

## **AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)**

### **Condensed Consolidated Interim Financial Statements For the Three Months ended March 31, 2021 and 2020 (Expressed in Canadian Dollars)**

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### **Notice of No Auditor Review of Interim Financial Statements**

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

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

**AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)**  
**Condensed Consolidated Interim Statements of Financial Position**  
**March 31, 2021 and December 31, 2020**  
**(Expressed in Canadian Dollars)**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,131,178	\$ 554
GST receivable	73,270	54,360
Prepays	-	2,917
	<b>\$ 1,204,448</b>	<b>\$ 57,831</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 7)	\$ 1,412,507	2,412,472
Loan payable (note 10)	-	95,490
Due to a related party (note 7)	20,890	245,890
Other liabilities (note 8)	484,931	484,931
	1,918,328	3,238,783
<b>Derivative Liability</b> (notes 6(c))	811,536	353,976
	<b>2,729,864</b>	<b>3,592,759</b>
<b>Shareholders' Equity (Deficiency)</b>		
<b>Share Capital</b> (note 6)	24,895,086	21,896,849
<b>Translation Reserve</b>	(273,351)	(254,658)
<b>Reserves</b> (note 6)	1,834,739	1,738,688
<b>Deficit</b>	(27,981,890)	(26,915,807)
<b>Equity (Deficiency) Attributable to Owners of the Company</b>	<b>(1,525,416)</b>	<b>(3,534,928)</b>
	<b>\$ 1,204,448</b>	<b>\$ 57,831</b>

Approved on behalf of the Board:

*"Jesse Dylan"*

.....  
 Jesse Dylan, Director

*"Christopher Bradley"*

.....  
 Christopher Bradley, Director

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

**AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)**  
**Condensed Consolidated Interim Statements of Comprehensive Loss**  
**Three Months Ended March 31, 2021 and 2020**  
**(Expressed in Canadian Dollars)**

	<b>Three Months Ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Operating Expenses</b>		
Financing costs	\$ -	\$ 231,733
General and administrative	<b>604,022</b>	527,051
Marketing and sales	<b>25,476</b>	3,229
	<b>629,498</b>	762,013
<b>Operating Loss</b>	<b>(629,498)</b>	(762,013)
Recovery of bad debt	-	2,364
Foreign exchange loss	<b>(20,976)</b>	(134,590)
Fair value changes of derivative liability (note 6(c))	<b>457,561</b>	26,146
<b>Net Loss</b>	\$ <b>(1,066,083)</b>	\$ (868,093)
Translation adjustment	<b>(18,693)</b>	15,578
<b>Comprehensive Loss</b>	\$ <b>(1,084,776)</b>	\$ (852,515)
<b>Comprehensive Loss Attributed to:</b>		
Owners of the Company	\$ <b>(1,084,776)</b>	\$ (848,398)
Non-controlling interest	-	(4,117)
	\$ <b>(1,084,776)</b>	\$ (852,515)
Basic and Diluted Loss Per Share (note 11)	\$ <b>(0.04)</b>	\$ (0.10)

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

**AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)**  
**Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**  
**(Expressed in Canadian Dollars)**

	<u>Share Capital</u>		Reserves	Translation Reserve	Deficit	Non-Controlling Interest	Total
	Number	Amount					
<b>Balance, December 31, 2019</b>	<b>9,040,003</b>	<b>\$ 20,296,209</b>	<b>\$ 1,680,811</b>	<b>\$ (140,149)</b>	<b>\$ (36,881,535)</b>	<b>\$ 23,638</b>	<b>\$ (15,021,026)</b>
Cumulative translation adjustment	-	-	-	19,695	-	(4,117)	15,578
Net loss for the period	-	-	-	-	(868,093)	-	(868,093)
<b>Balance, March 31, 2020</b>	<b>7,968,753</b>	<b>\$ 18,395,222</b>	<b>\$ 1,680,811</b>	<b>\$ (120,454)</b>	<b>\$ (37,749,628)</b>	<b>\$ 19,521</b>	<b>\$ (15,873,541)</b>
<b>Balance, December 31, 2020</b>	<b>24,850,314</b>	<b>\$ 21,896,849</b>	<b>\$ 1,738,688</b>	<b>\$ (254,658)</b>	<b>\$ (26,915,807)</b>	<b>\$ -</b>	<b>\$ (3,534,928)</b>
Units issued from private placement (note 6(b))	25,111,983	3,013,438	-	-	-	-	3,013,438
Warrants exercised	1,081,500	162,225	-	-	-	-	162,225
Share issuance costs	-	(81,375)	-	-	-	-	(81,375)
Agents' warrants	-	(96,051)	96,051	-	-	-	-
Cumulative translation adjustment	-	-	-	(18,693)	-	-	(18,693)
Net loss for the period	-	-	-	-	(1,066,083)	-	(1,066,083)
<b>Balance, March 30, 2021</b>	<b>10,159,554</b>	<b>\$ 24,895,086</b>	<b>\$ 1,834,739</b>	<b>\$ (273,351)</b>	<b>\$ (27,981,890)</b>	<b>\$ -</b>	<b>\$ (1,525,416)</b>

