



EGF THERAMED HEALTH CORP.

(formerly, Theramed Health Corporation; Evitrade Health Systems Corp.)

Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2019 (Q2)
(Expressed in Canadian dollars)

NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), EGF Theramed Health Corp. (the “Company”) hereby informs all readers that the accompanying unaudited condensed interim consolidated financial statements of the Company have not been reviewed by its auditor and have been prepared by and are the responsibility of management and Board of Directors for all financial statement information and reporting.

The attached unaudited condensed consolidated financial statements for the three and six months ended December 31, 2019 (Q2) have not been reviewed by the Company’s auditor and should be read in conjunction with the Company’s audited consolidated financial statements and management discussion and analysis (MD&A) on Form 51-102F1 for the year ended June 30, 2019, as filed on SEDAR.

MANAGEMENT’S RESPONSIBILITY FOR INTERIM FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements (“consolidated financial statements”) of the Company are the responsibility of the management and Board of Directors of the Company. The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the financial statement notes. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are compliant with *IAS 34 - Interim Financial Reporting* as issued by the International Accounting Standards Board.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

David Bentil
Chief Executive Officer

Vancouver, BC
March 2, 2020

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(formerly, Theramed Health Corporation; Evitrade Health Systems Corp.)
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EGF THERAMED HEALTH CORP.*(formerly Theramed Health Corporation; Evitrade Health Systems Corp.)*

Interim Consolidated Statement of Financial Position

As at

(Expressed in Canadian dollars)

		December 31, 2019 \$	June 30, 2019 \$
	Note	(Unaudited)	(Audited)
Assets			
Cash & cash equivalents		3,862	132,756
Accounts receivable	4	510,881	461,206
Marketable securities	16	217	1,267
Prepaid expenses	5	759,794	910,693
Total Current Assets		1,274,754	1,505,922
Deposits	6, 18	43,000	44,000
Construction in progress	8	973,040	332,490
Property and equipment	8	973,242	973,242
Total Assets		3,264,036	2,855,654
Liabilities			
Accounts payable and accrued liabilities	9, 13	707,690	633,803
Interest payable	12	139,732	125,538
Loans payable	12, 15	751,819	458,417
Management fees payable	15	355,000	265,000
Preferred shares	10, 18	3,000	4,000
Convertible debt	12	477,681	827,681
Total Current Liabilities		2,434,922	2,314,439
Convertible debt (long-term)	12	251,112	—
Total Liabilities		2,686,034	2,314,439
Shareholders' Equity			
Share capital	11, 18	32,985,552	32,335,553
Shares to be cancelled	20	(1,070,000)	(1,070,000)
Contributed surplus		2,172,962	1,968,562
Equity portion of convertible debt	12	130,482	25,892
Change in ownership interest	11	421,924	-
Non-controlling interest	11	(242,696)	-
Deficit		(33,820,222)	(32,718,792)
Total Shareholders' Equity		578,002	541,215
Total Liabilities and Shareholders' Equity		3,264,036	2,855,654

*Going Concern (Note 2b)**Commitments (Note 17)**Plans of Arrangement (Note 18)**Subsequent Events (Note 19)**The accompanying notes are an integral part of these interim consolidated financial statements*

Approved and authorized for issue by the Board of Directors on March 2, 2020:

"David Bentil"

David Bentil, Director and CEO

"Usama Chaudhry"

Usama Chaudhry, Director and CFO

EGF THERAMED HEALTH CORP.*(formerly Theramed Health Corporation; Evitrade Health Systems Corp.)*

Interim Consolidated Statement of Loss and Comprehensive Loss

For the Three and Six Months Ended December 31, 2019 and 2018

(Unaudited - Expressed in Canadian dollars)

	Note	For the three months ended		For the six months ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Operating Expenses					
		\$	\$	\$	\$
Bank and other charges		238	657	328	778
Consulting fees		115,522	336,016	308,485	528,016
Finance charges	12	12,537	—	224,296	—
Brokerage services		—	—	—	400,000
Listing fees		10,361	1,950	16,645	6,520
Office and miscellaneous		1,074	114	1,285	159
Investor communications		—	—	—	15,000
Management fees		74,600	57,250	149,603	102,250
Professional fees		10,000	28,070	22,005	42,000
Rent		59,480	57,091	119,207	57,091
Transfer agent and filing fees		14,588	5,413	16,298	9,650
Travel		1,539	—	1,539	—
Operating loss before other items		(299,969)	(486,561)	(859,691)	(1,161,464)
Other Items:					
Loss on marketable securities		—	(2,633)	(1,050)	(1,633)
Gain (loss) on foreign exchange		(82)	—	283	309
Impairment of intangible assets		—	—	(250,000)	—
Loss on joint venture		—	—	(10,000)	—
Loss on acquired debt		—	(22,500)	—	(22,500)
Total other items		(82)	(25,133)	(260,767)	(23,824)
Net loss and comprehensive loss		(300,051)	(511,694)	(1,120,458)	(1,185,288)
Total comprehensive loss is attributed to:					
Shareholders of EGF Theramed Health Corp.		(281,669)	(511,694)	(1,102,076)	(1,185,288)
Non-controlling interest	11	(18,382)	-	(18,382)	-
Loss per common share (basic and diluted)		\$ (0.24)	\$ (0.62)	\$ (1.09)	\$ (2.00)
Weighted average number of common shares (basic and diluted)		1,179,546	820,027	1,008,985	591,965

