

LeanLife Health Inc.

Financial Statements

For the nine months ended December 31, 2019

**Expressed in Canadian dollars
(unaudited)**

LeanLife Health Inc.

Unaudited Condensed Interim Financial Statements

For the nine months ended December 31, 2019

Notice of No Auditor Review of Interim Condensed Financial Statements

The accompanying unaudited condensed interim 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 condensed financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

LeanLife Health Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)
(unaudited)

	Note	December 31, 2019	March 31, 2019
ASSETS			
CURRENT ASSETS			
Cash		\$ 16,914	\$ 26,191
Amounts receivable		43,235	72,538
Subscriptions receivable	7	60,102	185,000
TOTAL CURRENT ASSETS		120,251	283,729
Equipment	6	476,378	466,690
TOTAL ASSETS		\$ 596,629	\$ 750,419
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 290,321	\$ 347,299
Advances and amounts owing to related parties	8	229,683	134,172
TOTAL LIABILITIES		520,004	481,471
SHAREHOLDERS' EQUITY			
Share capital	7	10,476,867	9,481,137
Equity reserves	7	1,082,661	894,093
Deficit		(11,482,903)	(10,106,282)
		76,625	268,948
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 596,629	\$ 750,419

“Stan Lis”

Director

“Glen Macdonald”

Director

The accompanying notes are an integral part of these financial statements

LeanLife Health Inc.
Condensed Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
(unaudited)

	Note	For the three months ended December 31, 2019	For the three months ended December 31, 2018	For the nine months ended December 31, 2019	For the nine months ended December 31, 2018
Expenses					
Amortization	6	1,975	2,312	5,182	6,463
Bank charges and interest		74	794	245	1,092
Consulting fees		442,631	235,000	568,113	326,600
Engineering and testing		7,994	25,000	54,644	54,400
Financial services		-	129,238	-	263,238
Management and director fees	8	72,000	72,000	216,000	248,800
Office and general		5,198	48,817	16,144	127,131
Professional fees	8	142,980	77,255	178,050	241,508
Product marketing		132,805	11,819	132,805	265,627
Shareholder liaison and promotion		-	59,000	-	76,250
Stock based compensation	7c, 8	-	-	188,568	-
Transfer agent and filing fees		4,272	8,136	16,870	21,789
Travel		-	(4,456)	-	18,044
Warehouse rental		-	88,029	-	88,029
		(809,929)	(752,944)	(1,376,621)	(1,738,971)
Other items		-	-	-	-
Loss and comprehensive loss		(809,929)	(752,944)	(1,376,621)	(1,738,971)
Loss per share, basic and diluted		(0.01)	(0.01)	(0.01)	(0.03)
Weighted average number of shares outstanding		98,283,857	58,403,268	98,283,857	58,403,268

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LeanLife Health Inc.
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)
(unaudited)

Note	Share Capital		Subscriptions receivable	Equity reserves	Deficit	Total
	Shares	Amount				
Balance, March 31, 2018	56,115,318	\$ 7,309,664	\$ -	\$ 346,598	\$ (7,285,830)	\$ 365,828
Private placement – 1 st tranche	11,400,000	570,000	-	-	-	570,000
Private placement – 2 nd tranche	-	-	323,500	-	-	323,500
Issue costs	-	(10,000)	-	-	-	(10,000)
Exercise of warrants	1,700,000	255,000	-	-	-	255,000
Loss for the period	-	-	-	-	(1,738,971)	(1,738,971)
Balance, December 31, 2018	69,215,318	\$ 8,120,060	\$ 323,500	\$ 346,598	\$ (9,024,801)	\$ (234,643)
Balance, March 31, 2019	96,185,318	\$ 9,481,137	\$ -	\$ 894,093	\$ (10,106,282)	\$ 268,948
Shares issued	19,914,600	995,730	-	-	-	995,730
Stock based compensation	-	-	-	188,568	-	188,568
Loss for the period	-	-	-	-	(1,376,621)	(1,376,621)
Balance, December 31, 2019	116,099,918	\$ 10,476,867	\$ -	\$ 1,082,661	\$ (11,482,903)	\$ 76,625

