MedXtractor Corp.
Financial Statements
expressed in Canadian dollars

For the year ended February 29, 2020 and the period from January 24, 2018 (date of incorporation) to February 28, 2019

Independent Auditor's Report

To the Shareholders of MedXtractor Corp.:

Opinion

We have audited the financial statements of MedXtractor Corp. (the "Company"), which comprise the statements of financial position as at February 29, 2020 and February 28, 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended February 29, 2020 and for the period from January 24, 2018 (date of incorporation) to February 28, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2020 and February 28, 2019, and its financial performance and its cash flows for the year ended February 29, 2020 and for the period from January 24, 2018 to February 28, 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits 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.

Other Information

Management is responsible for the other information. The other information comprises 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 audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Leanne Bjalek.

Calgary, Alberta

MNP LLP

May 15, 2020

Chartered Professional Accountants

MedXtractor Corp.
Statements of Financial Position
expressed in Canadian dollars
As at

		February 29, 2020		February 28, 2019
Assets				
Current				
Cash	$	**594,492**	$	143,489
Accounts receivable		**5,255**		29,980
Inventory (Note 5)		**60,315**		90,041
Prepaid expenses and deposits		**6,769**		-
		666,831		263,510
Non-current Assets				
Furniture and Equipment, net of accumulated amortization (Note 5)		**2,221**		822
Intangibles (Note 6)		**4,791**		4,840
Total assets	**$**	**673,843**	**$**	269,172
Liabilities				
Current				
Accounts payable and accruals	**$**	**36,922**	**$**	28,133
Total liabilities		**36,922**		28,133
Shareholders' Equity				
Share capital (Note 7)	**$**	**700,659**	**$**	366,002
Warrants (Note 8, 9)		**42,984**		-
Contributed surplus (Note 13)		**186,839**		132,000
Deficit		**(293,561)**		(256,963)
Total shareholders' equity		**636,921**		241,039
Total liabilities and shareholders' equity	**$**	**673,843**	**$**	269,172

Subsequent event (Note 17)

Approved on behalf of the Board of Directors

"signed"
Director

"signed"
Director

The accompanying notes are an integral part of these financial statements

MedXtractor Corp.
Statements of Loss and Comprehensive Loss
expressed in Canadian dollars
For the year ended February 29, 2020 and the period for January 24, 2018 (date of incorporation) to February 28, 2019

Revenues		February 29, 2020		February 28, 2019
Sales (Note 14)	$	**531,167**	$	162,392
Cost of Sales		**214,248**		54,944
Gross margin	$	**316,919**	$	107,448
Expenses				
Depreciation and amortization	$	**404**	$	459
Advertising and promotion		**65,841**		60,031
Interest and bank charges		**10,505**		3,084
Contractors		**24,365**		6,000
Dues and subscriptions		**275**		17,944
Legal, audit, and professional		**176,057**		112,790
Travel, meals and entertainment		**8,276**		9,225
Referral fees		**1,450**		4,811
Research and development		**10,453**		2,447
Office expenses		**3,380**		9,067
Accounting		**7,150**		5,772
Rent		**9,800**		2,100
Stock based compensation (Note 13)		**54,839**		132,000
Total expenses	$	**372,795**	$	365,730
Other Income				
Foreign exchange gain	$	**15,523**	$	-
Interest Income		**3,755**		1,319
Total other income	$	**19,278**	$	1,319
Net operating loss and comprehensive loss	$	**(36,598)**	$	(256,963)
Loss per share (basic and diluted)	$	**(0.00)**	$	(0.01)
Weighted average shares outstanding (basic and diluted)		**22,840,638**		17,170,785

The accompanying notes are an integral part of these financial statements

Statements of Changes in Shareholders' Equity
expressed in Canadian dollars

For the year ended February 29, 2020 and the period for January 24, 2018 (date of incorporation) to February 28, 2019