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

EGF THERAMED HEALTH CORP.*(formerly Theramed Health Corporation; Evitrade Health Systems Corp.)*

Interim Consolidated Statement of Changes in Shareholders' Equity

For the Six Months Ended December 31, 2019 and 2018

(Unaudited - Expressed in Canadian dollars, except the number of shares)

	Note	Number of Outstanding Shares	Share Capital \$	Equity Portion of Convertible Debts \$	Contributed Surplus \$	Shares to Be Cancelled \$	Change in ownership interest \$	Deficit \$	Non- controlling interest \$	Total Shareholders' Equity \$
Balance, June 30, 2018		363,903	16,253,967	25,892	349,187	-	-	(18,323,470)	-	(1,694,424)
Common shares issued for cash		100,000	3,000,001	—	—	—	—	—	—	3,000,001
Common shares issued for services		10,350	412,250	—	—	—	—	—	—	412,250
Common shares issued to acquire HETC		233,333	7,000,000	—	—	—	—	—	—	7,000,000
Common shares issued to acquire WASS		200,000	6,000,000	—	—	—	—	—	—	6,000,000
Common shares returned to treasury		(45,500)	(1,592,500)	—	1,750,000	—	—	—	—	157,500
Net comprehensive loss for the period		—	—	—	—	—	—	(1,185,288)	—	(1,185,288)
Balance, December 31, 2018		862,086	31,073,718	25,892	2,099,187	—	—	(19,508,758)	—	13,690,039
Balance, June 30, 2019		1,114,546	32,335,553	25,892	1,968,562	(1,070,000)	—	(32,718,792)	—	541,215
Common shares issued for services	11	5,000	50,000	—	—	—	—	—	—	50,000
Common shares issued for acquisition	11	25,000	250,000	—	—	—	—	—	—	250,000
Common shares issued to settle debt	11	35,000	350,000	—	—	—	—	—	—	350,000
Convertible debentures	11	—	—	104,590	204,400	—	—	—	—	308,990
Derecognition of divested subsidiary	18	—	(1)	—	—	—	—	645	—	644
Change in ownership interest	11	—	—	—	—	—	421,924	—	—	421,924
Non-controlling interest	11	—	—	—	—	—	—	—	(224,314)	(224,314)
Net comprehensive loss for the period		—	—	—	—	—	—	(1,102,076)	(18,382)	(1,120,458)
Balance, December 31, 2019		1,179,546	32,985,552	130,482	2,172,962	(1,070,000)	421,924	(33,820,223)	(242,696)	578,001

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

EGF THERAMED HEALTH CORP.*(formerly Theramed Health Corporation; Evitrade Health Systems Corp.)*

Interim Consolidated Statement of Cash Flows

For the Six Months Ended December 31, 2019 and 2018

(Unaudited - Expressed in Canadian dollars)

	2019 \$	2018 \$
Cash Flows from Operating Activities		
Comprehensive loss for the period	(1,120,458)	(1,185,288)
<u>Adjustments for non-cash items:</u>		
Impairment of intangible assets	250,000	—
Loss on marketable securities	1,050	1,633
Interest and accretion on convertible debt	19,896	—
Derecognition of divested subsidiary	644	—
Shares issued for services	50,000	412,250
Finance charges on convertible debt	204,400	—
<u>Change in non-cash working capital items:</u>		
Accounts receivable	(49,675)	(45,480)
Prepaid expenses	150,899	(452,618)
Accounts payable and accrued liabilities	73,887	280,499
Management fees payable	90,000	25,000
Net cash used in operating activities	(329,357)	(964,004)
Cash Flows from Investing Activities		
Deposits, acquisitions	—	(15,000)
Construction in progress	(442,940)	—
Net assets acquired in HETC and WASS	—	(1,082,360)
Debt acquired	—	157,500
Cancellation of acquisition shares	—	1,592,500
Investment in joint venture	—	(500,000)
Loans receivable, related parties	—	(46,091)
Loans receivable	—	(190,095)
Net cash used in investing activities	(442,940)	(83,546)
Cash Flows from Financing Activities		
Proceeds from the issuance of common shares	—	3,000,000
Payment of interest on convertible debt	—	(102,891)
Proceeds from convertible debt	350,000	—
Proceeds from loans payable, net of repayment	293,402	—
Repayment of loans payable, related parties	—	(828,336)
Repayment of loans payable	—	(371,353)
Cash provided by financing activities	643,402	1,697,420
Net increase (decrease) in cash and cash equivalents	(128,895)	649,870
Cash and equivalents, beginning of period	132,756	449,815
Cash and cash equivalents, end of period	3,861	1,099,685
Supplemental information:		
Interest paid	—	102,891