The accompanying notes are an integral part of these financial statements

LeanLife Health Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(unaudited)

Note	For the nine months ended December 31, 2019	For the nine months ended December 31, 2018
Cash Flows from Operating Activities		
Loss for the period	\$ (1,376,621)	\$ (1,738,971)
Items not affecting cash:		
Amortization	5,182	6,463
Shares issued for services	995,730	-
Stock based compensation	188,568	-
	(187,141)	(1,732,508)
Changes in non-cash working capital:		
Amounts receivable	29,303	36,682
Prepaid expenses and deposits	-	18,847
Accounts payable and accrued liabilities	(56,979)	537,648
Net cash provided by (used in) operating activities	(214,817)	(1,139,331)
Cash Flows from Financing Activities		
Cash received from shares issued	124,898	825,000
Share issue costs	-	(10,000)
Share subscriptions	-	323,500
Related parties	95,511	10,443
Net cash provided by financing activities	220,409	1,148,943
Cash Flows from Investing Activities		
Purchase of equipment	(14,869)	(2,000)
Purchase of manufacturing equipment	-	(46,245)
Net cash used in investing activities	(14,869)	(48,245)
Change in cash and cash equivalents	(9,277)	(38,633)
Cash and cash equivalents at beginning of period	26,191	46,626
Cash and cash equivalents at end of period	\$ 16,914	\$ 7,993
Cash and cash equivalents consist of:		
Cash	\$ 16,914	\$ 7,993
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

LeanLife Pharma International Inc.
Notes to the Financial Statements
For the nine months ended December 31, 2019
(Expressed in Canadian dollars)
(unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated as a numbered company under the laws of the Province of British Columbia on January 12, 2014. Pursuant to a plan of arrangement (the "Arrangement") dated January 14, 2014, between the Company and Vinergy Resources Ltd. ("Vinergy"), the Company acquired from Vinergy a business interest and \$5,000 in cash as part of the Arrangement.

As consideration for the business interest and the cash, the Company issued to Vinergy 2,633,334 common shares in its capital, which shares were distributed by Vinergy to its shareholders. Vinergy completed the share distribution on June 18, 2014.

With the completion of the share distribution, on June 18, 2014, the Company became a reporting issuer in British Columbia, Alberta and Ontario and changed its name on August 1, 2014, to SPT Sulphur Polymer Technologies Inc. On December 17, 2014, the Company was listed and began trading on the Canadian Securities Exchange ("CSE") under the symbol "SEE". On January 15, 2018 the Company changed its name to LeanLife Health Inc.

The head office and registered and records office for the Company is located at Suite 380 – 680 Hornby Street, Vancouver, British Columbia, V6C 3B6.

2. BASIS OF PRESENTATION
Statement of compliance

These condensed interim financial statements for the nine months ended December 31, 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements were reviewed by the Audit Committee and approved and authorized by the Board of Directors on February 28, 2020.

3. GOING CONCERN ISSUES

The Company incurred a loss of \$1,376,621 for the nine months ended December 31, 2019 (2018: \$1,738,971), and has an accumulated deficit of \$11,482,903 and working capital deficiency of \$399,753 at December 31, 2019 (March 31, 2019: deficit of \$10,106,282 and working capital deficiency of \$197,742). These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

LeanLife Pharma International Inc.
Notes to the Financial Statements
For the nine months ended December 31, 2019
(Expressed in Canadian dollars)
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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

5. SEGMENTED INFORMATION

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. As at December 31, 2019, the Company considers that it has one reportable business segment.

