RDT™
RAPID DOSE THERAPEUTICS

Rapid Dose Therapeutics Corp.

Condensed Interim Consolidated Financial Statements

May 31, 2021
(expressed in Canadian dollars)
(unaudited)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

These Unaudited Condensed Interim Consolidated Financial Statements of Rapid Dose Therapeutics Corp. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These Unaudited Condensed Interim Consolidated Financial Statements have not been approved by the Company's external auditors.

Rapid Dose Therapeutics Corp.
Consolidated Statements of Financial Position

(expressed in Canadian dollars)
(unaudited)

	Notes	As at May 31, 2021 $	As at February 28, 2021 $
Assets			
Current			
Cash and cash equivalents		547,890	70,262
Amounts receivable	4	428,460	255,093
Inventory	5	375,959	333,397
Prepaid expenses	6	239,936	138,783
		1,592,245	797,535
Non-current			
Right-of-use asset	7	817,041	889,165
Property and equipment	8 & 10	2,211,589	2,145,025
Intangible assets	9	275,000	-
Goodwill	10	1,729,672	-
		6,625,547	**3,831,725**
Liabilities			
Current			
Accounts payable and accrued liabilities		1,281,206	1,831,111
Due to a related party	11	109,000	129,000
Loans payable	12	500,000	1,100,000
Deferred revenue	13	417,571	1,394,525
Current portion of lease liability	14	291,406	285,655
		2,599,183	4,740,291
Non-current			
Lease liability	14	598,506	673,549
		3,197,689	**5,413,840**
Shareholders' equity			
Common shares	15	22,096,650	18,604,067
Warrant reserve	16	1,601,514	306,316
Options reserve	17	2,676,843	2,635,827
Accumulated other comprehensive loss		86,704	34,152
Deficit		(23,033,854)	(23,162,477)
		3,427,858	(1,582,115)
		6,625,547	**3,831,725**

Going concern 2
Subsequent events 23

Approved by the Board:

Director signed by *Mark Upsdell*
Director signed by *Jason Lewis*

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

Rapid Dose Therapeutics Corp.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(expressed in Canadian dollars)
(unaudited)

	Notes	Three months ended May 31, 2021 $	Year ended February 28, 2021 $
Revenue			
Sales		131,198	262,805
Cost of sales		46,327	55,351
Gross profit		**84,871**	**207,454**
Expenses			
Personnel	22	393,409	783,432
Stock based compensation	17	41,016	-
General and administrative		110,670	209,566
Professional fees		79,918	311,868
Sales and marketing		12,103	162,553
Research and development		27,805	85,310
Travel		136	36,307
Inventory provision		-	70,000
Depreciation	7 & 8	152,496	675,468
Interest	12	33,724	142,561
		851,278	**2,477,065**
Loss from operations		**(766,407)**	**(2,269,611)**
Non-operating income (expenses)			
Gain on termination of contracts	13	883,204	-
Foreign exchange gain (loss)		11,586	(28,043)
Interest income		240	-
Net income (loss) before other comprehensive loss		**128,623**	**(2,297,654)**
Currency translation adjustment		-	50,629
Net comprehensive income (loss)		**128,623**	**(2,247,025)**
Net income (loss) per common share-basic		**0.002**	**(0.03)**
Weighted average number of common shares - basic		**82,352,526**	**77,787,309**

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

Rapid Dose Therapeutics Corp.
Consolidated Statements of Changes in Equity
(expressed in Canadian dollars)
(unaudited)

Three months ended May 31, 2021 and the Year ended February 28 2021

	Number of shares	Common Shares	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
		$	$	$	$	$	$
Balance, February 29 2020	**75,121,327**	**16,673,525**	**67,033**	**-**	**(12,699)**	**(12,900,207)**	**3,827,652**
Private placement of common shares	3,599,370	899,843					899,843
Fair Value of warrants issued		(306,316)	306,316				-
Fair Value of warrants expired (note 15)			(4,000)	4,000			-
Share issued costs		(87,150)					(87,150)
Loss					50,629	(2,227,653)	(2,177,024)
Balance, February 28, 2021	**80,666,805**	**18,604,067**	**306,316**	**2,635,827**	**34,152**	**(23,162,477)**	**(1,582,115)**
Fair value of common share units issued (note 10)	20,000,000	3,492,583	1,295,198				4,787,781
Stock based compensation (note 17)				41,016			41,016
Income (loss) for the period						128,623	128,623
Accumulated other comprehensive loss					52,552		52,552
Balance, May 31, 2021	**100,666,805**	**22,096,650**	**1,601,514**	**2,676,843**	**86,704**	**(23,033,854)**	**3,427,858**