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

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements
For the Six Months ended December 31, 2019 and 2018
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS:

EGF Theramed Health Corp. (formerly, Theramed Health Corporation; EVITRADE Health Systems Corp.) (the “Company” or “EGF Theramed”) was incorporated on November 9, 2011 under the laws of British Columbia, Canada. The Company’s head office and mailing address is #168 – 11280 Twigg Place, Richmond, BC V6V 0A6.

EGF Theramed continues to develop products, technologies, and diagnostic tools focused on personalized medical care including research with natural health and wellness products. The products will serve with the overall goal of improving health and elevating the human condition.

The Company’s shares are listed on Canadian Securities Exchange (“CSE”) under the symbol “TMED” and the OTC Markets Group Inc.’s marketplace under (“OTCQB: EVAHF”).

On October 22, 2019, the Company announced a name change to “EGF Theramed Health Corp.” and 100:1 share consolidation. The symbol remains “TMED. The shares began trading under the new name and on a consolidated basis with a new CUSIP number on October 24, 2019.

These interim consolidated financial statements (hereinafter the “consolidated financial statements”) of the Company for the six months ended December 31, 2019 have been prepared by management and reviewed and authorized for publication by the Board of Directors on March 2, 2020. The financial statements are made available to shareholders and other stakeholders through the System for Electronic Document Analysis and Retrieval (“SEDAR”).

2. BASIS OF PRESENTATION:

a. Statement of compliance -

These consolidated financial statements for the six months ended December 31, 2019 (Q2) have been prepared in accordance with IAS 34 - Interim Financial Reporting in addition to other applicable International Accounting Standards (IAS) as issued by the International Accounting Standards Board (“IASB”). The Company’s significant accounting policies are described in the Note 3. Significant accounting estimates, judgments and assumptions have been used or exercised by management in the preparation of these consolidated financial statements. All share amounts and pricing have been adjusted to reflect the Company’s 100:1 consolidation effective on October 24, 2019.

b. Going concern basis of presentation -

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and have the ability to realize its assets and discharge its liabilities in the normal course of business. However, certain adverse conditions and events cast significant doubt upon the validity of this assumption, which may require management to reassess the financial viability of the Company as a going concern.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements
For the Six Months ended December 31, 2019 and 2018
(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION: (Continued)**b. Going concern basis of presentation - (Continued)**

As a Company in early development stage, management does not anticipate generating operating revenues for several years, other than incidental revenue. At December 31, 2019, the Company had not yet achieved profitable operations, had recurring losses from continuing operations, and a cumulative deficit of \$33,820,222 (June 30, 2019: \$32,718,792) since inception. The Company expects to incur further losses in the development of its business in subsequent periods.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material in natural.

c. Principles of consolidation -

These consolidated financial statements include the assets, liabilities and results of operations for Hemp Extraction Technology Corp. ("HETC"), Western Agri Supply Solutions Inc. ("WASS"), Medical Green Natural List Corp. ("MGNL") acquired during fiscal 2019, in addition to several inactive numbered companies formed that are wholly-owned entities in relation to the Company's 2017 Plan of Arrangement. (see Note 18)

All inter-company balances, transactions and unrealized profits are eliminated on consolidation to the extent of the Company's interest in the entity.

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. The carrying amounts of the controlling and non-controlling interest area are adjusted to reflect the changes in their relative interests in subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in a separate reserve within equity attributed to the owners of the Company.

d. Basis of measurement -

These consolidated financial statements have been prepared using the historical cost convention except for some financial instruments that have been measured at fair value.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Six Months ended December 31, 2019 and 2018

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION: (Continued)

- e. Functional and presentation currency -

All monetary references expressed in these notes are references to Canadian dollar amounts (“\$”).

- f. Significant accounting judgments and estimates -

The preparation of these consolidated financial statements in conformity with IAS 34 - *Interim Financial Reporting* in addition to other applicable International Accounting Standards (IAS) as issued by the International Accounting Standards Board (“IASB”) requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Judgments:

- (i) Ability to continue as a going concern -

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 2b), whose subsequent changes could materially impact the validity of such an assessment.

Estimates:

- (i) Share-based compensation expense -

The Company uses the Black-Scholes option pricing model to fair value options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense. Refer to Note 11 for further details.

