Condensed Interim Consolidated Financial Statements of

BENCHMARK BOTANICS INC.

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

(Unaudited)

BENCHMARK BOTANICS INC.

(the "Company")

Condensed Interim Consolidated Financial Statements

Three Months ended March 31, 2021 and 2020

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

Benchmark Botanics Inc.'s independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

May 28, 2021

Benchmark Botanics Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	**March 31, 2021 (Unaudited)**	December 31, 2020 (Audited)
		$	$
ASSETS			
Current Assets			
Cash		**152,866**	250,371
Restricted cash		**34,500**	34,500
Amounts receivable	4	**312,355**	257,599
Biological assets	5	**1,320**	69,790
Inventory	6	**458,890**	472,898
Prepaid expenses and deposits	7	**75,414**	99,974
		1,035,345	1,185,132
Deposits	9	**324,364**	324,364
Right of use assets	12	**995,160**	1,250,430
Property, plant and equipment	9	**11,399,129**	11,467,527
Goodwill	11	**1,653,777**	1,653,777
Intangible Assets	11	**2,873,625**	2,910,000
		18,281,400	18,791,230
LIABILITIES AND EQUITY			
Current Liabilities			
Bank Loan	14	**40,000**	40,000
Accounts payable and accrued liabilities	13	**2,844,347**	2,646,823
Debentures	14	**1,445,355**	917,659
Loans	14	**3,141,594**	3,141,594
Lease liabilities due within one year	12	**150,876**	224,822
		7,622,172	6,970,898
Lease liabilities	12	**929,122**	1,093,128
		8,551,294	8,064,026
Equity			
Share capital	16	**35,235,012**	35,235,012
Warrants reserve	16	**948,667**	948,667
Stock options reserve	16	**2,146,566**	2,209,748
Deficit		**(28,893,625)**	(28,153,776)
		9,436,620	10,239,651
Non-controlling interest	17	**293,486**	487,553
		9,730,106	10,727,204
		18,281,400	18,791,230

GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 21)

Approved on behalf of the Board:

*"George Dorin"*_______________ Director

"Mike Cosic" _______________ Director

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

Benchmark Botanics Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss
For the three months ended March 31, 2021 and 2020
(Unaudited)
(Expressed in Canadian Dollars)

	Note	2021	2020
		$	$
Revenue		**536,587**	191,095
Excise taxes		**130,019**	32,835
Net revenue		**406,568**	158,260
Inventory production costs		**278,790**	68,971
Gross profit before fair value adjustments		**127,778**	89,289
Fair value changes in biological assets included in inventory sold and other inventory charges	6	**(81,532)**	(78,966)
Unrealized gain on changes in fair value of biological assets	5	**21,105**	37,416
Gross profit		**67,351**	47,739
Expenses			
Amortization of tangible assets		**65,371**	69,293
Depreciation on intangible and right of use assets		**101,183**	9,027
Sales and marketing expenses		**35,681**	44,061
General and administrative expenses	20	**862,214**	845,983
Share-based compensation (recovery)	16	**(63,182)**	(25,262)
		1,001,267	943,102
Loss before other income (expense)		**(933,916)**	(895,363)
Other income (expenses)			
Interest income	8	**-**	73,000
Loss on equity investments	10	**-**	(49,985)
		-	23,015
Net loss and comprehensive loss		**(933,916)**	(872,348)
Net loss and comprehensive loss attributable to:			
Equityholders of the Company		**(739,849)**	-
Non-controlling interests		**(194,067)**	-
Loss per common share – basic and diluted		**(0.00)**	(0.01)
Weighted average number of common shares outstanding		**203,612,218**	172,517,023

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

Benchmark Botanics Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the three months ended March 31, 2021 and 2020
(Unaudited)
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Warrants Reserve	Stock Options Reserve	Deficit	Total	Non-Controlling Interest	Total
		$	$	$	$	$	$	$
Balance, December 31, 2019	**171,545,594**	**29,582,289**	**506,667**	**2,403,215**	**(18,049,026)**	**14,443,145**	**-**	**14,443,145**
Shares issued for cash, net	3,400,000	1,700,000	-	-	-	1,700,000	-	1,700,000
Stock option exercised	1,666,666	614,723	-	(281,390)	-	333,333	-	333,333
Share-based compensation (recovery)	-	-	-	(25,262)	-	(25,262)	-	(25,262)
Comprehensive loss for the period	-	-	-	-	(872,348)	(872,348)	-	(872,348)
Balance, March 31, 2020	176,612,260	31,897,012	506,667	2,096,563	(18,921,374)	15,578,868	-	15,578,868
Balance, December 31, 2020	**203,612,218**	**35,235,012**	**948,667**	**2,209,748**	**(28,153,776)**	**10,239,651**	**487,553**	**10,727,204**
Share-based compensation (recovery)	-	-	-	(63,182)	-	(63,182)	-	(63,182)
Comprehensive loss for the period	-	-	-	-	(739,849)	(739,849)	(194,067)	(933,916)
Balance, March 31, 2021	**203,612,218**	**35,235,012**	**948,667**	**2,146,566**	**(28,893,625)**	**9,436,620**	**293,486**	**9,730,106**

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

Benchmark Botanics Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2021 and 2020
(Unaudited)
(Expressed in Canadian Dollars)

