GEOLOGICA RESOURCE CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED March 31, 2021 and 2020

(Unaudited – Prepared by Management)

Geologica Resource Corp.

Condensed Consolidated Interim Financial Statements

Period ended March 31, 2021 and 2020

(Unaudited - prepared by management)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the consolidated interim financial statements for the period ended March 31, 2021.

GEOLOGICA RESOURCE CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	As at March 31, 2021	As at December 31, 2020
ASSETS		
Current		
Cash	$ 38,696	$ 24,001
Advances	5,764	5,412
GST receivable	12,419	8,520
Prepaid expenses	36,282	2,924
	93,161	40,857
Non-Current		
Exploration and evaluation assets (Note 5)	49,237	31,426
	142,398	72,283
LIABILITIES		
Current		
Accounts payable and accrued liabilities	14,570	31,055
Loans payable (Note 7)	39,319	46,039
Due to related parties (Note 9)	50,621	62,165
Subscriptions received (Note 8)	-	30,000
	104,510	169,259
Non-Current		
Loans payable (Note 7)	56,000	56,000
Convertible notes (Note 8)	-	98,750
	160,510	324,009
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 10)	1,548,929	1,296,597
Subscription received (Note 10)	-	10,000
Contributed surplus (Note 10)	514,277	492,328
Equity component of convertible debt (Note 8)	12,572	12,572
Deficit	(2,093,890)	(2,063,223)
Total equity (deficiency)	(18,112)	(251,726)
	$ 142,398	$ (72,283)

Nature and continuance of operations (Note 1)

Subsequent events (Note 15)

Approved by the directors:

"Doug Unwin" *"Derick Sinclair"*

GEOLOGICA RESOURCE CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Expenses:		(Restated - See Note 3)
Accounting and audit fees (Note 9)	$ 500	$ 2,500
Consulting fees (Note 9)	4,000	38,714
Interest and bank charges (Note 7, Note 8)	6,010	3,704
Legal fees	3,075	221
Management fees (Note 9)	5,000	-
Marketing	-	1,688
Office and administration	711	111
Transfer agent and filing fees	4,831	1,011
Total expenses	(24,127)	(47,949)
Loss on repayment of convertible debt (Note 8)	(6,540)	-
Write-off of expense advances	-	(2,150)
Net loss from continuing operations	(30,667)	(50,099)
Net loss from discontinued operations (Note 3)	-	(17,329)
Net loss and comprehensive loss for the period	$ (30,667)	$ (67,428)
Loss per share – Basic and diluted*	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding*	6,959,576	5,111,752

GEOLOGICA RESOURCE CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Operating Activities		
Net loss for the period	$ (30,667)	$ (67,428)
Items not involving cash:		
Accrued interest and accretion on long-term debt	5,624	3,541
Loss on repayment of convertible debt	6,540	-
Write-off of expense advances	-	19,410
	(18,503)	(44,477)
Changes in non-cash working capital item related to operations:		
Advances	(352)	-
GST receivable	(3,899)	(54)
Prepaid expenses	(30,858)	37,402
Accounts payable and accrued liabilities	(17,009)	1,171
Cash provided by operating activities	(70,621)	(5,958)
Investing Activities		
Investment in exploration and evaluation assets	(17,286)	-
Cash used in investing activities	(17,286)	-
Financing Activities		
Proceeds from issuance of common shares	66,130	-
Share issuance costs	(10,000)	-
Issuance of convertible notes	130,000	-
Payment of loans payable	(8,400)	-
Payment of convertible notes	(71,584)	-
Change in due to related parties	(3,544)	5,925
Cash provided by financing activities	102,602	5,925
Increase (decrease) in cash during the period	14,695	(33)
Cash, beginning of the period	24,001	53
Cash, end of the period	$ 38,696	$ 20
Cash paid for:		
Interest	$ 15,003	$ -
Income taxes	$ -	$ -

Significant non-cash investing and financing transactions (Note 14)

GEOLOGICA RESOURCE CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS
OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian dollars)

	Number of Shares*	Share Capital $	Subscriptions Received $	Contributed Surplus $	Equity component of convertible debt $	Deficit $	Total $
Balance, December 31, 2019	5,111,752	1,608,675	-	180,250	12,752	(1,702,278)	99,219
Loss for the period	-	-	-	-	-	(67,428)	(67,428)
Balance, March 31, 2020	5,111,752	1,608,675	-	180,250	12,572	(1,769,706)	31,791