6. EQUIPMENT

	Manufacturing equipment	Equipment	Leasehold improvements	Total
Cost				
Balance at March 31, 2018	\$ 398,698	35,942	6,500	441,140
Additions	46,245	-	2,000	48,245
Balance at March 31, 2019	\$ 444,943	\$ 35,942	\$ 8,500	\$ 489,385
Additions	-	14,869	-	14,869
Balance at December 31, 2019	\$ 444,943	\$ 50,811	\$ 8,500	\$ 504,254
Amortization and impairment				
Balance at March 31, 2018	\$ -	7,782	361	8,143
Amortization	-	6,413	8,139	14,552
Balance at March 31, 2019	\$ -	\$ 14,195	\$ 8,500	\$ 22,695
Amortization	-	5,182	-	5,182
Balance at December 31, 2019	\$ -	\$ 19,377	\$ 8,500	\$ 27,877
Carrying amounts				
at March 31, 2019	\$ 444,943	\$ 21,747	\$ -	\$ 466,690
at December 31, 2019	\$ 444,943	\$ 31,435	\$ -	\$ 476,378

Manufacturing equipment consists of equipment manufactured in Canada to manufacture the Company's omega oil products. At December 31, 2019 this equipment was located in a warehouse awaiting permitting and installation.

LeanLife Pharma International Inc.
Notes to the Financial Statements
For the nine months ended December 31, 2019
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7. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

For the nine months ended December 31, 2019

The Company issued 500,000 shares at \$0.05 per share, pursuant to a service agreement with a consultant.

The Company issued 19,414,600 units of common shares at a deemed price of \$0.05 per unit in settlement of outstanding debt totaling \$970,730. Each unit was comprised of one common share in the capital of the Company and one transferable common share purchase warrant, with each warrant entitling the holder to purchase one additional common share at an exercise price of \$0.075 for a period of 24 months from the date of issue.

For the year ended March 31, 2019

The Company closed the 1st tranche of a non-brokered private placement for a total of 11,400,000 units at 0.05 per unit for an aggregate of \$570,000. Each unit consists of one common share of the Company and one warrant to purchase an additional share at \$0.075 per share for a period of three years, until September 27, 2021. The Company incurred issue costs of \$10,000, paid in cash.

The Company closed the 2nd tranche of a non-brokered private placement for a total of 26,470,000 units at 0.05 per unit for an aggregate of \$1,323,500, of which \$522,500 was issued as shares for debt to current debt holders. Each unit consists of one common share of the Company and one warrant to purchase an additional share at \$0.075 per share for a period of three years, until February 8, 2022. As at March 31, 2019, \$185,000 of the private placement is included in subscriptions receivable.

Warrants from the private placement completed in 2016, were exercised for a total of 1,700,000 warrants for a total of \$255,000.

Stock options were exercised for a total of 500,000 shares at \$0.05 per share for a total of \$25,000. The fair value of the stock exercised is \$7,973 based on stock-based compensation of \$185,900 as shown in note (c) below.

For the year ended March 31, 2018

The Company closed a non-brokered private placement for a total of 19,025,000 Units at \$0.10 per unit. Each Unit consists of one common share of the Company and one warrant to purchase an additional share at \$0.15 per share for a period of three years, until December 11, 2020. The Company incurred issue costs of \$10,000, paid in cash.

Warrants from the private placement completed in 2016, were exercised for a total of 1,625,000 warrants for a total of \$243,750.

Stock options were exercised for a total of 450,000 shares at \$0.18 per share for a total of \$81,000. The fair value of the stock exercised is \$38,477 based on stock-based compensation of \$295,975 as shown in note (c) below.

Issuance of one million shares of the Company's stock to BioCube of which 50% will vest after one year and 50% will vest after two years. Fair value of the shares was \$0.75 per share for a total of \$75,000.

The Company granted 800,000 warrants to RD Heritage pursuant to a marketing agreement on January 5, 2018. The fair value of the warrants granted was \$175,978 as shown in note (d) below

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For the nine months ended December 31, 2019
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7. SHARE CAPITAL continued

(c) Stock options

The Company has established a stock option plan for directors, employees and consultants which is administered by the board of directors with full and final authority with respect to the granting of all options. The exercise prices shall be determined by the board, but shall, in no event, be less than the closing market price of the Company's shares on the grant date, less the maximum discount permitted under the TSX Venture Exchange's policies. The number of common shares issuable under the plan may not exceed 10% of the issued and outstanding common shares.

