G2 Technologies Corp.

(Formerly Green 2 Blue Energy Corp.)

Consolidated Financial Statements

Year Ended – June 30, 2020

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of G2 Technologies Corp. (formerly Green 2 Blue Energy Corp.)

Opinion

We have audited the consolidated financial statements of G2 Technologies Corp. (formerly Green 2 Blue Energy Corp.) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 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 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 to the financial statements, which describes events or conditions that 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 information included in Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Otto Ehinger.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

October 28, 2020

G2 TECHNOLOGIES CORP. (FORMERLY GREEN 2 BLUE ENERGY CORP.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As At	June 30, 2020 $	June 30, 2019 $
Assets		
Current assets		
Cash	3,503	6,174
Accounts receivable (Note 5)	41,604	382,799
Inventory (Note 6)	-	175,611
Prepaid expenses	-	88,513
Lease receivables – current (Note 9)	20,889	-
	65,996	653,097
Non-current assets		
Property and equipment ("PPE") (Note 7)	-	1,331,158
Lease receivable – non current (Note 9)	1,843	-
Total assets	67,839	1,984,255
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	230,866	1,331,147
Customer deposits	-	38,200
Loans payable (Note 8)	20,500	154,876
Due to related parties (Note 10)	545,726	239,289
Lease liability - current (Note 9)	20,889	302,396
	817,981	2,065,908
Non-current liabilities		
Convertible debenture (Note 13)	326,272	275,579
Loans payable – non current (Note 8)	28,661	-
Lease liability – non current (Note 9)	1,843	27,530
	356,776	303,109
Total liabilities	1,174,757	2,369,017
Shareholders' equity (deficit)		
Share capital (Note 11)	10,366,636	10,111,193
Share subscription received but not issued (Note 11)	-	425,738
Other reserves (Note 12)	1,737,248	1,565,869
Deficit	(13,210,802)	(12,469,687)
Accumulated other comprehensive loss ("AOCI")	-	(21,721)
Total G2 Technologies Corp. shareholders' equity	(1,106,918)	(388,608)
Non-controlling interest ("NCI")	-	3,846
Total shareholders' equity (deficit)	(1,106,918)	(384,762)
Total liabilities and shareholders' equity (deficit)	67,839	1,984,255

Going concern (Note 1)
Commitments (Notes 9 and 15)
Contingencies (Note 18)
Subsequent events (Note 21)

Approved and authorized for issuance by the Board of Directors on October 28, 2020:

/s/ "Slawomir Smulewicz" — Slawomir Smulewicz, Director

/s/ "Luis Hadic" — Luis Hadic, Director

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

G2 TECHNOLOGIES CORP. (FORMERLY GREEN 2 BLUE ENERGY CORP.)

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Year Ended June 30, 2020 $	Year Ended June 30, 2019 $
Sales	569,983	1,432,204
Cost of sales	(513,478)	(1,321,538)
Gross profit	56,505	110,666
Operating Expenses		
Consulting and management fees (Note 10)	(405,476)	(445,359)
Depreciation (Note 7)	(160,240)	(45,881)
Foreign exchange loss	(9,083)	-
General and administrative	(567,210)	(1,224,211)
Professional fees	(119,775)	(104,392)
Share-based compensation (Note 12)	-	(137,166)
Travel	(8,605)	(53,353)
Wages and benefits	(8,197)	(117,812)
Total operating expenses	(1,278,586)	(2,128,174)
Net loss before other income (expense)	(1,222,081)	(2,017,508)
Other income (expense)		
Gain from the reversal of accounts payables	-	44,638
GST receivable (impairment) recovery	(121,928)	121,928
Other (expense) income	(30,961)	7,909
Gain in disposition of subsidiaries (Note 2(a))	657,236	-
Finance cost (Note 19)	(23,381)	(60,641)
Net loss for the year	(741,115)	(1,903,674)
Other comprehensive income (loss):		
Cumulative translation adjustment	(191,042)	8,480
Reclassification adjustment on disposition of subsidiaries (Note 2(a))	208,917	-
Comprehensive loss and net loss attributable to shareholders G2 Technologies Corp.	(723,240)	(1,895,194)
Net loss attributable to:		
Shareholders of G2 Technologies Corp.	(741,115)	(1,902,428)
NCI	-	(1,246)
	(741,115)	(1,903,674)
OCI attributable to:		
Shareholders of G2 Technologies Corp.	21,721	8,480
NCI	(3,846)	-
	17,875	8,480
Loss per share – basic and diluted	(0.01)	(0.02)
Weighted average common shares outstanding – basic and diluted	100,067,109	91,801,697

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

G2 TECHNOLOGIES CORP. (FORMERLY GREEN 2 BLUE ENERGY CORP.)

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Issued Common Shares										
	Number	Amount Received	Share-based Payment Reserves	Warrant Reserves	Convertible Debt Reserves	AOCI	Subscription Subscribed	Deficit	Total Shareholders' Deficit for Owners	NCI	Total Shareholders' Deficit
		$	$	$	$	$	$	$	$	$	$
BALANCE, JUNE 30, 2018	**91,290,567**	**10,033,693**	**1,241,637**	**152,475**	**-**	**(30,201)**	**-**	**(10,567,259)**	**830,345**	**5,092**	**835,437**
						-					
Share issuance – warrants exercised	775,000	77,500	-	-	-	-	-	-	77,500	-	77,500
Share subscribed but not issued	-	-	-	-	-	-	425,738	-	425,738	-	425,738
Share-based compensation	-	-	137,166	-	-	-	-	-	137,166	-	137,166
Convertible debenture issuance	-	-	-	-	34,591	-	-	-	34,591	-	34,591
Cumulative translation adjustment	-	-	-	-	-	8,480	-	-	8,480	-	8,480
Net loss for the year	-	-	-	-	-	-	-	(1,902,428)	(1,902,428)	(1,246)	(1,903,674)
BALANCE, JUNE 30, 2019	**92,065,567**	**10,111,193**	**1,378,803**	**152,475**	**34,591**	**(21,721)**	**425,738**	**(12,469,687)**	**(388,608)**	**3,846**	**(384,762)**
Share issuance (Note 11)	8,514,760	225,443	-	170,295	-	-	(425,738)	-	-	-	-
Disposition of subsidiaries (Note 2(a))	-	-	-	-	-	212,763	-		212,763	(3,846)	208,917
Convertible debenture issuance (Note 13)	-	-	-	-	1,084	-	-	-	1,084	-	1,084
Cumulative translation adjustment	-	-	-	-	-	(191,042)	-	-	(191,042)	-	(191,042)
Net loss for the year	-	-	-	-	-	-	-	(741,115)	(741,115)	-	(741,115)
BALANCE, JUNE 30, 2020	**100,580,327**	**10,366,636**	**1,378,803**	**322,770**	**35,675**	**-**	**-**	**(13,210,802)**	**(1,106,918)**	**-**	**(1,106,918)**