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

**AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**Three Months Ended March 31, 2021 and 2020**  
**(Expressed in Canadian Dollars)**

	<b>Three Months Ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Operating Activities</b>		
Net loss for the period	\$ (1,066,083)	\$ (868,093)
Items not involving cash		
Financing costs	-	231,734
Fair value change in derivative liability	457,560	(26,146)
Foreign exchange gain	(18,693)	21,611
	<b>(627,216)</b>	<b>(640,894)</b>
Changes in non-cash working capital		
Accounts receivable	-	446,799
GST receivable	(18,910)	(12,433)
Due from related party	(225,000)	-
Prepays	2,917	1,165
Accounts payable and accrued liabilities	(999,965)	147,097
Interest paid	-	(4)
<b>Cash Used in Operating Activities</b>	<b>(1,868,174)</b>	<b>(58,270)</b>
<b>Financing Activities</b>		
Proceeds from private placement	3,013,438	-
Share issuance costs	(81,375)	-
Loan repayment	(95,490)	-
Proceeds from warrants exercise	162,225	-
<b>Cash Provided by Financing Activities</b>	<b>2,998,798</b>	<b>-</b>
<b>Inflow (Outflow) of Cash</b>	<b>1,130,624</b>	<b>(58,270)</b>
<b>Cash, Beginning of Period</b>	<b>554</b>	<b>100,767</b>
<b>Cash, End of Period</b>	<b>\$ 1,131,178</b>	<b>\$ 42,497</b>

\* There are no investing activities during three months ended March 31, 2021 and 2020.

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

**AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Aquarius AI Inc. (formerly Good Life Networks Inc.) (the “Company” or “Aquarius”) was incorporated under the Business Corporations Act on August 17, 2011.

Effective January 28, 2018, the Company closed its qualifying transaction (the “Transaction”) with Good Life Networks Inc. (“GLN”), a Vancouver-based, digital media private company. The Transaction was completed by way of a share exchange pursuant to a plan of arrangement under the provisions of the *Business Corporations Act* (British Columbia) (the “Arrangement”), which included the amalgamation of GLN and Exito Energy II Inc. (“Exito”) to form the Company as the resulting issuer. The Company continued the business of GLN, as described below. The transaction was considered a reverse takeover (“RTO”) since the legal acquiree is the accounting acquirer, as the former shareholders of GLN obtained a controlling interest of the resulting issuer after the completion of the Transaction.

The Company changed its name from Good Life Networks Inc. to Aquarius AI Inc. on November 29, 2019. The trading ticker symbol is “AQUA”. The Company continues to trade on the Frankfurt Stock Exchange under the stock symbol “4G5”

The Company’s business is that of a digital technology company with a mandate to develop and/or acquire technologies to monetize in-house or develop and sell to third parties or find joint venture partners for further development and monetization. The principal office of the Company is located at 595 Howe Street 10th floor, Vancouver, BC V6C 2T5, Canada.

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 of business. For the period ended March 31, 2021, the Company had a net loss of \$1,066,083 (2020 - \$868,093) and cash outflows from operating activities of \$1,868,174 (2020 - \$58,270) and as at March 31, 2021, has an accumulated deficit of \$27,981,890 (December 31, 2020 - \$26,915,807).

The Company has no revenue during the three months ended March 31, 2021 and does not have sufficient cash to meet its administrative overhead, service its obligations or maintain its interests. Currently, based on its planned expenditures and expected cash flows, the Company will need to secure new sources of working capital to continue operations beyond an approximate twelve-month period. Management’s plan is to actively secure sources of funds, including possible equity and debt financing options, while at the same time focus on exercising careful cost control to sustain operations.

