RDT™
RAPID DOSE THERAPEUTICS

Rapid Dose Therapeutics Corp.

Condensed Interim Consolidated Financial Statements
November 30, 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 November 30, 2021 $	As at February 28, 2021 $
Assets			
Current			
Cash and cash equivalents		115,632	70,262
Amounts receivable	4	374,385	255,093
Inventory	5	392,119	333,397
Prepaid expenses	6	171,482	138,783
		1,053,618	797,535
Non-current			
Right-of-use asset	7	672,793	889,165
Property and equipment	8 & 10	2,087,415	2,145,025
Intangible assets	9	275,000	-
Goodwill	10	1,729,672	-
		5,818,498	**3,831,725**
Liabilities			
Current			
Accounts payable and accrued liabilities		970,595	1,831,111
Due to a related party	11	109,000	129,000
Loans payable	12	500,000	1,100,000
Deferred revenue	13	-	1,394,525
Current portion of lease liability	14	303,258	285,655
		1,882,853	4,740,291
Non-current			
Lease liability	14	443,854	673,549
		2,326,707	**5,413,840**
Shareholders' equity			
Common shares	15	23,368,267	18,604,067
Warrant reserve	16	1,467,360	306,316
Options reserve	17	2,926,840	2,635,827
Accumulated other comprehensive loss		85,699	34,152
Deficit		(24,356,375)	(23,162,477)
		3,491,791	(1,582,115)
		5,818,498	**3,831,725**

Going concern 2
Subsequent event 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 November 30 2021 $	Three months ended November 30 2020 $	Nine months ended November 30 2021 $	Nine months ended November 30 2020 $
Sales		457,724	126,471	913,562	130,287
Cost of sales		98,551	1,484	177,577	1,908
Gross profit		**359,173**	**124,987**	735,985	128,379
Expenses					
Personnel	22	466,036	272,314	1,259,804	507,579
Stock based compensation	17	156,735	-	291,013	-
General and administrative		168,043	94,113	438,492	213,906
Professional fees		104,582	51,521	201,300	92,694
Sales and marketing		14,107	15,938	47,810	96,585
Research and development		66,881	9,438	192,908	54,781
Travel		(13,896)	3,667	(11,749)	12,551
Depreciation	7 & 8	152,856	162,598	458,208	513,931
Interest	12	30,906	36,432	98,507	88,213
		1,146,251	**646,021**	2,976,293	1,580,240
Loss from operations		(787,078)	(521,034)	(2,240,308)	(1,451,861)
Non-operating income (expenses)					
Gain on termination of contracts	13		-	1,038,016	-
Write down of inventory		(1,421)		(1,421)	(19,389)
Foreign exchange gain (loss)		(2,423)	9,233	9,163	22,074
Interest income		171	-	652	
Net income (loss) before other comprehensive loss		**(790,751)**	**(511,801)**	**(1,193,898)**	**(1,449,176)**
Currency translation adjustment		1,005	(23,363)	51,547	(4,373)
Net comprehensive income (loss)		**(789,746)**	**(535,164)**	**(1,142,351)**	**(1,453,549)**
Net income (loss) per common share-basic		**(0.01)**	**(0.01)**	**(0.012)**	**(0.019)**
Weighted average number of common shares - basic		**94,017,032**	**77,067,435**	**94,017,032**	**77,067,435**

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 November 30, 2021 and the Year ended February 28 2021

	Number of shares	Common Shares	Warrants reserve	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
		$	$	$	$	$	$
Balance, February 29 2020	**77,067,435**	**18,093,690**	**4,000**	**2,635,827**	**(16,477)**	**(20,864,822)**	**(147,782)**
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		4000	(4,000)			-	
Share issued costs		(87,150)					(87,150)
Loss for the year					50,629	(2,297,654)	(2,247,025)
Balance, February 28, 2021	**80,666,805**	**18,604,067**	**306,316**	**2,635,827**	**34,152**	**(23,162,477)**	**(1,582,115)**
Common share units issued	20,000,000	3,492,583	1,295,198				4,787,781
Stock based compensation				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)**	**3,427,857**
Common shares issued (note 15)	2,021,000	748,802					748,802
Warrants issued for contract services			16,792				16,792
Fair value of warrants exercised		127,318	(127,318)				0
Stock based compensation (note 17)				93,262			93,262
Income (loss) for the period						(531,771)	(531,771)
Accumulated other comprehensive loss							0
Balance, August 31, 2021	**102,687,805**	**22,972,770**	**1,490,988**	**2,770,105**	**86,704**	**(23,565,625)**	**3,754,943**
Common shares issued (note 15)	1,054,687	350,794					350,794
Subscription received for shares to be issued		11,000					11,000
Warrants issued for contract services			10,075				10,075
Fair value of warrants exercised		33,703	(33,703)				0
Stock based compensation (note 17)				156,735			156,735
Income (loss) for the period						(790,751)	(790,751)
Accumulated other comprehensive loss					(1,005)		(1,005)
Balance, November 30, 2021	**103,742,492**	**23,368,267**	**1,467,360**	**2,926,840**	**85,699**	**(24,356,376)**	**3,491,791**

