LeanLife Health Inc.

Consolidated Financial Statements

For the years ended March 31, 2021 and 2020

Expressed in Canadian dollars
(Unless Noted Otherwise)

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
LeanLife Health Inc.

Opinion

We have audited the accompanying consolidated financial statements of LeanLife Health Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity (deficit) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $3,670,859 during the year ended March 31, 2021, and, as of that date, the Company's total deficit was $16,729,326. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Melyssa Charlton.

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
August 16, 2021

LeanLife Health Inc.
Consolidated Statements of Financial Position
For the years ended March 31,
(Expressed in Canadian dollars)

	Note	March 31, 2021	March 31, 2020 (reclassified)
ASSETS			
CURRENT ASSETS			
Cash		$ **263,169**	$ 38
GST receivable		**107,158**	45,754
Inventory	**6**	**177,796**	-
Due from related party	**12**	**200,244**	-
Deposit	**6**	**301,250**	-
Prepaid expenses		**86,944**	-
TOTAL CURRENT ASSETS		**1,136,561**	45,792
Equipment	**7**	**150,229**	3,828
TOTAL ASSETS		$ **1,286,790**	$ 49,620
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ **456,882**	$ 875,229
Loans payable	**10**	**250,000**	-
Advances and amounts owing to related parties	**12**	**195,761**	377,826
Derivative liability	**8**	**154,301**	-
TOTAL LIABILITIES		**1,056,944**	1,253,055
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	**11**	**15,770,359**	10,810,025
Equity reserves	**11**	**1,251,438**	1,045,007
Subscriptions receivable	**11**	**(85,125)**	-
Commitment to issue shares	**11**	**22,500**	-
Deficit		**(16,729,326)**	(13,058,467)
		229,846	(1,203,435)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ **1,286,790**	$ 49,620

Nature and continuance of operations (Note 1)
Commitments (Note 9)
Events occurring after the reporting date (Note 17)

These consolidated financial statements were authorized for issue by the Board of Directors on August 16, 2021. They are signed on the Board's behalf by:

"Stan Lis" — Director

"Glen Macdonald" — Director

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

LeanLife Health Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended March 31,
(Expressed in Canadian dollars)

	Note	2021	2020 (reclassified)
Expenses			
Advertising and promotion		$ 414,946	$ 76,851
Business development	11b	200,000	-
Consulting fees	12	579,525	598,586
Depreciation	7	2,013	6,492
Engineering and testing	12	111,944	286,379
Financial services		-	214,286
Foreign exchange gain		(8,550)	-
Interest	10	6,386	-
Investor relations	12	134,000	141,100
Management and director fees	12	320,500	314,500
Office and general		113,841	68,025
Professional fees	12	344,840	273,608
Product marketing	12	631,322	305,376
Share-based payments	11c, 12	631,245	198,504
Transfer agent and filing fees		79,513	29,065
Travel		55,439	80,873
Warehouse rental		-	27,914
Website		17,140	1,970
		(3,634,104)	(2,623,529)
Gain (loss) on settlement of debt	8,11b	60,283	(30,233)
Loss on revaluation of derivative liability	8	(97,038)	-
Loss on sale of equipment	7	-	(271,038)
Write-off of equipment	7	-	(27,385)
Loss and comprehensive loss for the year		$ (3,670,859)	$ (2,952,185)
Loss per share, basic and diluted		$ (0.02)	$ (0.03)
Weighted average number of shares outstanding - basic and diluted		158,097,070	102,794,743