	Number of Shares*	Share Capital $	Subscriptions Received $	Contributed Surplus $	Equity component of convertible debt $	Deficit $	Total $
Balance, December 31, 2020	5,111,752	1,296,597	10,000	492,328	12,572	(2,063,223)	(251,726)
						-	
Shares issued for cash	661,300	45,959	-	20,171	-	-	66,130
Shares issued for debt settlement	205,000	20,500	(10,000)	-	-	-	10,500
Conversion of convertible debt	4,674,000	197,651	-	-	-	-	197,651
Share issuance costs	-	(10,000)	-	-	-	-	(10,000)
Broker warrants	-	(1,778)	-	1,778	-	-	-
Loss for the period	-	-	-	-	-	(30,667)	(30,667)
Balance, March 31, 2021	10,652,052	1,548,929	-	514,277	12,572	(2,093,890)	(18,112)

***Post 1:2.5 share consolidation (Note 10)**

1. Nature and Continuance of Operations

Geologica Resource Corp. (the "Company") was incorporated on March 6, 2016 under the BC Business Corporations Act as a wholly-owned subsidiary of Pacific Therapeutics Inc. ("PT"), a public company the common shares of which trade on the Canadian Securities Exchange ("CSE"). The head office of the Company is located at 1735 555 Burrard St. Vancouver, BC V7X 1M9. The registered and records office of the Company is located at the same address. The Company was spun off from PT on October 13, 2016 by way of a plan of arrangement. Effective February 24, 2021, the Company changed its name from Cabbay Holdings Corp. to Geologica Resource Corp.

During the year ended December 31, 2020, the Company entered into an option agreement to acquire mining claims in British Columbia known as the Topley Property (Note 5).

The Company's principal business activities are the exploration of natural resource properties. The recovery of the Company's investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has not earned any revenues to date and is in the exploration stage.

The exploration and evaluation property in which the Company has an interest in is in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and cover administrative costs, the Company will use its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if adequate financial resources are available to do so.

On closing of the plan of arrangement with PT and the Company, the Company held an agreement with ForwoRx Therapeutics Inc. for sale and purchase of PT's technology focused on repurposing and reformulating existing approved drugs as well as developing proprietary drug technologies from late-stage pre-clinical testing through phase 2 clinical trials. This agreement was transferred to the Company's wholly owned subsidiary Alta-Sun Samson Holdings Corp. ("Alta-Sun"). During the year ended December 31, 2020, the Company lost control of Alta-Sun (Note 4). The Company no longer has a direct interest in this agreement.

These unaudited condensed consolidated interim financial statements have been prepared on the 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 March 31, 2021, the Company has no source of revenue and does not generate cash flows from operating activities. The Company had a net loss for the period ended March 31, 2021 of $30,667 (March 31, 2020: $67,428) and an accumulated deficit at March 31, 2021 of $2,093,890 (December 31, 2020: $2,063,223).

1. Nature and Continuance of Operations (continued)

The Company expects to incur further losses in the development of its business. The Company's ability to continue as a going concern is dependent upon its ability to raise adequate funding through equity or debt financings to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

To the date of this report, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic lowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

2. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance and Basis of Preparation

These unaudited consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

The Company uses the same accounting policies and methods of computation as in the audited annual financial statements for the year ended December 31, 2020.

(b) Use of Estimates

The Company makes estimates and assumptions about the future that affect the reported amount of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

2. Statement of Compliance and Basis of Presentation (continued)

The effect of a change in an accounting estimate is measured prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions, relate to, but are not limited to, the following:

Estimates:

Share-based payments and compensation

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimated fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about them. The fair value of the underlying common shares is assessed as the most recent issuance price per common share for cash proceeds. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 10.

Deferred income tax

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Judgments:

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

2. Statement of Compliance and Basis of Presentation (continued)

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. That judgment may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Going Concern

The assumption is that the Company is a going concern and will continue into the foreseeable future. The factors considered by management are disclosed in Note 1.

Revenue

Collectability of the annual maintenance fee from ForwoRx, as discussed in Note 4.

