



**GLOBAL CANNABIS APPLICATIONS CORP.**

MANAGEMENT DISCUSSION AND ANALYSIS  
For the six months ended December 2020

## **1.1 Date of Report: March 1, 2021**

The following Management Discussion and Analysis (“MD&A”) of Global Cannabis Applications Corp. (the “Company” or “Global Cannabis”) has been prepared by management, in accordance with the requirements of National Instrument 51-102, and should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto for the six months ended December 31, 2020.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the consolidated financial statements and MD&A, is complete and reliable. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

### **Forward-Looking Statements**

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and in respect of its existing business and planned business operations;
- the Company’s plans to acquire users for its products;
- the Company’s future cash requirements;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and,
- the timing, pricing, completion, and regulatory approvals of proposed financings if applicable.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward-looking statements are risks and uncertainties beyond the Company’s ability to predict or control, including, but not limited to, risks related to the Company’s ability to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under “Risk Factors”.

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions, which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technology companies specifically;
- the Company’s ability to roll out its business plan which includes new product launches and associated planning in production, sales, distribution and marketing; and,
- the Company’s ability to secure and retain employees and contractors to carry out its business plans.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on

forward-looking statements.

## **1.2 Overall Performance**

### **Nature of Business and Overall Performance**

The Company was incorporated on July 14, 2014, under the *Business Corporation Act* (British Columbia) under the name of Kluster Technologies Inc. On August 1, 2014, the Company changed its name to Antisocial Holdings Ltd. and later changed its name to Fundamental Applications Corp. (“Fundamental”) on September 2, 2014. On April 10, 2017, the Company changed its name to Global Cannabis Applications Corp.

On September 18, 2014, the Company commenced trading on the Canadian Securities Exchange (“CSE”) under the trading symbol “FUN”. On April 18, 2017, in connection with the Company’s change of name, the Company commenced trading on the CSE under the trading symbol “APP”.

The head office of the Company is Suite 830, 1100 Melville Street, Vancouver, BC V6E 4A6. The registered and records office of the Company is Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

Global Cannabis Applications Corp. is a global leader in designing, developing, marketing and acquiring innovative data technologies for the medical cannabis industry. The Citizen Green platform is the world’s first end-to-end – from patient to regulator – medical cannabis data solution. It uses six core technologies: mobile applications, artificial intelligence, RegTech, smart databases, blockchain and GCAC smart rewards to qualify candidates for clinical studies. These technologies facilitate the proliferation of digital conversations by like-minded people in the medical cannabis community. Driven by digital and cannabis industry experts, GCAC is focused on viral global expansion by providing the best digital experience in the cannabis market.

Since June 2017, GCAC invested \$1.34m in proprietary software research & development and \$4.58m in acquiring third party software and consulting for Citizen Green. The Citizen Green platform is now complete and in its commercialization stage. Sales and marketing efforts have commenced in relation to expanding users of the platform and to join with strategic partners within the cannabis industry to contribute key data to the underlying databases while providing a valuable industry specific tool for their customers.

The Citizen Green platform consists of the following solutions:

#### *TraceLocker (for Cannabis)*

TraceLocker is a blockchain-secured data acquisition front-end that GCAC helped re-engineer to align with the medical cannabis industry. Global Cannabis’ 3T immutably records every step in a plants life cycle prior to being administered as a treatment. It is this level of traceability that growers, practitioners and consumers require in order to accurately measure efficacy and to ensure product consistency.

GCAC licenses Citizen Green to medical cannabis & CBD producers & retailers. Citizen Green’s Prescriptii patient care component, and its efficacy-driven algorithms, are also integrated with TraceLocker’s blockchain platform, thus creating what Company believes to be the world’s first complete efficacy-driven, seed-to-shop-to-seed, cannabis solution.

#### *Prescriptii Patient-Care Solution*

Prescriptii is an integrated desktop and mobile solution for medical cannabis business optimization with the following benefits:

#### **Better Patient Outcomes**

The retail application is used to register patients and collect information about their specific ailment and treatment journey. Using a proprietary Pain to Strain machine learning engine, Prescriptii can make suitable product recommendations for the patient.