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Notes to the Interim Consolidated Financial Statements
For the Six Months ended December 31, 2019 and 2018
(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION: (Continued)

f. Significant accounting judgments and estimates - (Continued)

(ii) Impairment of financial assets -

The carrying value and the recoverability of intangible properties, which are included in the statements of financial position. The recoverability of intangible property is evaluated at each reporting date to determine whether there are any indications of impairment.

The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's intangible asset.

External sources of information considered are changes in the Company's economic, legal and regulatory environment which it does not control but affect the recoverability of its intangible asset. Internal sources of information the Company considers include the manner in which intangible asset are being used or are expected to be used and indications of economic performance of the assets.

(iii) Income taxes -

The Company operates in the United States and Canada and is subject to multiple tax jurisdictions, and consequently, income is subject to various rates and rules of taxation. As a result, the Company's effective tax rate may vary significantly from the Canadian statutory tax rate depending upon the profitability of operations in a different jurisdiction. The Company calculates deferred income taxes based upon temporary differences between the assets and liabilities that are reported in its consolidated financial statements and their tax bases as determined under applicable tax legislation. The future realization of deferred tax assets can be affected by many factors, including: current and future economic conditions, net realizable sale prices, and can either be increased or decreased where, in the view of management, such change is warranted. In determining whether a deferred tax asset is probable, management reviews the timing of expected reversals of taxable temporary differences, the estimates of future taxable income and prudent and feasible tax planning that could be implemented.

3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below are in effect for the years ended June 30, 2019 and 2018 and have been applied consistently to all periods presented in these consolidated financial statements.

a. Cash and cash equivalents -

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less.

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Notes to the Interim Consolidated Financial Statements
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(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES: (Continued)**b. Shared-based payments -**

The fair value of any options granted is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. There are currently no options outstanding.

c. Deferred income taxes -

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

d. Financial instruments -

A finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement was issued in November 2009 and October 2010. The standard contains requirements in the following areas: classification and measurement, impairment, hedge accounting and de-recognition.

Under IFRS 9, financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit and loss ("FVTPL"), transaction costs.

Financial assets are subsequently measured at:

- i) FVTPL;
- ii) amortized cost;
- iii) debt measured at fair value through other comprehensive income ("FVOCI");
- iv) equity investments designated at FVOCI; or
- v) financial instruments designated at FVTPL.

The classification is based on whether the contractual cash flow characteristics represent "solely payment of principal and interest" (the "SPPI test") as well as the business model under which the financial assets are managed. Financial assets are required to be reclassified only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date. Debt investments are recorded at amortized cost for

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements
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(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES: (Continued)**d. Financial instruments - (Continued)**

financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI test. The assessment of the Company's business models for managing the financial assets was made as of the date of initial application of July 1, 2018. The assessment of whether contractual cash flows on debt instruments meet the SPPI test was made based on the facts and circumstances as at the initial recognition of the financial assets.

The following table summarizes the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities:

<u>Financial assets</u>	<u>IAS 39 CLASSIFICATION</u>	<u>IFRS 9 CLASSIFICATION</u>
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Investments	N/A	FVTPL
Accounts payable and accrued liabilities	Other liabilities	Other liabilities
Loans payable	Other liabilities	Other liabilities
Convertible debt	Other liabilities	Other liabilities

Impairment

Under IFRS 9, the Company is required to apply an expected credit loss ("ECL") model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred or not as at the balance sheet date. For trade receivables, the Company has applied the simplified approach under IFRS 9 and has calculated ECLs based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions. The Company has assessed the impairment of its amounts receivable using the ECL model, and no difference was noted. As a result, no impairment loss has been recognized upon transition and at September 1, 2018.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debt that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of compound financial instruments is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component, if any, is recognized initially at the difference between the fair value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction

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Notes to the Interim Consolidated Financial Statements
For the Six Months ended December 31, 2019 and 2018
(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES: (Continued)**d. Financial instruments - (Continued)***Compound financial instruments (Continued)*

costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of compound financial instruments is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not measured again subsequent to initial recognition. Interest, dividends, losses and gains relating to financial liabilities are recognized in profit or loss.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Marketable Securities

Equity securities included in marketable securities are recoded at fair market value of \$217 (June 30, 2019: \$1,267). Any realized gains and losses on the sale of securities are based on the average cost of all the units of a particular security held at the time of sale.

e. Impairment of financial assets -

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

e. Impairment of financial assets - (Continued)

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale (AFS) equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

f. Impairment of non-financial assets -

The carrying amounts of non-financial assets are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. Reviews are undertaken on an asset-by-asset basis.

If the carrying amount of a non-financial asset exceeds the recoverable amount, being the higher of its fair value less costs to sell and its value-in-use, an impairment loss is recognized in net earnings as the excess of the carrying amount over the recoverable amount.