The Company’s ability to continue its operations and to realize its assets at their carrying values are dependent upon obtaining additional financing sufficient to cover its operating costs. Further, the Company’s ability to continue as a going concern is dependent upon the successful results from its activities and its ability to attain profitable operations and generate funds therefrom and/or to raise equity capital or borrowings sufficient to meet current and future obligations, none of which is in any way certain that the Company can achieve. The Company has now started the process of repositioning its technology that may provide opportunities for monetization. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

**AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)**  
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If the going concern basis was not appropriate for these consolidated financial statements, significant adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the classifications used on the unaudited consolidated statements of financial positions. Such adjustments could be material which would significantly impact the financial statements and the Company's ability to operate.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

The extent to which the Company's operating and financial results are affected by COVID-19 will depend on various factors and consequences beyond its control such as the duration and scope of the pandemic; additional actions taken by business and government in response to the pandemic and the speed and effectiveness of response to combat the virus.

**2. BASIS OF PRESENTATION**

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with international Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the year ended December 31, 2019 of Aquarius AI Inc. These condensed consolidated interim financial statements do not include all the disclosures required for the annual audited financial statements. These financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2020.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on May 31, 2021.

(b) Basis of presentation

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for certain financial instruments measured at fair value. These consolidated financial statements have prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars and the Company and its subsidiaries' functional currency is US dollars.

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(c) Consolidation

These condensed consolidated interim financial statements include accounts of the Company and the following controlled entities:

	Relationship	Percentage
Good Life Networks USA Inc.**	Subsidiary	60%
Lighthouse Digital Inc.	Subsidiary	100%
495 Communications, LLC*	Subsidiary	100%

\* The Company acquired 495 Communications, LLC (“495”) on December 17, 2018. 495 is in the process of dissolution.

\*\* Good Life Networks USA Inc. (“GLN US”) was dissolved on June 17, 2020.

All intercompany balances and transactions are eliminated on consolidation. Control is based on whether an investor has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of returns.

(d) Use of estimates and judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant areas requiring the use of management estimates include:

- (i) Share-based compensation is valued using the Black-Scholes Option Pricing Model at the date of grant and expensed in profit or loss over vesting period of each award. The Black-Scholes Option Pricing Model (“Black - Scholes”) utilizes subjective assumptions such as expected price volatility and expected life of the option. Share-based compensation expense also utilizes subjective assumption on forfeiture rate. Changes in these input assumptions can significantly affect the fair value estimate.

Significant areas requiring the use of judgments include:

- (i) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its platform development and working capital requirements.

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- (ii) The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.
- (iii) Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax bases of assets and liabilities. Loss carry forwards also comprise a portion of the temporary differences and result in a deferred income tax asset. Deferred income tax assets are only recognized to the extent that management considers it probable that a deferred income tax asset will be realized. The assessment for the recognition of a deferred tax asset requires significant judgement. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. The Company has and continues to use tax planning strategies to realize deferred tax assets in order to avoid the potential loss of benefits. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Company may materially affect the consolidated financial statements.
- (iv) Contingencies are subject to measurement uncertainty as the financial impact will only be confirmed by the outcome of a future event. The assessment of contingencies involves a significant amount of judgement, including assessing whether a present obligation exists, assessing factors that may mitigate or reduce the obligation, and determining a reliable estimate of the amount of cash outflow required to settle the obligation. The Company is required to both determine whether loss is probable and whether the loss can be reasonably estimated. The uncertainty involved with the time and amount at which a contingency may be settled may have a material impact on the consolidated financial statements of future periods to the extent that the amount provided for differs from the actual outcome.
- (v) Contingent consideration and the allocation of fair value of assets acquired. The determination of fair value of assets acquired and contingent consolidation requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of the assets acquired require the most judgment and include estimates of future cash flows.

**3. SIGNIFICANT ACCOUNTING POLICIES**

- (a) Accounting standards issued but not yet effective

A the date of authorization of these condensed interim consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published, but are not yet effective, and have not been early-adopted by the Company. The Company does not expect these new pronouncements to have a significant impact on its condensed interim consolidated financial statements.

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**4. FINANCIAL INSTRUMENTS**

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified at fair value through profit and loss ("FVTPL"); accounts receivable is classified at amortized cost; and accounts payable and accrued liabilities, loan payable, bank debts and other liabilities are classified at amortized cost. The carrying values of these instruments, other than bank debts, approximate their fair values due to their short term to maturity. The carrying value of bank debts approximates fair value as they were at market rates of interest. Contingent consideration and derivative liability are classified at FVTPL using level 3 of the fair value hierarchy.

