

EUROLIFE BRANDS INC.
(formerly Cannvas MedTech Inc.)



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2020

Eurolife Brands Inc.
(formerly Canvas MedTech Inc.)
Interim Condensed Consolidated Statements of Financial Position (Unaudited)
(Expressed in Canadian Dollars)

As at	Note	March 31, 2020	December 31, 2019
		\$	\$
ASSETS			
Current assets			
Cash		434,672	303,026
Other receivable		181,037	27,600
Prepays		83,528	67,597
HST recoverable		122,432	503,201
		821,669	901,424
Equipment	4	26,562	25,628
Licenses and other intangible assets	5	672,733	463,833
		1,520,964	1,390,885
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	207,369	279,378
Deferred revenue		1,600	4,000
Other liabilities		-	9,948
TOTAL CURRENT LIABILITIES		208,969	293,326
SHAREHOLDERS' EQUITY			
Share capital	6	12,978,069	12,033,390
Share subscriptions receivable	6, 7	(457,341)	(299,157)
Share-based payment reserve	6	2,663,013	2,017,580
Deficit		(13,871,746)	(12,654,254)
TOTAL SHAREHOLDERS' EQUITY		1,311,995	1,097,559
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,520,964	1,390,885

Nature and continuance of operations (Note 1)
Subsequent events (Note 10)

Eurolife Brands Inc.
(formerly Cannvas MedTech Inc.)
Interim Condensed Consolidated Statements of Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

For the three months ended	Note	March 31, 2020	March 31, 2019
		\$	\$
Service Revenue		48,250	9,500
Expenses			
Accounting and legal		26,798	26,083
Advertising and marketing		362,986	66,951
Amortization	4,5	19,679	5,828
Compliance and regulatory		13,534	26,730
Consulting	6,7	98,201	89,598
Hosting, licenses, and subscriptions		15,923	6,580
Investor relations		16,760	29,852
Office and sundry		120,473	20,906
Platform development		71,689	151,378
Share-based compensation	6,7	398,070	1,144,357
Travel and business development	7	127,508	71,438
		1,271,621	1,639,701
Other income		5,879	-
Comprehensive loss for the period		(1,217,492)	(1,630,201)
Net loss per share – basic and diluted		\$(0.00)	\$(0.01)
Weighted average number of common shares outstanding		376,984,067	189,366,252

Eurolife Brands Inc.
(formerly Cannvas MedTech Inc.)
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
(Expressed in Canadian Dollars)

	Note	Share capital		Share-based payment reserve	Share subscriptions receivable	Deficit	Total
		Number of shares *	Amount				
Balance at December 31, 2018		181,697,844	6,505,299	321,376	(744,475)	(5,670,811)	411,389
Issuance of common shares for cash	6	42,050,000	2,102,500	-	(50,010)	-	2,052,490
Share issue costs		-	(24,173)	8,223	-	-	(15,950)
Issuance of common shares for debt and services	6	6,874,290	412,150	-	-	-	412,150
Issuance of common shares upon exercise of options	6	17,166,844	1,718,981	(640,925)	(198,272)	-	530,150
Issuance of common shares upon milestone achievement	6	27,535,400	1,583,609	-	-	-	1,583,609
Share based compensation	6	-	-	1,877,530	-	-	1,877,520
Cancellation of exercised options	6	(5,440,000)	(1,144,976)	451,376	693,600	-	-
Share exchange for licenses	6	88,000,000	880,000	-	-	-	880,000
Net and comprehensive loss		-	-	-	-	(6,983,443)	(6,983,443)
Balance at December 31, 2019		357,884,378	12,033,390	2,017,580	(299,157)	(12,654,254)	1,097,559
Issuance of common shares for cash	6	14,110,000	458,137	247,363	-	-	705,500
Share issue costs		-	-	-	-	-	-
Issuance of common shares for debt and services	6	5,197,500	259,875	-	-	-	259,875
Issuance of common shares upon exercise of options	6	-	-	-	(158,184)	-	(158,184)
Issuance of common shares upon milestone achievement	6	-	-	-	-	-	-
Share based compensation	6	-	-	398,070	-	-	398,070
Cancellation of exercised options	6	(1,930,756)	-	-	-	-	-
Share exchange for licenses	6	5,666,667	226,667	-	-	-	226,667
Net and comprehensive loss		-	-	-	-	(1,217,492)	(1,217,492)
Balance at March 31, 2020		380,927,789	12,978,069	2,663,013	(457,341)	(13,871,746)	1,311,995

* On August 16, 2019 the Company completed a 4:1 share split. All share numbers have been restated to reflect the split.