(c) Principles of consolidation

The unaudited condensed consolidated interim financial statements include the financial statements of the Company and the following subsidiary:

Alta-Sun Samson Holdings Corp. – Disposed (Note 3)

All intercompany transactions, balances, revenue and expenses are eliminated on consolidation.

3. Discontinued Operations

On October 16, 2020, Alta-Sun issued 100,000 common shares at a price of $0.001 per share to an arm's-length party. As a result, the Company lost control of its wholly owned subsidiary. Alta-Sun held the intellectual property for the development of therapies for fibrosis and erectile disfunction (Note 4) and the ACMPR license assets (Note 6).

Consequently, the assets and liabilities held by Alta-Sun were derecognized from the statements of financial position. The Company recognized a corresponding loss on derecognition of Alta-Sun as follows:

Bank indebtedness	$	(12)
GST receivable		1,250
Intellectual property		1
License costs		237,899
Accounts payable and accrued liabilities		(30,841)
Net assets disposed		208,297
Loss on derecognition of subsidiary	**$**	**208,297**

3. Discontinued Operations (continued)

As of October 16, 2020 and March 31, 2021, the Company has balance of $386,656 due from Alta-Sun. In the Company's judgement, no portion of the amount will be recognized until collection can be assured. The Company measures the loss allowance for the receivable at an amount equal to the lifetime expected credit losses of the credit risk to be $386,656.

The operations of Alta-Sun have been classified as discontinued operations. Income and losses relating to the discontinued operations have been eliminated from the Company's continuing operations and are shown as a single line item on the face of the statements of loss and comprehensive loss. The following summarizes operating information relating to the discontinued operations:

		March 31, 2021		March 31, 2020
Bank fees and interest charges	$	-	$	69
Total expenses		-		(69)
Write-off of expense advances		-		(17,260)
Net loss from discontinued operations	**$**	**-**	**$**	**(17,329)**

Cash flows generated by Alta-Sun for March 31, 2021 and 2020 are as follows:

		March 31, 2021		March 31, 2020
Operating activities	$	-	$	31.34
Cash flows from discontinued operations	**$**	**-**	**$**	**31.34**

4. Asset Purchase Agreement

The Company no longer holds rights associated with a definitive Asset Purchase Agreement between PT and ForwoRx, whereby PT transferred it's patents in the area of the development of therapies for fibrosis and erectile dysfunction to ForwoRx for further development of the technologies by ForwoRx.

Proceeds from the sale were a commitment by ForwoRx to issue 15,000,000 common shares.

Subject to the terms of the Agreement, if the 15,000,000 shares are not issued to the Company within 3 years, then the Company may trigger the issuance of the shares, and if at the end of 5 years the shares have not been issued, then ForwoRx must return the assets to the Company. In the event of a sale by ForwoRx to a third party of the assets purchased under the agreement, the Company will receive 6% of the value of that transaction, subject to certain conditions. The Company has assessed that the fair value of the right to receive the shares from ForwoRx is not determinable and has accordingly recorded a nominal value of $1.

4. Asset Purchase Agreement (continued)

A condition of the sale was that ForwoRx will pay to the Company an annual maintenance fee of $50,000. As of March 31, 2021, $200,000 (December 31, 2020: $200,000) in maintenance fees was due. In the Company's judgment, no portion of this amount will be recognized until collection can be assured. The Company measures the loss allowance for the maintenance fees at an amount equal to the lifetime expected credit losses of the credit risk to be $200,000.

On September 18, 2020, the Asset Purchase Agreement was terminated and the intellectual property was returned to the Company's subsidiary Alta-Sun. ForwoRx did not make maintenance fees to intellectual property offices causing the patents to lapse. The Company assessed that the fair value of the intellectual property is not determinable and accordingly recorded a nominal value. On termination, ForwoRx is no longer required to pay the $50,000 annual maintenance fee after September 18, 2020.

On October 16, 2020, the Company lost control of the asset as a result of loss of control of Alta-Sun (Note 3).