#### **Optimized Business Operations**

By tracking each patient’s medical cannabis journey, Prescriptii allows retailers to provide individually tailored treatment plans. The system tracks the amount and type of product used providing for inventory management and pricing optimization for the retailer.

### **Medical Cannabis Data Growth**

As Prescriptii captures each patient's experience through a customer mobile application on an ongoing basis, the information is added to GCAC's growing repository of medical cannabis data insights. The database includes medical cannabis study data, clinical trial data, and anecdotal insights captured from many different and highly regarded sources. As more and more patient information is included in the repository, it becomes smarter and is able to make improved product recommendations for each patient.

### **1.3 Selected Annual Information**

N/A (annual requirement)

### **1.4 Results of Operations**

#### ***Six months ended December 31, 2020, compared to 2019***

The Company incurred a net and comprehensive loss of \$750,408 for the six months ended December 31, 2020, (the "Current Period") compared to a net and comprehensive loss of \$733,543 for the six months ended December 31, 2019 (the "Comparative Period").

The difference in net and comprehensive loss incurred during the Current Period, compared to that incurred during the Comparative Period was largely a result of the following:

- The Company recorded a loss of debt settlement of \$1,383,089 in connection with the debt settlements completed on September 25, 2020 and December 31, 2020. The debt settlement losses consist of two components: \$551,248 recorded in connection with the difference between the fair value of the common shares on the issue date and the deemed price of the debt settlements; and the fair value of the warrants issued in connection the debt settlements amounting to \$857,684 using the Black-Scholes pricing model. There was no comparable expense in the Comparative Period.
- Consulting Fees decreased by \$189,234 to \$245,600 (Comparative Period: \$434,834) as the Company has decreased its use of consultants during the period.
- Marketing decreased by \$142,841 to \$66,500 (Comparative Period: \$209,341).
- Share based compensation increased by \$359,000 from the grant of stock options. There were no options granted in the Comparative Period.
- The Company recorded a gain in the fair value of the loan receivable of \$1,363,636. There was no Comparative Period change. See note 6 of the accompanying financial statements for more information.

The Company has reduced its expenditures during the current period in response to the coronavirus COVID-19 global pandemic and a resulting decrease in activity.

#### ***Three months ended December 31, 2020***

During the three months ended December 31, 2020 (the "Current Period"), the Company incurred a gain of \$277,654 compared to a loss of \$466,796 for the three months ended December 31, 2019.

Significant variances are largely described above but include:

- \$144,053 reduction of consulting expenses in the Current Period,
- \$121,262 reduction in marketing expenses in the Current Period,
- Share based compensation of \$359,000 as described above,
- \$1,295,454 change in the fair value of the loan receivable as described above, and,
- \$463,841 loss on debt settlement as described above.

## 1.5 Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters.

Three Months Ended	Total Revenues (\$)	Net (Loss) Gain (\$)	Loss Per Share (basic and diluted) (\$)
December 31, 2020	Nil	277,654	0.01
September 30, 2020	Nil	(1,028,062)	0.01
June 30, 2020	Nil	(86,051)	0.00
March 31, 2020	Nil	(845,118)	0.01
December 31, 2019	Nil	(466,796)	0.00
September 30, 2019	Nil	(266,747)	0.00
June 30, 2019	Nil	(4,182,563)	0.04
March 31, 2019	Nil	(382,569)	0.00

The Company continued to build the Citizen Green platform including blockchain technologies within the platform. The platform is designed for medical cannabis retailers to build loyalty with patients while growing their underlying retail business. Up to the quarter ended March 31, 2019, the Company increased its efforts to complete the Citizen Green platform and related apps and began marketing the product prior to its commercial release. This was followed by a significant decrease in expenditures related to consulting, marketing, research and development as the platform has entered the commercialization stage. During the quarter ended June 30, 2019, the Company continued discussions marketing the project to potential strategic partners in the cannabis industry. During the quarter ended September 31, 2019, December 31, 2019 and March 31, 2020, the Company continued its marketing to potential partners, and continued developing its monetization strategies while significantly decreasing its development and consulting costs. During the quarters ended June 30, 2020, September 31, 2020, and December 31, 2020, the Company continued working towards partnerships with strategic industry participants.