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

G2 TECHNOLOGIES CORP. (FORMERLY GREEN 2 BLUE ENERGY CORP.)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended June 30, 2020 $	Year Ended June 30, 2019 $
Operating activities		
Net loss	(741,115)	(1,903,674)
Items not affecting cash:		
Depreciation	184,220	144,605
Finance cost	23,381	45,853
Gain from the reversal of accounts payable	-	(44,638)
Share-based compensation	-	137,166
GST receivables impairment (recovery)	121,928	(121,928)
Gain on disposition of subsidiaries	(657,236)	-
Changes in non-cash operating working capital:		
Accounts receivable	(46,210)	(33,608)
Inventory	125,670	(9,961)
Prepaid expenses	8,116	80,349
Accounts payable and accrued liabilities	93,373	528,581
Customer deposit	(38,200)	38,200
Due to related parties	306,437	227,008
Net cash used in operating activities	(619,636)	(912,047)
Investing activities		
Purchase of property and equipment	(6,972)	(597,471)
Cash deconsolidated from disposition of subsidiaries	(3,773)	-
Net cash used in investing activities	(10,745)	(597,471)
Financing activities		
Repayment of lease liabilities	(55,215)	(70,416)
Shares subscriptions received but not issued	-	425,738
Proceeds from convertible debenture	10,000	303,000
Proceeds from loans	868,441	-
Loan repayment	(209,917)	-
Proceeds from warrants exercised	-	77,500
Net cash provided by financing activities	613,309	735,822
Effects of exchange rate changes on cash	14,401	13,387
Change in cash	(2,671)	(760,309)
Cash, beginning of year	6,174	766,483
Cash, end of year	3,503	6,174

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

1. Corporate Information

G2 Technologies Corp. (formerly Green 2 Blue Energy Corp.) (the "Company" or "GTOO") was incorporated on October 9, 2014 in British Columbia under the Business Corporations Act.

On January 16, 2017, the Company entered into a Share Exchange Agreement with G2BE Canada Inc. ("G2BEC"), a private British Columbia company incorporated on May 30, 2014 resulting in a reverse-takeover transaction whereby the Company acquired all of the issued and outstanding common shares in the capital of G2TC (the "Transaction").

Up until the disposition of all operating subsidiaries on March 31, 2020 (Note 2(a)), the Company was in the business of manufacturing, marketing, and distributing softwood pellets and shavings for consumer and industrial customers and arranging transactions between buyers and sellers of alternative energy products.

Since March 31, 2020, the Company has effectively been a shell company with no operations and is currently looking for other ventures to build value for its shareholders.

On October 25, 2020, the Company changed its name from Green 2 Blue Energy Corp. to G2 Technologies Corp. and change its ticker symbol to "GTOO".

The Company's registered office is located at Suite 1080, 789 West Pender Street, Vancouver BC.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2020, the Company had a negative cash flow from operations, had an accumulated deficit of $13,210,802 (June 30, 2019 $12,469,687). Furthermore, the Company incurred a net loss of $741,115 during the year ended June 30, 2020 (2019 - $1,903,674). Management believes that the proceeds from additional equity and debt financing activities that it is currently pursuing would provide the Company with sufficient working capital to satisfy its liabilities and commitments as they become due for the foreseeable future. However, there can be no assurances that sufficient equity or debt can be raised on a timely basis or on terms that are acceptable to the Company. These factors indicate the existence of a material uncertainty that casts significant doubt on the ability of the Company to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

Covid-19

During 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 the extent of the impact the COVID-19 outbreak may have on the Company is unknown 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 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.

(Expressed in Canadian dollars)

2. Basis of Presentation

(a) Statement of Compliance and Principles of Consolidation

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 issued by the International Reporting Interpretation Committee ("IFRIC") for all periods presented, on a going concern basis.

The consolidated financial statements were authorized for issue by the Board of Directors on October 28, 2020.

The consolidated financial statements include the accounts and results of operations of the Company and its wholly owned subsidiaries as noted below. All intercompany transactions and balances have been eliminated on consolidation.