Eurolife Brands Inc.
(formerly Canvas MedTech Inc.)
Interim Condensed Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

For the three months ended	March 31, 2020	March 31, 2019
	\$	\$
Operating activities		
Net loss	(1,217,492)	(1,630,201)
Adjustments for:		-
Amortization	19,679	5,828
Financing costs	-	-
Impairment of licenses	-	-
Share based compensation	398,070	-
Loss on disposition of lease	-	-
Gain on forgiveness of loan payable	-	-
Write-off of receivable	-	-
Changes in non-cash working capital items:		
Account receivable	(153,437)	19,408
Prepays	(15,931)	25,620
HST recoverable	380,769	(39,423)
Accounts payable and accrued liabilities	187,864	(191,566)
Deferred revenue	(2,400)	(9,375)
Net cash flows (used in) provided by operating activities	(402,878)	(1,819,709)
Investing activities		
Purchase of equipment	(2,845)	(230)
Net cash flows used in investing activities	(2,845)	(230)
Financing activities		
Issuance of common shares, net of costs	547,317	1,959,488
Proceeds from option exercises	-	-
Lease payments	-	-
Subscriptions received	(9,948)	-
Net cash flows provided by financing activities	537,369	1,959,488
Change in cash	131,646	139,549
Cash, beginning	303,026	217,505
Cash, ending	434,672	357,054
Non-cash transactions:		
Licenses acquired for share exchange	226,667	-
Accounts payables net-off by subscriptions receivable	-	520,000
Value transferred from reserves on exercise of stock options	-	422,668
Shares issued for debt	259,875	173,931

1. NATURE AND GOING CONCERN

Eurolife Brands Inc. (formerly Cannvas MedTech Inc.) (the “Company” or “Eurolife”) was incorporated pursuant to the Canada Business Corporations Act on November 24, 2014. On June 23, 2017, the Company continued from the federal jurisdiction to the jurisdiction of British Columbia. The Company’s corporate office is located at Suite 804, 750 Pender Street, Vancouver, British Columbia V6C 2T7.

On May 12, 2015, AgraFlora Organics International Inc. (“Agra”), a company listed on the Canadian Securities Exchange, acquired 100% of the Company’s issued shares. At December 31, 2017, Agra owned 21% of the Company’s issued shares. On January 16, 2018, Agra distributed its investment in the Company to its shareholders. The Company became a reporting issuer in British Columbia on July 3, 2018.

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 for the foreseeable future. The Company has incurred a net loss for the three months ended March 31, 2020 of \$1,217,492 (2019 – \$1,630,201), and had a deficit of \$13,871,746 as at March 31, 2020 and \$12,654,254 as at December 31, 2019. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. Further discussion of liquidity risk has been disclosed in Note 9. The Company relies upon the issuance of securities for financing of its operations. The Company intends to continue relying upon the issuance of securities to finance its operations to the extent such instruments are issuable under terms acceptable to the Company. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements, and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the statement of financial position classifications used. These consolidated financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting.

The Interim Financial Statements should be read in conjunction with the audited annual consolidated financial statements of Eurolife as at and for the years ended December 31, 2019 and 2018 and the notes thereto (the “Annual Financial Statements”). The Interim Financial Statements have been prepared on a basis consistent with the accounting, estimation and valuation policies described in the Annual Financial Statements.

The Interim Financial Statements were approved and authorized for issue by the Audit Committee of the Board of Directors of Eurolife on June 26, 2020.

2. BASIS OF PREPARATION (continued)

Basis of consolidation

A subsidiary is an entity the Company controls when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. These consolidated financial statements include the accounts of the Company and its Canadian wholly-owned subsidiary Cannvas Data Inc., Cannvas Creative Inc., Cannvas Cannabis Acquisitions Corp. and 1216165 BC Ltd. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Presentation and functional currency

The functional currency of the parent company, is the Canadian dollar, which is also the presentation currency of the consolidated financial statements. The functional currency of the Company's Canadian subsidiaries is also the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Significant accounting judgments and estimates

The preparation of Interim Financial Statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies are outlined in the Annual Financial Statements.