## 1.6 Liquidity

As at December 31, 2020, the Company had a working capital of \$187,345 (\$401,254 in cash, \$Nil in prepaid expenses, \$2,460 in GST receivable, \$1,704,545 in loan receivable, \$427,859 in loan payable, \$1,096,459 in accounts payable and \$396,096 of accruals) compared to a working capital deficit of \$1,857,586 (\$3,171 in cash, \$Nil in prepaid expenses, \$15,584 in GST receivable, \$340,909 in loan receivable, 413,268 in loan payable, \$1,385,136 in accounts payable and \$418,846 accruals) at June 30, 2020.

The Company highlights the risk associated with the loan receivable including the risk of being unable to collect.

The Company has not pledged any of its assets as security for loans, or otherwise is not subject to any debt covenants. Based on current information, the Company anticipates that its working capital is insufficient to meet its expected ongoing obligations for the coming year.

The Company has financed its operations to date primarily through the issuance of common shares and the exercise of stock options or warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

## 1.7 Capital Resources

At December 31, 2020, the capital of the Company consists of cash in the bank, loan receivable, and GST/HST recoverable totaling \$403,713. The Company will have to generate additional cash from either debt or equity raised through the Canadian public markets to meet its commitments.

As at the date of this MD&A, the Company had 14,665,000 stock options with exercise prices between \$0.10 and \$0.64, and 68,284,562 warrants with exercise prices between \$0.05 and \$0.30 which, if all exercised, would generate cash proceeds of \$7,959,005.78. There is no assurance that these exercises will occur.

## 1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

## 1.9 Transactions with Related Parties

Related party transactions are comprised of services rendered by directors and/or officers of the Company or a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

### *Key management compensation*

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. During the six months ended December 31, 2020, the Company entered into the following transactions with key management personnel:

	Six months ended	
	December 31, 2020	December 31, 2019
Fees paid or accrued to the CEO (B. Moore)	\$ 100,500	\$ 147,747
Fees paid or accrued to companies controlled by the CFO (A. Helm)	43,500	48,000
Fees paid or accrued to the CMO (Hanan Gelbendorf)	63,000	98,965
Stock-based compensation to the Company's CEO (B. Moore)	100,279	-
Stock-based compensation to the Company's CFO (A. Helm)	98,274	-
Stock-based compensation to the Company's CMO (H. Gelbendorf)	60,168	-
Stock-based compensation to a Company Director (Jeff Hayzlett)	40,112	-

The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At December 31, 2020, a balance of \$377,759 (June 30, 2020: \$435,493) was owing to related parties and included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and due on demand.

## 1.10 YTD highlights (Second Quarter)

Following the effects of COVID-19 on the global economy, the Company focused its first quarter's efforts on identifying new technologies to enhance the Citizen Green offering, finalizing data pricing models, completion of market evaluations and identifying key strategic relationships. The investment in the new blockchain attestation software, "Tracelocker", saved the Company approximately \$800,000 in cash outlays if done in house, versus roughly \$400,000 in debt settlement as reflected in financial section 8. Additionally, it accelerated the Companies go-to-market strategy by 4-5 months.

Highlights include:

August 12, 2020 - The Company signed a sublicensing and integration memorandum of understanding with TraceLocker, an Ethereum blockchain compliance platform for medical cannabis growers and importers. Press release here: [GCAC ANNOUNCES EXPANSION OF THE CITIZEN GREEN PLATFORM WITH NEW 3T \("TRACK-TRACE-TREAT"\) DATA SERVICE FOR MEDICAL CANNABIS GROWERS](#)

September 3, 2020 – The Company announced the closing of its months-long integration, and its exclusive licensing agreement, with TraceLocker, thereby marking the final step in the commercial launch of the \$5.92m dollar Citizen Green medical cannabis efficacy and data acquisition platform. Press release here: [GCAC Announces Commercial Launch of its \\$5.92m Medical Cannabis Data-Acquisition Platform](#)

## **Second Quarter (fiscal)**

The start of the second quarter's saw significant progress as the Company launched its new software offering, closed its first revenue deal and created a business relationship with a leading provider of lab services in Canada.