Name of Subsidiary	**Place of Incorporation**	**June 30, 2020 Ownership Interest**	**June 30, 2019 Ownership Interest**
G2BE Canada Inc. ("G2BEC")	Canada	N/A – sold (ii)	100% by GTOO
G2BE Europe Limited ("G2BEEL")	Malta	N/A – sold (ii)	100% by GTOO
G2BE Poland Sp. z o.o. ("G2BEPL")	Poland	N/A – sold (ii)	99% owned by G2BEEL, 1% owned by GTOO
G2BE Production Sp. z o.o. ("G2BEP")	Poland	N/A – sold (ii)	80% owned by G2BEPL, 20% owned by GTOO
G2BE Zaklad 2 Sp. z. o. o. (G2BZ2")	Poland	N/A – sold (i)	99% owned by G2BEPL
G2BE Sino Limited ("G2BESL")	Hong Kong	65% owned by GTOO– inactive	65% owned by GTOO- inactive
Arsenal Health Sciences Inc.	Canada	Incorporated on June 16, 2020. 100% owned by GTOO– inactive	N/A

During the year ended June 30, 2020, the Company disposed of five of its subsidiaries as noted above for $Nil consideration, resulting in the following assets and liabilities being deconsolidated as of the disposition dates:

	Disposition on March 31, 2020 (ii)	**Disposition on November 29, 2019 (i)**	**TOTAL**
Cash and cash equivalents	(1,541)	(2,232)	(3,773)
Accounts receivable and prepaid expenses	(264,799)	(678)	(265,477)
Inventory	(49,491)	-	(49,491)
Prepaid Expense	(29,715)	(50,682)	(80,397)
PPE	(1,061,082)	-	(1,061,082)
Right of use asset	-	(133,013)	(133,013)
Accounts payable and accrued liabilities	1,085,904	107,750	1,193,654
Loan payable	712,492	52,878	765,370
Lease liability	366,200	134,558	500,758
AOCI	(212,365)	(398)	(212,763)
NCI	-	3,846	3,846
GAIN ON DISPOSITION	**545,206**	**112,030**	**657,236**

i) On November 29, 2019, the Company transferred its ownership in the shares of G2BZ2 to an arm's length British Columbia private company due to its inability to provide financing for the repayment of its liabilities. Accordingly, as of November 29, 2019 the subsidiary was deconsolidated.

ii) On February 19, 2020, a loan ("Default Loan") in G2BEEL was in default due to the cease trade order at the Company. On March 31, 2020, the Company entered into a Settlement Agreement ("Settlement Agreement") to settle the Default Loan of approximately $301,594 in G2BEEL. Pursuant to the Settlement Agreement, the Company transferred the shares the Company held in G2BEEL, G2BEPL, G2BEC, G2BEP to the lender. Accordingly, as of March 31, 2020 these subsidiaries were deconsolidated.

(b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian dollars, except where otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company, Arsenal, G2BEC, G2BEEL and G2BESL is Canadian dollars and G2BEP, G2BZ2 and G2BEPL 's functional currency is Polish zloty ("PLN$").

(c) Use of Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date could result in a material adjustment to the carrying amounts of assets and liabilities.

Significant areas of estimation and judgment include the collectability of accounts receivable, useful life and recoverability of long-lived assets, measurement of provisions, valuation of inventory, fair value of derivative liabilities, fair value of share-based payments, application of the going concern assumption, and deferred income tax asset valuation allowances.

The Company's policy for property and equipment requires judgment in determining whether the present value of future expected economic benefits exceeds capitalized costs. The policy requires management to make certain estimates and assumptions about future economic benefits related to its operations. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of capitalized cost is unlikely, the capitalized cost is written off in the consolidated statement of comprehensive loss.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt about the Company's ability to continue as a going concern.

3. Accounting Policies Implemented on July 1, 2019

a) New standard IFRS 16 - "Leases"

On July 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less), leases with certain variable lease payments and leases of low-value assets.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease liabilities related to its lease commitments for its office and land and building leases. The lease liabilities will be measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate, resulting in no adjustment to the opening balance of deficit. The associated right-of-use assets will be measured at the lease liability amount. The Company has implemented the following accounting policies under the new standard:

Lease liability, right of use assets

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 for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

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. In addition, 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. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

Subleases

When the Company enters into sublease arrangements as an intermediate lessor, it determines whether the sublease is a finance sublease or operating sublease by reference to the right-of-use assets arising from the head lease. A sublease is a finance sublease if substantially all the risk and reward of the related head lease right-of-use asset have been transferred to the sub-lessee. When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts.

For a finance sublease, the Company derecognizes the corresponding right-of-use assets and records net investments in the finance sublease and corresponding interest income is recognized in net finance costs. The net investment in the sublease is recognized in lease receivables. For operating subleases, the Company recognises the lease revenue directly in profit and loss over the term of the sublease contract.

4. Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value, to be cash equivalents.

(b) Accounts Receivable

Accounts receivable is comprised of amounts due from customers for purchases of the Company's products and is recorded net of allowance for doubtful accounts. Factors such as current economic conditions, historical information, and reasons for any accounts being past due are all considered when determining whether to write off accounts receivable balances.

(c) Inventory

Inventory is comprised of raw material and finished goods, which are valued at the lower of cost and net realizable value. Costs are determined using the weighted average basis for raw materials and manufactured goods and the first-in-first-out basis for goods purchased for resale. Net realizable value is determined on the basis of anticipated sales proceeds less the estimated selling expenses. Inventory is reviewed at least annually for impairment, due to slow moving or obsolescence.

(d) Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation and impairment charges, if any. Cost includes expenditures directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the costs of the item can be reliably measured. All other expenditures are charged to operating expenses as incurred.

When major components of property and equipment have different useful lives, they are accounted for as separate items. Depreciation of property and equipment is based on the estimated useful lives of the assets using the following rates:

Forklifts	14% declining balance
Furniture and fixtures	5 years straight-line
Technical equipment and machinery	5 - 10 years straight-line
Leasehold Improvements	10 years straight-line

(e) Impairment of 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 indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that they may be impaired:

- an intangible asset with an indefinite useful life;
- an intangible asset not yet available for use; and
- goodwill acquired in a business combination.

The recoverable amount of an asset or 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 cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill and intangible assets that have indefinite useful lives, impairment losses recognized in prior periods 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 or amortization, if no impairment loss had been recognized.

(f) Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(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. 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.