Where the recoverable amount is assessed using discounted cash flow techniques, the resulting estimates are based on detailed production plans. The mine plan is the basis for forecasting production output in each future year and for forecasting production costs. For value-in-use calculations, production costs and output may be revised to reflect the continued use of the asset in its present form.

Non-financial assets that have suffered an impairment are tested for a possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. In these instances, the impairment loss is reversed to the recoverable amount but not beyond the carrying amount, net of amortization, that would have arisen if the prior impairment loss had not been recognized. Goodwill impairments are not reversed.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Six Months ended December 31, 2019 and 2018

(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

g. Share capital -

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

h. Comprehensive income (loss) -

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholder and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholder's equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

i. Loss per share -

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

j. Provisions -

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements
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(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES: (Continued)**j. Provisions - (Continued)**

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

k. Joint venture -

In accordance with *IFRS 11 Joint Arrangements*, activities through the Company's 30% interest in a joint venture for the excipient delivery system are recognized through profit or loss as incurred. During the year ended June 30, 2019, the Company recorded an impairment of \$1,570,000 (2018: \$Nil) to write the joint venture to a carrying value of \$Nil. During the six months ended December 31, 2019, the Company recorded a loss on joint venture of \$10,000 (2018: \$Nil).

l. Intangible Assets -

The Company owns intangible assets consisting of e-commerce platform costs. Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

m. New standards adopted -

IFRS 16 "Leases" is effective for annual reporting periods beginning on or after 1 January 2019 and establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The Company has adopted this new standard for the current fiscal year and currently has no leases impacted by this new standard.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements
For the Six Months ended December 31, 2019 and 2018
(Unaudited - Expressed in Canadian dollars)

4. ACCOUNTS RECEIVABLE:

	December 31, 2019	June 30, 2019
	\$	\$
Accounts receivable	2,075	—
Advances receivable	46,510	2,818
Government remittances recoverable	102,296	98,388
Receivable on B-Organic rescission	360,000	360,000
Total Accounts Receivable	510,881	461,206

On November 6, 2019, the Company was advised of the termination of its JV and has recognized a rescission receivable of \$360,000 for prior JV advances to be repaid to the Company.

5. PREPAIDS:

	December 31, 2019	June 30, 2019
	\$	\$
Consulting	—	71,872
Business services	4,575	—
Extraction operations setup	749,619	833,221
Retainer legal fees	5,600	5,600
Total Prepaids	759,794	910,693

On October 3, 2019, the Company entered into an Operator Agreement retroactive to March 6, 2019 with Belt Energy and Biomass LLC. ("BEBL"), private Nevada operator via WASS. BEBL holds a license issued by the State of Nevada to grow, produce, process, and commercialize industrial hemp and products from industrial hemp. During the six months ended December 31, 2019, the Company advanced \$442,940 (June 30, 2019: \$833,221) for future facility leasing, deposits, equipment and asset purchases.

6. DEPOSITS:

	December 31, 2019	June 30, 2019
	\$	\$
Leases	40,000	40,000
Plans of arrangement (Note 18)	3,000	4,000
Total Accounts Receivable	43,000	44,000

The Company reduced deposits by \$1,000 during the six months ended December 31, 2019 regarding the spin out (divesting) of EGF Health Holdings Corp. on July 26, 2019 pursuant to the 2017 Plan of Arrangement. (see Note 18)

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

December 31, 2019

*(Expressed in Canadian dollars)***7. INTANGIBLE ASSETS:**

On July 26, 2019, the Company ongoing standstill with Decanex, Inc., its research operator and former service provider under the GSA for the TULIP medical system has been settled with a mutual termination, settlement and option to acquire 100% ownership and interest in Decanex. The parties agreed to a mutual release and cancelling \$224,169 of accrued development fees that was an accrued liability owing by the Company that was recorded as recovered R&D expense as of June 30, 2019.

In addition, any business intelligence or know-how (the "IP") in relation to the TULIP medical health system developed by Decanex for the Company that was under development would be made available to the Company, in accordance with the prior GSA. The option price to acquire Decanex is for consideration of \$1,000 in addition to 5% in cash royalty for a 10-year term, resulting from gross revenues generated by the IP.

The Company recorded a loss on intangibles of \$250,000 for the final milestone share payment for the acquisition of MGNL. (see Note 11)

On November 6, 2019, the Company was notified of default and termination of the JV and the Company is continuing to settle outstanding matters under the JV, including TMED forfeiting its \$140,000 deposit and the cancellation and return to treasury of 100,000 common shares issued to the patent holder. The Company has 100,000 common shares with a fair value of \$1,070,000 pending return to treasury in conjunction with the termination of the JV.