5. Exploration and Evaluation Assets

On October 19, 2020, the Company entered into an option agreement to earn a 100% interest in the Topley Copper-Gold Project in British Columbia. The agreement was amended on October 28, 2020 to add an additional claim to the optioned property. In order to earn an interest in the property, the Company must make the following:

Cash payments:
- $5,000 on signing the agreement (paid)
- $50,000 by December 31, 2023

Share issuances:
- 250,000 on listing of the Company's shares
- 250,000 by December 31, 2021
- 250,000 by December 31, 2022
- 250,000 by December 31, 2023

Exploration expenditures:
- $15,000 by November 7, 2020 (incurred)
- $25,000 by December 31, 2020 (incurred)
- 110,000 by December 31, 2021

The option is subject to a 2% Net Smelter Return royalty, of which 1% can be repurchased by the Company for $1,000,000.

5. Exploration and Evaluation Assets (continued)

		Topley Property
Balance December 31, 2019	$	-
Acquisition costs - cash		5,000
Exploration costs		
Sampling		26,426
Balance December 31, 2020		**31,426**
Exploration costs		
Assay		16,574
Sampling		1,237
	$	**49,237**

6. License Costs

Costs and Net Carrying Amount

		Cannabis Act License Costs
Balance December 31, 2019	$	237,899
Derecognized		(237,899)
Balance December 31, 2020 and March 31, 2021	$	-

On June 4, 2018 the Company entered into a binding agreement with Cannabis Compliance Inc. (“CCI”). CCI would provide the Company with consulting services related to an Access to Cannabis for Medical Purposes (“ACMPR”) Cannabis Act license application and construction of a cannabis cultivation facility.

The costs incurred to complete the license application were capitalized as an intangible asset. The Company also classified certain consulting charges associated with obtaining the Cannabis Act license.

On October 16, 2020, the balance was derecognized as a result of loss of control of Alta-Sun (Note 3).

7. Loans Payable

		March 31, 2021		December 31, 2020
Loans assumed from PT - Non-interest bearing with no set repayment terms	$	35,623	$	35,623
Loan assumed from PT - Interest rate of 1% monthly, due September 30, 2022		59,696		66,416
	$	**95,319**	**$**	**102,039**

On September 26, 2019, the Company signed an agreement whereby the due date of the principal of the interest-bearing loan in the amount of $56,000 (December 31, 2020: $56,000) was extended and became due on September 30, 2022. The loan accrues interest at 1% per month and interest is payable quarterly. Interest expense for the period ended March 31, 2021 was $1,680 (2020: $1,680). Interest accrued at March 31, 2021 of $3,696 (December 31, 2020: $10,416) is past due and has been recorded as an increase to the loans payable balance.

8. Convertible notes

Convertible notes due to related parties

		Due to the CEO and director		Due to the CFO and director		Due to a former director		Total
Principal								
Balance, December 31, 2019	$	19,293	$	16,777	$	18,453	$	54,523
Accretion		1,483		1,289		1,419		4,191
Balance, December 31, 2020		**20,776**		**18,066**		**19,872**		**58,714**
Accretion		273		216		332		821
Payment		(22,981)		(20,000)		(23,094)		(66,075)
Loss on repayment		1,932		1,718		2,890		6,540
Balance, March 31, 2021	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Interest								
Balance, December 31, 2019	$	575	$	500	$	550	$	1,625
Accrued		1,150		1,000		1,100		3,250
Balance, December 31, 2020		**1,725**		**1,500**		**1,650**		**4,875**
Accrued		211		167		256		634
Payment		(1,936)		(1,667)		(1,906)		(5,509)
Balance, March 31, 2021	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Equity component	**$**	**4,448**	**$**	**3,868**	**$**	**4,256**	**$**	**12,572**

8. Convertible notes (continued)

The convertible notes due from related parties have a face value of $65,000, are payable on July 10, 2022, bear interest at 5% annually, and are convertible into common shares at the option of the holder at a conversion price of $0.25 per share.

The notes were separated into their liability and equity components by first valuing the liability component by discounting the cash flows and assigning the residual value to the equity component. The initial fair value of the debt component was recorded at $52,399 using a discount rate of 12%, and $12,572 was assigned to the equity component to account for the conversion feature. The debt component will be systematically accreted to its face value over the term of the notes by recording additional interest.

During the three months ended March 31, 2021, the Company made paid $71,584 to extinguish the notes. The Company recorded a loss of $6,540 on repayment related to the unamortized discount.