The following table shows the classification of financial instruments under IFRS 9:

Financial assets/liabilities	Classification under IFRS 9
Cash	FVTPL
Accounts Receivables	Amortized cost
Accounts payable	Amortized cost
Customer deposits	Amortized cost
Loans payable	Amortized cost
Convertible debenture	Amortized cost

(ii) Measurement

Financial assets and liabilities at 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.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the 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 the statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive loss ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(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 statements of comprehensive 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

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.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

(g) Revenue

The following is the Company's accounting policy for revenue from contracts with customers under IFRS 15:

The Company derives revenues from the sales of softwood pallets. There are no services contracts attached to the sale of softwood pallets. All products are sold on standalone basis.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

Revenue from the sale of softwood pallets is recognized when the products are shipped out from the Company's inventory yard, when all significant contractual obligations have been satisfied, the customer has full discretion over the channel and price to distribute the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Once products are shipped to the Company's customers, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales order, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(h) Loss per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, the exercise of stock options and share purchase warrants is considered to be anti-dilutive and basic and diluted loss per share are the same. As at June 30, 2020, the Company has 12,072,380 (2018 – 39,047,165) potentially dilutive shares outstanding.

(i) Other Comprehensive Income (Loss)

Other comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss. For the years ended June 30, 2020 and 2019, other comprehensive income (loss) consists of foreign currency translation gains and losses.

(j) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as a stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(k) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

(l) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a future tax asset will be recovered, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(m) Government grants

Loans received from government are recognized initially at fair value, with the difference between the fair value of the loan based on prevailing market interest rates and the amount received, is being recorded as finance income, in the statements of loss and comprehensive loss.

(n) Recent accounting policies adopted

(Expressed in Canadian dollars)

Other than the adoption of IFRS 16, the Company did not adopt any other new accounting standards or amendments in the current year that had a material impact on the Company's financial statements.

Accounting Standards Issued But Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for the June 30, 2020 reporting period. Management does not expect these standards will have a significant impact on the measurement or presentation of balances or transactions as reported in these consolidated financial statements.

5. Accounts Receivable

	June 30, 2020	June 30, 2019
Trade accounts receivable	$ -	$ 114,957
GST and VAT receivable	41,604	267,842
	$ 41,604	**$ 382,799**

6. Inventory

	June 30, 2020	June 30, 2019
Raw materials	$ -	$ 140,350
Finished goods	-	35,261
	$ -	**$ 175,611**

During the year ended June 30, 2020, the Company recognized $319,277 of inventory in cost of sales (2019 - $937,832).

(Expressed in Canadian dollars)

7. Property and Equipment

	Assets Under Construction $	Forklifts $	Furniture and Fixtures $	Technical Equipment and Machinery $	Leasehold Improvements $	Total $
Costs:						
Balance, June 30, 2018	630,686	8,139	8,617	519,519	-	1,166,961
Additions	551,516	80,724	6,296	7,999	-	646,535
Reclassification	(423,202)	(229)	2,456	326,634	94,341	-
Balance, June 30, 2019	759,000	88,634	17,369	854,152	94,341	1,813,496
Additions	6,972	-	-	-	-	6,972
Disposals	(765,972)	(97,634)	(17,369)	(854,152)	(94,341)	(1,820,468)
Balance, June 30, 2020	-	-	-	-	-	-
Accumulated depreciation:						
Balance, June 30, 2018	-	2,023	2,642	355,067	-	359,732
Additions	-	10.993	2.729	124.594	6,289	144,605
Balance, June 30, 2019	-	13,016	5,371	479,661	6,289	504,337
Additions	-	9,334	1,092	106,194	13,749	130,369
Disposals	-	(22,350)	(6,463)	(585,855)	(20,038)	(634,706)
Balance, June 30, 2020	-	-	-	-	-	-
Foreign exchange:						
Balance, June 30, 2019	(11,894)	(104)	934	33,325	(262)	21,999
Balance, June 30, 2020	-	-	-	-	-	-
Carrying amounts:						
Balance, June 30, 2019	747,106	75,514	12,932	407,816	87,790	1,331,158
Balance, June 30, 2020	-	-	-	-	-	-

During the year ended June 30, 2020, the Company disposed all of its property plant and equipment as a consequence of the disposal of its subsidiaries. The carrying value disposed of [net of the foreign exchange impact (loss of $124,734)] was $1,061,028 (Note 2(a)).

During the year ended June 30, 2020, the Company recorded total depreciation of $184,220 (2019 - $144,605). This includes depreciation on the right of use assets of $53,851 (2019 - $nil), (Note 9b).

During the year ended June 30, 2020, included in cost of sales was amortization of $23,980 (2019 - $98,724).

8. Loans Payable

a) As at June 30, 2020, the Company owed $nil (June 30, 2019 - $1,752) to an unrelated third party, which is unsecured, bears interest at 10% per annum, and was due on July 31, 2016.

b) As at June 30, 2020, the Company owed $nil (June 30, 2019 - $98,129), which is secured by 600,000 shares of the Company that were pledged by a shareholder, bears a floating rate of interest calculated at the Wibor 1-year rate plus 3% per annum, and due on July 31, 2018.

c) As at June 30, 2020, the Company owed $nil (June 30, 2019 - $54,995), which is secured by 600,000 shares of the Company that were pledged by a shareholder, bears a floating rate of interest calculated at the Wibor 1-year rate plus 3% per annum, and due on July 31, 2018.

d) As at June 30, 2020, the Company owed $20,000 (June 30, 2019 - $nil) to an unrelated third party, which is unsecured, bears interest at 10% per annum, and is due on October 31, 2020. For the year ended June 30, 2020, $500 of interest was accrued and added to the amount outstanding.

e) On April 29, 2020, the Company was approved and received a $40,000 line of credit (“CEBA LOC”) with CIBC under the Canada Emergency Business Account (“CEBA”) program funded by the Government of Canada. The CEBA LOC is non-interest bearing and can be repaid at any time without penalty.