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

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

	Note	Share Capital Number	Share Capital Amount	Equity reserves	Shares subscribed	Commitment to issue shares	Deficit	Total
Balance, March 31, 2019		96,185,318	$ 9,481,137	$ 894,093	$ -	$ -	$(10,106,282)	$ 268,948
Shares issued for debt settlement	11b	21,671,300	1,113,798	-	-	-	-	1,113,798
Shares issued for services	11b	2,750,000	112,500	-	-	-	-	112,500
Share-based payments	11c	-	-	198,504	-	-	-	198,504
Exercise of stock options	11b	1,100,000	55,000	-	-	-	-	55,000
Fair value of stock options exercised	11b	-	47,590	(47,590)	-	-	-	-
Loss for the year		-	-	-	-	-	(2,952,185)	(2,952,185)
Balance, March 31, 2020		121,706,618	$ 10,810,025	$ 1,045,007	$ -	$ -	$(13,058,467)	$ (1,203,435)
Balance, March 31, 2020		121,706,618	$ 10,810,025	$ 1,045,007	$ -	$ -	$(13,058,467)	$ (1,203,435)
Shares issued for debt settlement	11b	36,382,500	2,342,975	(183,653)	-	-	-	2,159,322
Shares issued for loan settlement	11b	1,526,959	76,348	-	-	-	-	76,348
Shares issued for services	11b/e	2,000,000	80,000	-	-	22,500	-	102,500
Shares issued for finders' fees	11b	5,000,000	200,000	-	-	-	-	200,000
Exercise of warrants	11b	22,790,000	1,722,350	-	-	-	-	1,722,350
Exercise of stock options	11b	5,950,000	297,500	-	-	-	-	297,500
Fair value of stock options exercised	11b	-	241,161	(241,161)	-	-	-	-
Share-based payments	11c	-	-	631,245	-	-	-	631,245
Subscriptions receivable	11b	-	-	-	(85,125)	-	-	(85,125)
Loss for the year		-	-	-	-	-	(3,670,859)	(3,670,859)
Balance, March 31, 2021		195,356,077	$ 15,770,359	$ 1,251,438	$ (85,125)	$ 22,500	$(16,729,326)	$ 229,846

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

LeanLife Health Inc.
Consolidated Statements of Cash Flows
For the years ended March 31,
(Expressed in Canadian dollars)

	2021	2020
Cash Flows from Operating Activities		
Loss for the year	$ (3,670,859)	$ (2,952,185)
Items not affecting cash:		
Depreciation	2,013	6,492
Business development	200,000	-
Share-based payments	631,245	198,504
Foreign exchange	(8,550)	-
(Gain) loss on settlement of debt	(60,283)	30,233
Loss on revaluation of derivative liability	97,038	-
Shares issued for services	102,500	27,385
Loss on sale of equipment	-	271,038
Write-off of equipment	-	112,500
Changes in non-cash working capital items:		
GST receivable	(61,404)	26,784
Due from related party	(171,547)	
Prepaid expenses	(86,944)	-
Deposit	(301,250)	-
Inventory	(177,796)	-
Accounts payable and accrued liabilities	2,292,072	1,972,675
Net cash used in operating activities	(1,213,765)	(306,574)
Cash Flows from Financing Activities		
Warrants exercised	1,477,225	-
Options exercised	217,500	55,000
Due to related parties	(394,415)	(88,621)
Loans payable	325,000	-
Subscription receivable	-	185,000
Net cash provided by financing activities	1,625,310	151,379
Cash Flows from Investing Activities		
Purchase of equipment	(148,414)	(15,958)
Sale of manufacturing equipment	-	145,000
Net cash (used in) provided by investing activities	(148,414)	129,042
Change in cash	263,131	(26,153)
Cash at beginning of year	38	26,191
Cash at end of year	$ 263,169	$ 38
Interest paid	$ 6,386	$ -
Income taxes paid	$ -	$ -

Supplemental cash flow information (Note 15)

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

(Expressed in Canadian dollars)

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

These consolidated financial statements have been prepared 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 at March 31, 2021, the Company had not yet achieved profitable operations and incurred a loss of $3,670,859 (2020 - $2,952,185) and had a deficit of $16,729,326 (2020 - $13,058,467). The Company had a working capital of $79,617 (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, the outcome of which cannot be predicted at this time. As a development stage company, at March 31, 2021, since its inception and expects to incur further losses in the development of its business. 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. These matters indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These consolidated 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.