On January 30, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) outbreak a Public Health Emergency of International Concern and, on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. These measures have caused and will continue to cause significant disruption to business operations and a significant increase in economic uncertainty. The potential direct and indirect impacts of the economic downturn have been considered in management's estimates, and assumptions at period end have been reflected in our results.

The COVID-19 pandemic is an evolving situation that will continue to have widespread implications for our business environment, operations and financial condition. Management cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact our financial results in 2020.

Estimates and judgements are continually evaluated and are based on management 's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies under IFRS are presented in Note 3 to the Annual Financial Statements. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements prepared in accordance with IFRS have been condensed or omitted in the Interim Financial Statement.

4. EQUIPMENT

	Computer equipment	Furniture and fixtures	Total
Cost:	\$	\$	\$
December 31, 2018	26,493	23,014	49,507
Additions	3,496	-	3,496
December 31, 2019	29,989	23,014	53,003
Additions	2,845	-	2,845
March 31, 2020	32,834	23,014	55,848
Amortization:			
December 31, 2018	8,737	4,961	13,698
Amortization	9,074	4,603	13,677
December 31, 2019	17,811	9,564	27,375
Amortization	1,239	672	1,911
March 31, 2020	19,050	10,236	29,286
Net book value:			
December 31, 2019	12,178	13,450	25,628
March 31, 2020	13,784	12,778	26,562

5. LICENSES AND OTHER INTANGIBLE ASSETS

On July 29, 2019 the Company purchased 1216165 B.C. Ltd. ("TF" or "True Focus") for 20,000,000 common shares of the Company. TF is the beneficial owner of an exclusive license to develop and market products under the "True Focus" trade name, utilizing proprietary intellectual property in the jurisdictions of South America, Albania, Belarus, Bosnia, Kosovo, Moldova, Montenegro, Russia, Serbia, Turkey and Ukraine. TF also has an option on pursuing a joint-venture arrangement in which it will be permitted to utilize the True Focus proprietary intellectual property on a non-exclusive basis for the marketing of products in Mexico.

The fair market value for the license was determined to be \$800,000. The value is based upon market assessment of various factors relating to the True Focus brand in the marketplace. In addition, a finder's fee of 2,000,000 shares was granted which were valued at \$80,000.

In late 2019, the cannabis market in general declined significantly and the Company has impaired the value of True Focus by approximately 45%.

On January 10, 2020, the Company acquired intellectual property in exchange for 5,666,667 common shares valued at a fair market value of \$226,667.

The licenses and other intangible assets will be depreciated over a period of 10 years.

	\$
Balance, December 31, 2018	-
Additions	880,000
Amortization	(36,667)
Impairment expense	(379,500)
Balance, December 31, 2019	463,833
Additions	226,667
Amortization	(17,767)
Balance, March 31, 2020	672,733

6. SHARE CAPITAL

a) Common shares

Authorized:

Unlimited number of common shares without par value.

Issued:

As at March 31, 2020 the Company has 380,927,789 shares issued and outstanding (December 31, 2019 – 357,884,378).

On August 16, 2019 the Company completed a 4:1 share split. All share numbers have been retroactively restated to reflect the split.

On January 18, 2019, the Company issued 6,000,000 common shares to directors and officers of the Company on exercise of stock options for proceeds of \$420,000.

On January 18, 2019, the Company issued 234,812 common shares with a fair value of \$17,611 for settlement of \$17,611 of accounts payable to consultants.

On January 21, 2019, the Company issued 4,000,000 common shares to directors and officers of the Company for milestone achievements attained during the period.

On January 24, 2019, the Company issued 1,950,000 common shares with a fair value of \$146,250 for settlement of \$146,250 of accounts payable to directors and consultants.

On March 26, 2019, the Company issued 152,000 common shares to a consultant of the Company with a fair value of \$10,070 as settlement for services rendered.

On March 27, 2019, the Company issued 3,000,000 common shares to a consultant of the Company on exercise of stock options for proceeds of \$187,500.

On June 11, 2019, the Company cancelled 5,440,000 common shares issued to directors and officers of the Company for exercised stock options that remained unpaid.

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Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
As at and for the Three Months Ended March 31, 2020
(Expressed in Canadian Dollars)

On June 26, 2019, the Company issued 11,935,400 common shares to directors and officers of the Company for milestone achievements attained during the period.

On July 9, 2019, the Company issued 3,024,388 common shares with a fair value of \$155,000 for settlement of \$155,000 of services rendered by consultants.

