

LeanLife Health Inc.

Financial Statements

For the nine months ended December 31, 2020

**Expressed in Canadian dollars
(unaudited)**

LeanLife Health Inc.

**Unaudited Condensed Interim Financial Statements
For the nine months ended December 31, 2020**

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, 2020	March 31, 2020
ASSETS			
Current Assets			
Cash		\$ 213,944	\$ 38
Refundable GST		63,620	-
Subscriptions receivable		621,750	-
Inventory		127,840	-
Prepaid expenses		14,000	45,754
		<u>1,041,154</u>	<u>45,792</u>
Equipment	5	8,423	3,828
Distribution rights	8	200,000	-
		<u>\$ 1,249,577</u>	<u>\$ 49,620</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 61,599	\$ 1,207,504
Loans payable	7	250,000	-
Advances and amounts owing to related parties	9	74,105	45,551
		<u>385,704</u>	<u>1,253,055</u>
SHAREHOLDERS' EQUITY			
Share capital	8	14,530,125	10,810,025
Equity reserves	8	1,611,901	1,045,007
Deficit		(15,278,153)	(13,058,467)
		<u>863,873</u>	<u>(1,203,435)</u>
Total liabilities and shareholders' equity		\$ 1,249,577	\$ 49,620

"Stan Lis"

Director

"Glen Macdonald"

Director

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

	For the nine months ended December 31, 2020	For the three months ended December 31, 2019	For the nine months ended December 31, 2020	For the nine months ended December 31, 2019
Expenses				
Amortization	\$ 724	\$ 1,975	\$ 1,510	\$ 5,182
Consulting fees	302,252	405,965	529,705	531,447
Engineering and testing	37,764	7,994	151,264	54,644
Management and director fees	80,500	72,000	248,500	216,000
Office and general	29,903	5,270	103,578	16,389
Professional fees	82,984	142,980	227,264	178,050
Product marketing	160,885	132,805	369,007	132,805
Shareholder liaison and Promotion	255,230	36,666	255,230	36,666
Stock based compensation	512,126	-	631,245	188,568
Transfer agent and filing fees	27,720	4,272	46,815	16,870
Net gain (loss)	(1,490,088)	(809,927)	(2,564,118)	(1,376,621)
Other items				
Gain on settlement of debt	-	-	344,432	-
Loss and comprehensive loss	\$ (1,490,088)	\$ (809,927)	\$ (2,219,686)	\$ (1,376,621)
Loss per share, basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	186,936,077	98,283,857	186,936,077	98,283,857

The accompanying notes form an integral part of these financial statements

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

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2019
Cash Flows from Operating Activities		
Loss for the period	\$ (2,219,686)	\$ (1,376,621)
Items not affecting cash:		
Amortization	1,510	5,182
Stock based compensation	631,245	188,568
Accrued interest	1,348	-
Gain on settlement of debt	(344,432)	-
Cashless warrants issued for debt	57,263	-
Shares issued for services	109,500	995,730
	(1,763,252)	(187,141)
Changes in non-cash working capital:		
Amounts receivable	(17,866)	29,303
Inventory	(127,841)	
Prepays	(14,000)	
Accounts payable and accrued liabilities	1,034,916	(56,979)
Net cash provided by (used in) operating activities	(888,043)	(214,817)
Cash Flows from Financing Activities		
Issuance of shares for cash	754,500	124,898
Proceeds from loan	325,000	-
Due to related parties	28,554	95,511
Net cash provided by (used by) financing activities	1,108,054	220,409
Cash Flows from Investing Activities		
Purchase of equipment	(6,105)	(14,869)
Net cash used in investing activities	(6,105)	(14,869)
Change in cash and cash equivalents	213,906	(9,277)
Cash and cash equivalents at beginning of period	38	26,191
Cash and cash equivalents at end of period	\$ 213,944	\$ 16,914
Cash and cash equivalents consist of:		
Cash	\$ 213,944	\$ 4,551
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