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

Rapid Dose Therapeutics Corp.
Consolidated Statements of Cash Flows

(expressed in Canadian dollars)
(unaudited)

	Three months ended May 31, 2021 $	Year ended February 28, 2021 $
Cash provided by (used in)		
Operating activities		
Income (Loss)	128,623	(2,297,654)
Items not affecting cash		
Stock-based compensation	41,016	-
Depreciation	152,496	675,468
Inventory provision	-	70,000
Changes in non-cash operating working		
Amounts receivable	(173,367)	(144,286)
Inventory	(42,562)	(192,998)
Prepaid expenses	(101,153)	(49,942)
Accounts payable and accrued liabilities	(549,905)	453,087
Due to related party	(20,000)	-
Deferred revenue	(976,954)	(137,317)
	(1,541,806)	(1,623,642)
Investing activities		
Additions to property and equipment	(146,939)	-
Transfer of property and equipment	(106,326)	(9,124)
	(253,265)	(9,124)
Financing activities		
Loans payable	-	1,100,000
Payment on lease	(69,292)	(263,763)
Private placement of common shares	-	899,843
Cash acquired in purchase of common shares	1,864,363	-
Share issue costs	-	(87,150)
	1,795,071	1,648,930
Net increase (decrease) in cash	477,628	16,164
Cash, beginning of period	70,262	3,469
Currency translation adjustment	-	50,629
Cash, end of quarter	547,890	70,262
Non-cash transactions		
Purchase of 2544737 Ontario Limited	2,923,418	-
Retirement of Loans payable	600,000	
Receipt of common shares of licencee for defered revenue	-	296,090
Supplementary information		
Interest paid	33,724	142,561
Income taxes paid	-	-
Deposit on property & equipment applied against accounts payable	-	175,695

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

1. Nature of operations

Rapid Dose Therapeutics Corp. (the "Company") is a publicly traded Canadian life sciences company that provides innovative, proprietary drug delivery technologies designed to improve outcomes and quality of lives. The Company is incorporated under the laws of Ontario and its registered office is located at 1121 Walker's Line, Unit 3A, Burlington, Ontario, L7N 2G4.

2. Going concern uncertainty

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company is its early stages of growth having moved from start up to commercialization phase during the fourth quarter of the year ended February 28, 2021. As at May 31, 2021, the Company had reduced its working capital deficiency to $1,006,940 (as at February 28, 2021 - $3,942,756) and for the 3 months ended May 31, 2021, the Company recorded income of $264,912 (compared to a loss for the year ended February 28, 2021 - $2,297,654). The loss from operations of $757,669 (year ended February 28, 2021 - $2,269,611) and working capital deficiencies limit the Company's ability to fund its operations.

The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance its operations. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

Since 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 social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. 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.

These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

3. Basis of preparation

Statement of compliance

The condensed interim financial consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

(expressed in Canadian dollars)

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited financial statements for the year ended February 28, 2021.

These condensed interim financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended February 28, 2021.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 24, 2021.

4. Amounts receivable

	May 31, 2021 $	February 28, 2021 $
Trade receivables	240,794	84,907
Government receivable	187,666	170,186
	428,460	255,093

5. Inventory

	May 31, 2021 $	February 28, 2021 $
Raw materials	131,430	72,082
Labels and packaging	95,536	82,540
Finished goods - nutraceuticals	148,993	248,775
Inventory provision	-	70,000
	375,959	333,397

For the 3 months ended May 31, 2021, inventory of $3,204 (2021 - $24,985) was recorded as cost of goods sold.

6. Prepaid expenses and deposits

	May 31 2021 $	February 28, 2021 $
Prepaid insurance	44,796	52,247
Prepaid cccupancy	29,339	29,339
Prepaid marketing costs	20,893	20,894
Deposit for inventory and services	144,908	35,303
	239,936	138,783

(expressed in Canadian dollars)

7. Right-of-use asset

Right-of-use asset represents a lease for office premises with a term ending on March 31, 2024.