On July 16, 2019, the Company issued 20,030,000 common shares at a price of \$0.05 per share for gross proceeds of \$1,001,500 pursuant to a non-brokered private placement of units. Each unit consists of one common share and one common share purchase warrant entitling the holder to acquire an additional common share at \$0.075 per share. In addition, 150,000 finder's warrants were granted with a fair value of \$3,821 which was calculated using the Black-Scholes Option Pricing Model with the following inputs: expected price volatility of 95%, risk free interest rates of 1.56%, expected life of 2 years and no dividend yield.

On July 24, 2019, the Company issued 10,120,000 common shares at a price of \$0.05 per share for gross proceeds of \$506,000 pursuant to a non-brokered private placement of units. Each unit consists of one common share and one common share purchase warrant entitling the holder to acquire an additional common share at \$0.075 per share. In addition, 169,000 finder's warrants were granted with a fair value of \$4,402, which was calculated using the Black-Scholes Option Pricing Model with the following inputs: expected price volatility of 95%, risk free interest rates of 1.43%, expected life of 2 years and no dividend yield.

On July 26, 2019, the Company issued 11,900,000 common shares at a price of \$0.05 per share for gross proceeds of \$595,000 pursuant to a non-brokered private placement of units. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share at a price of \$0.075 per share for a period of 2 years.

On August 7, 2019, the Company issued 88,000,000 common shares with a fair value of \$880,000 as part of a share for share exchange to acquire licenses (Note 5).

On August 7, 2019, the Company issued 11,600,000 common shares to directors and officers of the Company for milestone achievements attained during the year.

On August 13, 2019, the Company issued 1,044,000 common shares to a consultant of the Company on exercise of stock options for proceeds of \$78,300.

On September 24, 2019, the Company issued 70,000 common shares to a consultant of the Company on exercise of stock options for proceeds of \$5,950.

On October 21, 2019, the Company issued 800,000 common shares to a consultant of the Company on exercise of stock options for proceeds of \$58,400.

On November 27, 2019, the Company issued 1,513,090 common shares for settlement of \$83,220 of services rendered by consultants.

On December 4, 2019, the Company issued 6,252,844 common shares to a consultant and a director of the Company on exercise of stock options for proceeds of \$327,906.

As at December 31, 2019, a total of \$299,157 (2018 - \$744,475) in proceeds from option exercises were outstanding, of which \$62,500 (2018 - \$62,500) was due from a third-party consultant and \$236,657 (2018 - \$681,975) was due from directors and officers.

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On January 10, 2020, the Company issued 5,666,667 common shares to acquire intellectual property from 9385-4594 Quebec Inc.

On January 15, 2020, the Company issued 12,110,000 units at \$0.05 per unit raising gross proceeds of \$605,500. Each unit consisted of one common share of the Company and one transferable common share purchase warrant exercisable at \$0.075 per warrant for 2 years.

On January 24, 2020, the Company cancelled an aggregate of 1,930,756 common shares.

On March 10, 2020, the Company issued 2,000,000 units of the Company at a price of \$0.05 per unit. Each unit consists of one common share and one transferable common share purchase warrant with an exercise price of \$0.075 per share, expiring 2 years from the date of grant.

On March 11, 2020, the Company issued 5,197,500 common shares to consultants of the Company to settle debt in the amount of \$259,875. The common shares were issued at a price of \$0.05 per common share.

b) Share Purchase Warrants

The issuances of the share purchase warrants are summarized as follows:

	Three months ended March 31, 2020		Year ended December 31, 2019	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Warrants outstanding, beginning of Period	59,414,920	0.130	17,045,920	\$ 0.125
Issued July 16, 2019	-	-	20,180,000	0.075
Issued July 24, 2019	-	-	10,289,000	0.075
Issued July 26, 2019	-	-	11,900,000	0.075
Issued Jan 14, 2020	12,110,000	0.075	-	-
Warrants outstanding, end of period	71,524,920	0.091	59,414,920	\$ 0.09

As at March 31, 2020, the Company had outstanding warrants as follows:

Expiry date	Exercise price	Remaining life (years)	Warrants outstanding
May 4, 2020	\$ 0.125	0.09	17,045,920
July 16, 2021	\$ 0.075	1.29	20,180,000
July 24, 2021	\$ 0.075	1.32	10,289,000
July 26, 2021	\$ 0.075	1.32	11,900,000
January 14, 2022	0.075	1.79	12,110,000

c) Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares.