The accompanying notes form an integral part of these financial statements

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

	Note	Share Capital		Equity		Total
		Shares	Amount	Reserves	Deficit	
Balance, March 31, 2019		96,185,318	\$ 9,481,137	\$ 894,093	\$ (10,106,282)	\$ 268,948
Stock based compensation				188,568		188,568
Shares issued		500,000	25,000			25,000
Loss for the period		-	-	-	(566,692)	(566,692)
Balance, December 31, 2019		96,685,318	\$ 9,506,137	\$ 1,082,661	\$ (10,672,974)	\$ (84,176)
Balance, March 31, 2020		121,706,618	\$ 10,810,025	\$ 1,045,007	\$ (13,058,467)	\$ (1,203,435)
Shares issued for debt settlement	8b	36,182,500	1,836,388	-	-	1,836,388
Shares issued for services	8b	2,200,000	109,500	-	-	109,500
FV of cashless warrants issued	6, 8b		-	57,263	-	57,263
Exercise of warrants		14,370,000	1,078,750	-	-	1,078,750
Issuance of shares to retire loan		1,526,959	76,348	-	-	76,348
Exercise of stock options	8b	5,950,000	297,500	-	-	297,500
Issuance of finder's shares		5,000,000	200,000	-	-	200,000
Fair value of stock options exercised		-	241,161	(241,161)	-	-
Stock based compensation	8c	-	-	631,245	-	631,245
Gain (loss) for the period		-	-	-	(2,219,686)	(2,219,686)
Balance, December 31, 2020		186,936,077	\$ 14,649,672	\$ 1,492,354	\$ (15,278,153)	\$ 863,873

The accompanying notes form an integral part of these financial statements

LeanLife Health Inc.
Notes to the Financial Statements
For the nine months ended December 31, 2020
(Expressed in Canadian dollars) (unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

LeanLife Health Inc. (the "Company") was incorporated under the laws of the Province of British Columbia on January 12, 2014. On June 18, 2014, the Company became a reporting issuer in British Columbia, Alberta, and Ontario. On December 17, 2014, the Company was listed and began trading on the Canadian Securities Exchange ("CSE"). On December 3, 2015, the Company changed its name to LeenLife Pharma International Inc. On January 15, 2018, the Company changed its name to LeanLife Health Inc. The Company trades on the CSE under the symbol "LLP".

The Company is focused on proprietary plant-based food products. The Company signed a distribution agreement with FoodCare Group, a food & beverage company based in Poland. The scope of the agreement gives the Company distribution rights of FoodCare products in Canada and the United States.

The head office and registered and records office for the Company is located at Suite 380 – 580 Hornby Street, Vancouver, British Columbia, V6C 3B6,

Any business the Company proposes to undertake may take some time to achieve profitable operation and the amount of resulting income, if any, is difficult to determine with any certainty. As a development stage company, at December 31, 2020, the Company had not yet achieved profitable operations and has accumulated losses of \$15,278,153 (March 31, 2020 - \$13,058,467) since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As of December 31, 2020, the Company had working capital of \$655,450 (March 31, 2020 - working capital deficiency of \$1,207,263). The Company's ability to continue as a going concern and realize the carrying value of its assets is dependent on its ability to raise capital through equity financing, or upon the generation of profits from its portfolio of biopharmaceutical assets, the outcome of which cannot be predicted at this time. These matters indicate the existence of a material uncertainty and may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments 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.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements for the nine months ended December 31, 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the year ended March 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of presentation

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency and have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information

3. 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.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

LeanLife Health Inc.
Notes to the Financial Statements
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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS continued

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company. The Company likely has insufficient funds from which to finance its operating activities for the next 12 months; consequently, the Company remains dependent on external sources of financing until such time as it can internally generate sufficient revenue to service its on-going operating cost requirements.

Key sources of estimation uncertainty:

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

- the estimated useful lives and residual value of property, plant and equipment which are included in the statement of financial position and the related amortization included in the statement of loss and comprehensive loss;
- the inputs in accounting for share-based payment transactions in the statement of loss and comprehensive loss (using the Black-Scholes model) including volatility, probable life of options granted, time of exercise of the options and forfeiture rate; and
- the determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

4. 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 of December 31, 2020, the Company considers that it has one reportable business segment.

5. EQUIPMENT

	Manufacturing equipment	Equipment	Leasehold improvements	Total
Cost				
Balance on March 31, 2019	\$ 444,943	\$ 35,942	\$ 8,500	\$ 489,385
Additions	(444,943)	(22,609)	(8,500)	(476,052)
Balance on March 31, 2020	-	13,333	-	13,333
Additions	-	6,105	-	6,105
Balance on December 31, 2020	\$ -	\$ 19,438	\$ -	\$ 19,438
Amortization and impairment				
Balance on March 31, 2019	\$ -	\$ 14,195	\$ 8,500	\$ 22,695
Amortization	-	(4,690)	(8,500)	(13,190)
Balance on March 31, 2020	-	9,505	-	9,505
Amortization	-	1,510	-	1,510
Balance on December 31, 2020	\$ -	\$ 11,015	\$ -	\$ 11,016
Carrying amounts				
on March 31, 2020	\$ -	\$ 3,828	\$ -	\$ 3,828
on December 31, 2020	\$ -	\$ 8,423	\$ -	\$ 8,423