Assets	May 31 2021 $	February 28 2021 $
Non-current		
Right-of-use asset	1,466,516	1,466,516
Accumulated depreciation	(649,475)	(577,351)
	817,041	889,165

For the 3 months ended May 31,2021, the Company recorded depreciation on the right-of-use asset of $72,124, (2021 - $577,351)

8. Property and equipment

	Furniture and fixtures	R&D equipment	Portable building units	Computer hardware	Leaseholds	Processing equipment	Total
	$	$	$	$	$	$	$
Cost							
February 28, 2021	61,893	160,750	431,859	199,636	246,618	1,783,704	2,884,462
Additions						488	488
May 31, 2021	**61,893**	**160,750**	**431,859**	**199,636**	**246,618**	**1,784,192**	**2,884,460**
Accumulated depreciation							
February 28, 2021	28,810	71,452	79,450	103,076	46,075	410,574	739,437
Depreciation	3,095	8,049	10,796	15,962	6,165	36,304	80,372
May 31, 2021	31,905	79,501	90,247	119,038	52,240	446,878	819,898
Net book value							
February 28, 2021	33,083	89,298	352,409	96,560	200,543	1,73,132	2,145,025
May 31, 2021	29,988	81,249	341,612	80,598	194,378	1,337,315	2,065,142

For the 3 months ended May 31, 2021, the Company recorded depreciation on property and equipment of $80,372 (2021 - $386,972)

(expressed in Canadian dollars)

9. Intangible assets

Licences acquired in the acquisition of the shares of 2544737 Ontario Limited are carried at fair value.

10. Business acquisition

Acquisition of 2544737 Ontario Limited operating as Consolidated Craft Brands ("CCB").
On March 19, 2021, the Company acquired, through a share exchange of 20 million Units, 100% of the common shares of CCB, an early-stage company in the consumer-packaged brands industry focused on developing, manufacturing, and distributing therapeutic wellness products. Immediately after the acquisition, CCB was amalgamated with a newly incorporated wholly owned subsidiary of the Company with the succeeding company carrying on business as CCB.

The acquisition brought to the Company synergistic products, valuable relationships, various business partnerships and experienced management along with a research and development license and a license application in process which would allow for production of products complimentary to the Company's offerings.

The acquisition is being accounted for as a Business Combination and is, therefore, subject to IFRS 3 "Business Combinations". Details of the acquisition are as follows:

Fair Value of consideration transferred	**$**
Fair Value Common Shares	3,492,583
Fair Value of Warrants	1,295,198
	4,787,781
Recognized amounts of identifiable net assets	
Cash	1,864,363
Loan receivable	600,000
Accounts receivable	100,300
Note receivable	50,000
Accrued interest receivable	12,427
Government receivable	29,928
Inventory	15,271
Total current assets	2,672,289
Property and equipment	146,451
License application in process	250,000
Research and development license	25,000
Total non-current assets	421,451
Current liabilities	(35,631)
Identifiable net assets	**3,058,109**
Goodwill on acquisition	**1,729,672**
Consideration transferred	**4,787,781**

(expressed in Canadian dollars)

Each Unit consist of one Common Share and one share purchase Warrant. The Units are subject to an escrow arrangement whereby the Units shall be released in eight tranches over an eleven-month period from closing of the acquisition with the final 20% released at the end of the eleven-month period. The acquisition agreement allows for a reduction of all, or a portion of, the number of final release Units upon the occurrence of certain defined events as detailed in the Acquisition Agreement. Each Warrant entitles the holder to acquire, for a two-year period, one Common Share at $0.375 each.

Since the purchase price consideration was both variable (because of the reduction arrangement) and to be issued over time, certain calculations were made to determine the Fair Value of the purchase consideration at the date of closing ("Valuation Date"). This included (a) reduction in Units (b) Fair Value of the Company's shares to be released over the eight tranches and (c) Fair Value of Warrants to be released over the 8 tranches. The Fair Value of the total consideration was determined to be $4,787,781 consisting of the Fair Value of the Company shares and the Fair Value of the Warrants. In determining the Fair Value of the Company's shares, a discount was calculated to reflect the receipt of shares over time using the Black-Scholes Option Pricing Model ("BSM"). Under the BSM approach, the Fair Value of shares released from escrow is deemed to be equal to the share price less the cost of a put option for these same shares. The value of the put option represents the right to lock in the value of the RDT Shares at the Valuation Date. The Warrants are to be released in the same amounts as the shares. In determining the Fair Value of the Warrants, the same BSM inputs were applied as with the shares except for the risk-free rate (2 years to match the Warrant term) and the exercise price of $0.375.

Since the value of the Warrants cannot be locked in at the Valuation Date, the Fair Value of the shares was estimated at each future grant date (each date of the eight tranche dates) using the same values calculated in the share valuation, to determine the Fair Value of the Warrants. The fair Value determined at each tranche date was discounted to the Valuation Date using the discount rate applied throughout the valuation process.

11. Due to a related party

Due to a related party of $109,000 (February 28, 2021 - $129,000) represents advances from an officer and director. The advances are unsecured and non-interest bearing with $75,000 due on December 9 2021 and $34,000 due on December 30, 2021.