Covid-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of Covid-19 a global pandemic. The expected impacts on global commerce are far reaching. To date there have been significant stock market fluctuations, and the movement of people and goods has become restricted. The food and retail sectors is expected to be impacted significantly as many local and regional governments have issued public health orders in response to Covid-19, including restricting the movement of people, which could impact the Company's ability to access its areas of operations in the coming year. A continuing period of lower prices could significantly affect the economic potential of many of the Company's business opportunities and may result in the Company ceasing work on, or dropping its interest in, some or all of them. As the Company does not have revenues, the ability to fund ongoing operations is affected by the availability of financing. Due to market uncertainty the Company may be restricted in its ability to raise additional funding.

The impact of these factors on the Company is not yet determinable. However, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of asset impairment and liquidity or going concern uncertainty.

2. BASIS OF PRESENTATION

Basis of consolidation

These consolidated financial statements include the accounts of the Company and the following subsidiary. All intercompany transactions and balances have been eliminated on consolidation.

	Country of Incorporation	Percentage ownership March 31, 2021	Percentage ownership March 31, 2020
LeanLife Energy Drinks, Inc.	USA	100.0%	N/A

2. BASIS OF PRESENTATION (continued)

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

These consolidated financial statements are presented in Canadian dollars, which is the Company and its subsidiary's functional and reporting currency. These consolidated financial statements 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

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. As at March 31, 2021, there is $NIL (March 31, 2020 - $NIL) included as cash equivalents.

b. Share-based payments

Pursuant to the Company's stock option plan ("Option Plan"), the Company may grant stock options to directors, officers and employees for the purchase of the capital stock of the Company. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. The Option Plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issued shares of the Company in any 12-month period. The number of incentive stock options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The Company accounts for share-based payments using the fair value method. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is charged to equity reserves.

The fair value of the options 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.

c. Capital assets

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses or at the lower of its carrying value and estimated recoverable amount. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item.

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Capital assets (continued)

Depreciation is recognized using the declining balance basis at the following rates:

Office equipment – 20%

Computer equipment – 30%

Depreciation is recognized using the straight-line method basis at the following rates:

Leasehold improvements – 3 years

Depreciation will be recognized using the declining balance basis at the following rates:

Manufacturing equipment – 20%

The Company begins to depreciate an asset when it becomes available for use, which is when it is in the location and condition necessary for it being capable of operating in the manner intended by management. During the year ended March 31, 2021, the Company purchased a new server for $142,310 which was not yet available for use, and therefore no depreciation was taken.

d. Inventory

Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventory is valued at the lower of cost and net realizable value. Cost is determined on an average cost basis. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. The Company utilizes a weighted average cost calculation to determine the value of ending inventory. Prepaid inventory represents saleable goods paid for, but not shipped by the manufacturer. As soon as the saleable goods are in transit, then it is considered inventory.

e. Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based at their fair value on the date the common shares are issued.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital.

f. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the consolidated 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.

g. Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial instruments (continued)

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

- Amortized cost - Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

- FVTPL - Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

- FVTOCI - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method. As at March 31, 2021 and 2020, the Company did not hold any financial assets at FVTOCI.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

i. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding is 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. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at consolidated 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. Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Related parties (continued)

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

l. Foreign exchange

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company and its subsidiary is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

m. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term. As at March 31, 2021 and 2020, the Company did not have any leases.

n. Reclassification of comparatives

Certain prior year amounts have been reclassified for consistency with the current year presentation, such as the exploration advance and the exploration and evaluation assets have been aggregated. This reclassification had no effect on the reported results of operations.

o. New accounting standards announced but not yet effective

During the year ended March 31, 2021, there were no new IFRS or IAS accounting standards that became effective that had a material impact on the Company’s consolidated financial statements. There are however a number of new standards and amendments to existing standards effective in future periods. The following may impact the reporting and disclosures of the Company:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o. New accounting standards issued but not yet effective (continued)

IAS 16 – Property, plant and equipment – Proceeds before intended use ("IAS 16") has been amended to clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant or equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. These amendments are effective for periods beginning on or after January 1, 2022. The Company is currently assessing the impact of this amendment.