8. PROPERTY, PLANT AND EQUIPMENT:

	December 31, 2019	June 30, 2019
	\$	\$
Equipment	973,242	973,242
Amortization	—	—
Net Book Value	973,242	973,242

Equipment and construction in progress additions were for the production and manufacturing facility in Las Vegas, Nevada, USA via WASS; with no amortization recognized or recorded to date as the equipment is still undergoing installation and testing. During the six months ended December 31, 2019, the construction in progress additions were USD\$332,425 (\$442,940).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	December 31, 2019	June 30, 2019
	\$	\$
Amount owing to third parties	697,366	633,479
Due to related parties (Note 15)	10,324	324
	707,690	633,803

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

December 31, 2019

*(Expressed in Canadian dollars)***10. REDEEMABLE PREFERRED SHARES:**

(a) Authorized - unlimited Class A - preferred shares

(b) Issued:

	December 31, 2019		June 30, 2019	
	Shares	Amount, \$	Shares	Amount, \$
Class A preferred shares				
Balance, beginning of period	31,161,060	4,000	31,161,060	4,000
Issued – Plans of Arrangement	(7,790,265)	(1,000)	—	—
Redeemed	—	—	—	—
Balance, end of period	23,370,795	3,000	31,161,060	4,000

The Class A - preferred shares, with an average redemption price of \$0.000115 each for a total value of \$4,000, are non-voting, non-participating and are mandatorily redeemable by the Company in accordance with the Plans of Arrangement. On April 3, 2018, the Company completed its arrangement with Monterey Minerals Corp. under its 2014 Plan of Arrangement and 10,594,421 Class A preferred shares were mandatorily redeemed.

As at December 31, 2019, the Company had 23,370,795 (June 30, 2019: 31,161,060) mandatorily convertible Class (or series) A preferred shares with \$3,000 fair value were outstanding and will be redeemed once the spin-out (divesting) transactions are completed under the 2017 Plans of Arrangement. (Note 18 and 19)

11. SHARE CAPITAL:

a. Authorized: unlimited common shares, without par value; and
unlimited preferred shares, without par value.

b. Issued and Outstanding:

Common shares – 1,179,546 issued and outstanding as of December 31, 2019 (June 30, 2019: 1,114,546).

Shares pending cancellation – 100,000 (See Note 19)

During the six months ended December 31, 2019, the following transactions occurred:

On July 11, 2019, the Company:

- settled \$350,000 of the convertible debenture owing for 35,000 common shares issued to a non-related party. As mutually agreed between the parties, the settlement price was \$10.00 per share that was the fair value of recent financing and other debt settlements.
- 5,000 common shares with a fair value of \$50,000 for compensation for past services pursuant to the operator agreement entered with Belt Energy and Biomass LLC.
- issued 25,000 milestone common shares with a fair value of \$250,000 for the final acquisition payment to acquire MGNL that was written off as impairment of goodwill (intangibles) for the period.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

December 31, 2019

*(Expressed in Canadian dollars)***11. SHARE CAPITAL: (Continued)****b. Issued and Outstanding: (Continued)**During the six months ended December 31, 2019, the following transactions occurred: (Continued)

On December 5, 2019, the private placement of the Company's subsidiary, Western Agri Supply Solutions Corp., has closed with 100,000 Class A common shares with a fair value of USD\$ 150,000 (\$197,610) subscribed and issued. As a result of the Private Placement, WASS is no longer a wholly-owned subsidiary of the Company, and the Company maintains a 50% interest in WASS. WASS is a private corporation & not a reporting issuer. Non-controlling interest has been recognized at the non-controlling interest's proportionate share of net assets of WASS.

Share purchase warrants*As of December 31, 2019, the following warrants were outstanding and exercisable:*

<i>Number of Warrants Outstanding</i>	<i>Exercise Price \$</i>	<i>Expiry Date</i>	<i>Number of Common Shares Issuable</i>
867	150.00	March 16, 2021	867
1,333	150.00	April 7, 2021	1,333
150,000	25.00	December 20, 2022	150,000
70,230	15.00	May 21, 2022	70,230
3,300	10.00	November 21, 2020	3,300
11,590	15.00	June 7, 2022	11,590
237,320			237,230

During the six months ended December 31, 2019, a total of 10,818 warrants expired without being exercised.

A summary of the Company's issued and outstanding warrants as at December 31, 2019 and during the period is presented below:

	Warrants Outstanding	Weighted Average Exercise Price, \$
Balance, June 30, 2019	248,138	28.06
Expired	(10,818)	
Balance, December 31, 2019	237,230	22.57

The weighted average life of warrants outstanding is 2.75 years (June 30, 2019: 3.09 years)

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

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*(Expressed in Canadian dollars)***12. DEBTS:***a. Convertible debentures*

The following table summarized outstanding convertible debentures:

	\$
Balance, June 30, 2018	826,210
Accretion capitalized	1,471
Balance, June 30, 2019	827,681
Issuance, August 7⁽¹⁾	245,410
Accretion capitalized	5,702
Debt settled for shares, July 11	(350,000)
Balance, December 31, 2019	728,793

As of December 31, 2019, the balance on convertible debentures originating in 2017, including accretion, is \$477,681 (June 30, 2019: \$827,681) with \$350,000 settled on July 11, 2019 (see Note 11). Total interest payable of \$139,732 (June 30, 2019: \$125,538) is due on the convertible notes.