Convertible debenture financings

a) Notes convertible at $0.025 per share

Principal		
Balance, December 31, 2019	$	-
Issued		35,000
Balance, December 31, 2020		**35,000**
Converted to shares		(35,000)
Balance, March 31, 2021	$	-
Interest		
Balance, December 31, 2019	$	-
Accrued		161
Balance, December 31, 2020		**161**
Accrued		**889**
Converted to shares		**(1,050)**
Balance, March 31, 2021	$	**-**

On December 17, 2020, the company issued convertible notes in the amount of $35,000 pursuant to a private placement. Of that amount, $10,000 was issued to directors and family members of directors. The notes mature on December 17, 2023, bear interest at 12% annually, and convert into common shares at a conversion price of $0.025 per share automatically on completion of a 1 for 2.5 consolidation of the Company's shares.

8. Convertible notes (continued)

At the time of issuance, the fair value of the liability component was determined to be equal to the $35,000 proceeds received. Accordingly, no amount has been allocated to the equity component. This was determined by first valuing the liability component by discounting the cash flows using a discount rate of 12% and assigning the residual value, if any, to the equity component.

On February 24, 2021, the Company completed a 1 for 2.5 share consolidation and the principal and accrued interest converted into 1,442,000 common shares (Note 10).

b) Notes convertible at $0.05 per share

Principal		
Balance, December 31, 2020	$	-
Issued		154,883
Converted to shares		(154,883)
Balance, March 31, 2021	**$**	**-**
Interest		
Balance, December 31, 2020	$	-
Accrued		1,601
Converted to shares		(1,601)
Balance, March 31, 2021	**$**	**-**
Equity component		
Balance, December 31, 2020	$	-
Issued		5,117
Converted to shares		(5,117)
Balance, March 31, 2021	**$**	**-**

On February 4, 2021, the company issued convertible notes in the amount of $160,000 pursuant to a private placement. Of that amount, $30,000 were subscriptions received prior to December 31, 2020. The notes mature on February 4, 2024, bear interest at 12% annually, and convert into common shares at a conversion price of $0.05 per share automatically on completion of a 1 for 2.5 consolidation of the Company's shares.

The notes were separated into their liability and equity components by first valuing the liability component by discounting the cash flows and assigning the residual value to the equity component. The initial fair value of the debt component was recorded at $154,883 using a discount rate of 12%, and $5,116 was assigned to the equity component to account for the conversion feature.

8. Convertible notes (continued)

On February 24, 2021, the Company completed a 1 for 2.5 share consolidation and the principal and accrued interest converted into 3,232,000 common shares. The equity component was allocated to share capital on conversion (Note 10).

9. Related Party Transactions

Transactions with related parties are as follows:

		March 31, 2021		**March 31, 2020**
Accounting fees to a Company controlled by the CFO and director	$	500	$	2,500
Consulting fees to the CFO and director		3,000		3,000
Management fees to the CEO and director		5,000		-
	$	8,500	$	5,500

Balance due to the CEO and director:

As of March 31, 2021, the Company has $1,658 (December 31, 2020: $6,279) of short-term debt owing to the CEO and director of the Company. The balance has no set terms of repayment and does not bear interest.

Balance due to the CFO and director:

As of March 31, 2021, the Company has $32,063 (December 31, 2020: $30,638) of short-term debt owing to a company controlled by the CFO and director, and $17,000 (December 31, 2020: $14,000) owing to that director. The amounts do not bear interest and has no set terms of repayment.

Balance due from former subsidiary:

During the three-months ended March 31, 2021, the Company loaned $100 to its former subsidiary, Alta-Sun. The amount does not bear interest and has no set terms of repayment. The Company has additional loans due from Alta-Sun that are not recognized because collection is not assured (Note 3).

10. Share Capital

The Company has authorized an unlimited amount of Class A common shares without par value. As at March 31, 2021, the Company has 10,652,052 (December 31, 2020: 5,111,752) common shares issued and outstanding.

Share consolidation

On February 24, 2021, the company completed a consolidation of its common shares on the basis of one post-consolidated share for every 2.5 pre-consolidated shares. The share consolidation was approved by the board on August 7, 2020. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

Financings

During the three months ended March 31, 2021

On February 24, 2021, convertible notes in the amount of $36,050 were converted into 1,442,000 common shares at a conversion rate of $0.025 per share on completion of the 1 for 2.5 share consolidation. The convertible debentures were issued pursuant to a private placement on December 17, 2020 (Note 8).

