

Peakburch Logic Inc. (formerly Kootenay Zinc Corp.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and six months ended August 31, 2020 and 2019

Unaudited

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management and have been approved by the board of directors.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Peakbirech Logic Inc. (formerly Kootenay Zinc Corp.)

Condensed Interim Statements of Financial Position

As at

(Expressed in Canadian dollars)

	Notes	August 31, 2020	February 29, 2020
Assets			
Current Assets			
Cash and cash equivalents	\$	438,557	\$ 15,719
GST receivable		27,512	74,713
Prepaid expenses		374	4,100
Total Assets	\$	466,443	\$ 94,532
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	4, 5, 6	\$ 781,096	\$ 172,664
Due to Canndora Delivery Ltd.	9	100,000	-
Loans payable	6, 7	60,000	-
Indemnification provision	5	169,141	160,135
Total Liabilities		1,110,237	332,799
Shareholders' Deficiency			
Share capital	5	6,110,338	5,985,338
Share subscription received	5	250,000	-
Deficit		(7,004,132)	(6,223,605)
Total Shareholders' Deficiency		(643,794)	(238,267)
Total Liabilities and Shareholders' Deficiency	\$	466,443	\$ 94,532

Nature of operations and going concern (Note 1)

Business combination (Note 9)

Approved and authorized by the Board on October 28, 2020.

(signed) "Marc Mulvaney"

 Marc Mulvaney
 Director

(signed) "Usama Chaudhry"

 Usama Chaudhry
 Director

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

Peakbireh Logic Inc. (formerly Kootenay Zinc Corp.)

Condensed Interim Statements of Comprehensive Loss

For the three and six months ended August 31, 2020 and 2019

(Unaudited) (Expressed in Canadian dollars)

	Notes	Three months ended August 31, 2020	Three months ended August 31, 2019	Six months ended August 31, 2020	Six months ended August 31, 2019
Expenses					
Bank charges and interest		\$ 140	\$ 66	\$ 202	\$ 134
Consulting		-	4,762	20,000	115,113
Exploration expenditures		-	-	29,315	-
Insurance		2,024	2,012	4,026	4,160
Indemnification provision interest		1,501	-	9,006	-
Management fees	6	-	43,000	30,000	58,000
Meals and entertainment		-	1,693	-	1,743
Office expenses		4,139	519	7,139	2,255
Professional fees	6	213,656	33,189	228,989	50,864
Rent		-	-	-	1,780
Transfer agent and filing fees		22,031	6,768	24,545	13,036
Travel expense		-	-	-	282
		(243,491)	(92,009)	(353,222)	(247,367)
Other items					
Foreign exchange gain		-	-	-	3,418
Other income		2,425	-	2,425	-
RTO transaction costs	9	(279,720)	-	(464,260)	-
Write-off of accounts payable		-	-	4,530	-
Gain on debt settlement	4,5,6	-	198,000	30,000	198,000
Income (loss) and comprehensive income (loss) for the period		\$ (520,786)	\$ 105,991	\$ (780,527)	\$ (45,949)
Income (loss) per share - basic and diluted		\$ (0.80)	\$ 0.26	\$ (1.23)	\$ (0.11)
Weighted average number of common shares outstanding - basic and diluted (Notes 5 and 9)		650,623	407,145	635,973	407,145

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

Peakbirech Logic Inc. (formerly Kootenay Zinc Corp.)

Condensed Interim Statements of Changes in Shareholders' Deficiency

For the six months ended August 31, 2020 and 2019

(Unaudited) (Expressed in Canadian dollars)

	Share Capital		Share subscriptions received	Deficit	Total
	Number of shares	Amount			
Balance at February 28, 2019	9,364,329	\$ 5,772,838	\$ -	\$ (5,806,500)	\$ (33,662)
Loss and comprehensive loss for the period	-	-	-	(45,949)	(45,949)
Balance at August 31, 2019	9,364,329	\$ 5,772,838	\$ -	\$ (5,852,449)	\$ (79,611)
Balance at February 29, 2020	11,864,329	\$ 5,985,338	\$ -	\$ (6,223,605)	\$ (238,267)
Private placements (Note 5)	1,900,000	95,000	-	-	95,000
Share subscriptions received (Note 5)	-	-	250,000	-	250,000
Shares for debt (Notes 4, 5 and 6)	1,200,000	30,000	-	-	30,000
Loss and comprehensive loss for the period	-	-	-	(780,527)	(780,527)
Balance at August 31, 2020	14,964,329	\$ 6,110,338	\$ 250,000	\$ (7,004,132)	\$ (643,794)

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

Peakbirech Logic Inc. (formerly Kootenay Zinc Corp.)