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 November 30		Nine months ended November 30	
	2021	2020	2021	2020
	$	$	$	$
Cash provided by (used in)				
Operating activities				
Income (Loss)	(790,751)	(442,126)	(1,193,898)	(1,449,176)
Items not affecting cash				
Stock-based compensation	156,735	-	291,013	-
Depreciation	152,856	172,659	458,208	513,401
Stock based contract services	10,075	-	26,867	-
Inventory provision	1,421	-	1,955	19,389
Changes in non-cash operating working				
Amounts receivable	(45,261)	(4,822)	(119,292)	(95,780)
Inventory	36,913	(231,393)	(58,722)	(315,402)
Prepaid expenses	99,469	7,482	(32,699)	23,612
Accounts payable and accrued liabilities	(91,143)	139,579	(860,516)	485,840
Deferred revenue	(207,362)	(61,155)	(1,394,525)	261,912
	(677,048)	(419,776)	(2,881,610)	(556,204)
Investing activities				
Additions to property and equipment	(30,266)	(15,589)	(184,226)	(5,650)
	(30,266)	(15,589)	(184,226)	(5,650)
Financing activities				
Due to a related party	-	(2,500)	(20,000)	
Loans payable	-	500,000	-	700,000
Payment on lease	(72,111)	(65,271)	(176,034)	(195,838)
Cash acquired for issuance of common shares	361,794	103,000	2,906,215	302,343
Issue of common shares for operating assets	-	-	390,024	-
Share issue costs	-	(12,300)	-	(29,900)
	289,683	522,929	3,100,205	776,605
Net increase (decrease) in cash	(417,631)	87,564	45,370	214,751
Cash, beginning of period	532,256	92,558	70,262	3,469
Cash, end of period	115,632	213,847	115,632	213,847
Non-cash transactions				
Purchase of 2544737 Ontario Limited	-	-	2,004,672	-
Retirement of Loans payable	-	-	600,000	-
Supplementary information				
Interest Paid	30,906	24,683	67,601	88,213
Currency translation adjustment	1,005	-	51,547	(4,373)

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 November 30, 2021, the Company has reduced its working capital deficiency to $829,238 (as at February 28, 2021 - $3,942,756) and for the 3 months ended November 31, 2021, the Company recorded a loss of $784,631 (compared to a loss for the year ended February 28, 2021 - $2,297,654). The loss from operations 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.

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 October 20, 2021.

4. Amounts receivable

	November 30 2021 $	February 28 2021 $
Trade receivables	226,021	84,907
Government receivable	98,364	170,186
Note receivable	50,000	-
	374,385	255,093

5. Inventory

	November 30 2021 $	February 28 2021 $
Raw materials	122,529	72,082
Labels and packaging	126,637	82,540
Finished goods	142,9542	248,775
Inventory provision	-	(70,000)
	392,119	333,397

For the 3 months ended November 30, 2021, inventory of $30,818 (2021 - $24,985) was recorded as cost of goods sold.

6. Prepaid expenses and deposits

	November 30 2021 $	February 28 2021 $
Prepaid insurance	61,593	53,247
Prepaid cccupancy	29,339	29,339
Prepaid marketing costs	37,620	20,894
Deposit for inventory and services	42,929	35,303
	171,482	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	November 30 2021 $	February 28 2021 $
Right-of-use asset	1,466,516	1,466,516
Accumulated depreciation	(793,723)	(577,351)
	672,793	889,165

For the 3 months ended November 30,2021, the Company recorded depreciation on the right-of-use asset of $72,125 (2021 - $288,496)

8. Property and equipment

	Furniture and fixtures	R&D equipment	Portable building units	Computer hardware	Leaseholds	Processing equipment	Total
	$	$	$	$	$	$	$
Cost							
August 31, 2021	61,893	160,750	431,859	202,981	246,618	1,934,320	3,038,421
Additions						30,266	30,266
November 30, 2021	61,893	160,750	431,859	202,981	246,618	1,964,586	3,068,687
Accumulated depreciation							
August 31, 2021	34,999	87,549	101,043	135,360	58,405	483,183	900,540
Depreciation	3,095	8,049	10,796	16,322	6,165	36,304	80,732
November 30, 2021	38,094	95,598	111,839	151,682	64,570	519,487	981,272
Net book value							
Feb 28, 2021	33,083	89,298	352,409	96,560	200,543	1,373,132	2,145,025
August 31, 2021	29,288	81,249	341,612	80,598	194,378	1,483,764	2,211,589
November 30, 2021	23,799	65,152	320,020	51,299	182,048	1,445,097	2,087,415

The Company recorded depreciation on property and equipment of $80,731 for the quarter ended November 30, 2021 ($386,972 for the year ended February 28, 2021)

(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. 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 maturing on April 1, 2022.

12. Loans payable

	November 30 2021 $	**February 28 2021 $**
Re-financing loan	500,000	-
Working capital loan	-	500,000
Related party – promissory notes	-	600,000
	500,000	1,100,000

On November 27, 2021, the Company received a re-financing loan of $500,000 from a private lender, secured by a promissory note registered under the Personal Property Securities Act, Ontario. The loan was used to repay the working capital loan of $500,000 which came due on November 30, 2021. The re-financing loan bears interest at 12% per annum, payable monthly in arrears and maturing on July 31, 2022.