The changes in stock options were as follows:

	For the nine months ended December 31, 2019	Weighted Average Exercise Price	For the year ended March 31, 2019	Weighted Average Exercise Price
Balance, beginning of period	9,500,000	\$ 0.08	2,450,000	\$ 0.18
Activities during the period:				
Granted	3,900,000	0.05	8,000,000	0.06
Exercised	-	-	(500,000)	0.05
Expired	-	-	(450,000)	0.18
Balance, end of period	13,400,000	\$ 0.07	9,500,000	0.08

(ii) The following table summarizes information about stock options outstanding at December 31, 2019.

Exercise price	Number outstanding	Number exercisable	Weighted average remaining contractual life (years)
\$ 0.18	2,000,000	2,000,000	0.5
\$ 0.05	4,400,000	4,400,000	2.1
\$ 0.07	3,100,000	3,100,000	4.2
\$ 0.05	3,900,000	3,900,000	4.4
	13,400,000	13,400,000	3.0

LeanLife Pharma International Inc.
Notes to the Financial Statements
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7. SHARE CAPITAL continued

(d) Warrants

(i) The changes in warrants were as follows:

	For the nine months ended December 31, 2019	Weighted Average Exercise Price	For the year ended March 31, 2019	Weighted Average Exercise Price
Balance at beginning of period	65,705,000	\$ 0.11	32,715,000	\$ 0.15
Activities during the period:				
Issued	19,414,600	0.075	37,870,000	\$ 0.075
Expired	-	-	(3,180,000)	\$ 0.15
Exercised	-	-	(1,700,000)	\$ 0.15
Balance at end of period	85,119,600	\$ 0.10	65,705,000	\$ 0.11

(ii) The following table summarizes information about warrants outstanding at December 31, 2019:

Number outstanding	Exercise price	Expiry date
800,000	0.40	January 5, 2020
18,825,000	0.15	December 12, 2020
8,210,000	0.15	December 16, 2020
11,400,000	0.075	September 27, 2021
15,894,600	0.075	December 6, 2021
3,520,000	0.075	December 20, 2021
26,470,000	0.075	February 8, 2022
85,119,600		

8. RELATED PARTY TRANSACTIONS AND BALANCES

The following expenses were incurred with key management personnel of the Company and companies controlled by key management personnel. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2018
Management fees	\$ 216,000	\$ 248,800
Professional fees	36,000	216,000
Stock based compensation	188,568	-
	\$ 440,568	\$ 464,800

As at December 31, 2019 accounts payable and accrued liabilities included \$229,683 (March 31, 2019 - \$134,172) owing to officers and directors. The amounts due are non-interest bearing, unsecured and with no stated terms of repayment.

LeanLife Pharma International Inc.
Notes to the Financial Statements
For the nine months ended December 31, 2019
(Expressed in Canadian dollars)
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9. CAPITAL DISCLOSURES

The Company's objectives when managing capital is 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 development of the real estate development Business. 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.

10. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and advances and amounts owing to related parties. Cash is stated at fair value and classified within Level 1 of the fair value hierarchy. The fair values of accounts payable and accrued liabilities and advances and amounts owing to related parties approximate their carrying values due to their short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Strategic and operational risks are risks that arise if the Company fails to develop the real estate development Business. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

The Company's credit risk was primarily attributable to bank balances and subscriptions 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. Subscriptions receivable is due from the parent company and management believes that the credit risk to be minimal.

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 \$16,914 (March 31, 2019 - \$26,191) and current liabilities of \$497,004 (March 31, 2019 - \$481,471). All of the Company's financial liabilities have contractual maturities of less than 30 days, and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short-term and long-term cash requirements.

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.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.