	Share Capital ($)	Special Warrants ($)	Warrants ($)	Contributed Surplus ($)	Deficit ($)	Shareholders' Equity ($)
At incorporation, January 24, 2018	1	-	-	-	-	1
Share issuances (Note 7)	366,001	-	-	-	-	366,001
Stock based compensation (Note 13)	-	-	-	132,000	-	132,000
Net loss	-	-	-	-	(256,963)	(256,963)
As at February 28, 2019	**366,002**	**-**	**-**	**132,000**	**(256,963)**	**241,039**
Share issuances (Note 7)	17,000	-	-	-	-	17,000
Special warrants issuance (Note 8)	-	367,220	-	-	-	367,220
Special warrants issue costs (Note 8)	-	(6,579)	-	-	-	(6,579)
Conversion of special warrants to shares and warrants (Note 7, 8, 9)	331,722	(367,220)	42,984	-	-	7,486
Share issue costs	(14,065)	6,579	-	-	-	(7,486)
Stock based compensation (Note 13)	-	-	-	54,839	-	54,839
Net loss	-	-	-	-	(36,598)	(36,598)
As at February 29, 2020	**700,659**	**-**	**42,984**	**186,839**	**(293,561)**	**636,921**

MedXtractor Corp.
Statements of Cash Flows
expressed in Canadian dollars
For the year ended February 29, 2020 and the period for January 24, 2018 (date of incorporation) to February 28, 2019

Cash provided by (used in):

		February 29, 2020		February 28, 2019
Operating activities				
Net loss	**$**	**(36,598)**	$	(256,963)
Depreciation and amortization		**404**		459
Stock based compensation (Note 13)		**54,839**		132,000
Change in non-cash working capital (Note 16)		**73,472**		(91,888)
Cash flows provided by (used in) operating activities	**$**	**92,117**	$	(216,392)
Investing activities				
Purchase of furniture and equipment	**$**	**(1,755)**	$	(1,027)
Intangible assets (Note 6)		**-**		(5,093)
Cash flows provided by investing activities		**(1,755)**		(6,120)
Financing activities				
Issuance of common shares *(Note 7)*	**$**	**-**	$	366,001
Issuance of special warrants, net of issue costs (Note 8)		**360,641**		-
Cash flows provided by financing activities		**360,641**		366,001
Increase in cash		**451,003**		143,489
Cash, beginning of year		**143,489**		-
Cash, end of year	**$**	**594,492**	$	143,489

The accompanying notes are an integral part of these financial statements

1. Incorporation and operations

MedXtractor Corp. (the "Company") was incorporated on January 24, 2018 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The principal business of the Company is the sale of essential oil CO2 extraction equipment. The Company is publicly traded and listed on the Canadian Securities Exchange (CSE:MXT).

The head office and registered office of the Company is located at Suite 1150, 707 – 7th Ave. SW Calgary, Alberta T2P 3H6.

2. Basis of preparation

Statement of compliance

These 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 Financial Reporting Interpretations Committee ("IFRIC") in effect for the fiscal period beginning March 1, 2019.

These financial statements were authorized for issue in accordance with a resolution of the directors on May 15, 2020.

Going Concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the reported revenues and expenses and their classifications. Such adjustments, if required, could be material.

Basis of measurement

These financial statements are stated in Canadian dollars which is the Company's functional currency and are prepared on a going concern basis, under the historical cost convention.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in Note 4.

3. Significant accounting policies

Cash

Cash consists of cash held in banks denominated in both Canadian and US Dollars valued at fair value.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets held by the Company relate to permits, patent application, URL website address and all intellectual rights, with an estimated useful life of 20 years. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and,
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Inventory

Inventories are valued at the lower of costs and net realizable value determined on a first-in, first-out basis.

Furniture and Equipment

Furniture and equipment are recorded at historical cost. Depreciation is recognized on a straight-line basis over five years, which represents the estimated useful lives of the assets. Depreciation rates, estimated lives and salvage values are reassessed annually.