Highlights include:

October 5, 2020 – The Company signed a Memorandum of Understanding (“MOU”) with Purity-IQ Incorporated of Canada (“Purity-IQ”) (<http://purity-iq.com/>) to integrate the Purity-IQ Cannabis Authenticity and Purity Standard (CAPS) and its Fingerprint (TM) technology with the GCAC efficacy platform; with a focus on the Canadian medical cannabis and adult-use markets, which are forecast to grow to CA\$4.1 billion in 2021. Press release here: [GCAC Strengthens Its Medical Cannabis Efficacy Platform with Purity-IQ Biotechnology to Address a \\$4.1 Billion Market Opportunity](#)

October 14, 2020- The Company announced a definitive three-year software licensing deal with Bless Cultivation Ltd. (“Bless”), an Israeli based medical cannabis cultivator. This licensing agreement marks GCAC first sales revenue for Citizen Green since announcing its launch on September 3, 2020. Press release here: [Citizen Green Medical Cannabis Data-Acquisition Platform Goes Live with the Signing of a 3-Year SaaS Licensing Deal](#)

October 29, 2020 – The Company announced the expansion of Citizen Green's Software-as-a-Service (“SaaS”) commercial licensing to encompass the full medical cannabis product lifecycle. These new SaaS licenses expand upon the current Cultivator-SaaS license to now include SaaS for independent laboratories, medical cannabis vendors and authorized retailers. Press release here: [GCAC Announces End-to-End SaaS Licensing for All Medical Cannabis Lifecycle Participants](#)

November 10, 2020 -The Company signed a Definitive Agreement (“Agreement”) with Canadian company Purity-IQ Inc. (“Purity-IQ”) to commercially integrate the Purity-IQ Cannabis Authenticity and Purity Standard (CAPS) into the GCAC platform; with a focus on the Canadian medical cannabis and adult-use markets, which are forecast to grow to CA\$4.1 billion in 2021. Press release here: [GCAC Enters into Definitive Agreement with Purity-IQ Biotechnology](#)

December 1, 2020 – The Company outlined its Ethereum 2.0 roll-up-centric road map, Eth2, continuing its focus on the benefits that Ethereum truths bring to the Canadian medical cannabis and adult-use markets, which are forecast to grow to \$4.1-billion in 2021. Press release here: [GCAC Outlines Its Ethereum 2.0 Roadmap for Medical Cannabis](#)

December 15, 2020 – The Company announced that it has launched Efixii, its medical cannabis efficacy consumer app, continuing its focus on the benefits that efficacy truths bring to the Canadian medical cannabis and adult-use markets, which are forecast to grow to \$4.1-billion in 2021. Press release here: [GCAC Announces Commercial Launch of Medical Cannabis Efficacy App](#)

### **1.11 Proposed Transactions**

There are no proposed transactions that will materially affect the performance of the Company other than those which have been disclosed in the Company's news releases.

### **1.12 Critical Accounting Estimates**

#### *Significant Estimates and Assumptions*

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and estimating the fair value for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions.

#### *Significant Judgements*

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial policies in the accompanying financial statements were:

- Evaluating whether or not costs incurred by the Company in developing its data technologies and applications meet the criteria for capitalizing as intangible assets. Management determined that as at December 31, 2020, it was not able to demonstrate with sufficient certainty that it is probable the economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been capitalized.
- Evaluating whether or not there are indicators of impairment relating to the costs capitalized as intangibles by the Company for its data technologies and applications are assessed for indicators of impairment.
- Evaluating whether or not the Company can recover its loan receivable.
- Estimation of the fair value of the loan receivable including the consideration of the discount rate and related impact to the financial statements of a change in this discount rate.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1) and the classification of its financial instruments.

#### **1.13 Changes in Accounting Policies**

There are no changes in accounting policies during this period other than those disclosed within the accompanying financial statements.

#### **1.14 Financial Instruments and Risk Management**

As at December 31, 2020, the Company's financial instruments consist of cash, loan receivable, accounts payable and accrued liabilities.