Condensed Interim Statements of Cash Flows

For the three and six months ended August 31, 2020 and 2019

(Unaudited) (Expressed in Canadian Dollars)

	Three months ended August 31, 2020	Three months ended August 31, 2019	Six months ended August 31, 2020	Six months ended August 31, 2019
Operating activities				
Income (loss) for the period	\$ (520,786)	\$ 105,991	\$ (780,527)	\$ (45,949)
Items not involving cash:				
Gain on debt settlement	-	(198,000)	(30,000)	(198,000)
Write-off of accounts payable	-	-	(4,530)	-
Indemnification provision interest	1,501	-	9,006	-
Changes in non-cash working capital items:				
GST receivable	60,652	(6,362)	47,201	(11,364)
Prepaid expenses	(374)	(32,988)	3,726	(12,528)
Accounts payable and accrued liabilities	496,842	(91,896)	672,962	(149,553)
Net cash provided by (used in) operating activities	37,835	(223,255)	(82,162)	(417,394)
Financing activities				
Proceeds from private placements	-	-	95,000	-
Share subscriptions received	250,000	-	250,000	-
Proceeds from loans payable	40,000	-	60,000	-
Loan from Canndora Delivery Ltd.	100,000	-	100,000	-
Net cash provided by financing activities	390,000	-	505,000	-
Change in cash and cash equivalents	427,835	(223,255)	422,838	(417,394)
Cash and cash equivalents, beginning	10,722	258,282	15,719	452,421
Cash and cash equivalents, ending	\$ 438,557	\$ 35,027	\$ 438,557	\$ 35,027
Supplemental Cash Flow Information				
Shares issued for debt settlement	\$ -	\$ -	\$ 30,000	\$ -

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

Peakbirsch Logic Inc. (formerly Kootenay Zinc Corp.)

Notes to the Condensed Interim Financial Statements

For the three and six months ended August 31, 2020 and 2019

(Unaudited) (Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Peakbirsch Logic Inc (formerly Kootenay Zinc Corp.) (the “Company” or “Peakbirsch”) was incorporated on March 23, 2015 pursuant to the *Business Corporations Act* (British Columbia). The shares of the Company are traded on the Canadian Securities Exchange (the “Exchange”) under the symbol “PKB”. The address of its registered and head office is located at Suite 400 - 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6.

The Company was engaged in the business of mineral exploration and evaluation.

On September 12, 2019, the Company entered into an option agreement with Longford Capital Corp. to acquire 100% interest in the Angus Property. During the six months ended August 31, 2020, the Company decided not to continue the business of mineral exploration and evaluation. The carrying value of the mineral property was fully impaired (Note 5).

On June 23, 2020, the Company entered into a business combination agreement with Canndora Delivery Ltd. (“Canndora”), Greeny Collaboration Group (Canada) Inc. (“Greeny”) and Lifted Innovations Inc. (“Lifted”) to form Peakbirsch Logic Inc. The business combination was completed subsequent to August 31, 2020. Following the closing, the Company’s name changed to PeakBirch Logic Inc. and its shares are listed on the Canadian Securities Exchange.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred a net loss during the six months ended August 31, 2020 of \$780,527 (2019 - \$45,949) and as at August 31, 2020 has an accumulated deficit of \$7,004,132 (February 29, 2020 - \$6,223,605), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time.

The application of the going concern concept is dependent upon the Company’s ability to satisfy its liabilities as they become due and to obtain the necessary financing. Management is actively engaged in the review and due diligence on opportunities of merit and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management’s plan will be successful. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

If the going concern assumption were not appropriate for these condensed interim financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

In March 2020, there was a global outbreak of COVID-19 (Coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak might increase the difficulty in capital raising which may negatively impact the Company’s business and financial condition.

Peakbirch Logic Inc. (formerly Kootenay Zinc Corp.)