The Company has exposure to the following risks from its use of financial instruments:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major Canadian financial institution and the Company's concentration of credit risk for cash and maximum exposure thereto is \$1,131,178 (December 31, 2020 - \$554).

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At March 31, 2021, the Company has \$1,131,178 (December 31, 2020 - \$554) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of \$1,412,507 (December 31, 2020 - \$2,412,472) are due within three to six months. Loan payable of \$nil (December 31, 2020 - \$95,490) and other liabilities of \$484,931 (December 31, 2020 - \$484,931) are due within twelve months.

The Company manages its liquidity risk by raising additional funds through equity or debt financing to fund its current liabilities and operations.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises two types of risk: interest rate and foreign currency risk.

(i) Interest rate risk

The Company is exposed to floating interest rate risk related to its bank debts.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of the Company's assets and liabilities will fluctuate due to changes in foreign exchange rates.

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The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company also exposed to foreign currency risk that options and warrants that have exercise price which is different from its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As at March 31, 2021 and December 31, 2020, the Company's net exposure to foreign currency risk on its financial instruments is as follows:

	March 31, 2021	December 31, 2020
	CAD\$	CAD\$
Cash	1,131,178	554
Accounts payable and accrued liabilities	(733,888)	(1,425,829)
Loans payable	-	(95,490)
Other liabilities	(484,931)	(484,931)
Due to a related party	(20,890)	(245,890)
	(108,531)	(2,251,586)

A 10% (2020 - 10%) change in the US dollar against the Canadian dollar at March 31, 2021 would result in a change of approximately \$11,000 (December 31, 2020 - \$225,000) in comprehensive income (loss).

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

**5. CAPITAL MANAGEMENT**

The Company considers its capital to be comprised of shareholders' equity (deficiency) and debt obligations. The Company's objectives in managing its capital are to maintain its ability to continue as a going concern, to further develop its business and ensure compliance with covenants of any applicable credit facility and other financing facilities. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to meet its strategic goals.

The Company manages the capital structure and makes adjustments to it depending on economic conditions and the rate of anticipated expenditures. The Company may issue shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Company is not subject to externally imposed capital requirements.

**AQUARIUS AI INC. (FORMERLY GOOD LIFE NETWORKS INC.)**  
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**6. SHARE CAPITAL**

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

No shares were issued during the three months period ended March 31, 2020.

*During the period ended March 31, 2021*

Pursuant to a warrant exercise the Company issued 1,081,500 shares at \$0.15 for gross proceeds of \$162,225.

On March 16, 2021, the Company completed a private placement for gross proceeds of \$3,013,438 through the issuance of 25,111,983 units. Each unit consists of one common share of the Company and one common share purchase warrant. Each full warrant shall be exercisable into one common share for 24 months at an exercise prices of \$0.25 per share.

The Company paid \$81,375 cash commission and issued 679,126 agent's warrants to purchase common shares at \$0.25 per share until March 16, 2023. The agent's warrants were valued using the Black-Scholes model resulting in fair value of \$96,051.

*During the year ended December 31, 2020*

Pursuant to a warrant exercise the Company issued 350,000 shares at \$0.15 for gross proceeds of \$52,500.

During the year ended December 31, 2020, 1,232,862 shares were issued with a fair value of \$255,017 to settle accounts payable amounts owing to various lenders of \$650,209, resulting in a gain of \$395,192.

On July 30, 2020, the Company completed a private placement for gross proceeds of \$1,332,745 through the issuance of 13,327,450 units. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each full warrant shall be exercisable into one common share for 24 months at an exercise prices of \$0.15 per share.

The Company paid \$71,745 cash commission and issued 253,956 agents' warrants to purchase common shares at \$0.15 per share until July 30, 2022. The agents' warrants were valued using the Black-Scholes model resulting in fair value of \$57,877.

750,000 common shares were issued in full settlement of Lerna and Lernalabs loan of \$75,000. The fair value of the 750,000 common shares was determined to be \$75,000.

150,000 common shares were issued with a fair value of \$15,000 to the former owner of 495 in full settlement of outstanding loan payable of \$1,091,936 and its accrued interest of \$16,397 together with the cash payments described in note 10.