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(Expressed in Canadian Dollars)

A summary of the Company's stock option transactions is presented below:

	Three months Ended March 31, 2020		Year Ended December 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	23,459,000	0.071	11,218,000	0.075
Granted	13,150,000	0.050	40,622,844	0.074
Exercised	-	-	(17,166,844)	0.063
Expired	(850,000)	0.071	(1,390,000)	0.077
Cancelled	-	-	(9,825,000)	0.100
Options outstanding, end of period	35,759,000	0.063	23,459,000	0.071
Options exercisable, end of period	35,759,000	0.063	23,459,000	0.071

The share options outstanding as at March 31, 2020 are as follows:

Grant date	Number of options outstanding *	Exercise price*	Expiry date
October 20, 2017	48,000	0.013	October 20, 2020
April 3, 2018	800,000	0.063	April 3, 2020 *
May 4, 2018	1,490,000	0.063	May 4, 2020 *
June 6, 2018	40,000	0.063	June 6, 2020
August 15, 2018	260,000	0.085	August 15, 2020
February 4, 2019	4,756,000	0.075	February 4, 2021
March 27, 2019	4,000,000	0.069	March 27, 2024 *
July 9, 2019	800,000	0.051	July 9, 2020
July 30, 2019	3,400,000	0.050	July 30, 2020
July 31, 2019	460,000	0.070	July 31, 2020
September 3, 2019	3,750,000	0.110	September 3, 2021 *
September 24, 2019	100,000	0.105	September 24, 2020
November 22, 2019	2,705,000	0.050	November 22, 2021
January 28, 2020	6,250,000	0.050	January 28, 2022
January 28, 2020	600,000	0.050	January 28, 2021
January 30, 2020	4,300,000	0.050	January 28, 2022
March 9, 2020	2,000,000	0.050	March 9, 2023
	35,759,000	0.063	

* expired or were cancelled subsequent to period end.

The Company recognized \$398,070 (2019: \$1,144,357) in share based compensation in the three months ended March 31, 2020.

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The fair value of options was estimated using the Black-Scholes Option Pricing Model based on the date of grant and using the following assumptions:

Grant date	Risk-free interest rate	Expected stock price volatility	Expected life	Fair value Option price (post split)
January 14, 2019	1.89%	115%	5	0.070
February 4, 2019	1.83%	110%	2	0.075
February 6, 2019	1.80%	109%	1	0.075
March 14, 2019	1.66%	103%	1	0.073
March 27, 2019	1.44%	101%	5	0.069
July 9, 2019	1.53%	99%	1	0.051
July 30, 2019	1.58%	80%	1	0.050
July 31, 2019	1.16%	82%	1	0.070
September 3, 2019	1.34%	141%	2	0.110
September 24, 2019	1.53%	89%	1	0.105
November 18, 2019	1.57%	109%	2	0.014
November 22, 2019	1.61%	109%	2	0.013
January 28, 2020	1.52%	125%	1	0.020
January 28, 2020	1.48%	149%	2	0.031
January 30, 2020	1.47%	149%	2	0.027
March 9, 2020	0.55%	152%	3	0.027

All option grants have an expended dividend yield of 0% and a forfeiture rate of 0%.

On January 14, 2019, the Company granted 6,000,000 stock options to directors and officers of the company, exercisable at \$0.07 for a period of five years. These options vest immediately on the date of grant.

On February 4, 2019, the Company granted 5,800,000 stock options to a consultant of the Company, exercisable at \$0.075 for a period of five years. 18% of the options vest on date of grant, with 12% of the options vesting ever quarter thereafter with the final quarter vesting the remaining 10%.

On February 6, 2019, the Company granted 550,000 stock options to consultants of the Company, exercisable at \$0.075 for a period of one year. 40% of the options vest on date of grant, with 20% of the options vesting every quarter thereafter.

On March 14, 2019, the Company granted 800,000 stock options to a consultant of the Company, exercisable at \$0.0725 for a period of one year.

On March 27, 2019, the Company granted 4,000,000 stock options to directors and officers of the company, exercisable at \$0.069 for a period of five years. These options vest immediately on the date of grant.

On July 9, 2019, a total of 800,000 options stock options were granted to purchase common shares, exercisable on or before July 9, 2020, at an exercise price of \$0.051 per share.

On July 30, 2019, a total of 6,600,000 options stock options were granted to purchase common shares, exercisable on or before July 30, 2020, at an exercise price of \$0.05 per share.