Notes to the Condensed Interim Financial Statements

For the three and six months ended August 31, 2020 and 2019

(Unaudited) (Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”). Therefore, these condensed interim financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

These condensed interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

(b) Approval of the financial statements

The condensed interim financial statements of the Company were approved by the directors and authorized for issue on October 28, 2020.

(c) Significant accounting judgments, estimates and assumptions

The preparation of interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the related amounts of assets and liabilities, revenues and expenses. In management's opinion, all adjustments considered necessary for fair presentation have been included in these unaudited interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the financial year. Annual results may differ from interim results. The significant judgments made by management applied in the preparation of these unaudited interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended February 29, 2020. For a description of the critical accounting estimates and assumptions, please refer to the Company's audited consolidated financial statements for the year ended February 29, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are consistent with those used in the Company's audited financial statements for the year ended February 29, 2020. There have been no changes from the accounting policies applied in the February 29, 2020 financial statements.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2020	February 29, 2020
Accounts payable	\$ 501,376	\$ 157,664
Accrued liabilities	279,720	15,000
Total	\$ 781,096	\$ 172,664

Included in accounts payable is \$27,324 (February 29, 2020 - \$91,429) due to related parties (Note 6).

During the six months ended August 31, 2020, the Company settled a debt with former officers and directors whereby the Company issued 1,200,000 common shares with fair value of \$30,000 to settle a debt of \$60,000. The Company recorded a gain of \$30,000 on settlement (Note 5).

Peakburch Logic Inc. (formerly Kootenay Zinc Corp.)

Notes to the Condensed Interim Financial Statements

For the three and six months ended August 31, 2020 and 2019

(Unaudited) (Expressed in Canadian dollars)

5. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

Subsequent to six months ended August 31, 2020, the Company completed a 1-for-23 share consolidation for the Company's issued and outstanding common shares.

On October 12, 2017, the Company closed a non-brokered flow-through private placement of 1,000,000 flow-through units (the "FT Unit") at a price of \$0.50 per FT Unit for gross proceeds of \$500,000. Each FT Unit consists of one flow-through share of the Company and one common share purchase warrant (the "Warrant"). Each Warrant is convertible into one common share at a price of \$1.00 per share and is exercisable for a period of one year. The Warrants were valued at \$Nil using the residual value method and no value was allocated to the flow-through premium. During the year ended February 28, 2019, the Company amended its flow-through filings so that only 500,000 units (for \$250,000) were to be considered flow-through units. Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures. As a result of not incurring the qualified expenditures and not filing the appropriate forms with Canada Revenue Agency, the Company recognized a provision for late filing penalties and accrued interest assessed against the Company in fiscal 2018 associated with flow-through share renunciation compliance requirements. The indemnification provision includes \$40,298 related to interest and penalties in connection with this assessment. The Company agreed to indemnify the flow-through shareholders for certain costs they incurred as a result of not meeting its obligation to spend the flow-through share proceeds on qualifying Canadian exploration expenditures in compliance with the applicable tax rules and pursuant to the share subscription agreement entered into. As at August 31, 2020, the Company has included a provision for the indemnification of flow-through to shareholders of \$169,141 (February 29, 2020 - \$160,135) for these costs including interest and penalties. As at August 31, 2020 and February 29, 2020 the Company had \$250,000 remaining in flow-through expenditure commitments.

On September 12, 2019, the Company issued 2,500,000 common shares of the Company with fair value of \$212,500 in pursuant to the agreement between the Company and Longford Capital Corp. the Company decided not to continue its business of mineral exploration and evaluation. Accordingly, the carrying value of the mineral property was fully impaired as at February 29, 2020.

On March 20, 2020, the Company closed a non-brokered private placement consisted of an issuance of non-flow-through (NFT) common shares and flow-through (FT) shares. 1,400,000 NFT common shares were issued at a price of \$0.05 per NFT share for gross proceeds of \$70,000 and 500,000 FT shares were issued at a price of \$0.05 per FT share for gross proceeds of \$25,000. The Company has spent the total flow-through proceeds of \$25,000 for exploration expenditures during the six months ended August 31, 2020.

On March 20, 2020, the Company issued a total of 1,200,000 common shares with a fair value of \$30,000 for a settlement of outstanding debts of \$60,000, resulting in a gain on debt settlement of \$30,000. The debts settled were related to management fees charged to the Company by former officers and directors (Notes 4 and 6).