- (1) On August 7, 2019, the Company entered into a \$350,000 senior convertible debenture financing with Haywood Securities. The convertible debentures notes will be 10% senior secured notes due five years from the date of issuance, issued in unit denominations of \$1,000 and each unit shall have 200 common share purchase warrants of the Company attached to it to be convertible at a price of \$5.00 per common share. In addition, each holder of units will receive a right to certain cash royalties pursuant to a Royalty Agreement, of 5% of gross revenues from the extraction operations. The convertible debenture notes shall also be secured against assets of the operations. The Company recorded a fair value of the conversion feature as \$204,400 expensed to debt financing for the six months ended December 31, 2019.

a. Unsecured loans payable

The following table summarizes unsecured demand loans for the six months ended December 31, 2019:

	Balance, June 30, 2019 \$	Loan Proceeds \$	Loan Repayments \$	Balance, December 31, 2019 \$
Amounts owing to third parties (i)	37,974	-	(15,000)	22,974
Amounts owing to related parties (ii)	420,443	320,125	(11,723)	728,845
Total	458,417			751,819

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

December 31, 2019

*(Expressed in Canadian dollars)***12. DEBTS: (Continued)***a. Unsecured loans payable (Continued)*

	Balance, June 30, 2018 \$	Loan Proceeds \$	Loan Repayments \$	Debt Assignment \$	Balance, June 30, 2019 \$
Amounts owing to third parties (i)	329,709	22,527	(19,937)	(294,325)	37,974
Amounts owing to related parties (ii)	893,490	1,466,563	(2,233,935)	294,325	420,443
Total	1,223,199	1,489,090	(2,253,872)	—	458,417

(i) Amounts owing to third parties are non-interest bearing with no specific terms of repayment.

(ii) Amounts owing to related parties are non-interest bearing with no specific terms of repayment. (see Note 15)

13. FINANCIAL AND CAPITAL RISK MANAGEMENT:

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, interest rate risk, and currency risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a. Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the commercialization of the licensed proprietary health monitoring/therapeutic systems and the identification and evaluation of potential acquisitions.

b. Credit risk

To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator. The Company's credit risk was primarily attributable to bank balances, GST/HST receivable and loan receivable. The Company limits its credit exposure on cash held in bank accounts firstly by holding its key transactional bank accounts with banks of international financial institutions. GST/HST receivable is due from Canadian Government and management believes that the credit risk to be minimal. Loan receivable is due from a non-related party and the Company continues to negotiate repayment terms.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT: (Continued)*c. Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

As at December 31, 2019, the Company had a cash balance of \$3,861 (June 30, 2019: \$132,756) and accounts payable and accrued liabilities of 707,690 (June 30, 2019: \$633,803). All of the Company's financial liabilities have or are treated with maturities of less than one year and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt, loan extensions, or equity financing to meet the Company short term and long-term cash requirement. The Company has a working capital deficit of \$1,160,168 (June 30, 2019: \$808,517).

d. Interest rate risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

e. Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar with significant business and purchases are transacted in United States dollars (USD). As a result, the Company is exposed to USD foreign currency risk that is not hedged against. As a result, the Company may incur material and uncontrolled losses on USD foreign exchange.

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

	December 31, 2019		June 30, 2019	
Cash	USD\$	—	USD\$	59,583
Accounts payable	USD\$	22,500	USD\$	502,602

Based on the above net exposures and assuming that all other variables remain constant, a 10% change in the value of the foreign currencies against the Canadian dollar would result a minimal impact in income/loss from operations on a quarterly basis.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

December 31, 2019

*(Expressed in Canadian dollars)***14. FAIR VALUE:**

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements on a recurring basis by within the fair value hierarchy. The Company does not have any non-recurring fair value measurements. Measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

- a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- b. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- c. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2019 and June 30, 2019:

	December 31, 2019		June 30, 2019	
	Level 1	Level 2	Level 1	Level 2
Financial assets at fair value through profit or loss				
Cash and cash equivalents	\$3,861	—	\$132,756	—
Marketable securities	\$217	—	\$1,267	—

The methods of measuring each of these financial assets and liabilities have not changed during the past year. The Company does not have any financial assets or liabilities measured at fair value based on unobservable inputs (Level 3). The fair values of financial instruments measured at amortized cost approximate their carrying amounts.