On February 24, 2021, convertible notes in the amount of $161,600 were converted into 3,232,000 common shares at a conversion rate of $0.05 per share on completion of the 1 for 2.5 share consolidation. The convertible debentures were issued pursuant to a private placement on February 4, 2021. The Company paid a cash finder's fee of $10,000 and issued 200,000 broker warrants in relation to the financing (Note 8).

On March 30, 2021, the Company issued 661,300 units for proceeds of $66,130 pursuant to a private placement. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $0.125 per share until March 29, 2026. The warrants were assigned a fair value of $20,171 using the residual value method.

On March 30, 2021, the Company settled accounts payable in the amount of $20,500 by issuance of 205,000 common shares. $10,000 of the amount was included in subscriptions received as of December 31, 2020.

During the year ended December 31, 2020

The Company has amended the terms of 1,614,358 warrants which resulted in an adjustment of $312,078 to share capital.

10. Share Capital (continued)

Stock Options and Share Based Payments

As at March 31, 2021, the following stock options were outstanding and exercisable:

Expiry Date	Exercise Price $	Options Outstanding #
August 23, 2024	0.625	8,000

During the three month period ended March 31, 2021:

34,000 options held by directors and consultants were forfeited.

During the year ended December 31, 2020:

48,000 options were forfeited on the resignation of directors and consultants.

308,000 options held by directors were forfeited.

The options outstanding and exercisable as at March 31, 2021 have a weighted average remaining contractual life of 3.4 years (December 31, 2020: 3.07 years). Stock option activity was as follows:

	Options outstanding	Exercise Price $
Balance, December 31, 2019	398,000	0.40
Forfeited	(356,000)	(0.40)
Balance, December 31, 2020	42,000	0.536
Forfeited	(34,000)	(0.36)
Balance, March 31, 2021	8,000	0.625

The fair value of share-based awards is determined using the Black-Scholes Option Pricing Model. The model utilizes certain subjective assumptions including the expected life of the option and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's stock options.

Warrants

As at March 31, 2021 the following share purchase warrants were issued and outstanding:

Expiry Date	Exercise Price $	Warrants outstanding #
February 3, 2023	0.05	200,000
April 12, 2023	0.25	645,743
March 29, 2026	0.125	661,300
		1,507,043

10. Share Capital (continued)

During the three month period ended March 31, 2021:

On February 4, 2021, the Company issued 200,000 broker warrants pursuant to a convertible debenture financing. Each warrant entitles the holder to purchase one common share at $0.05 per share until February 23, 2023. The warrants were assigned a value of $1,778 using the Black-Scholes pricing model.

On March 30, 2021, the Company issued 661,300 warrants pursuant to a private placement of units. Each warrant entitles the holder to purchase one common share at $0.125 per share until March 29, 2026. The warrants were deemed the more easily valuable component were assigned a value of $20,171 using the Black-Scholes pricing model.

During the year ended December 31, 2020:

The Company amended the terms of its 645,743 warrants by extending the expiry date by 3 years from April 12, 2020 to April 12, 2023. The exercise price was revised from $0.875 per share to $0.25 per share. The modification resulted in an additional allocation of $312,078 to contributed surplus.

The warrants outstanding and exercisable as at March 31, 2021 have a weighted average remaining contractual life of 3.31 years (December 31, 2020: 2.28 years). Warrant activity was as follows:

	Warrants outstanding	Exercise Price $
Balance, December 31, 2019 and 2020	645,743	0.25
Issued	861,300	0.11
March 31, 2021	1,507,043	0.17

The fair value of warrants was determined using the Black-Scholes Option Pricing Model as the warrants were the more easily valued component. The model utilizes certain subjective assumptions including the expected life of the warrant and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's warrants. The Company used the Black-Scholes Option Pricing Model for its warrant grant in 2018. The assumptions used in the black-Scholes pricing model were:

	March 31, 2021	December 31, 2020
Expected volatility	**100%**	**100%**
Risk free interest rate	**0.19% - 0.97%**	**0.45%**
Expected life in years	**2 - 5**	**3**
Grant date fair value per share	**$0.025 - $0.05**	**$0.625**
Forfeiture rate	**0%**	**0%**

11. Line of Credit

On March 15, 2019, the Company entered into agreements to access lines of credit of up to $1.2 million with a maturity date of March 31, 2022. Any amount borrowed on the lines of credit is subject to interest at 12% annually. Interest is payable quarterly beginning 365 days from the date the Company receives a standard cultivation license from Health Canada to grow Cannabis. Interest may be paid in cash or shares at the Lender's discretion. Any amount in default will be subject to interest at 18% annually. Advances are available to the Company until March 31, 2022.