During the six months ended August 31, 2020, the Company received \$250,000 in share subscriptions.

Peakbirch Logic Inc. (formerly Kootenay Zinc Corp.)

Notes to the Condensed Interim Financial Statements

For the three and six months ended August 31, 2020 and 2019

(Unaudited) (Expressed in Canadian dollars)

5. SHARE CAPITAL (CONTINUED)

(c) Stock options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to two years from the date of grant and must comply with the rules of the Exchange.

No stock options were granted during the six months ended August 31, 2020 and year ended February 29, 2020.

There were no stock options outstanding as at August 31, 2020 and February 29, 2020.

(d) Share purchase warrants

No share purchase warrants were issued during the six months ended August 31, 2020 and year ended February 29, 2020.

There were no share purchase warrants outstanding as at August 31, 2020 and February 29, 2020.

(e) Reserve

The share-based payment reserve records items recognized as share-based compensation until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. Upon expiry of options, the corresponding amount is re-classified to deficit.

6. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel of the Company are the directors and officers of the Company. During the six months ended August 31, 2020, the Company entered into the following transactions with key management personnel and other related parties:

- a) Paid or accrued management fees of \$Nil (2019 - \$30,000) to a former director and officer of the Company.
- b) Paid or accrued management fees of \$30,000 (2019 - \$25,000) to a former director and officer of the Company.
- c) Paid or accrued management fees of \$Nil (2019 - \$3,000) to a company controlled by a director and officer of the Company.
- d) Paid or accrued consulting fees of \$Nil (2019 - \$15,000) to a company controlled by a former director and officer of the Company.
- e) Paid or accrued accounting fees of \$Nil (2019 - \$30,000) to a company controlled by a former director and officer of the Company.

At August 31, 2020, \$27,324 (February 29, 2020 - \$91,429) was included in accounts payable and accrued liabilities as owing to related parties. Amounts due to related parties are unsecured, non-interest-bearing and have no fixed terms of repayment (Note 4).

Peakbirc Logic Inc. (formerly Kootenay Zinc Corp.)

Notes to the Condensed Interim Financial Statements

For the three and six months ended August 31, 2020 and 2019

(Unaudited) (Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS (CONTINUED)

During the six months ended August 31, 2020, the Company settled an outstanding debt of \$40,000 to former officer and director and \$20,000 to a former officer and director of the Company by issuing a total of 1,200,000 common shares with a fair value of \$30,000 (Notes 4 and 5). The debts settled were related to management fees charged to the Company.

During the six months ended August 31, 2020, the Company received a loan of \$20,000 from a company controlled by a former officer and director of the Company. This loan is non-interest bearing and is due on demand (Note 7).

7. LOANS PAYABLE

During the six months ended August 31, 2020, the Company received a loan of \$20,000 from a company controlled by a former officer and director of the Company. This loan is non-interest bearing and is due on demand (Note 6).

During the six months ended August 31, 2020, the Company received a loan of \$40,000 from an arm's length party. This loan is non-interest bearing and is due on demand.

8. CONTINGENCIES

The Company was one of the respondents to the British Columbia Securities Commission ("BCSC") Temporary Order dated November 26, 2018 issued against a group of people and entities. The hearing was held on December 7, 2018. The case centred around share issuances by 11 Exchange issuers (the Company being one of the named issuers in the order) between February 2018 and August 2018. The BCSC is investigating whether the respondents violated securities legislation by participating in a scheme that involved conduct abusive to the capital markets and the illegal distribution of securities. The scheme, as set out by the BCSC, involved listed companies issuing private placement shares without a prospectus. The issuances were done under an exemption normally reserved for consultants. Pursuant to the BCSC decision dated January 15, 2019, the temporary order has not been extended against the Company.

On July 26, 2019, the Company received notice that a class action lawsuit has been filed against the Company, former directors of the Company and certain others in the Supreme Court of British Columbia. The plaintiffs are seeking damages for various possible causes of action, including unlawful conspiracy, misrepresentation and secondary market misrepresentations. The claim has not been certified as a class action as at the date hereof. The Company is of the view that the allegations contained in the claim are without merit and intends to vigorously defend its position.