IAS 37–Provisions ("IAS 37"), has been amended to clarify the meaning of "costs to fulfil a contract", which comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. These amendments are effective for periods beginning on or after January 1, 2022, with early application permitted. The Company is currently assessing the impact of this amendment.

IAS 1 –Presentation of Financial Statements ("IAS 1"), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023, with early application permitted. The Company is currently assessing the impact of this amendment.

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.

The effect of a change in an accounting estimate is recognized prospectively by including it 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.

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 consolidated financial statements within the next financial year are discussed below:

- The preparation of these consolidated 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 consolidated financial statements.

- the estimated useful lives and residual value of property, plant and equipment and the related amortization included in the consolidated statement of loss and comprehensive loss;
- certain derivatives issued by the Company are valued using the Black Scholes Option Pricing Model. The Black Scholes Option Pricing Model is a formula that is used to determine the fair value of a call or put option based on factors such as underlying stock volatility, days to expiration, and others. The key inputs used by the Company in its Black Scholes Option Pricing Model are further disclosed within these consolidated financial statements. Changes in the inputs to the valuation model could impact the carrying value of the derivatives and the amount of unrealized gains or losses recognized in profit or loss;

(Expressed in Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Key sources of estimation uncertainty (continued)

- the inputs in accounting for share-based payment transactions in the consolidated 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.

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 March 31, 2021, the Company was focused on two business objectives, its plant-based food products (flax seed oils) and energy drink line.

As at March 31, 2021 and 2020, the only assets related to these segments were inventory (note 6). There were no other assets, liabilities, revenues or expenses related to these segments as at March 31, 2021 and 2020.

During the year ended March 31, 2021, the Company incorporated a new, wholly owned subsidiary in the United States. However, there were no transactions in the subsidiary and all transactions were incurred in Canada.

6. INVENTORY

As at	March 31, 2021	March 31, 2020
Finished goods	$ 177,796	$ -

As at March 31, 2021, all of the Company's inventory was considered finished goods. Of the balance held at March 31, 2021, $155,620 related to the energy drink line, $17,824 related to flax seed oil and $4,352 related to hand sanitizer.

The Company made a prepayment for inventory of $301,250 during the year ended March 31, 2021 (March 31, 2020 - $NIL) which was shipped subsequent to year end.

7. EQUIPMENT

	Manufacturing equipment	Office equipment	Computer equipment	Total
Cost				
Balance at March 31, 2019	$ 444,943	$ -	$ 35,942	$ 480,885
Additions	-	-	15,958	15,958
Disposition	(444,943)	-	-	(444,943)
Impairment	-	-	(38,567)	(38,567)
Balance at March 31, 2020	-	-	13,333	13,333
Additions	-	1,017	147,397	148,414
Balance at March 31, 2021	**$ -**	**$ 1,017**	**$ 160,730**	**$ 161,747**
Accumulated depreciation				
Balance at March 31, 2019	$ -	$ -	$ 14,195	$ 14,195
Depreciation	-	-	6,492	6,492
Disposition adjustment	-	-	(11,182)	(11,182)
Balance at March 31, 2020	-	-	9,505	9,505
Depreciation	-	102	1,911	2,013
Balance at March 31, 2021	**$ -**	**$ 102**	**$ 11,416**	**$ 11,518**

(Expressed in Canadian dollars)

7. EQUIPMENT (continued)

Net Book Value				
March 31, 2020	$ -	$ -	$ 3,828	$ 3,828
March 31, 2021	$ -	$ 915	$ 149,314	$ 150,229

During the year ended March 31, 2021, the Company sold manufacturing equipment for proceeds of $NIL (March 31, 2020 - $145,000) and incurred a loss on sale of equipment of $NIL (March 31, 2020 - $271,038).