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(c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2019	1,751,934	\$ 2.92
Issued	7,417,681	0.16
Expired	(1,001,701)	3.48
Exercised	(350,000)	0.15
Outstanding, December 31, 2019	7,817,914	\$ 0.35
Issued	25,791,109	0.25
Exercised	(1,081,500)	0.15
Outstanding, March 31, 2020	32,527,523	\$ 0.28

The following warrants were outstanding at March 31, 2021:

Grant Date	Expiry Date	Exercise Price	Number of Warrants	Exercisable
January 26, 2018	January 26, 2023	\$ 1.88	120,500	120,500
December 18, 2018	December 18, 2023	\$ 1.84	291,462	-
July 22, 2019	July 22, 2024	\$ 3.66	119,075	119,075
July 22, 2019	July 22, 2024	\$ 1.94	219,196	219,196
July 30, 2020	July 30, 2022	\$ 0.15	6,313,725	6,313,725
July 30, 2020	July 22, 2022	\$ 0.15	253,956	253,956
August 17, 2020	August 17, 2022	\$ 0.275	500,000	500,000
March 16, 2021	March 16, 2023	\$ 0.25	25,111,983	25,111,983
March 19, 2021	March 19, 2023	\$ 0.25	3,855,600	3,855,600
			32,527,523	32,236,061

The weighted average contractual life of warrants as at March 31, 2021 is 1.87 years (December 31, 2020 – 1.73 years).

On March 16, 2021, the Company granted 679,126 finders' warrants in connection with the private placement. All finders' warrants are exercisable at \$0.25 per share until March 16, 2023. The fair value of these warrants were determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.23%
Expected term (in years)	2
Estimated dividend yield	0%
Weighted-average estimated volatility	224.01%

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On August 17, 2020, the Company granted 500,000 settlement warrants in connection with full settlement of bank loan. Each settlement warrant shall be exercisable into one common share of the Company for 24 months at a price of \$0.275 per share until August 17, 2022. The fair value of these warrants was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.26%
Expected term (in years)	2
Estimated dividend yield	0%
Weighted-average estimated volatility	261.45%

On July 30, 2020, the Company granted 253,956 finders' warrants in connection with the private placement. All finders' warrants are exercisable at \$0.15 per share until July 30, 2022. The fair value of these warrants were determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.26%
Expected term (in years)	2
Estimated dividend yield	0%
Weighted-average estimated volatility	261.63%

Some of the Company's warrants with a \$CAD exercise price have been recognized as a derivative liability given the functional currency of the Company is the US\$, as they did not meet the "fixed-for-fixed" criteria. The following is a summary of the Company's warrant derivative liabilities as at March 31, 2021 and December 31, 2020:

Balance, December 31, 2019	\$	48,641
Warrants issued in for settlement of bank loan		128,655
Change in fair value of derivative liability		170,647
Functional currency translation adjustment		6,033
Balance, December 31, 2020	\$	353,976
Change in fair value of derivative liability		457,561
Functional currency translation adjustment		(1)
Balance, March 31, 2021	\$	811,536

The fair value of the derivative liabilities as at March 31, 2021 was determined using the following assumptions:

- Risk-free interest rate 0.28%
- Expected term (in years) 1.42
- Estimated dividend yield 0%
- Weighted-average estimated volatility 210.76%

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(d) Stock Options

Options transactions and the number of options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2019	506,784	\$ 2.30
Expired	(77,445)	2.50
Outstanding, March 31, 2020 and December 31, 2020	429,338	\$ 2.27

When the Company issues stock options, it records a share-based compensation in the year or period which the options are granted and/or vested. The expense is estimated using the following assumptions. Due to the lack of historical pricing information for the Company, the expected volatility is based on an average of historical prices of a comparable group of companies within the same industry. The risk-free interest rate is based on yield curves on Canadian government zero coupon bonds with a remaining term equal to the expected life of the stock options. The Company used historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common shares. Based on the best estimate, management applied the estimated forfeiture rate of 0%.

The following options were outstanding at March 31, 2021:

Grant Date	Expiry Date	Exercise Price	Number of Options	Exercisable
January 30, 2018	January 30, 2023	\$ 2.50	302,500	302,500
December 18, 2018	December 31, 2023	\$ 1.50	74,000	74,000
July 15, 2019	July 15, 2021	\$ 2.00	52,838	52,838
			429,338	429,338

The weighted average contractual life for the remaining options as at March 31, 2021 is 1.80 years (December 31, 2020 – 2.05 years).

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**7. RELATED PARTY TRANSACTIONS**

During the three months period ended March 31 2021, the Company paid wages and benefits of \$9,000 (2020 - \$15,476) to companies controlled by officers and directors and family members of officers and directors.