	2021	2020
	$	$
OPERATING ACTIVITIES		
Net loss for the period	**(933,916)**	(872,348)
Items not involving cash:		
Fair value changes in biological assets included in inventory sold	**81,532**	78,966
Unrealized gain on fair value change of biological assets	**(21,105)**	(37,416)
Depreciation and amortization	**170,974**	84,743
Interest accretion on lease liabilities	**42,540**	4,451
Interest accretion on loan receivables	**27,696**	-
Interest income	**-**	(73,000)
Loss on equity investments	**-**	49,985
Share-based compensation (recovery)	**(63,182)**	(25,262)
	(695,461)	(789,881)
Changes in non-cash working capital balances:		
Amounts receivable	**(54,756)**	(53,798)
Biological assets	**68,470**	73
Inventory	**(46,419)**	(85,858)
Prepaid expenses and deposits	**24,560**	(100,813)
Accounts payable and accrued liabilities	**189,994**	(58,862)
Cash used in operating activities	**(513,612)**	(1,089,139)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(1,393)**	(273,772)
Cash used in investing activities	**(1,393)**	(273,772)
FINANCING ACTIVITIES		
Proceeds from share issuance, net of share issuance costs	**-**	2,033,333
Loans received	**500,000**	-
Payment on lease liabilities	**(82,500)**	(13,509)
Cash provided by financing activities	**417,500**	2,019,824
Change in cash during the period	**(97,505)**	656,913
Cash, beginning of period	**284,871**	875,347
Cash, end of period	**187,366**	1,532,260
Supplemental cash flow information:		
Cash paid for interest	**-**	-
Cash paid for income taxes	**-**	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Benchmark Botanics Inc. (the "Company") was incorporated on November 23, 2009 under the Business Corporation Act of Alberta. On November 2, 2017, the Company acquired Potanicals Green Growers Inc. ("Potanicals") through a reverse acquisition transaction. The Company's common shares are trading as a Tier 2 Industrial Issuer on the Canadian Securities Exchange ("CSE") under the symbol "BBT". Potanicals was incorporated on February 7, 2014 under the British Columbia Business Corporation Act. The address of the Company's principal place of business is 4715 Paradise Valley Drive, Peachland, BC. The Company's head office and mailing address is 3600 Lysander Lane Suite 400, Richmond, British Columbia. The Company's registered and Records office is 700 - 595 Burrard Street | Vancouver, BC V7X 1S8.

The Company's principal business is the production of cannabis licensed under the *Cannabis Act (Canada)* and its relevant regulations (the "Cannabis Act"), which came into force on October 17, 2018. On October 13, 2017, the Company obtained a license to produce medical cannabis under the Access to Cannabis for Medical Purposes Regulations (the "ACMPR"). On May 29, 2018, the Company amended its licence to produce cannabis oil. On September 28, 2018, the Company obtained a licence to sell cannabis under the ACMPR. On July 26, 2019, the Company received a sales license from Health Canada. The Company has received its second cultivation license, effective November 29, 2019, from Health Canada for the Company's investment in a greenhouse operation located in Pitt Meadows, BC.

These condensed interim consolidated financial statements (the "interim consolidated financial statements") have been prepared on the basis of accounting principals applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at March 31, 2021, the Company has an accumulated deficit of $28,893,625 and has generated negative cash flows from operations. For the three months ended March 31, 2021, the Company incurred a net loss of $933,916 (2020 – $872,348). All of these matters and conditions indicate the existence of a material uncertainty that may raise significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing and successfully generating positive cash flows from profitable operations.

These interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these interim consolidated financial statements. Management's plans to meet the Company's current and future obligations are to generate revenue from sales, raise equity capital through prospectus and private placements, rely on the financial support of its shareholders and parties related to the current shareholders, as well as explore financing that may be available to the Company.

2. BASIS OF PRESENTATION

a) These interim consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2020 and 2019.

   The interim consolidated financial statements were authorized for issue by the Board of Directors on May 28, 2021.

b) Basis of measurement
   The interim consolidated financial statements have been prepared on the historical cost basis except for financial instruments carried at fair value where changes are recorded through profit or loss.

c) Basis of consolidation
   The interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary Potanicals Green Growers Inc. and controlled subsidiaries of 1139000 B.C. Ltd., 1161750 B.C. Ltd., and Canada Bond Biotechnology Co., Ltd. All significant intercompany transactions and balances have been eliminated on consolidation.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates and judgments

The preparation of the interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include:

- Estimating the stage of growth of the biological assets, the cannabis plants, up to the point of harvest, the expected future yields from the cannabis plants, their values during the growth cycle, costs to convert the harvested cannabis to finished goods, their sales price and net realizable value;
- Estimating the fair values of identifiable assets acquired and liabilities assumed in business combinations and the fair values of previously held equity interests and non-controlling interests in the acquiree;
- Determining the useful lives of property and equipment; and
- Estimating the value of variables used to calculate the fair value of share-based payment transactions.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the interim consolidated financial statements include the following:

- The evaluation of the Company’s ability to continue as going concern (see Note 1);
- The determination of impairment in the carrying costs of inventory;
- The recognition and valuation of impairment of property and equipment, intangible assets and goodwill;
- In determining the appropriate basis of accounting for the Company’s interests in investees, judgment is applied regarding the degree to which the Company has the ability to exert influence directly or indirectly over the investees’ financial and operating activities; and
- Income tax and estimates about timing, likelihood and reversal of temporary differences between accounting and tax basis of the assets and liabilities.