12. Loans payable

	May 31 2021 $	February 28 2021 $
Working capital loan	500,000	500,000
Related party – promissory notes	-	600,000
	500,000	1,100,000

In August 4, 2020, the Company received working capital loan proceeds of $500,000 from a private lender, secured by a promissory note registered under the Personal Property Securities Act, Ontario. The loan bears interest at 12% per annum, payable monthly in arrears and maturing on November 30, 2021. Interest paid on the loan for the three months period ended May 31, 2021 amounted to $15,000.

The related party promissory notes were returned to the Company in exchange for the settlement of the Company's $600,000 liability to 2544373 Ontario Limited accounted for as a post closing transaction adjustment in the purchase of the shares and amalgamation of 2544373 Ontario Limited.

(expressed in Canadian dollars)

13. Deferred revenue

Deferred revenue includes Signing Fees and Acceptance Fees that had been received prior to the Company fulfilling its performance obligations under the Managed Strip Services Agreements ("MSSAs").

During the period, the Company recorded revenue of $883,204 as a gain on termination of contracts, after deducting a provision of $93,750 for the costs of moving and re-installing the equipment, arising as a result of the completion of the terms for terminating the MSSAs with its US based customers.

The Company has determined the remaining amount to be current.

	May 3' 2021	February 28, 2021
Current	417,571	1,394,525

14. Lease liability

	$
Balance, February 28, 2021	959,205
Interest	18,724
Payments	(88,017)
Balance, May 31, 2021	889,912

The remaining lease term is 2.84 years

Assets	$
Non-current	
Right-of-use asset	817,041
Liabilities	
Current	
Current portion of lease liability	291,406
Non-current	
Lease liability	598,506
	889,912

15. Share capital

Authorized
An unlimited number of common shares without par value

Outstanding
100,666,805 common shares

Share capital transactions

(i) On March 29, 2021, the Company granted 4,490,000 stock options under the Company's stock option plan to certain directors, officers, employees and consultants, with each option entitling the holder to purchase one common share for $0.24 until March 28, 2023.

(expressed in Canadian dollars)

(ii) 20,000,000 common share units were issued (each, a "Unit") pursuant to a business combination by way of a three-cornered amalgamation between the Company, 2814882 Ontario Inc., a wholly owned subsidiary of the Company, (Subco") and 2544737 Ontario Limited, o/a Consolidated Craft Brands, ("CCB") which closed on March 19, 2021. Each Unit is comprised of one common shares of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant") of the Company, each such Warrant entitling the holder thereof to acquire one Common Share at a price of $0.375 per Common Share at any time on or before March 19, 2023 (note 10)

(iii) On December 16, 2020, the Company completed a non-brokered private placement of 3,599,370 common shares at a price of $0.25 per common share unit for gross proceeds of $899,843. In connection with the private placement, the Company paid a finder's fee of $87,150 and issued 3,599,370 warrants with each warrant entitling the holder to purchase one common share for $0.40 per common share until December 16, 2022.

(iv) On October 9, 2019 and October 30, 2019, the Company completed tranches of a non-brokered private placement of 1,276,108 common shares at a price of $0.70 per common share for gross proceeds of $893,276. Of the common shares issued, 227,857 common shares were issued to two directors and officers of the Company. In connection with the private placement, the Company paid a finder's fee of $35,369 and issued 17,684 warrants with each warrant entitling the holder to purchase one common share for $1.00 per common share until October 9, 2021.

The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Date of issue	March 19 2021	December 16 2020	October 9 2019
Expiry date	March 19 2023	December 16 2022	October 9 2020
Warrants issued	20,000,000	3,599,370	17,684
Exercise price	$0.375	$0.40	$1.00
Share price	$0.25	$0.35	$0.69
Risk-free interest rate	0.26%	0.25%	1.47%
Expected volatility based on historical volatility	107%	105%	80%
Expected life of warrants	2 years	2 years	2 years
Expected dividend yield	0%	0%	0%
Fair value	1,295,198	306,316	$4,000
Fair value per warrant	$0.115	$0.18	$0.23

(expressed in Canadian dollars)

16. Warrant reserve

A summary of the continuity of warrant activity is as follows:

Date of Issue	Term	Weighted-average exercise price	Number of warrants	Warrant reserve $
December 17, 2020	2 years	.40	3,599,370	306,316
Balance, Feb 28, 2021			**3,599,370**	**306,316**
March 19, 2021	2 years	.375	20,000,000	1,295,198
March 29, 2021	2 years	0.21	200,000	-
March 29, 2021	2 years	0.24	200,000	-
Balance, May 31, 2021			**23,599,370**	**1,601,514**

Subsequent to quarter end, 2,066,000 warrants were exercised in exchange for 2,066,000 common shares amounting to $758,250.