Share-based payments

The Company applies a fair value based method of accounting for all share-based payments. Employee and director stock options are measured at their fair value of each tranche on the grant date and recognized over its respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. The cost of stock options is presented as share-based payment expense when applicable with a corresponding credit to contributed surplus. On the exercise of stock options share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

Taxes

Tax expense comprises current and deferred tax. Tax is recognized in the statement of comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Financial instruments

Classification and Measurement of Financial Instruments

The Company measures its financial assets and financial liabilities at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification which in the case of financial assets, is determined by the context of the Company's business model and the contractual cash flow characteristics of the financial asset. Financial assets are classified into two categories: (1) measured at amortized cost and (2) fair value through profit and loss ("FVTPL"). Financial liabilities are subsequently measured at amortized cost, other than financial liabilities that are measured at FVTPL or designated as FVTPL where any change in fair value resulting from an entity's own credit risk is recorded as other comprehensive income ("OCI").

Amortized Cost

The Company classifies its accounts receivable and accounts payable and accruals as measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

FVTPL

The Company classifies its cash as measured at FVTPL. Financial assets and liabilities classified as FVTPL are subsequently measured at fair value with changes in fair value charged immediately to the consolidated statements of income and comprehensive income. The adoption of IFRS 9 did not change the classification of the Company's financial assets or financial liabilities.

Impairment of Financial Assets

IFRS 9 introduces a new model for the measurement of impairment of financial assets based on expected credit losses which replaces the incurred losses impairment model applied under IAS 39. Under this new model, the Company's accounts receivable are considered collectible within one year or less; therefore, these financial assets are not considered to have a significant financing component and a lifetime expected credit loss ("ECL") is measured at the date of initial recognition of the trade and other receivable.

The Company's accounts receivable are subject to the expected credit loss model under IFRS 9. For the accounts receivable, the Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company considered historical industry default rates as well as credit ratings of major customers.

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 any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest 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 CGU). The recoverable amount of an asset or a CGU 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. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

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 profit or loss. Impairment losses recognized in respect of CGU's are allocated to carrying amounts of the assets in the CGU on a pro rata basis.

Impairment losses recognized in prior years 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 depletion and depreciation or amortization, if no impairment loss had been recognized.

Revenue recognition

Revenue is recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

This is achieved by applying the following five steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. Typically, revenue is recognized on shipment of product as specified by a customer's order and customer payment is reasonably assured.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Shares issued for consideration other than cash are valued at the quoted market price on the date the agreement to issue the shares was reached.

Other equity instruments

Warrants and special warrants are classified as equity. Incremental costs directly attributable to the issue of warrants and special warrants are recognized as a deduction from equity, net of any tax effects.

Loss per share

Loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted per share calculations reflect the exercise or conversion of potentially dilutive securities or other contracts to issue shares at the later of the date of grant of such securities or the beginning of the period.

Leases - New accounting standards adopted March 1, 2019

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize all leases on the statement of Financial Position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted for companies that also applies IFRS 15 Revenue from Contracts with Customers.

On March 1, 2019, the Company adopted IFRS 16 Leases, which requires the Company to recognize a Right Of Use "ROU" asset and lease liability on the statement of financial position, for all contracts that contain a lease. The Company adopted IFRS 16 using the modified retrospective approach, and therefore comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. There was no impact of the standard on its financial statements as manufacturing leased space is on a month-to-month basis.

4. Significant accounting estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously 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. Actual outcomes can differ from these estimates.

Estimates

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

expressed in Canadian dollars

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Stock based payment transactions

The Company measures the cost of equity-settled share-based transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating 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 expected life of the share option, volatility, forfeiture rate, risk-free rate and dividend yield and making assumptions about them.

Judgements

The key areas of judgment that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Impairment of non-financial assets

The determination of whether indicators of impairment exist and the aggregation of assets into cash-generating units ("CGU's") based on their ability to generate independent cash flows are subject to management's judgment. The recoverable amounts used for impairment calculations require estimates of future cash flows related to the assets or CGU's and estimates of discount rates applied to these cash flows.

Taxes

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

Financial instruments

The Company is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgement as to the purpose of the financial instrument and to which category is most applicable.