On January 1, 2021, the outstanding balance of the CEBA LOC will automatically convert to a 2-year interest free term loan ("CEBA Term Loan"). The CEBA Term Loan may be repaid at any time without notice or the payment of any penalty. If 75% of the CEBA Term Loan, at the CEBA Term Loan Commencement Date, is repaid on or before December 31, 2022, the repayment of the remaining 25% of such CEBA Term Loan shall be forgiven. If on December 31, 2022, the Company exercises the option for a 3-year term extension, 5% interest during the term extension period will apply on any balance remaining.

The Company recorded the fair value of $28,190 at the initial recognition date of the CEBA LOC using an effective interest rate of 10% per annum. The difference of $11,810 between the fair value and the total amount of CEBA LOC received has been recorded as a government grant in finance income.

For the year ended June 30, 2020, the Company recorded an accretion expense of $471 (2019 – $nil), increasing the carrying value of the CEBA LOC to $28,661 as at June 30, 2020 (2019 - $nil).

f) During the year ended June 30, 2020, G2BEEL entered into a loan agreement with a third party to borrow up to $300,000 bearing interest at 8% per annum and repayable on February 28, 2020. The loan was guaranteed by the Company and was collateralised by certain assets of the Company. As at March 31, 2020 the loan was in default and had a balance outstanding $301,594. The lender and the Company agreed that the loan would be deemed to be repaid upon the Company transferring all the issued and outstanding shares of G2BEEL and G2BEC to the lender (note 2(a)).

g) During the year ended June 30, 2020, cash proceeds from loans totalled $868,441 and cash repayments of loans totalled $209,917.

9. Leases

a) Equipment lease

In 2016, the Company entered into an agreement to lease machinery used in the production of pellets and classified the lease as a finance lease under IAS 17. The interest rate underlying the obligation in the finance lease is 26% per annum. The lease was to expire on December 31, 2020. The Company ceased making payments in September 2017. In December 2018, the Company owed $344,392 (PLN 982,668) and entered into a settlement agreement. Pursuant to the agreement the Company agreed to purchase the equipment from the lessor for $257,566 (PLN 707,250), to be paid in two instalments - $86,213 (PLN 246,000) and $171,353 (PLN 461,250). The Company paid the lessor the first instalment but the final payment remained unpaid. Accordingly, the purchase agreement was reversed and the original balance less the payment made, which was $329,926, was recorded as a lease obligation and classified as a current liability as at June 30, 2019. The balance of the lease liability as at March 30, 2020 was $366,200 which was derecognised on the disposal of the subsidiaries on March 31, 2020 (Note 2(a)).

(Expressed in Canadian dollars)

b) Office lease liabilities

i) Below is a summary of right of use assets related to office leases for the Company as at June 30, 2020:

Right of use assets	Poland	Canada	**Total**
Balance, as at June 30, 2019	$ -	$ -	**$ -**
Right of use assets recognized on adoption of IFRS 16	182,770*	40,870**	**223,640**
Disposition of subsidiaries (Note 2(a))	(182,770)	-	**(182,770)**
Disposition – recognition of investment in sublease	-	(40,870)	**(40,870)**
	$ -	**$ -**	**$ -**

Right of use assets – accumulated depreciation	Poland	Canada	**Total**
Balance, as at June 30, 2019	$ -	$ -	**$ -**
Depreciation for the year	49,757	4,094	**53,851**
Disposition of subsidiaries (Note 2(a))	(49,757)	-	**(49,757)**
Disposition – recognition of investment in sublease	-	(4,094)	**(4,094)**
Right of use, net carrying value as at June 30, 2019	**$ -**	**$ -**	**$ -**
Right of use, net carrying value as at June 30, 2020	**$ -**	**$ -**	**$ -**

*A right of use asset ("ROU Asset") of $182,770 was recognized upon recognition of the lease liability (see (ii) below). The depreciation recorded for year ended June 30, 2020 was $49,757. The ROU asset with a carrying value of $133,013 was disposed of on November 29, 2019, on the disposition of subsidiaries (Note 2(a)).

** An ROU of $40,870 was recognized upon recognition of the lease liability (see (ii) below). The depreciation recorded for year ended June 30, 2020 was $4,094. The ROU Asset with a carrying value of $36,776 was disposed of on October 1, 2019, upon the Company signing a sublease (Note 9c). Because the sublease agreement is for 100% of the floor space noted, the right of use asset has been derecognised and an investment in a sublease has been recognised instead. The difference between the right of use asset at the date of derecognition and the amount of the investment in the sublease at the date of recognition totaling $273 was recorded as a loss in the statement of comprehensive loss for the year.

ii) Below is a summary of lease liability related to office leases for the Company as at June 30, 2020.

Lease liability	Poland	Canada	**Total**
Balance, as at June 30, 2019	$ -	$ -	**$ -**
Lease liability recognized on adoption of IFRS 16	182,770	40,870	**223,640**
Accretion expense	2,705	3,270	**5,975**
Payment made related to lease liability	(49,863)	(21,408)	**(71,271)**
Foreign exchange impact	(1,053)	-	**(1,053)**
Disposition of subsidiaries (Note 2(a))	(134,558)	-	**(134,558)**
	$ -	**$ 22,732**	**$ 22,732**

(Expressed in Canadian dollars)

iii) Below is a summary of carrying value and undiscounted value of Poland's office lease:

	June 30, 2020 $ Carrying Value	June 30, 2020 $ Undiscounted value
Lease liability		
Total (carrying value – PLN 392,445, undiscounted value – PLN 444,000)	134,558	152,142
Disposition of subsidiaries (Note 2(a))	(134,558)	(152,142)
Net balance, as at June 30, 2020	-	-

On adoption of IFRS 16, the Company recognized a lease liability in relation to office lease arrangements. The IFRS 16 opening adjustment related to the lease liability was $182,770 (PLN 533,383) (undiscounted value of $189,492 (PLN 553,000)), using a discount rate of 10% per annum) as at July 1, 2019. This liability represents the monthly lease payment of the following:

Monthly payment schedule	PLN	**C$**
July 2019	$ 25,000	**$ 8,567**
August 2019 to October 2019 (per month)	28,000	**9,595**
November 2019 to October 2020 (per month)	37,000	**12,678**
Total payment over life of the lease	**$ 553,000**	**$ 189,492**

iv) Below is a summary of the carrying value and undiscounted value of Canada's office lease:

	June 30, 2020 $ Carrying Value	June 30, 2020 $ Undiscounted value
Lease liability		
Total	22,732	24,084
Current	(20,889)	(22,226)
Non-current	1,843	1,858

On adoption of IFRS 16, the Company recognized a lease liability in relation to an office lease arrangement. The IFRS 16 opening adjustment related to lease liability was $40,870 (undiscounted value of $45,488 using a discount rate of 10% per annum) as at July 1, 2019. This liability represents the monthly lease payment of the following:

Monthly payment schedule	**C$**
July 2019 to July 2020 (per month)	**$ 1,784**
August 2020 to July 2021 (per month)	**1,858**
Total payment over the life of lease	**$ 45,488**

(Expressed in Canadian dollars)

c) Lease receivables

Lease receivables	**Total**
Balance, as at June 30, 2019	**$ -**
Lease receivables recognized	**36,503**
Accretion expense	**2,285**
Payments received***	**(16,056)**
	$ 22,732

***The Company did not receive the proceeds directly. The sublessor paid the Company's lessor directly. The total cash outflow made by the Company to Company's lessor for the Canada's office lease is $5,352. Combining lease payments made for the Poland office ($49,863), the total cash out flow for lease payments related to offices was $55,215.

On October 1, 2019, the Company signed a sublease, and the IFRS 16 opening adjustment related to sublease receivables was $36,503 (undiscounted value of $40,139, using a discount rate of 10% per annum) as at October 1, 2019. This receivable represents the monthly lease revenue of $1,784 from July 1, 2019 to July 31, 2020 and $1,858 from July 1, 2020 to July 31, 2021, the end of the sublease.

i) Below is a summary of the carrying value and undiscounted value of Canada's office sublease:

	June 30, 2020 $ Carrying Value	June 30, 2020 $ Undiscounted value
Lease receivables		
Total	22,732	24,084
Current	(20,889)	(22,226)
Non-current	1,843	1,858

10. Related Party Transactions

a) As at June 30, 2020, the Company owed $482,375 (2019 - $200,462) to the President of the Company and a company (Blue Amber Enterprise Ltd.) controlled by the President of the Company. The amount owing is unsecured, non-interest bearing, due on demand and is included in Due to related parties.

b) As at June 30, 2020, the Company owed $63,351 (2019 - $15,351) to a Director of the parent Company. The amount owing is unsecured, non-interest bearing, due on demand and is included in Due to related parties.

c) As at June 30, 2020, the Company owed $Nil (2019 - $10,000) to the Chief financial Officer of the Company. The amount owing is unsecured, non-interest bearing, due on demand and is included in Due to related parties.

d) As at June 30, 2020 the Company owed $Nil (2019 - $13,476) to directors Company's subsidiaries. The amount owing is unsecured, non-interest bearing, due on demand and is included in Due to related parties

e) During the year ended June 30, 2020, the Company recorded management fees of $307,124 (2019 - $260,592) to the President of the Company and a company (Blue Amber Enterprise Ltd.) controlled by the President of the Company.

f) During the year ended June 30, 2020, the Company recorded management fees of $Nil (2019 - $10,000) to a company controlled by the Chief Financial Officer of the Company.

g) During the year ended June 30, 2020, the Company recorded consulting fees of $48,000 (2019 - $48,000) to a Director of the Company.

h) During the year ended June 30, 2020, the Company recorded management fees of $Nil (2019 -

$75,600) to a company controlled by the Chief Financial Officer of the Company.

i) During the year ended June 30, 2020, the Company recorded consulting fees and management fees of $Nil (2019 - $30,000) to a former Director of the Company.

11. Share Capital

Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares without par value. The Company has not issued any preferred shares since inception.

Common Shares

The Company is authorized to issue an unlimited number of common shares without par value. As at June 30, 2020, there was a total of 100,580,327 common shares outstanding (June 30, 2019 - 92,065,567).

Issued during the year ended June 30, 2020:

On July 25, 2019 the Company issued 8,514,760 Units at a price of $0.05 per Unit for total gross proceeds of $425,738. These proceeds were received in the prior fiscal year. Each Unit consists of one common share of the Company (a "Share") and one-half (1/2) of one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $0.10 per share with an expiry date of December 23, 2021. Based on the fair value of the common shares on issuance, the residual value of $170,295 was allocated to the valuation of the warrants.

Issued during the year ended June 30, 2019:

a) On August 15, 2018, the Company issued 50,000 shares of common stock upon the exercise of 50,000 share purchase warrants at $0.10 per share for proceeds of $5,000.

b) On September 27, 2018, the Company issued 37,500 shares of common stock upon the exercise of 37,500 share purchase warrants at $0.10 per share for proceeds of $3,750.

c) On November 7, 2018, the Company issued 37,500 shares of common stock upon the exercise of 37,500 share purchase warrants at $0.10 per share for proceeds of $3,750.

d) On November 9, 2018, the Company issued 650,000 shares of common stock upon the exercise of 650,000 share purchase warrants at $0.10 per share for proceeds of $65,000.

e) As at June 30, 2019, the Company received $425,738 in cash for a private placement which closed on July 25, 2019.