15. RELATED PARTY TRANSACTIONS:

During the six months ended December 31, 2019, the following related party transactions occurred:

- (a) Sydney Au, CEO and Director, was repaid \$4,723 in demand loans owed by the Company.
- (b) The Company was loaned \$25,000 by 918368 B.C. Ltd., a company owned and controlled by Syd Au, director (Chairman).
- (c) The Company was loaned \$295,000 by Canland Health Corp., a company owned and controlled by Cheung C K, former director.
- (d) Key management personnel compensation:
 - the Company expensed \$90,000 (2018: \$90,000) in management fees to Sydney Au, director (Chairman) and has a total of \$355,000 in payable owing to Mr. Au as at December 31, 2019;
 - the Company expensed \$10,000 (2018: Nil) in accounting fees to Faisal Manji, former director; and
 - the Company expensed and paid USD\$ 45,000 (\$59,581 CAD) (2018: Nil) in management fees to B. Chris Brown, President.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

December 31, 2019

*(Expressed in Canadian dollars)***16. NON-CASH ACTIVITIES:**

See Note 11 for non-cash share transactions.

17. COMMITMENTS:

The Company has the following commitments under various agreements as at December 31, 2019:

		Total	Within 1	Within 2-5
	Commitment Type	\$	year	years
		\$	\$	\$
Extraction facility	Lease	991,614	257,520	734,094
Equipment purchase	Extraction equipment	463,341	463,341	-
Operator agreement	Consulting	520,076	85,445	434,631
	Total	1,975,031	806,306	1,168,725

The Company has the following commitments under various agreements as at June 30, 2019:

		Total	Within 1	Within 2-5
	Commitment Type	\$	year	years
		\$	\$	\$
Extraction facility	Lease	1,110,775	239,688	871,087
Equipment purchase	Extraction equipment	463,341	463,341	-
Operator agreement	Consulting	549,654	117,783	431,871
	Total	2,123,770	820,812	1,302,958

A summary description of the commitments is as follows:

- Effective December 1, 2018 continuing to November 30, 2023, the Company has committed to lease one unit store area with an area deemed 25,000 sq. ft located in Las Vegas, Nevada, USA. The base rent is set at \$15,000 USD per month and will be increased by 3% on each anniversary of each year of the lease.
- Equipment purchase commitments of \$456,965 for the remaining balance on the HETC extraction machine.
- On October 3, 2019, the Company entered into an Operator Agreement retroactive to March 6, 2019 with Belt Energy and Biomass LLC. ("BEBL"), private Nevada operator via WASS. BEBL holds a license issued by the State of Nevada to grow, produce, process, and commercialize industrial hemp and products from industrial hemp. The Company has advanced funds from time to time since December 2018 to lease, development and build out its production facility that remains in progress for leasehold improvements and commissioning of equipment. The term of this agreement is for a period of 5 years and automatically renew for an additional 5-year period. In consideration, the Company will pay monthly consulting fees of USD\$7,500 and a royalty of 5% of net sales.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

18. PLANS OF ARRANGEMENT:**2014 Plan of Arrangement**

The Company completed the final two subsidiaries spin outs with all outstanding Series A Preferred share conversions completed for its 2014 court approved Plan of Arrangement (2014-POA) on April 3, 2018 (Monterey Minerals Corp.) and May 4, 2018 (Rotonda Ventures Corp.). Each transaction represents \$1,000 fair value in convertible preferred shares, and related letters of intent for businesses in each former subsidiary company that ceased to be subsidiaries of the Company on 2014 effective dates for those arrangements. The Company has \$Nil (2017: \$Nil) in remaining deposits related to the spin outs under the 2014-POA as of June 30, 2019.

2017 Plan of Arrangement

In March 2017, the Company filed and received court approval for its 2017 Plan of Arrangement ("2017-POA") for the planned spinout of Eviana Health Corporation ("Eviana"), formerly C&C Cosmeceuticals Corp., and four newly formed subsidiary corporations Ecovatec Health Solutions Inc. (formerly 1109863 B.C. Ltd.), 1109858 B.C. Ltd., 1109870 B.C. Ltd., EGF Health Holdings Corp. (formerly, Automated Techno Medical Corp., formerly 1109871 B.C. Ltd.) to facilitate other contemplated spin-out transactions.

On July 26, 2019, the Company completed the spin out (divesting) of EGF Health Holdings Corp.

As of December 31, 2019, the Company has \$3,000 (June 30, 2019: \$4,000) in remaining deposits related to contemplated spin outs under the 2017-POA. The Company anticipates completing the arrangements for other spin outs in fiscal 2020.

19. ACQUISITIONS**Pending Acquisitions****Veri-Medical Systems Inc.**

On June 11, 2018, the Company signed a letter of intent Veri-Medical Systems Inc. ("VeriMed") to potentially acquire the Company which is involved in developing a blockchain based "seed-to-sale" protocol focussed on enhancing the integrity of the sale of Hemp based products. The Company is continuing to assess a possible acquisition and structuring of a deal with VeriMed.

20. SUBSEQUENT EVENTS:

No subsequent events.