During the year ended March 31, 2021, the Company recorded impairment of $NIL (2020 - $27,385) on the disposal of computer equipment.

8. DERIVATIVE LIABILITY

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 USD$35,000 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 US$141,728 ($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 for the USD$141,728 ($191,546) owed to RD Heritage.

Upon initial recognition of the cashless warrants, a derivative liability of $57,263 and a gain on settlement of debt of $134,283 was recorded. The derivative liability was determined using the Black Scholes Option Pricing Model assuming no dividends are to be paid, with a warrant life of 5 years, annual volatility of the Company's share price of 168.5% and average annual risk-free interest rates of 0.50%.

As at March 31, 2021, the derivative liability was determined to be of $154,301 and a loss on revaluation of the derivative liability of $97,038 was recorded. The derivative liability was determined using the Black Scholes Option Pricing Model assuming no dividends are to be paid, with a warrant life of 4.2 years, annual volatility of the Company's share price of 167.7% and average annual risk-free interest rates of 1.37%.

9. COMMITMENTS

The following table summarizes the contractual maturities as at March 31, 2021 of the Company's significant financial liabilities and capital commitments, including contractual obligations for the years indicated:

	2022	2023	2024	2025	2026	Total
Accounts payable and accrued liabilities	$ 456,882	$ -	$ -	$ -	$ -	$ 456,882
Loan Payable	250,000	-	-	-	-	250,000
Advances and amounts owing to related parties	195,761	-	-	-	-	195,761
Consulting agreement obligations	586,414	532,401	328,000	288,000	288,000	2,022,815
	$ 1,489,057	$ 532,401	$ 328,000	$ 288,000	$ 288,000	$2,925,458

Other contingent commitments existing at March 31, 2021 include the following:

- Upon obtaining licensing as a fortified food, the Company will issue a consultant of the Company a maximum of 250,000 common shares at a prevailing stock price, less any allowable discounts where in the market price per share (lessor of 10-day trading average or ending date) would not exceed $0.50;
- Upon obtaining licensing as a natural health product, the Company will issue a consultant of the Company a maximum of 250,000 common shares at a prevailing stock price, less any allowable discounts where in the market price per share (lessor of 10-day trading average or ending date) would not exceed $0.50;

9. COMMITMENTS (continued)

- The Company has an agreement with the COO of the Company whereby, if the officer were terminated without cause, the Company would be required to pay severance of 18 months of his base fee ($360,000) plus the average annual bonus paid to the consultant in the last two years (if any); and
- The Company has an agreement with the CEO of the Company whereby, if the officer were terminated without cause, the Company would be required to pay severance of 18 months of his base fee ($432,000) plus the average annual bonus paid to the consultant in the last two years (if any).

10. 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 loans were secured by all the tangible property of the Company. The parties were arms-length to the Company. During the year ended March 31, 2021, the Company settled $75,000 of the loan principal and $1,348 of the accrued interest on July 24, 2020, through the issuance of 1,526,959 common shares with a fair value of $0.05 per share (Note 11b).

In November 2020, the Company received loans of $220,000 and in December 2020, the Company received a loan of $30,000, all of which are repayable on or before November 24, 2021, and bear interest at a rate of 6% per annum. The loans are secured by all the tangible property of the Company. As at March 31, 2021 there is interest accrued of $5,038 (2020- $NIL) which is included in accounts payable and accrued liabilities.

11. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

For the year ended March 31, 2021

On December 22, 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 $1,127,000. Of the common shares issued, 4,800,000 shares were issued to settle debt of $288,000 with related parties. A loss on debt settlement with arms-length parties of ($275,000) was recognized in the statement of loss and comprehensive loss, while a loss on contribution to equity of ($223,421) was recorded for non-arms length parties.