Escrow Shares

On the closing of the Transaction (Note 1), 31,520,602 common shares (the "Escrow Shares") were held in escrow pursuant to a share exchange agreement. The Escrow Shares are to be released as follows: Ten (10%) percent of the Escrow Shares are to be released upon the date of listing on the Exchange and an additional 15% are to be released every 6 months thereafter until all Escrow Shares have been released (36 months following the date of listing on the Exchange). As at June 30, 2020, there were 4,742,354 (2019 - 14,227,058) common shares held in escrow

12. Stock Options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each stock option may be no less than the greater of $0.10 per share and the closing market price of the Company's shares on the trading day immediately preceding the date of grant of the option, less any applicable discount allowed by the stock exchange on which the shares are traded, as calculated on the date of grant.

(Expressed in Canadian dollars)

The following table summarizes the changes during the six months ended June 30, 2020:

	June 30, 2020		June 30, 2019	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding – beginning of year	7,815,000	0.14	6,615,000	0.15
Granted	–	–	1,400,000	0.14
Cancelled	–	–	(200,000)	0.37
Outstanding – end of period	7,815,000	0.14	7,815,000	0.14
Exercisable – end of period	7,815,000	0.14	7,815,000	0.14

The following table summarizes information about stock options outstanding and exercisable as at June 30, 2020

Exercise Price	Expiry Date	Number of Options Outstanding and Exercisable	Number of Options Exercisable	Remaining Contracted Life (Years)
$ 0.10	November 21, 2022	1,100,000	1,100,000	2.39
$ 0.15	January 25, 2023	1,915,000	1,915,000	2.57
$ 0.15	June 13, 2023	3,000,000	3,000,000	2.95
$ 0.15	June 19, 2023	400,000	400,000	2.97
$ 0.15	July 10, 2023	1,000,000	1,000,000	3.03
$ 0.10	November 26, 2023	400,000	400,000	3.41
		7,815,000	7,815,000	2.82 *

*weighted average remaining contracted life

The weighted average fair value of the options granted during the year ended June 30, 2020, was $nil (2019 - $0.14). The assumptions used in calculating the fair value of stock-based compensation expense are as follows:

	2020	2019
Risk-free rate	-	2.07% - 2.30%
Dividend yield	-	nil%
Expected volatility	-	137% - 161%
Weighted average expected life of the options (years)	-	5.00

During the year ended June 30, 2020, the Company recognized share-based compensation expense of $nil (2019 - $137,166) in share-based payment reserve.

(Expressed in Canadian dollars)

Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2018	32,007,165	$ 0.27
Exercised	(775 000)	$ 0.10
Balance, June 30, 2019	31,232,165	$ 0.30
Issued (Note 11)	4,257,380	$0.10
Expired	(31,232,165)	$0.30
Balance, June 30, 2020	4,257,380	$0.10

The following table summarizes information about warrants outstanding and exercisable at March 31, 2020:

Warrants Outstanding	Exercise Price	Expiry Date
4,257,380	$0.10	January 23, 2021

13. Convertible Debentures

Below is a summary of the Company's convertible debentures

	Convertible Debenture A (a)	Convertible Debenture B (b)	**Total**
Balance, as at June 30, 2018	$ -	$ -	$ -
Principal issued	303,000	-	303,000
Conversion option (equity component)	(34,591)	-	(34,591)
Accretion expense	5,396	-	5,396
Interest accrued	1,774	-	1,774
Balance, as at June 30, 2019	**$ 275,579**	**$ -**	**$ 275,579**
Principal issued	-	10,000	10,000
Conversion option (equity component)	-	(1,084)	(1,084)
Accretion expense	10,227	316	10,543
Interest accrued	30,300	934	31,234
Balance, as at June 30, 2020	**$ 316,106**	**$ 10,166**	**$ 326,272**

The convertible debentures were accounted for as having a financial liability and an equity instrument component. The financial liability, which represents the obligation to pay coupon interest and principal in the future is initially measured at fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Interest has been accrued at the effective rate of 15% per annum.

a) The Company received subscriptions on a non-brokered private placement of unsecured convertible debentures, having a term of 36 months accruing interest at 10% per annum, accrued and paid annually. The holders of the debentures have the option to convert into common shares in $5,000 increments at $0.20 per share. The Company may force the conversion of the principal amount the then outstanding debentures at the conversion price on not less than 30 days' notice should the daily volume weighted average trading price of the Company's outstanding common shares on the Exchange be equal to or greater than $0.40 per common share for any 10 consecutive trading days, subject to such mandatory conversion being permitted under the policies of the Exchange at the time of conversion.

The offering was closed on April 30, 2019, with the Company receiving gross proceeds of $303,000.

b) The Company received subscriptions on a non-brokered private placement of unsecured convertible debentures, having a term of 36 months accruing interest at 10% per annum, accrued and paid annually. The holders of the debentures have the option to convert into common shares in $5,000 increments at $0.20 per share. The Company may force the conversion of the principal amount the then outstanding debentures at the conversion price on not less than 30 days' notice should the daily volume weighted average trading price of the Company's outstanding common shares on the Exchange be equal to or greater than $0.40 per common share for any 10 consecutive trading days, subject to such mandatory conversion being permitted under the policies of the Exchange at the time of conversion.

The offering was closed on July 25, 2019, with the Company receiving gross proceeds of $10,000.

14. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital, and reserves.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new equity issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2020.

15. Commitments

The Company had no significant commitments or contractual obligations with any parties related to executive compensation, consulting arrangements, or other matters other than disclosed below and disclosed in Note 9.

(a) On April 1, 2020, the Company entered into a consulting agreement with ECMB Capital Partners Inc. ("ECMB"). Under the terms of the consulting agreement, ECMB will provide advisory services including identifying and negotiating development opportunities for the Company and support for ongoing advancement of the Company. The consulting agreement provides for a monthly retainer of $4,000 payable in cash or equity, calculated each three months with the first payment due on signing and a finder's fee up to 10% of the value of a transaction brought to the Company.

16. Financial Instruments and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

(a) Fair Values

The fair value of the Company's financial assets and liabilities approximates the carrying amount. 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:

(a) Fair Values (continued)

- 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.

Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The carrying value of accounts receivable, accounts payable, customer deposits and loans payable approximate their fair value due of the short-term nature of these instruments and are recorded at amortised cost.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is in its cash and accounts receivables. Cash is held with major banks in Canada, which are high credit quality financial institutions as determined by rating agencies. The carrying amount of financial assets represents the maximum credit exposure.

Accounts receivable consists of trade receivables and input tax credits. The following table represents the customers that represented 10% or more of total trade receivables as of:

	June 30, 2020	June 30, 2019
Customer A	-	23%
Customer B	-	22%
Customer C	-	1%

The following table represents the customers that represented 10% or more of total revenue for the period ended June 30:

	2020	2019
Customer A	46%	47%
Customer B	29%	16%
Customer C	17%	14%

(c) Currency Risk

The Company's functional currencies are the Canadian dollar and the Polish zloty. Currency risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company's head office and some operating expenses are denominated in Canadian dollars. The Company's revenue and a large portion of operating expenses were denominated in Polish zloty. As of March 31, 2020 the Company had disposed of five of its operating subsidiaries and only had remaining activities in Canada subsequent to March 31, 2020. Accordingly the Company is currently not subject to foreign currency risk from March 31, 2020. The Company managed its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables where possible. Management relied on the natural hedge created by this matching process and thus has chosen not to otherwise hedge its foreign exchange risk. Foreign exchange risk is assessed as low as at June 30, 2020.

(d) Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates and its short-term term deposits at prescribed market rates. The fair value of the Company's cash is not significantly affected by changes in short-term interest rates. The interest expenses accrued for loans payable and convertible debentures is subject to movement in interest rates (Notes 8 and 13). Interest rate risk is assessed as low.

(Expressed in Canadian dollars)

(e) Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. At June 30, 2020, the Company's cash balance of $3,503 is unable to settle current liabilities of $817,981. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Accounts payable, loans payable and accrued liabilities and amounts payable to related parties are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long-term strategic objectives. Liquidity risk is assessed as high.

17. Segmented information

The Company had one operating segment which is manufacturing, marketing, and distributing softwood pellets and shavings for consumer and industrial customers, which was disposed during the year ended June 30, 2020 (see Note 2(a)). The Company had operations in Canada and Poland. As at June 30, 2020, the geographic distribution of non-current assets is as follows:

	Canada	Poland	Total
June 30, 2019			
Property and equipment	$ 966	$ 1,330,192	$ 1,331,158

	Canada	Poland	Total
June 30, 2020			
Property and equipment	$ -	$ -	$ -

All of the Company's revenue during the year ended June 30, 2020 and 2019 were generated in Poland.

18. Contingencies

Civil Claim against the Company

On July 22, 2019, the Company served with a notice of civil claim, filed on July 11, 2019 with the Supreme Court of British Columbia, by Plaintiffs under the Class Proceedings Act, RSBC 1996, c 50, naming the Company as a defendant along with 86 additional defendants, in connection with allegations of the inappropriate use of the exemption from prospectus requirements contained in Section 2.12 of National Instrument 45-106 Prospectus Exemptions, and the disclosure records of the Company in respect of distributions of securities to consultants using such exemption. Honourable Madam Justice Adair has been assigned as the Judicial Management Judge in the above noted matter under the Class Proceedings Act. As of the date of approval of the financial statements, no legal decision has been made.

The Company also had a regulatory hearing submission before the B.C. Securities Commission ("BCSC") in respect of the allegation of misuse of the exemption from prospectus requirements contained in section 2.12 of National Instrument 45-106 and connected agreements with consultants of the Company. As at June 30, 2020 and the date of approval of the financial statements, no decision has been received.

(Expressed in Canadian dollars)

19. Finance cost

	June 30, 2020 Year ended	June 30, 2019 Year ended
	$	$
Accretion – convertible debenture (Note 13)	(10,543)	(5,396)
Accretion - loan payable (Note 8)	(471)	-
Gain recognition from CEBA LOC (Note 8)	11,810	-
Accretion - lease liability (Note 9)	(3,270)	-
Accretion - lease receivable (Note 9)	2,285	-
Interest and other	(23,192)	(55,245)
	(23,381)	**(60,641)**

20. Tax provision

The Company operates in Canada, Malta and Poland and is subject to statutory income tax rates of 27%, 35% and 19%, respectively. The income tax provision differs from the amounts that would be obtained by applying the Canadian statutory income tax rate to net loss before taxes as follows:

	June 30, 2020	**June 30, 2019**
Statutory income tax rate	27%	26%
Income tax recovery at statutory rate	$(200,101)	$(494,955)
Tax effect of:		
Permanent differences and other	408,329	32,753
True up of prior year loss provision	74,983	(57,445)
Difference in tax rates between foreign jurisdictions	34,221	77,955
Change in unrecognized deferred income tax assets	(317,432)	441,692
Income tax provision	$ –	$ –

The significant components of the Company's deferred income taxes are as follows:

	June 30, 2020	**June 30, 2019**
Deferred income tax assets		
Non-capital losses carried forward	2,015,673	2,238,369
Share issuance costs	16,802	24,270
Property and equipment	2,266	89,534
Total deferred income tax assets	2,034,741	2,352,173
Unrecognized deferred income tax assets	(2,034,741)	(2,352,173)
Net deferred income tax assets	–	–

As at June 30, 2020, the Company has non-capital losses carried forward of $7,465,000 in Canada which are available to offset future years' taxable income. These losses expire from 2036 to 2040.

As at June 30, 2019, the Company has non-capital losses carried forward of $9,421,420 in Canada and Poland which are available to offset future years' taxable income. These losses expire from 2035 to 2039.

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

21. Subsequent Events

On October 7, 2020, the Company has elected to cancel all outstanding 7,815,000 stock option (Note 12).