(b) Reclassifications

Certain reclassifications have been made to conform the prior year’s consolidated financial statements and notes to the current year’s presentation.

4. AMOUNTS RECEIVABLE

Amounts receivable are comprised of:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	$	$
Accounts receivable	159,653	116,199
GST receivable	152,702	141,400
Balance, end of period	312,355	257,599

(Expressed in Canadian Dollars)

5. BIOLOGICAL ASSETS

As at March 31, 2021, the Company's biological assets consisted of cannabis plants. The changes in the carrying value of the biological assets are as follow:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	$	$
Balance, beginning of period	69,790	102,258
Unrealized gain on changes in fair value of biological assets	21,105	281,344
Production costs capitalized	56,135	283,078
Harvested cannabis transferred to inventory	(145,710)	(596,890)
Balance, end of period	1,320	69,790

As of March 31, 2021, the weighted average fair value less cost to complete and cost to sell was $5.00 per gram (2020 - $5.00 per gram).

Biological assets are valued in accordance with IAS 41 and are presented at their fair values less costs to sell up to the point of harvest. The Company's biological assets are primarily cannabis plants, and because there is no actively traded commodity market for plants or dried product, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data (Level 3).

The valuation of biological assets is based on a market approach where fair value at the point of harvest is estimated based on selling prices less the costs to sell at harvest. For in process biological assets, the fair value at point of harvest is adjusted based on the stage of growth.

During the three months ended March 31, 2021, the Company's biological assets produced 29,142 (2020 – 29,587) grams of dried cannabis.

The significant unobservable inputs and their range of values are noted in the table below:

Unobservable Inputs	Range	Sensitivity
Estimated Yield per Plant – varies by strain and is obtained through historical growing results (trailing 6-months moving average) or grower estimate if historical results are not available.	25 grams/plant to 165 grams/plant	A slight increase in the estimated yield per plant would result in a significant increase in fair value, and vice versa.
Listed Selling Price of Dry Cannabis – varies by strain and is obtained through listed selling prices or estimated selling prices if historical results are not available.	$5 to $8/gram	A slight increase in the estimated selling price per strain would result in a significant increase in fair value, and vice versa.

The Company estimates the average grow cycle of plants up to the point of harvest is approximately twelve weeks.

The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

(Expressed in Canadian Dollars)

6. INVENTORY

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	$	$
Dry cannabis	309,883	319,436
Raw materials	149,007	153,462
Total	458,890	472,898

For the three months ended March 31, 2021, the Company sold 110,464 (2020 – 29,587) grams of dried cannabis. Inventory expensed during the three months ended March 31, 2021, was $278,790 (2020 - $68,971).

The fair value changes of biological assets included in inventory sold for the three months ended March 31, 2021 was $81,532 (2020 - $78,966).

7. PREPAID EXPENSES AND DEPOSITS

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	$	$
Prepaid expenses	1,176	25,737
Deposits	74,238	74,238
	75,414	99,975

8. LOANS RECEIVABLE

On January 28, 2019, the Company entered into a revolving loan agreement (the “Loan Agreement”) with 1139000 BC Ltd. (“1139”), an associated company as described in Note 10. Pursuant to the Loan Agreement, the Company agreed to make loans to 1139 from time to time. The loans were unsecured, bear interest at 8% per annum and will be due on demand. As of March 31, 2021, the loans receivable totaled $4,168,424 (December 31, 2020 – $4,095,224), which included a principal amount of $3,660,000 (December 31, 2020 - $3,660,000) and accrued interest income of $508,424 (December 31, 2020 - $435,224). For the three months ended March 31, 2021, the interest income of $73,200 was accrued (2020 - $73,000).

As the Company gained ownership of 1139 on August 31, 2020, the loan receivable balance and interest income between the Company and 1139 has been eliminated as of March 31, 2021 on consolidation.

(Expressed in Canadian Dollars)

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Plant	Building under Development	Greenhouse	Leasehold Improvement	Production and Other Equipment	Computer Equipment and Software	Furniture and Fixtures	Motor Vehicles	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
Balance, December 31, 2019	1,971,844	1,963,079	1,918,479	-	33,900	1,083,674	151,879	195,778	107,138	7,425,771
Acquisition of 1139	6,560,751	-	-	4,948,617	-	135,210	56,962	6,599	-	11,708,139
Impairment	(1,141,564)	(803,160)	(915,604)	(3,920,663)	-	-	-	-	-	(6,780,991)
Additions	-	-	216,111	105,652	-	25,844	5,563	11,876	-	365,046
Balance, December 31, 2020	7,391,031	1,159,919	1,218,986	1,133,606	33,900	1,244,728	214,404	214,253	107,138	12,717,965
Additions	-	-	-	-	-	308	-	1,085	-	1,393
Balance, March 31, 2021	7,391,031	1,159,919	1,218,986	1,133,606	33,900	1,245,036	214,404	215,338	107,138	12,719,358
Accumulated Depreciation										
Balance, December 31, 2019	-	154,845	-	-	24,012	238,199	114,854	51,548	19,338	602,796
Acquisition of 1139	-	-	-	199,194	-	5,917	2,314	715	-	208,140
Charge for the year	-	78,523	-	78,779	9,888	135,422	53,144	49,102	34,644	439,502
Balance, December 31, 2020	-	233,368	-	277,973	33,900	379,538	170,312	101,365	53,982	1,250,438
Charge for the period	-	11,599	-	12,879	-	41,319	(12,032)	10,670	5,357	69,791
Balance, March 31, 2021	-	244,967	-	290,852	33,900	420,857	158,280	112,035	59,338	1,320,229
Net book value										
31-Dec-20	7,391,031	926,551	1,218,986	855,633	-	865,190	44,092	112,888	53,156	11,467,527
31-Mar-21	7,391,031	914,952	1,218,986	842,754	-	824,179	56,124	103,303	47,800	11,399,129