On October 21, 2020, the Company issued 5,000,000 common shares to the finders of the FoodCare distribution agreement, The fair value of the shares on the date of issuance was $200,000 and was expensed as business development costs. The finders are arms-length and continue to assist the Company.

On August 26, 2020, the Company issued a total of 13,950,000 units to settle debt outstanding to various creditors for a total of $837,000. Each unit consisted of one common share with a fair value of $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. Based on the residual value method the warrants had a residual value of $NIL. A gain/loss on debt settlement of $NIL for the year ended March 31, 2021, resulted from this transaction.

On July 24, 2020, the Company issued a total of 1,526,959 common shares to settle loans and accrued interest of $76,348. The fair value of the shares issued was $76,348, resulting in a $NIL gain/loss on the transaction (Note 10).

On June 2, 2020, the Company issued a total of 7,832,500 common shares to settle debt outstanding to various creditors for a total of $391,625. Of the common shares issued, 2,582,500 shares were issued to settle debt of $129,125 with related parties. A gain on debt settlement with arms length parties of $105,000 was recognized in the statement of loss and comprehensive loss, while a gain on contribution to equity of $39,768 was recorded for non-arms length parties.

On April 2, 2020, the Company issued a total of 4,800,000 common shares to settle debt outstanding to various creditors for a total of $240,000. The fair value of the shares issued was $144,000, resulting in a $96,000 gain on the settlement of debt.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

(b) Issued (continued)

During the year ended March 31, 2021, the Company issued a total of 2,000,000 common shares in recognition of service achievements to consultants of the Company. The fair value of the shares issued was $80,000.

During the year ended March 31, 2021, 5,950,000 stock options were exercised into common shares at $0.05 per share for a total of $297,500 of which the Company received $217,500 in cash and $80,000 was to settle debts with related partied. The fair value of the stock exercised is $241,161 based on stock-based compensation calculations was transferred to share capital in relation to the exercises.

During the year ended March 31, 2021, 22,790,000 warrants were exercised into common shares, whereby 2,620,000 warrants were exercised at $0.08 and 20,170,000 warrants were exercised at $0.075 for a total of $1,722,350. At March 31, 2021 a total of $1,477,225 was received in cash, $160,000 was to settle debts with arms length parties and $85,125 as outstanding in subscriptions receivable.

For the year ended March 31, 2020

The Company issued a total of 21,671,300 common shares to settle debt of $1,144,031. The fair value of the issued was $1,113,798 and the Company recognized a gain of $30,233 on the transaction.

During the year ended March 31, 2020, the Company issued a total of 2,750,000 common shares in recognition of service achievements to consultants of the Company. The fair value of the shares on the dates of issuance was $112,500.

During the year ended March 31, 2020, 1,100,000 stock options were exercised into common 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 was transferred to share capital in relation to the exercises.

(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 year ended March 31, 2021	Weighted Average Exercise Price	For the year ended March 31, 2020	Weighted Average Exercise Price
Balance, beginning of year	8,460,000	$ 0.07	9,500,000	$ 0.08
Activities during the year:				
Granted	17,190,000	0.05	4,460,000	0.05
Reissued	3,750,000	0.05	-	-
Exercised	(5,950,000)	0.05	(1,100,000)	0.05
Expired	(1,100,000)	0.18	(4,400,000)	0.08
Cancelled	(6,300,000)	0.06	-	-
Balance, end of year	16,050,000	$ 0.05	8,460,000	0.07

During the year ended March 31, 2021, the Company granted a total of 17,190,000 (2020 – 4,460,000) stock options. Using the fair value method for share-based payments, a total expense of $631,245 (2020 - $198,504) was recorded in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

(c) Stock options (continued)

The share-based payments were determined using the Black Scholes Option Pricing Model. During the year ended March 31, 2021, the weighted average inputs were as follows: $NIL dividends are to be paid, expected stock option life of 4.4 years, 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 weighted average inputs were as follows: $NIL dividends are to be paid, expected stock option life of 5 years, annual volatility of the Company's share price of 177.2% and average annual risk-free interest rates of 1.64%.