5. Inventory

Inventory consists of:		**February 29, 2020**		**February 28, 2019**
Raw Material	**$**	**47,376**	**$**	90,041
Sub Assembly		**2,025**		-
Finished goods		**10,914**		-
Total	**$**	**60,315**	**$**	90,041

During the period ended February 29, 2020, the Company expensed $179,098 (February 28, 2019 - $43,292) of inventory which is included in cost of sales.

expressed in Canadian dollars

6. Intangibles

	Patents	
	February 29, 2020	February 28, 2019
Intangible assets, cost	**$ 5,094**	$ 5,094
Accumulated amortization	**(303)**	(254)
Intangible assets, net of accumulated amortization	**$ 4,791**	$ 4,840

On February 22, 2018 the Company acquired intangible assets including Canadian and US patent applications, of which the US patent is now granted, URL website address, and all intellectual rights relating to the cannabis oil extraction technology. The Corporation issued 5,000,000 common shares for an aggregate of $1, the carrying-value of the intangible assets at the time. The intangible assets were acquired from the President, Director and then sole Shareholder of the Company as part of a common control transaction (Note 15).

7. Share capital

Authorized:

Unlimited number of voting Common Shares without par value
Unlimited number of non-voting Preferred shares issuable in series without par value

Issued: Common Shares

	Number of Shares	**$**
Issued on incorporation	100	1
Issued for cash	15,700,000	366,000
Issued for intangibles (note 6)	5,000,000	1
As at February 28, 2019	**20,700,100**	**366,002**
Issued for settlement of debt	362,500	17,000
Issued on conversion of special warrants	4,590,250	325,095
Issued to finders on conversion of special warrants	93,575	6,627
Issue costs – finders fees and units issued	-	(14,065)
As at February 29, 2020	**25,746,425**	**700,659**

At incorporation, the Company issued 100 common shares at a price of $0.01 per share for total proceeds of $1.

On February 22, 2018, the Company issued 5,000,000 common shares of the Company in exchange for intangible assets purchased from a related party (Note 6) at a notional exchange value of $1 representing the carrying-value of the intangible assets.

During the period ended February 28, 2019, the Company issued 13,100,000 and 2,600,000 common shares of the Company at prices of $0.02 and $0.04, respectively, per common share for total proceeds of $366,000.

On April 2, 2019 the Company issued 300,000 common shares as settlement of accounts payable, consisting of 100,000 common shares at $0.02, 100,000 common shares at $0.04 and 100,000 common shares at $0.06, for aggregate deemed proceeds of $12,000 on issue of shares.

On July 31, 2019 the Company issued 62,500 common shares as settlement of accounts payable, at $0.08 per common share, for deemed proceeds of $5,000 on issue of shares.

expressed in Canadian dollars

On October 9, 2019 the Alberta Securities Commission issued a receipt for the Company's final prospectus which results in the conversion of the special warrants to common shares and warrants as discussed in Notes 8 and 9. On October 10, 2019 4,683,825 common shares were issued (4,590,250 to investors and 93,575 to finders) at an estimated fair value of $0.07 per common share.

8. Special Warrants

On July 24, 2019 the Company issued 4,590,250 special warrants at $0.08 per special warrant, for gross proceeds of $367,220. The special warrants automatically convert into units and will be deemed to have been exercised and converted without any further action on the part of the holder on the earliest of:

i) the first business day following the date of which a receipt for a final prospectus has been issued by the securities regulatory authorities in a Province of Canada; or

ii) 365 days following the date of issuance of the special warrants.

On conversion, each unit shall consist of one common share and one common share purchase warrant exercisable into one common share at an exercise price of $0.20 for one year from conversion.

Additionally, the Company paid $6,579 in finders fees and issued 93,575 special warrants to certain finders who assisted in raising funds.

On October 9, 2019, the Alberta Securities Commission issued a receipt for the Company's final prospectus which resulted in the conversion of the special warrants to common shares and warrants as discussed in Notes 7 and 9.

9. Warrants

On October 9, 2019, the Alberta Securities Commission issued a receipt for the Company's final prospectus which resulted in the conversion of the special warrants to common shares and warrants. 4,590,250 warrants were issued to investors and 93,575 warrants were issued to finders where each warrant is exercisable into one common share at an exercise price of $0.20, expiring October 10, 2020. The fair value estimate of $42,984 of the 4,683,825 warrants was calculated using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 1.49%, expected life of 1 year and expected volatility of 91%.