An administrative fee of 200,000 common shares valued at $125,000 was paid to the lenders. Of this amount $31,250 was paid to a director of the Company. The shares were issued on April 26, 2019.

On December 15, 2020, the Company sent notice to the lenders that the Company was cancelling the agreements.

As of March 31, 2021 and December 30, 2020, the Company had not borrowed any funds under the agreements.

12. Capital Disclosures

The Company considers its capital under management to be comprised of shareholders' equity (deficiency) and any debt that it may issue. The Company's objectives when managing capital are to continue as a going concern and to maximize returns for shareholders over the long term. The Company is not subject to any capital restrictions. There has been no change in the Company's objectives in managing its capital since incorporation.

13. Financial Instruments and Risk

As at March 31, 2021, the Company's financial instruments consist of cash, advances, accounts payable and accrued liabilities, loans payable, due to related parties, and convertible notes.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. To minimize the credit risk, the Company places these instruments with a high credit quality financial institution.

As of March 31, 2021, $200,000 in maintenance fees was due from FoxworRx. The Company measures the loss allowance for the maintenance at an amount equal to the lifetime expected credit loss of the credit risk to be $200,000.

13. Financial Instruments and Risk (continued)

Liquidity Risk

The Company's financial liabilities consist of $14,750 (December 31, 2020: $31,055) in accounts payable and accrued liabilities, $95,319 (December 31, 2020: $102,039) in loans payable, $50,621 (December 31, 2020: $62,165) in due to related parties, and $Nil (December 31, 2020: $98,750) in convertible notes. The Company manages liquidly risk through management of its capital resources discussed above.

Foreign Exchange Risk

The Company is not exposed to foreign exchange risk on its financial instruments.

Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such a loss is limited because the Company's interest bearing note payable has a fixed rate of interest.

Fair Value

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

	Level 1	Level 2	Total
	$	$	$
March 31, 2021			
Cash	38,696	-	38,696
Loans payable	-	(56,000)	(56,000)
	38,696	(56,000)	(17,304)
December 31, 2020			
Cash	24,001	-	24,001
Loans payable	-	(56,000)	(56,000)
Convertible notes	-	(98,750)	(98,750)
	24,001	(154,750)	(130,749)

13. Financial Instruments and Risk (continued)

Cash is measured using level 1 fair value inputs. The fair value of long-term loans payable and convertible notes are determined based on level 2 inputs and estimated based on the present value of future cash flows based on current interest rates for financial instruments with similar conditions and maturity. As at March 31, 2021, the Company believes that the carrying values of its cash, advances, accounts payable and accrued liabilities, due to related parties, and short-term loans payable approximate their fair values because of their nature and relatively short maturity dates or durations.

14. Supplemental cash flow information

Investing and financing activities that do not have an impact on current cash flows are excluded from the statements of cash flow.

Significant non-cash investing and financing transactions for the period ended September 30, 2020 are as follows:

Significant non-cash investing and financing transactions for the period ended March 31, 2021 are as follows:

- Incurred exploration expenditures of $525 which are included in accounts payable and accrued liabilities (Note 5)
- Converted convertible notes in the amount of $197,650 into shares (Note 8)
- Issued broker warrants valued at $1,778 as share issuance costs (Note 10)

There were no significant non-cash investing and financing transactions for the period ended March 31, 2020.

15. Subsequent events

On April 14, 2021, the Company entered into a purchase and sale agreement to acquire a mineral property in British Columbia known as the TAC Claims. The property is strategically located within the Topley Copper-Gold project and adds 37.4 hectares to the Company's land position (Note 4).

Under the terms of the agreement, the Company can purchase a 100% interest in the property by making a cash payment of $2,500 on signing (paid) and issuing shares with a fair value of $50,000 by December 31, 2024. The number of shares to be issued is calculated based on the 10-day average closing price of the Company's shares immediately preceding delivery of notice of the share issuance to the vendor.