The following table summarizes information about stock options outstanding at March 31, 2021.

Exercise price	Number outstanding	Number exercisable	Expiry date
$ 0.05	5,000,000	5,000,000	November 10, 2023
0.05	400,000	400,000	May 21, 2024
0.05	60,000	60,000	June 25, 2024
0.05	2,590,000	2,590,000	April 7, 2025
0.05	8,000,000	8,000,000	November 16, 2025
	16,050,000	16,050,000	

(d) Warrants

(i) The changes in warrants were as follows:

	For the year ended March 31, 2021	Weighted Average Exercise Price	For the year ended March 31, 2020	Weighted Average Exercise Price
Balance at beginning of year	83,319,600	$ 0.100	65,705,000	$ 0.110
Activities during the year:				
Issued	25,850,000	$ 0.080	19,414,600	$ 0.075
Exercised	(22,790,000)	$ 0.076	-	$ -
Expired	(26,035,000)	$ 0.150	(1,800,000)	$ 0.260
Balance at end of year	60,344,600	$ 0.077	83,319,600	$ 0.100

In June 2020, the Company issued 2,100,000 warrants at $0.075 each, expiring on June 2, 2025 as a settlement of debt of US$141,728 (C$191,546) owing to RD Heritage (Note 8). A fair value of the warrants on initial recognition 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 168.5% and average annual risk-free interest rates of 0.50% giving a value of $57,263.

(ii) The following table summarizes information about warrants outstanding at March 31, 2021:

Number outstanding	Exercise price	Expiry date
6,050,000	$ 0.075	September 27, 2021
5,674,600	0.075	December 6, 2021
3,520,000	0.075	December 20, 2021
21,870,000	0.075	February 8, 2022
13,330,000	0.080	August 26,2022
7,800,000	0.075	November 30, 2022
2,100,000	0.080	June 2, 2025
60,344,600		

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

(e) Commitment to issue shares

Pursuant to an agreement dated January 1, 2021, a consultant was to receive a total of 250,000 common shares upon signing. The shares were issued on May 20, 2021, and had a fair value of $22,500.

12. 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 and their spouses. Key management compensation comprises:

	Note	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Management fees	(a)	$ 288,000	$ 288,000
Directors' fees	(b)	32,500	26,500
Consulting fees	(c)	93,000	360,878
Investor relations	(d)	134,000	141,100
Product marketing	(e)	290,000	142,500
Professional fees	(f)	288,000	239,214
Engineering and testing	(g)	26,683	12,604
Stock based compensation	(h)	448,464	195,682
		$ 1,600,647	$ 1,406,478

a) Management fees were charged by a CEO and director of the Company.

b) Directors' fees were charged by the Board of Directors during the years ended March 31, 2021 and 2020.

c) Consulting fees were charged as follows: a former Director of the Company - $NIL (2020 - $160,837), a former key consultant of the Company - $NIL (2020 - $103,041), 1016192 BC Ltd - $NIL (2020 - $35,000), and Jie Yi Huang (spouse of CFO) - $93,000 (2020 - $90,000).

d) Investor relations fees were charged as follows: Justyna Jarosz (spouse of CEO) - $84,000 (2020 - $90,000) and 0978663 BC Ltd, a company controlled by Justyna Jarosz - $50,000 (2020 - $51,100).

e) Product market fees were charged by the Company's COO.

f) Professional fees charged as follows: the Company's CFO - $288,000 (2020 - $177,500) and a company controlled by the Company's former CFO - $NIL (2020 - $61,714).

g) Engineering and testing fees charged by Carl Perez, a key consultant to the Company.

h) During the year ended March 31, 2021, the Company issued 11,490,000 (2020 – 4,400,000) stock options to related parties.