The Company has made deposits of $324,364 to purchase equipment for the Company's extraction facility which is currently halted for construction.

As of December 31, 2020, the Company has concluded that there were some factors which were indicators of impairment. As a result, the Company has estimated the recoverable amount of its Peachland operations to be $4 million using the fair value less cost of disposal, which was estimated using level 3 inputs based on information received from third parties.

At December 31, 2020, the Company concluded that indicators of impairment on the property acquired through the acquisition of 1139 were present and occurred after August 31, 2020. The Company estimated the recoverable amount of its 1139 property to be $7.5 million at year-end using the fair value less cost of disposal, which was estimated using level 3 inputs, based on appraisals obtained by the Company and evaluation of current market conditions.

There were no indicators of further impairment in Q1 2021 for both Peachland and 1139 facilities.

(Expressed in Canadian Dollars)

10. ACQUISITION

The Company, through its wholly owned subsidiary, Potanicals Green Growers Inc., earned its initial 25% ownership interest in 1139000 B.C. Ltd. ("1139") by obtaining Health Canada's approval to extend its licence for cultivation and production of medical cannabis under the Cannabis Act to the Facility. The Company had the option to acquire from 1139's shareholders an additional 26% ownership interest in 1139 when the Facility reaches a Commercial Stage as defined by the Agreement. The Company would pay for the additional 26% ownership interest at its fair value to be determined at the time when the option is exercised by issuance of the Company's common shares. On November 29, 2019, the Company received a cultivation license for the Facility and received its 25% interest in 1139 on December 6, 2019.

As at December 6, 2019, the fair value of 1139's identifiable net assets were $7,236,000. The Company recognized a gain of $1,677,430 on its acquisition of the 25% ownership interest of 1139, as follows:

	$
Cash	247,955
Prepaid expenses and other current assets	311,161
Property, plant and equipment	12,666,709
Accounts payable	(252,803)
Mortgages payable	(1,984,600)
Loan payable	(3,752,422)
Net assets	7,236,000
The Company's 25% share of the net assets' fair value	1,809,000
Less: Costs incurred by the Company to extend the licence	(131,570)
Gain on acquisition of associate	1,677,430

On August 11, 2020, the Company entered into a share exchange agreement with shareholders of 1139 for the acquisition of an additional 5,199,000 common shares of 1139 from 1139's shareholders. Prior to the share exchange agreement, the Company owned 5,000,000 common shares of 1139. After the completion of the transactions contemplated under the share exchange agreement, the Company will own 10,199,000 Common shares, which will represent 51% of issued and outstanding share capital of 1139. Pursuant to the share exchange agreement, the Company issued to the shareholders of 1139 an aggregate of 26,999,958 common shares in exchange for their 5,199,000 common shares of 1139. On August 31, 2020, the Company completed the share exchange transaction contemplated under the share exchange agreement.

The following table outlines the investment in 1139 that is accounted for using the equity method for the period ended August 31, 2020:

	$
Balance, December 31, 2018	-
Initial recognition of the 25% ownership of 1139	1,809,000
Share of 1139 loss for the year	(24,822)
Balance, December 31, 2019	1,784,178
Share of 1139 loss for the period	(1,363,694)
Balance, August 31, 2020	420,484

The Company's acquisition of the additional 26% ownership interest of 1139 was determined to be a business combination, and consequently has been accounted for by applying the acquisition method. Applying the acquisition method requires recognizing and measuring (i) the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, and (ii) goodwill or a gain from a bargain purchase. The measurement of a business combination requires management estimation in determining the fair value of assets and liabilities acquired. In a business combination, identifiable assets, liabilities and contingent liabilities are recorded at the date of acquisition at their respective fair values. The excess of the fair value of 1139 over the fair value of the identifiable assets acquired and liabilities assumed was recognized as goodwill.

Under IFRS 3, to record the acquisition of control of 1139 on August 31, 2020, the Company remeasured its previously held 25% interest in 1139 to fair value with the remeasurement gain recorded in income.