##### *Fair value*

The carrying value of cash, loan receivable, accounts payable, accrued liabilities, and loan payable approximate their fair value due to the relatively short-term nature of these instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

##### *Credit risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and amounts receivable. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company's primary exposure to credit risk is on its loan receivable. This risk is partially managed by obtaining a loan security of 13,636,363 shares of the Company owned by the guarantor and by a personal

guarantee from the guarantor. As at the date of this report, the loan receivable has not been repaid and the Company is negotiating terms with the borrower and guarantor.

#### *Liquidity risk*

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements.

#### *Interest rate risk*

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not believe the Company is exposed to significant interest rate risk as liabilities, loan receivable, and cash are either fixed rate (7.0% for loan payable and 12% for loan receivable) or non-interest bearing as at December 31, 2020.

#### *COVID-19*

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This ongoing contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company has been affected by this and it may impact future funding.

### **1.15 Other MD&A Requirements**

This MD&A should be read in conjunction with the unaudited consolidated financial statements for the six months ended December 31, 2020. This MD&A is intended to assist the reader's understanding of the Company and its operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at [www.sedar.com](http://www.sedar.com).

This MD&A may contain management estimates of anticipated future trends, activities, or results; these are not a guarantee of future performance, since actual results may vary based on factors and variables outside of management's control. Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible to ensure that information disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee is free to meet with the independent auditors throughout the year.

### **Summary of Outstanding Share Data**

The following table outlines outstanding share data as of the date of this report:

	<b>Number Issued and Outstanding</b>
<b>Common shares</b>	185,312,473
<b>Stock Options</b>	14,665,000
<b>Warrants</b>	68,284,562
<b>Fully Diluted</b>	<b>268,262,035</b>

## **Directors and Officers**

As of the date of this report, the Company's directors and officers are Bradley Moore (Director and Chief Executive Officer), Jeffrey Hayzlett (Director), Alexander Helmel (Director and Chief Financial Officer), and Hanan Gelbendorf (Chief Marketing Officer).

### **1.16 Subsequent Events**

On January 4, 2021, the Company announced that it has signed a Citizen Green Efixii reseller and licence agreement with Transparent-C Ltd., a provider of regulatory and professional services to Israeli medical cannabis market participants.

Following on from October's three-year SaaS (software as a service) licence sale of Efixii to the Israeli grower Bless Cultivation Ltd., GCAC continues to expand its international business development footprint with this agreement. Transparent-C is now licensed to resell all GCAC SaaS products in Israel for a 20-per-cent revenue share of the cash received by GCAC and at no upfront or recurring cost to GCAC.

On January 20, 2021, the Company announced that it has signed a definitive data sales service agreement with Alqami. The partnership will enable GCAC to leverage Alqami's global buyer network and license the data generated by GCAC's suite of medical cannabis software solutions.

On February 3, 2021, the Company closed its first tranche of a non-brokered private placement. Pursuant to the private placement, the Company has issued 3,288,561 units at a price of \$0.105 per unit for gross proceeds of \$345,299 and 1,360,000 units at a deemed price of \$0.105 per unit to settle an aggregate of \$142,800 in debt to various creditors of the Company. Each financing unit and settlement unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of three years from closing at an exercise price of \$0.17 per common share. In connection with the private placement, the Company issued 223,919 finders' units. Each finder's unit consists of one common share and one common share purchase warrant, having the same terms as the aforementioned warrants.

On February 22, 2021, the Company closed its second and final tranche of a non-brokered private placement. Pursuant to the private placement, the Company has issued 6,184,490 units at a price of \$0.105 per unit for gross proceeds of \$649,371.46 and 1,087,618 units at a deemed price of \$0.105 per unit to settle an aggregate of \$114,199.89 in debt to various creditors of the Company. Each financing unit and settlement unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of three years from closing at an exercise price of \$0.17 per common share. In connection with the private placement, the company paid finder's fees in the amount of \$23,885.16 and issued 44,755 finders' units and 227,192 finder's warrants with each finders' unit having the same terms as the financing units and each finder's warrant having the same terms as the warrants. Net proceeds from the private placement will be used for working capital and general corporate purposes. All securities issued in connection with the private placement are subject to a statutory hold period of four months from the date of issuance.

Subsequent to December 31, 2020, an aggregate of 6,697,334 warrants and 100,000 stock options have been exercised, and 175,000 stock options have been granted.