On July 31, 2019, a total of 460,000 options stock options were granted to purchase common shares, exercisable on or before July 31, 2020, at an exercise price of \$0.07 per share.

On September 3, 2019, a total of 9,755,000 options were granted to purchase common shares, exercisable on or before September 3, 2021, at an exercise price of \$0.11 per share. Of these

9,755,000 options granted, 3,750,000 options were cancelled on November 20, 2019 and 2,255,000 options were cancelled on November 26, 2019.

On September 24, 2019, a total of 100,000 options were granted to purchase common shares, exercisable on or before September 24, 2020, at an exercise price of \$0.105 per share. The options vest immediately on the date of grant.

On November 18, 2019, the Company granted 3,052,844 stock options to a consultant, exercisable at \$0.055 per share for a period of 2 years. The options vest immediately on the date of grant. These options were exercised in full on December 4, 2019.

On November 22, 2019, the Company granted 2,705,000 stock options to various consultants and a director of the Company exercisable at \$0.05 per share for a period of 2 years. The options vest immediately on the date of grant.

On January 28, 2020, the Company granted 6,850,000 stock options to certain directors, officers and consultants of the Company exercisable at \$0.05 per common share expiring 1-2 years from the date of grant.

On January 30, 2020, the Company granted 4,300,000 stock options to certain directors, officers and consultants of the Company exercisable at \$0.05 per common share expiring 2 years from the date of grant.

On March 9, 2020, the Company granted 2,000,000 stock options to certain consultants of the Company exercisable at \$0.05 per common share expiring 3 years from the date of grant.

d) Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

7. RELATED PARTY TRANSACTIONS

The Company incurred the following transactions with companies that are controlled by directors and related parties of the Company:

	Three months ended	
	March 31, 2020	March 31 2019
Consulting and other fees	\$ 40,203	89,598
Stock-based compensation	62,478	226,727
	\$ 102,681	\$ 316,325

As at March 31, 2019, the CEO and related companies owed the Company \$123,295 and a director and a company related to her owed the Company \$3,750 for subscriptions receivable.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at March 31, 2020, the Company has total accounts payable and accrued liabilities of \$207,369 (December 31, 2019 - \$279,378). Such costs relate mainly to payables for work fees and general operating expenses.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments

The carrying values of cash, receivables, trade payables, and other liabilities approximate their carrying values due to the immediate or short-term nature of these instruments.

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash is measured using level 1 inputs.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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. Financial instruments that potentially subject the Company to credit risk consist primarily of cash. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments and with property exploration and development. The Company manages liquidity risk by maintaining adequate cash balances.

The Company's expected source of cash flow in the upcoming year will be through equity financing and revenue generation. Cash on hand at March 31, 2020 and expected cash flows for the next 12 months are sufficient to fund the Company's ongoing operational needs. The Company may need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof. Liquidity risk is assessed as high.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency. Foreign currency risk is assessed as low.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

10. SUBSEQUENT EVENTS

On Apr 1, 2020, the Company granted 100,000 options to a consultant of the Company, exercisable at \$0.05 for a period of one year. These options vest immediately on the date of grant.

On April 2, 2020 the Company announced its intention to reprice an aggregate of 59,295,920 common share purchase warrants (the "Warrants") to \$0.05 per common share until May 4, 2020. The reprice will extend to all outstanding warrants. It extends to outstanding Warrants with an exercise price between \$0.05 and \$0.125 and an expiry date between May 4, 2020 and January 15, 2022.

On April 14, 2020, the Company issued 1,588,000 common shares pursuant to a warrant exercise at a price of \$0.05 per share for aggregate proceeds of \$79,400.

On April 23, 2020 the Company entered into a Letter of Intent to acquire 100% of the issued and outstanding securities of CWE European Holdings Inc. ("CWE"), a Canadian Corporation, which owns and operates HANF Hemp Stores ("HANF") in Germany and Luxembourg. HANF is operating a seed-to-sale hemp CBD business in German-speaking countries in Europe, and will become a fully owned subsidiary by way of share exchange in consideration for the issuance of 100,000,000 common shares of the Company at a price of \$0.05 per share to the shareholders of CWE for a value of \$5,000,000. Upon completion of the transaction, CWE will become a wholly-owned subsidiary of the Company.

On April 28, 2020, the Company granted 750,000 options to a consultant of the Company, exercisable at \$0.05 for a period of two years. These options vest immediately on the date of grant.