The weighted-average remaining life of outstanding warrants is 1.75 years.

17. Options reserve

The Company adopted a stock option plan under which it can grant options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the Canadian Securities Exchange.

A summary of the Company's stock options is presented below:

	Weighted-average exercise price $	Number of stock options	Contributed Surplus $
Balance, February 28, 2021	0.82	3,441,000	2,635,827
Issued March 29, 2021	0.24	4,490,000	41,016
Balance, May 31, 2021		7,931,000	2,676,843

(expressed in Canadian dollars)

A summary of the Company's outstanding stock options is presented below:

Exercise price	Expiry date	Number of stock options outstanding and exercisable
$0.24	March 28, 2023	4,280,000
$0.82	March 11, 2024	3,441,000

The Company granted stock options to directors, officers, employees and consultants.

18. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities
The fair values of cash, accounts receivable and accounts payable and accrued liabilities at February 28, 2021 approximated their respective carrying values due to their short term to maturity.

Short-term investments
The fair value of short-term investments is estimated based on observable inputs.

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

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

Short-term investments are classified as Level 1 financial assets.

19. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.
The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's customers are subject to an internal credit review, together with ongoing monitoring of the amount and age of balances in order to minimize the risk of non-payment. The carrying amount of accounts receivable reflects the maximum credit exposure and management's assessment of the credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance operations. Accounts payable and accrued liabilities are subject to normal trade terms.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments.

Equity price risk
Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk.

Currency risk
Currency risk arises from financial instruments and sales and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. The Company operates in Canada and

the United States and the Company incurs the majority of its operating expenses in Canadian dollars. In the future, the proportion of international sales is expected to increase. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Company's business, financial condition and results of operations. The Company manages risk to foreign currency exposure by monitoring financial assets and liabilities denominated in US dollars and exchange rates on an ongoing basis. The Company has not engaged in foreign currency hedging.

Interest rate risk
The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments.

20. Capital risk management
Capital of the Company consists of share capital, warrant reserve, option reserve and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can provide returns for the benefit of its shareholders and other stakeholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions.

(expressed in Canadian dollars)

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

As the Company is an early-stage company and has just started to generate revenue, its principal source of capital is from the issuance of common shares or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

21. Related party transactions

Related parties include the members of the Board of Directors, key management personnel and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company, namely, directors, Chief Executive Officer, Chief Financial Officer and Senior Vice President, Business Development.

22. Compensation of key management personnel

On March 19 2021 Thomas Bryson was appointed President of Rapid Dose Therapeutics Corp.

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

Officers	Salaries $	Stock-Based $	Total $
Mark Upsdell	37,500	4,792	42,292
Jason Lewis	37,500	4,792	42,292
Thomas Bryson	37,500	4,792	42,292
Douglas Hyland	37,500	4,792	42,292
	150,000	19,168	169,168

During the period the Company issued 2,000,000 stock options to officers of the Company under the terms of the Company's Stock Option Plan, all of which vest over two years.

23. Subsequent events

Management cease trade order

A management cease trade order was granted on June 29, 2021 (the "MCTO") by its principal regulator, the Ontario Securities Commission, in accordance with the alternative information guidelines under National Policy 12-203 - *Management Cease Trade Orders* ("NP 12-203"), following the Company's announcement on June 18, 2021 that it would be unable to file its annual audited financial statements, annual management's discussion and analysis and related certifications for the year ended February 28, 2021 (collectively, the "Annual Financial Documents") on June 28, 2021, as required under applicable securities laws.

Management expects that the completion of the Annual Filings will automatically initiate a review process by the Ontario Securities Commission without any application by the Company and it is expected that the MCTO will be revoked provided the Company has filed all of its interim financial statements and corresponding management's discussion & analysis together with officers' certificates that have subsequently become due.

Granting of Share Options ("Options") and issuance of Share Purchase Warrants (" Warrants")
On June 3,2021, the Company issued 200,000 warrants at an exercise price of $0.21 per share for a two year period.

On July 29, 2021, pursuant to its Stock Option Plan, the Company granted incentive stock options to acquire 2,100,000 common shares at an exercise price of $0.65 per share. Each has a term of 5 years and vest equally every six months over the first two years of the term except for options granted to Investor Relations Consultants whereby the options vest one-half after one year with the other one-half vesting every six months of year two of the term.