights to acquire 100% of two, and 75% of a third, private arm's length plant-based food companies(combined the "Target Companies").

Under the terms set out in the LOI the Company will issue up to 85,000,000 common shares (the "Consideration Shares") of the Company and provide a total cash consideration of $3,000,000 to the shareholders of the Target Companies and Novel, with $1,000,000 payable now (the "Initial Payment") and the remaining $2,000,000 payable on closing (the "Closing") of the acquisitions of the Target Companies (the "Acquisition"). In the event the Acquisition is not completed $750,000 of the Initial Payment will be converted to a three-year term loan to Novel bearing interest at a rate of 8% per annum. The Company has paid $250,000 of the Initial Payment. It is anticipated that Novel will receive at Closing a profits interest in the Target Companies convertible into its respective share of the Consideration Shares.

The completion of the Acquisition is subject to the negotiation of definitive acquisition agreements with each of the Target Companies, which shall include customary closing conditions. Finder' fees are payable in connection with the Acquisition. No change of control of the Company will result from the Acquisition. Further deferred considerations are payable in shares or cash at the Company's election.