(Expressed in Canadian Dollars)

10. ACQUISITION (continued)

The following table summarizes the fair value of net assets acquired and the fair value of the non-controlling interest on acquisition of 1139 on August 31, 2020:

	$
Cash	54,486
Prepaid expenses	6,715
GST receivables	123,896
Inventory	306,000
Property, plant & equipment	11,500,000
Goodwill	4,327,777
Licenses	4,745,000
Due to related parties	(4,473,910)
Bank loan	(40,000)
Accounts payable and accrued liabilities	(1,790,370)
Mortgage payable	(3,141,594)
Deferred tax liability	(714,000)
Net Assets	10,904,000
Non-controlling interest	(4,717,000)
Net Assets Acquired	6,187,000
Consideration paid in shares	3,780,000
Fair value of initial 25% interest	2,407,000
Orginal carrying cost	420,484
Gain on acquisition of initial 25% interest	1,986,516

11. INTANGIBLE ASSETS AND GOODWILL

Intangible assets

Intangible assets are recorded at cost less accumulated amortization and any impairment losses. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is calculated on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

Health Canada licenses - Useful life of the facility

The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

Impairment of intangible assets and goodwill

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment annually at year-end, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of a reporting unit. Finite life intangible assets are tested whenever there is an indication of impairment. Goodwill

(Expressed in Canadian Dollars)

11. INTANGIBLE ASSETS AND GOODWILL (continued)

and indefinite life intangible assets are tested annually as of December 31 for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Indefinite life intangible assets are tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Goodwill is tested for impairment based on the level at which it is monitored by management, and not at a level higher than an operating segment. The allocation of goodwill to the CGUs or group of CGUs requires the use of judgment. An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds it recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on either fair value less costs of disposal or value-in-use method. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying value of assets in the CGU. Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the assets of the CGU on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior period. Impairment losses on goodwill are not subsequently reversed.

At December 31, 2020, the Company identified impairment indicators and concluded that the carrying values of the Health Canada license and goodwill at 1139 were impaired. The recoverable amounts of the license and the cash generating unit were estimated using the fair value less costs of disposal, using discounted cash flow projections involving level 3 inputs.

The Company's intangible assets are comprised of the following:

Cost	$
Balance, December 31, 2019	-
Health Canada Licenses acquired on acquisition of 1139 (note 10)	4,745,000
Impairment	(1,752,717)
Balance, December 31, 2020	2,992,283
Addition	-
Balance, March 31, 2021	2,992,283
Accumulated depreciation	
Balance, December 31, 2019	-
Depreciation	82,283
Balance, December 31, 2020	82,283
Depreciation	36,375
Balance, March 31, 2021	118,658
Carrying amount as at December 31, 2020	2,910,000
Carrying amount as at March 31, 2021	2,873,625

The net change on Goodwill is as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	$	$
Balance – beginning of the period	1,653,777	-
Goodwill from acquisition of 1139 (note 10)	-	4,327,777
Impairment	-	(2,674,000)
Balance – ending of the period	1,653,777	1,653,777

(Expressed in Canadian Dollars)

12. RIGHT OF USE ASSETS

The following is the continuity of the cost and accumulated depreciation of right-of-use assets (office premises leases) as at and for the three months ended March 31, 2021:

Cost	$
Balance, January 1, 2020	160,843
Addition	1,312,742
Balance, December 31, 2020	1,473,585
Adjustment	(190,462)
Balance, March 31, 2021	1,283,123
Accumulated depreciation	
Balance, January 1, 2020	58,140
Depreciation	165,015
Balance, December 31, 2020	223,155
Depreciation	64,808
Balance, March 31, 2021	287,963
Carrying amount as at December 31, 2020	1,250,430
Carrying amount as at March 31, 2021	995,160

Lease liabilities

The following is the continuity of lease liabilities as at and for the three months ended March 31, 2021:

	$
Balance, January 1, 2020	126,509
Addition	1,312,742
Lease payments	(231,000)
Interest expense on lease liabilities	109,699
Balance, December 31, 2020	1,317,950
Adjustment	(197,992)
Lease payments	(82,500)
Interest expense on lease liabilities	42,540
Balance, March 31, 2021	1,079,998
Less: current portion	150,876
Lease liabilities – non-current	929,122

On adoption of IFRS 16, the Company recognized lease liabilities on office premises which had previously been classified as operating lease under IAS 17. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates applied to the lease liabilities. The weighted average incremental borrowing rate applied to the lease liabilities was 15% per annum. The weighted average lease term remaining as at March 31, 2021 is approximately 4.35 years.

On July 1, 2017, the Company entered into a lease agreement with a related party for office premises located in Richmond, BC. On December 31, 2018, the agreement was amended, and the Company agreed to pay annual rent of $42,000 until the lease expires on June 30, 2021.

On February 20, 2020, the Company entered into a lease agreement for office premises located in Richmond, BC. The Company agreed to pay annual rent of $190,627 from July 1, 2020 to June 30, 2021, $200,660 from July 1, 2021 to June 30, 2023, $210,693 from July 1, 2023 until the lease expires on June 30, 2025. During the three months ended March 31, 2021, an adjustment to right of use assets and lease liabilities is made due to Company entering into an amendment to its existing office lease agreement.