At March 31, 2021, included in accounts payable and accrued liabilities was \$89,933 (December 31, 2020 - \$266,970) owing to officers and directors. The amounts due to or from related parties are without stated terms of repayment or interest and are unsecured.

As at March 31, 2021, included in due to a related party was \$20,890 (December 31, 2020 - \$245,890) owing to a company controlled by officers and directors. The amount due to or from related parties are without stated terms of repayments or interest and are unsecured.

In 2018, the Company acquired certain patents from a company controlled by an officer of the Company in the amount of \$625,000. As of March 31, 2021, \$280,000 (December 31, 2020 - \$625,000) remains unpaid and is included in accounts payable and accrued liabilities.

These transactions are in the normal course of business and have been valued in these consolidated financial statements at the fair value of the consideration paid.

*Key management compensation*

The Company's key management consist of executive officers and directors:

The compensation recorded to key management personnel during the three months ended March 31, 2021 and 2020 were as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Management and consulting fees	\$ 148,643	\$ 193,429

**8. OTHER LIABILITIES AND CONTINGENCIES**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Legal fees - others	\$ 434,931	\$ 434,931
Obligation to issue shares	50,000	50,000
	<b>\$ 484,931</b>	<b>\$ 484,931</b>

*Lerna and Lernalabs*

On January 20, 2020, the Company entered into an amended settlement agreement with Lerna, LLC ("Lerna") and Lernalabs Ltd. ("Lernalabs") pursuant to which the Company agreed to issue 750,000 common shares to Lerna and Lernalabs in full settlement of the amount owing of \$851,695. In addition, a further 185,000 common shares owned by an officer of the Company were transferred to another officer of the Company. The fair value of the 750,000 common shares was determined to be \$75,000. The shares were issued on June 12, 2020 in full settlement of the debt of \$75,000.

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As at March 31, 2021, a payable of \$434,931 (December 31, 2020 - \$434,931) remains outstanding which is due to the lawyers responsible for negotiating the various agreements with Lerna and Lernalabs. The Company does not agree with the amount payable and will dispute and/or challenge any efforts at collection.

**9. NON-CONTROLLING INTEREST**

The Company owns 60% of its subsidiary Good Life Network USA Inc. ("GLN US"), was dissolved on June 17, 2020. As at December 31, 2020, the non-controlling interest in GLN US was reduced to \$nil.

**10. LOAN PAYABLE**

The Company signed a promissory note agreement related to the acquisition of 495 for \$1,035,010. The loan is repayable on or before February 1, 2019. The loan will begin accruing interest at a rate of 6% per annum in the event the principal is not repaid on the due date. The loan is unsecured.

On April 24, 2020, the Company entered into a mutual release agreement with the former owner of 495 in full settlement of outstanding loan payable of \$1,091,936 and its accrued interest of \$16,397. Pursuant to the agreement, the Company agreed to pay the seller the equivalent of USD \$125,000 in four installments:

- i) USD \$25,000 by June 1, 2020 (paid);
- ii) USD \$25,000 by September 1, 2020 (paid);
- iii) USD \$25,000 by December 1, 2020 (paid);
- iv) USD \$50,000 by March 1, 2021 (paid); and
- v) issuance of 150,000 common shares (issued).

During the year ended December 31, 2021, repayments of \$70,142 were made toward the outstanding balance of the loan and 150,000 common shares with a fair value of \$15,000 were issued in connection with the mutual release agreement.

During the three month ended March 31, 2021, repayments of \$95,490 (2020 - \$70,142) were made toward the outstanding balance of \$95,490 in full settlement of the loan.

**11. EARNINGS (LOSS) PER SHARE**

The calculation of basic and diluted earnings (loss) per share for the relevant years is based on the following:

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net loss for the year	\$ (1,084,776)	\$ (852,515)
Basic and diluted weighted average number of common shares outstanding	29,265,013	9,040,003
Basic and diluted loss per share	\$ (0.04)	\$ (0.10)

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**12. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Office, software and general	\$ 22,533	\$ 82,480
Accounting, legal and audit	128,415	95,264
Consulting	370,514	169,896
Management fees	79,643	71,429
Insurance	2,917	21,465
Travel	-	5,998
Wages and salaries	-	80,519
<b>Total</b>	<b>\$ 604,022</b>	<b>\$ 527,051</b>

**13. SUBSEQUENT EVENTS**

No subsequent events to report