9. BUSINESS COMBINATION

On June 23, 2020, the Company entered into a business combination agreement with Canndora Delivery Ltd. ("Canndora"), Greeny Collaboration Group (Canada) Inc. ("Greeny") and Lifted Innovations Inc. ("Lifted") to form Peakbirc Logic Inc. The business combination was completed subsequent to August 31, 2020. Following the closing, the Company's name changed to PeakBirc Logic Inc. and its shares are listed on the Canadian Securities Exchange.

The Company will continue as a combination of the businesses of Lifted, Greeny and Canndora as a company that specializes in e-commerce sales and delivery of cannabis-related products and CBD-(cannabidiol)-containing products. It is expected that the transaction will provide the opportunity for the business of Lifted, Greeny and Canndora to be operated together for mutual strategic benefit.

Concurrently with the closing, Peakbirc completed a unit financing consisting of 1,304,348 units at a price of \$1.15 per unit for gross proceeds of \$1,500,000. Each unit consisted of one Peakbirc share and one warrant to acquire one additional PeakBirc share at a price of \$1.40 per share for a period of three years from the closing.

Peakbirc Logic Inc. (formerly Kootenay Zinc Corp.)

Notes to the Condensed Interim Financial Statements

For the three and six months ended August 31, 2020 and 2019

(Unaudited) (Expressed in Canadian dollars)

9. BUSINESS COMBINATION (CONTINUED)

The financing was completed through the issuance of securities of Canndora, which were exchanged for the units on closing.

The takeover bid of the common shares of Lifted previously announced by the Company was completed as part of the closing on September 8, 2020, at which time 63,545,479 Lifted shares (representing 98.5% of Lifted shares) and 3,750,000 options for Lifted shares (representing 100% of Lifted options) were taken up and paid for through the issuance of one PeakBirch share for each Lifted share taken up and one PeakBirch share option for each Lifted option taken up. Former holders of Lifted shares were issued a total of 63,545,479 PeakBirch shares, representing 68.36% of the issued and outstanding PeakBirch shares and former holders of Lifted options were issued 3,750,000 PeakBirch options. PeakBirch has entered into an agreement with the holder of the remaining Lifted shares to purchase such Lifted shares, such that following the completion of such purchase Lifted will be a wholly owned subsidiary of PeakBirch. On October 19, 2020, PeakBirch completed the acquisition of 950,000 common shares of Lifted representing 1.5% of the outstanding Lifted shares. The acquisition was completed on substantively the same terms as the Lifted takeover and 950,000 common shares of Peakbirc were issued to the vendor of the shares.

Pursuant to business combination agreements in respect of Canndora and Greeny, PeakBirch acquired Canndora and Greeny, and at closing former holders of common shares of Canndora were issued a total of 18,260,870 PeakBirch shares (an amount that does not include any Canndora shares which were exchanged for PeakBirch shares pursuant to the financing) and former holders of common shares of Greeny received 9,116,131 PeakBirch shares. Outstanding options of Greeny were exchanged on a pro rata basis for PeakBirch options, and common share purchase warrants of Greeny were exchange on a pro rata basis for warrants to acquire PeakBirch shares.

Following the closing of the acquisition, including the financing and payment for all deposited Lifted shares and Lifted options, PeakBirch has 93,902,230 issued and outstanding PeakBirch shares, 1,873,071 PeakBirch warrants and 4,410,244 PeakBirch options.

The PeakBirch shares issued pursuant to former holders of Lifted shares and Greeny shares, and the purchase and sale, are subject to a contractual hold period of four months plus a day from the closing.

Following the closing, certain holders of securities of PeakBirch were required to deposit securities owned or controlled by them into escrow, pursuant to the policies of the CSE and applicable securities laws.

Immediately prior to the closing, the Company completed a 1-for-23 share consolidation to reduce the number of issued and outstanding common shares from 14,964,324 pre-consolidated common shares to 650,623 PeakBirch shares. After the consolidation, PeakBirch issued 24,782 PeakBirch shares at a deemed price of \$1.15 per PeakBirch share for outstanding debt of \$28,499.

During the six months ended August 31, 2020, the Company incurred RTO transaction costs of \$464,260.

During the six months ended August 31, 2020, the Company received a loan of \$100,000 from Canndora.