(Expressed in Canadian Dollars)

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	$	$
Trade payables	2,233,318	2,197,442
Accrued liabilities	355,278	188,257
Due to associates	255,751	261,124
Total	2,844,347	2,646,823

14. LOANS

As of March 31, 2021 and December 31, 2020, the Company had the following loans and borrowings:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	$	$
Bank loan **(a)**	40,000	40,000
Short-term loans **(b)**	3,141,594	3,141,594
Debentures **(c)**	1,445,355	917,659
Total loans and borrowings	4,626,949	4,099,253
Current portion of long-term loans	4,626,649	4,099,253
Total current portion of liabilities and loans	-	-

a) Canada Emergency Business Account ("CEBA") loan

The Company, through its subsidiary 1139, applied for the CEBA loan from the Government of Canada. The loan is interest free until December 31, 2022. If the Company has repaid at least $30,000 of the loan amount on or prior to December 31, 2022, the remaining balance of the loan amount can be forgiven. The loan can be extended to December 31, 2025. Interest of 5% per annum will be charged during the extended term starting from January 1, 2023.

b) Short term loans

On January 24, 2020, the Company's subsidiary 1139, entered into a mortgage loan agreement (the "Loan") to borrow up to two loans in the amount of $1,600,000 and US$1,250,000. The Loan is interest bearing at 9.75% per annum, calculated monthly. The Company shall repay US$1,250,000 on or before January 31, 2021. This loan has been extended during the three months ended March 31, 2021. The due date for this loan is January 31, 2022 after renewal with the same interest rate of 9.75% per annum. Interest and loan of $1,600,000 shall be repaid in full on the due date of July 31, 2021 (the "Due Date"). During the three months ended March 31, 2021, the Company has extended this $1,600,000 loan to July 31, 2022.

The Loan is secured by:

1. A mortgage and assignment of rents over the Property located at 13460 Rippington Road, Pitt Meadows BC and legally described as Parcel Identifier: 004-622-294 South Half Lot 23 Section 13 Block 6 North Range 1 East New Westminster District Plan 19021 (the "Property");
2. A General Security Agreement;
3. An Assignment of Insurance;
4. A General Assignment of Material Contracts and Project Documents; and
5. An Environmental Agreement and Indemnity.

If the Loan and any accrued and unpaid interest are not repaid on the Due Date, the Loan and the unpaid interest will bear interest at 18% per annum calculated daily.

(Expressed in Canadian Dollars)

14. LOANS (continued)

c) Debentures

In 2020, the Company entered into eight short-term debentures to borrow a total of $905,000 at an interest rate of 10% per annum. The debentures are unsecured and due on July 31, 2021 and December 31, 2021. Certain debentures contain the option to convert the outstanding balance into common shares of the Company at a 20% discount off the closing market price of the Company's shares at the maturity date, subject to approval by the Company's Board and the CSE.

During the three months ended March 31, 2021, the Company entered into additional short-term debentures to borrow a total of $500,000 at an interest rate of 10% per annum. The debentures are unsecured and due on December 31, 2021.

For the three months ended March 31, 2021, interest expense in the amount of $27,696 (2020 - $nil) was recorded.

The debenture balance as at March 31, 2021 includes principal balance in the amount of $1,405,000 (December 31, 2020 - $905,000) and accrued interest of $40,355 (December 31, 2020 - $12,659)

15. RELATED PARTY BALANCES AND TRANSACTIONS

The Company has identified its directors and senior officers as its key personnel. No post-employment benefits, other long-term benefits or termination benefits were made during the three months ended March 31, 2021 and 2020. Short-term key management and director compensation consists of the following:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	$	$
Share-based payments	14,708	20,449
Salaries	24,000	53,273
Management fees	92,203	79,500
Director fees	21,375	22,875
Consulting fees	9,000	63,000
	161,286	239,097

Related party balances and transactions

a) During the three months ended March 31, 2021, the Company incurred $10,500 (2020 - $10,500) in rental expenses to a former director of the Company.

b) Included in the accounts payable, are consulting fees of $39,972 due to the former CEO, William Ying, consulting fees of $112,487 due to the former President, Haifeng Liu, and consulting fees of $4,657 due to the former CFO, David Li.

16. SHARE CAPITAL

Common Shares Issued and Outstanding

At March 31, 2021, there were 203,612,218 issued and fully paid common shares (December 31, 2020 - 203,612,218).

For the three months ended March 31, 2021

There were no shares issued during the three months ended March 31, 2021.

(Expressed in Canadian Dollars)

16. SHARE CAPITAL (continued)

Common Shares Issued and Outstanding (continued)

For the three months ended March 31, 2020

On March 6, 2020, the Company closed its non-brokered private placement financing (the "Private Placement") of 3,400,000 units (each, a "Unit") at a price of $0.50 per Unit for total gross proceeds of $1,700,000. Each Unit is comprised of one common share of the Company and one common share purchase warrant ("Warrant"). Each Warrant can be exercisable into one share at a price of $1.20 for a period of 24 months from the closing date of the Private Placement.

During the three months ended March 31, 2020, there were 1,666,666 shares issued on exercise of stock options for total proceeds of $333,333.

Escrow Shares

As at March 31, 2021 and December 31, 2020, the Company has nil of its common shares held in escrow.

Stock Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Canadian Security Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to five years from the date of grant.