Interest paid on the working capital loan for the three months period ended November 30, 2021, amounted to $15,000.

(Expressed in Canadian dollars)

On March 19, 2021 promissory notes with a company owned by an officer of 2544373 Ontario Limited 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.

13. Deferred revenue

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

The Company applied the remaining deposit received under the MSSA amounting to $179,841as a reduction of the amounts receivable arising from the production and sale of products during the quarter ended November 30, 2021, completing the Company's obligation to utilize the deposit under the terms of the MSSA termination agreement.

	November 30· 2021 $	February 28 2021 $
Current	-	1,394,525

14. Lease liability

	November 30 2021 $	February 28 2021 $
Balance, Beginning of quarter	819,223	1,222,967
Interest	15,906	88,305
Payments	(88,017)	(352,068)
Balance, end of quarter	747,112	959,204

The remaining lease term is two years

Assets	November 30 2021 $	February 28 2021 $
Right-of-use asset	672,793	889,165
Liabilities		
Current portion of lease liability	303.,258	285,655
Non-current portion of lease liability	443,854	673,549
103	747,112	959,204

15. Share capital

Authorized
An unlimited number of common shares without par value
Outstanding
103,742,992 common shares

Share capital transactions

(i) During the quarter ended November 30, 2021 520,437 warrants were exercised in exchange for one common share for each warrant at a price of $0.375 per common share. A further 153,000 warrants were exercised in exchange for one common share at a price of $0.21 per common share and 200,000 warrants were exercised in exchange for one common share at a price of $0.40 per common share. Total proceeds from the issuance of 873,437 common shares amounted to $307,294.

(ii) During the quarter ended November 30, 2021, 181,250 options were exercised at an option price of $0.24 per share for proceeds of $43,500.

(iii) On July 28, 2021, the Company granted 2,100,000 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 $0.65 until July 28, 2026. The options shall vest in four semi-annual increments of 25%, commencing January 28, 2022.

(iv) During the quarter ended August 31, 2021 1,966,000 warrants were exercised in exchange for one common share for each warrant at a price of $0.375 per common share. A further 55,000 warrants were exercised in exchange for one common share at a price of $0.21 per common share.

(v) 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. The options shall vest in four semi-annual increments of 25% commencing September 28, 2021.

(vi) 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).

(vii) 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.

(viii) 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.

(Expressed in Canadian dollars)

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
Expiry date	March 19, 2023	December 16, 2022
Warrants issued	20,000,000	3,599,370
Exercise price	$0.375	$0.40
Share price	$0.25	$0.35
Risk-free interest rate	0.26%	0.25%
Expected volatility based on historical volatility	107%	105%
Expected life of warrants	2 years	2 years
Expected dividend yield	0%	0%
Fair value	$1,295,198	$306,316
Fair value per warrant	$0.065	$0.18

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 $**
17-Dec-20	2 years	0.4	3,599,370	306,316
Balance, Feb 28, 2021			**3,599,370**	**306,316**
19-Mar-21	2 years	0.375	20,000,000	1,295,198
29-Mar-21	2 years	0.21	200,000	5,667
29-Mar-21	2 years	0.24	200,000	5,750
2-June -21	2 years	0.21	200,000	5,375
Warrants exercised			(2,887,937)	(56,332)
Balance, November 30, 2021			**21,311,433**	**1,467,359**

The weighted-average remaining life of outstanding warrants is 1.6 years.

(Expressed in Canadian dollars)

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.

Granting of Share Options ("Options")

On July 28, 2021, pursuant to its Stock Option Plan, the Company granted incentive stock options to officers, directors, employees and advisors to the Company to acquire 2,100,000 common shares at an exercise price of $0.65 per share. Each option has a term of 5 years and vest equally every six months over the first two years of the term.

A summary of the Company's stock options issued, and exercised 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
Granted March 29, 2021	0.24	4,490,000	101,541
Cancelled, May 2021	0.24	(210,000)	-
Granted July			
Exercised, compensation		(181,250)	156,735
Balance, November 30, 2021		9,821,000	2,926,840

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.

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.

(Expressed in Canadian dollars)

22. Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel during the three month period ended November 30, 2021 are set out as follows:

	30-Nov 2021 $	28-Feb 2021 $
Salaries	150,000	321,452
Stock-based compensation	42,000	-
	192,000	321,452

23. Subsequent event

Subsequent to the quarter ended November 30, 2021, the Company issued 572,000 common shares amounting to $182,820 consisting of 380,000 warrants exchanged for one common share for each warrant at a price of $0.375 per common share and 192,000 warrants exercised in exchange for one common share at a price of $0.21 per common share.

On December 15, 2021, 500,000 share purchase options were issued at $0.55 per share vesting semi-annually over two years and expiring on December 15, 2026. On January 5, 2022 200,000 share purchase options were issued at $0.51 per share vesting semi-annually over two years and expiring on January 5, 2027.