As at March 31, 2021 there were $195,761 (March 31, 2020 - $377,826) owing to officers and directors and other related parties. The amounts due are non-interest bearing, unsecured and with no stated terms of repayment. Refer to note 11 for disclosure on shares issued to settle debt with related parties in the year. As at March 31, 2021, there were $NIL (March 31, 2020 - $60,464) in accrued liabilities to officers and directors and other related parties.

As at March 31, 2021, the Company recorded a receivable of $200,244 relating to an overpayment of 2,958,139 common shares issued to settle debt for investor relations services that exceeded 1% of the issued and outstanding common shares of the Company. The receivable will be settled in cash and does not accrue interest.

(Expressed in Canadian dollars)

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2021	2020
Net income (loss) for the year	**$ (3,670,859)**	**$ (2,952,185)**
Statutory income tax rates	27%	27%
Income tax benefit computed at Canadian statutory tax rate	(991,000)	(797,090)
Permanent differences	169,000	67,228
Change in unrecognized deductible temporary differences	813,000	790,554
Adjustment to prior year tax provisions versus statutory return	9,000	-
Change in statutory tax, foreign exchange rates and other	-	(60,692)
	$ -	$ -

The significant components of the Company's deferred tax assets are as follows:

Deferred tax assets	2021	2020
Non-capital loss carry-forward	$ 3,104,000	$ 2,298,000
Equipment	11,000	-
Share issue costs	5,000	10,000
Unrecognized deferred tax assets	$ 3,120,000	$ 2,308,000

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized.

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Temporary differences for:	2021		2020	
Non-capital loss carry-forward	$ 11,497,000	2034 to 2041	$ 8,510,000	2034 to 2040
Equipment	42,000	No expiry date	-	No expiry date
Share issue costs	17,000	2022 to 2024	34,000	2022 to 2024

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. 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.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Non-cash investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

During the year ended March 31, 2021 and 2020, non-cash financing and investing activities included:

- $241,161 (2020 - $47,590) was reclassified from reserves to share capital on the exercise of stock options and warrants;
- $2,419,323 (2020 - $1,083,565) of debt was settled through the issuance of shares/units and an adjustment of $212,350 (2020 - $NIL) was made between related party transactions and reserves ($183,653) and due from related party ($28,697).

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments:

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, loans payable, advances and amounts owing to related parties, and derivative liability. Cash is stated at FVTPL and classified within Level 1 of the fair value hierarchy and derivative liability is stated at FVTPL and is classified within Level 2 of the fair value hierarchy. All other financial instruments are carried at amortized cost. 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.

Risk management:

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. Subscription's receivable is due to a related party and management believes that the credit risk to be minimal as the full balance was collected subsequent to year end.

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 March 31, 2021, the Company had a cash balance of $263,169 (March 31, 2020 - $38) and current liabilities consisting of accounts payable and accrued liabilities of $456,882, loans payable of $250,000 and amounts owing to related parties of $195,761 for total of $902,643 (March 31, 2020 - $1,253,055). Also included in current liabilities is the derivative liability which is settled in variable number of shares. 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. The Company is only subject to interest rate risk on its loans payable (note 10).

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.

17. EVENTS OCCURRING AFTER THE REPORTING DATE

a) Subsequent to March 31, 2021, an aggregate of 2,000,000 warrants were exercised for gross proceeds of $160,000 at exercise price of $0.08 per warrant.

b) Subsequent to March 31, 2021, the Company issued 250,000 common shares to a consultant as a signing incentive. 250,000 of these shares were valued at a fair value of $0.09 per share and were recorded as shares to be issued during the year ended March 31, 2021.

c) Subsequent to March 31, 2021, 3,200,000 stock options were granted with an exercise price of $0.08 per stock option. These stock options are exercisable for a period of 3 years from the date of issuance.