The status of the stock options is summarized as follows:

	Number of Options	Exercise Price
Outstanding, December 31, 2019	8,506,666	
Exercised on February 29, 2020	(1,100,000)	$0.20
Exercised on March 27, 2020	(566,666)	$0.20
Stock options forfeited	(1,580,000)	$0.54
Granted on May 7, 2020	200,000	$0.35
Granted on June 1, 2020	500,000	$0.28
Outstanding, December 31, 2020	5,960,000	
Stock options forfeited	(3,480,000)	$0.32
Granted on March 5, 2021	500,000	$0.095
Outstanding, March 31, 2021	2,980,000	

The following table summarizes stock options outstanding and exercisable as at March 31, 2021:

	Outstanding			Exercisable		
Grant Date	Number of options	Weighted average exercise price $	Weighted average remaining contractual life in years	Number of options	Weighted average exercise price $	Expired Date
7-Nov-17	600,000	$0.20	1.60	600,000	0.20	6-Nov-22
9-Aug-18	930,000	$0.60	2.36	930,000	0.60	8-Aug-23
19-Oct-18	950,000	$0.48	2.55	950,000	0.48	18-Oct-23
5-Mar-21	500,000	$0.095	4.93	166,667	0.095	4-Mar-26
	2,980,000	$0.40	2.70	2,646,667	0.43	

(Expressed in Canadian Dollars)

16. SHARE CAPITAL (continued)

The following table summarizes the stock options outstanding and exercisable as at December 31, 2020:

Outstanding				Exercisable	
Number of options	Weighted average exercise $	Weighted average remaining contractual life in years		Number of options	Weighted average exercise price $
2,100,000	$0.20	1.85		2,100,000	0.20
1,110,000	$0.60	2.60		1,110,000	0.60
950,000	$0.48	2.80		950,000	0.48
600,000	$0.45	3.06		400,000	0.45
500,000	$0.43	3.67		333,333	0.43
200,000	$0.35	4.35		66,667	0.35
500,000	$0.28	4.42		166,667	0.28
5,960,000	$0.34	3.25		5,126,667	0.38

On November 7, 2017, the Company granted an aggregate of 8,700,000 stock options to directors, officers, employees and consultants of the Company. These stock options have an exercise price of $0.20 and an expiry date of November 6, 2022. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on November 6, 2019. During the three months ended March 31, 2021, the Company recognized share-based payments of $nil (2020 - $nil) related to these stock options.

On August 9, 2018, the Company granted an aggregate of 2,580,000 stock options to directors, officers, employees and consultants of the Company. These stock options have an exercise price of $0.60 and an expiry date of August 8, 2023. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on August 9, 2020. During the three months ended March 31, 2021, the Company recognized share-based payments of $nil (2020- $6,082) related to these stock options.

On October 19, 2018, the Company granted an aggregate of 950,000 stock options to directors and officers of the Company. These stock options have an exercise price of $0.48 and an expiry date of October 18, 2023. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on October 18, 2020. During the three months ended March 31, 2021, the Company recognized share-based payments of $nil (2020 - $9,732) related to these stock options.

On January 24, 2019, the Company granted 600,000 stock options to a director and 450,000 stock options to an employee of the Company. These stock options have an exercise price of $0.45 and an expiry date of January 23, 2024. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on January 23, 2021. During the three months ended March 31, 2021, the Company recognized share-based payments of $nil (2020 - $10,717) related to these stock options.

On September 3, 2019, the Company granted 500,000 stock options to a consultant of the Company. These stock options have an exercise price of $0.43 and an expiry date of September 2, 2024. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on September 2, 2021. During the three months ended March 31, 2021, the Company recognized share-based (recovery) of $(43,445) (2020 - $20,178) related to these stock options.

On May 7, 2020, the Company granted 200,000 stock options to an officer of the Company. These stock options have an exercise price of $0.35 and an expiry date of May 6, 2025. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on May 6, 2022. These options are forfeited as of March 31, 2021. During the three months ended March 31, 2021, the Company recognized share-based payments of $nil (2020 - $nil) related to these stock options.

(Expressed in Canadian Dollars)

16. SHARE CAPITAL (continued)

On June 1, 2020, the Company granted 500,000 stock options to an employee and a consultant of the Company. These stock options have an exercise price of $0.28 and an expiry date of May 31, 2025. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on May 31, 2022. During the three months ended March 31, 2021, the Company recognized share-based (recovery) of $(34,445) (2020 - $nil) related to these stock options.

On March 5, 2021, the Company granted 500,000 stock options to an employee and a consultant of the Company. These stock options have an exercise price of $0.28 and an expiry date of March 4, 2026. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on March 4, 2023. During the three months ended March 31, 2021, the Company recognized share-based expenses of 14,708 (2020 - $nil) related to these stock options.

The weighted average fair value at grant date of the stock options granted during the year ended December 31, 2020 was $0.25 (2019 - $0.38) per option. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	2021	2020
Expected volatility	125%	125%
Risk-free interest rate	0.38%	0.38%
Dividend yield	-	-
Expected life of options	5.0 years	5.0 years
Stock price on grant date	$0.08	$0.30
Forfeiture rate	-	-

Warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted Average Exercise Price
Balance at December 31, 2019	30,916,667	$1.02
Warrants issued	3,400,000	$1.20
Warrants expired	(2,666,667)	$1.20
Balance at December 31, 2020	31,650,000	$1.04
Warrants expired	-	-
Balance at March 31, 2021	31,650,000	$1.04

The weighted average remaining contractual life of warrants outstanding as at March 31, 2021 is 0.26 years (December 31, 2020 – 0.51 years).

Pursuant to the private placement closed on September 5, 2018, the Company issued 2,666,667 common share purchase warrants at fair value of $506,667. Each warrant is exercisable into one common share of the Company at an exercise price of $1.20 per common share for a period of two years, expired on September 9, 2020.

Pursuant to the private placement closed on June 6, 2019, the Company issued 28,250,000 common share purchase warrants at fair value of $nil. Each warrant is exercisable into one common share of the Company at an exercise price of $1.00 per common share for a period of two years, expiring on June 5, 2021.