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6. COMMITMENTS

Marketing Agreement

In January 2018, the Company entered into an agreement with RD Heritage Group, LLC ("RD Heritage") whereby RD Heritage undertook to market and sell the Company's products. The term of the agreement was for a period of 180 days after which the Company could terminate within 30 days' notice. Pursuant to the agreement, RD Heritage was granted 800,000 warrants and paid \$35,000 USD per month. The warrants expired on January 5, 2020. The Company terminated the agreement on July 5, 2018. As of March 31, 2020, the Company had a balance owing of \$200,957 for services billed by RD Heritage. On June 2, 2020, the Company issued 2,100,000 cashless warrants at \$0.075 each expiring on June 2, 2025 as full and complete settlement with RD Heritage. The fair value of the warrant was calculated to be \$57,263 at the time of issue.

7. LOANS PAYABLE

The Company received a loan of \$50,000 on May 1, 2020 and a loan of \$25,000 on May 7, 2020 repayable within one year bearing interest at a rate of 8% per annum. The parties were arms-length to the Company. The company repaid the loan on July 24, 2020 by the issuance of shares at \$0.05 per share. See Note 8b, Share Capital, Issued. On November 24, 2020, the Company received a loan of \$250,000 repayable on or before November 24, 2021 bearing interest at a rate of 6% per annum.

8. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

For the nine months ended December 31, 2020

The Company issued a total of 9,800,000 units in settlement of debt to creditors for a total of \$588,000. Each unit consisted of one common share at \$0.06 and one share purchase warrant enabling the holder to purchase one additional common share at \$0.08 each until November 30, 2022. The fair value of the shares issued was \$588,000.

The Company issued 5,000,000 shares to the finders of the FoodCare distribution agreement, The fair value of the shares was \$200,000 with the cost being attributed to Distribution Rights as an asset. The finders are arms-length and continue to assist the Company.

The Company issued a total of 13,950,000 units in settlement of debt to creditors for a total of \$780,000 and \$57,000 in service awards to consultants. Each unit consisted of one common share at \$0.06 and one share purchase warrant enabling the holder to purchase one additional common share at \$0.08 each until August 26, 2022. The fair value of the shares issued was \$837,000.

The Company issued a total of 12,632,500 shares in settlement of debt to creditors for a total of \$631,625. The fair value of the issued was \$442,138.

The Company issued a total of 1,000,000 shares in recognition of service achievements to consultants of the Company. The fair value of the shares issued was \$45,000.

Stock options were exercised for a total of 5,950,000 shares at \$0.05 per share for a total of \$297,500. The fair value of the stock exercised is \$241,161 based on stock-based compensation calculations.

A total of 14,370,000 warrants were exercised, 200,000 warrants at \$0.08 and 14,170,000 at \$0.075 for a total of \$1,078,750. At December 31, 2020 a total of \$457,000 was received with subscriptions receivable of \$621,750. All subscriptions have been received. See note 12, Events occurring after Reporting Date.

The Company issued 2,100,000 warrants at \$0.075 each, expiring on June 2, 2025 as a settlement of debt of \$200,957 owing to RD Heritage. See also note 5 – Commitments. A fair value of the warrants was determined using a Black Scholes Pricing Model with a weighted average expected life of 5 years, a weighted average annual volatility of the Company's share price of 168.6% and average annual risk free interest rates of 0.50% giving a value of \$57,263.

For the year ended March 31, 2020

The Company issued a total of 21,671,300 shares in settlement of debt to creditors for a total of \$1,144,031. The fair value of the issued was \$1,113,798.

The Company issued a total of 2,750,000 shares in recognition of service achievements to consultants of the Company. The fair value of the shares issued was \$112,500...

LeanLife Health Inc.
Notes to the Financial Statements
For the nine months ended December 31, 2020
(Expressed in Canadian dollars) (unaudited)

8. SHARE CAPITAL continued

Stock options were exercised for a total of 1,100,000 shares at \$0.05 per share for a total of \$55,000. The fair value of the stock exercised is \$47,590 based on stock-based compensation calculations.