Pursuant to the private placement closed on March 6, 2020, the Company issued 3,400,000 common share purchase warrants at fair value of $442,000. Each warrant is exercisable into one common share of the Company at an exercise price of $1.20 per common share for a period of two years, expiring on March 5, 2022.

(Expressed in Canadian Dollars)

17. NON-CONTROLLING INTEREST

The following table presents the summarized financial information about the Company's subsidiaries that have non-controlling interests. The information represents amounts before intercompany eliminations.

As of March 31, 2021	**Canada Bond**	**1139000 BC Ltd**	**Total**
Ownership Interest	**65%**	**51%**	
	$	$	$ -
Current assets	25,696	365,436	365,436
Non-current assets	-	12,004,860	12,004,860
Current liabilities		5,235,628	5,235,628
Non-current liabiliites	35,000	5,067,255	5,102,255
Revenue for the period ended	-	136,935	136,935
Net loss for the period ended	-	396,056	396,056
Non-controlling interest	-	194,067	194,067

The net change in the non-controlling interests is as follows:

	Canada Bond	**1139000 BC Ltd**	Total
	$	$	$
As of January 1, 2020	-	-	-
Acquisition and ownership change	-	4,717,000	4,717,000
Net loss attibuted to non-controlling interest	(3,256)	(4,226,191)	(4,229,447)
As of December 31, 2020	(3,256)	490,809	487,553
Net loss attibuted to non-controlling interest	-	(194,067)	(194,067)
As of March 31, 2021	(3,256)	296,742	293,486

18. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash, restricted cash, accounts receivable, other receivable, due from associate, loans receivable, and accounts payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	$	$
Financial assets at fair value through profit or loss (i)	187,366	284,871
Financial assets at amortized cost (ii)	312,355	257,599
Financial liabilities at amortized cost (iii)	8,196,016	7,875,769

(i) Cash and restricted cash
(ii) Accounts receivable and other receivables
(iii) Accounts payable, debentures, due to associates, loans and lease liabilities

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

18. FINANCIAL INSTRUMENTS (continued)

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market date

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and restricted cash				
March 31, 2021	187,366	-	-	187,366
December 31, 2020	284,871	-	-	284,871

Interest Rate and Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Management evaluates credit risk on an ongoing basis. The primary sources of credit risk for the Company arise from its financial assets consisting of cash, restricted cash and amounts receivables. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risks the Company only holds its cash with chartered Canadian financial institutions. As at March 31, 2021 and December 31, 2020, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars and all current operational activities occur within Canada. In management's opinion there is no significant foreign exchange risk to the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company collecting its other receivables in a timely manner and by maintaining sufficient cash on hand through equity financing. As described in note 1, the Company's ability to continue as a going concern is dependent on its ability to raise additional financing and generate positive cash flow from profitable operations. Factors exist that indicate the existence of a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern and, thus, manage its liquidity risk.

The following are the contractual maturities of the Company's financial liabilities:

(Expressed in Canadian Dollars)

18. FINANCIAL INSTRUMENTS (continued)

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years and over
	$	$	$	$	$
31-Mar-21					
Bank loan	40,000	40,000	40,000	-	-
Accounts payable	2,489,069	2,489,069	2,489,069	-	-
Debentures	1,445,355	1,445,355	1,445,355	-	-
Loans	3,141,594	3,141,594	3,141,594	-	-
Lease liabilities	1,079,998	150,876	150,876	191,468	737,654
	8,196,016	7,266,894	7,266,894	191,468	737,654
31-Dec-20					
Bank loan	40,000	40,000	40,000	-	-
Accounts payable	2,458,566	2,458,566	2,458,566	-	-
Debentures	917,659	917,659	917,659	-	-
Loans	3,141,594	3,141,594	3,141,594	-	-
Lease liabilities	1,317,950	224,822	224,822	270,193	822,935
	7,875,769	6,782,641	6,782,641	270,193	822,935

19. CAPITAL DISCLOSURES

The Company’s definition of capital include share capital, warrants reserve, stock options reserve, net of deficit.

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders through expansion corresponding to the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, reduce debt or increase its debt. The Company is not subject to any externally imposed capital requirements.

20. GENERAL AND ADMINISTRATIVE EXPENSES

The Company’s operating expenses are presented on the consolidated statements of comprehensive loss based on the functions of the expenses to the following classifications: inventory production costs, sales and marketing and general and administration.

During the three months ended March 31, 2021 and 2020, the Company incurred the following general and administrative expenses:

	2021	2020
	$	$
Consulting fees	18,758	146,500
Director fees	21,375	22,875
Insurance	21,671	38,943
Interest on lease liabilities	35,010	4,451
Interest on short-term debenture	27,696	-
Management fees	92,203	79,500
Mortgage interest	107,613	-
Office and general	98,046	109,529
Professional fees	52,339	18,482
Salaries and benefits	309,803	380,672
Travel and entertainment	9,515	39,669
Utilities	68,185	5,362
	862,214	845,983

21. SUBSEQUENT EVENTS

a) On May 1, 2021, Mr. Terry Wang resigned as Benchmark's Interim Chief Executive Officer. The Company appointed Mr. Mike Cosic as the Company's new Chief Executive Officer. Mr. Cosic also continues as a Director on the Board.