(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. 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, 2020	Weighted Average Exercise Price	For the year ended March 31, 2020	Weighted Average Exercise Price
Balance, beginning of period	8,460,000	\$ 0.07	9,500,000	\$ 0.18
Activities during the period:				
Granted	17,190,000	0.05	4,460,000	0.05
Exercised	(5,950,000)	0.05	(1,100,000)	0.05
Expired/ Cancelled	(3,650,000)	0.15	(4,400,000)	0.08
Balance, end of period	16,050,000	\$ 0.05	8,460,000	\$ 0.07

During the period ended December 31, 2020, the Company granted a total of 17,190,000 options.

Using the fair value method for share-based payments, a total expense of \$631,245 was recorded in the statements of comprehensive loss for the period ended December 31, 2020.

The current amount was determined using the Black Scholes Option Pricing Models assuming no dividends are to be paid, with a weighted average expected stock option life of 5 years, a weighted average annual volatility of the Company's share price of 178.1% and average annual risk free interest rates of 0.31%.

During the year ended March 31, 2020, the Company granted a total of 4,460,000 options. A total of 1,100,000 stock options were exercised at \$0.05 each.

Using the fair value method for share-based payments, a total expense of \$198,504 was recorded in the statements of comprehensive loss for the year ended March 31, 2020.

The amount was determined using the Black Scholes Option Pricing Model assuming no dividends are to be paid, with a weighted average expected stock option life of 5 years, a weighted average annual volatility of the Company's share price of 177.2% and average annual risk free interest rates of 1.64%.

(ii) The following table summarizes information about stock options outstanding on December 31, 2020.

Exercise price	Number outstanding	Number exercisable	Weighted average remaining contractual life (years)
\$ 0.05	5,000,000	5,000,000	2.9
\$ 0.05	400,000	400,000	3.4
\$ 0.05	60,000	60,000	3.5
\$ 0.05	2,890,000	2,590,000	4.3
\$ 0.05	8,000,000	8,000,000	4.9
	16,050,000	16,050,000	4.0

LeanLife Health Inc.
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(Expressed in Canadian dollars) (unaudited)

8. SHARE CAPITAL continued

(d) Warrants

(i) The changes in warrants were as follows:

	For the six months ended December 31, 2020	Weighted Average Exercise Price	For the year ended March 31, 2020	Weighted Average Exercise Price
Balance at beginning of period	83,319,600	\$ 0.11	65,705,000	\$ 0.11
Activities during the period:				
Issued	25,850,000	\$ 0.08	19,414,600	\$ 0.075
Expired	(14,370,000)	\$ 0.075	(1,800,000)	\$ 0.26
Exercised	(26,035,000)	\$ 0.15	-	
Balance at end of period	68,764,600	\$ 0.06	83,319,600	\$ 0.11

(ii) The following table summarizes information about warrants outstanding on December 31, 2020:

	Number outstanding	Exercise price	Expiry date
	7,050,000	0.075	September 27, 2021
	7,674,600	0.075	December 6, 2020
	3,520,000	0.075	December 20, 2021
	24,870,000	0.075	February 8, 2022
	13,950,000	0.080	August 26, 2022
	9,600,000	0.080	November 30, 2022
	2,100,000	0.075	June 2, 2025
	68,764,600		

9. 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, 2020	For the nine months ended December 31, 2020
Management fees	\$ 216,000	\$ 216,000
Product marketing	225,000	-
Consulting fees	32,000	-
Professional fees	216,000	36,000
Engineering and testing	20,000	-
Stock based compensation	448,464	-
	\$ 1,157,964	\$ 252,000

As of December 31, 2020, accounts payable and accrued liabilities included \$74,105 (March 31, 2020 - \$45,551) owing to officers and directors. The amounts due are non-interest bearing, unsecured and with no stated terms of repayment.

LeanLife Health Inc.
Notes to the Financial Statements
For the nine months ended December 31, 2020
(Expressed in Canadian dollars) (unaudited)

10. 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.

11. FINANCIAL INSTRUMENTS

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, 2020, the Company had a cash balance of \$213,944 (March 31, 2020 - \$38) and current liabilities of \$385,704 (March 31, 2020 - \$1,253,055). 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.

12. EVENTS OCCURRING AFTER THE REPORTING DATE

Pursuant to the exercise of warrants the Company received the proceeds of subscriptions receivable of \$621,750.

After December 31, 2020, a total of 4,000,000 warrants at \$0.075 and 420,000 warrants at \$0.08 were exercised for total additional proceeds received of \$ 333, 600.