Warrants	**Number of warrants outstanding**	**Value**	**Exercise price**	**Weighted average life (in years)**
As at February 28, 2019	-	$ -		
October 10, 2019 Issued to Investors	4,590,250	42,125	$0.20	0.61
October 10, 2019 Issued to Finders	93,575	859	$0.20	0.61
As at February 29, 2020	**4,683,825**	**$ 42,984**	**$0.20**	**0.61**

expressed in Canadian dollars

10. Income taxes

The tax provision recorded in the financial statements differs from the amount computed by applying the combined Canadian federal and provincial income tax statutory rates to loss before tax as follows:

		2020		2019
Loss before tax	$	**(36,598)**	$	(256,963)
Statutory income tax rate (%)		**26.34%**		27%
Expected tax recovery at statutory rate		**(9,640)**		(69,380)
Increase (decrease) in taxes resulting from:				
Non-deductible items		**14,444**		35,640
Change in enacted tax rates		**4,999**		-
Deferred tax benefits recognized (not recognized)		**(9,803)**		33,740
Income tax provision	$	**-**	$	-

Details of deferred tax assets (liabilities) are as follows:

Furniture, equipment and intangibles	$	**(29)**	$	-
Non-capital losses		**29**		-
Total deductible temporary differences	$	**-**	$	-

The Company has not recognized a deferred tax asset in respect of the following deductible temporary differences:

Furniture, equipment and intangibles	$	**-**	$	459
Share issuance cost		**5,263**		-
Non-capital losses		**108,038**		124,504
Total deductible temporary differences	$	**113,301**	$	124,963

As at February 29, 2020, the Company has not recognized a deferred tax asset in respect of an estimated non-capital loss carry-forward balance of $108,166 available to reduce future years' income for Canadian tax purposes. These losses, if not fully utilized, will expire in 2039.

Deferred tax assets are recorded only to the extent that future taxable income will be available against which the deferred can be offset. Management estimates future income using forecasts based on the best available current information. Based on the current estimates, no deferred tax asset has been recorded.

11. Capital disclosures

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to advance its technology and create operating profits.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,

ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period-end.

12. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash, accounts receivable, and accounts payable and accruals. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined on level 1 inputs. The carrying amount of cash, accounts receivable, and account payable and accruals approximates its fair value due to the short-term maturities of these items.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 29, 2020, the Company had a cash balance of $594,492 to pay liabilities of $36,922.

Market Risk

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

i. Interest rate risk

The Company has cash balances and no interest-bearing debt.

ii. Foreign currency risk

As at February 29, 2020, the Company has $63,603 in cash denominated in US Dollars foreign currency.

iii. Commodity risk

The Company is not exposed to commodity price risk.

13. Stock Option Plan

The Company has a stock option plan for its officers, directors, employees and consultants. The maximum number of common shares issuable under the Plan cannot exceed 10% of the Company's issued and outstanding common shares.

expressed in Canadian dollars

Stock Options	**Number of options outstanding and exercisable**	**Weighted average exercise price**	**Weighted average life (in years)**
March 14, 2018 Grant	1,500,000	$0.10	5.00
As at February 28, 2019	**1,500,000**	**$0.10**	**4.04**
Modification – March 21, 2019	(1,500,000)	$0.10	
Grant - March 21, 2019	1,725,000	$0.08	4.06
Grant - April 1, 2019	375,000	$0.08	4.09
Grant - October 9, 2019	375,000	$0.08	4.61
Forfeited – November 1, 2019	(375,000)	$0.08	
As at February 29, 2020	**2,100,000**	**$0.08**	**4.16**

On March 14, 2018, the Company granted 1,500,000 common share purchase options to directors of the Corporation. The stock options are exercisable at a price of $0.10 per share, expire in five years and the options will vest immediately at the date of grant. The fair value of the 1,500,000 stock options granted on March 14, 2018 is $0.088 per option, calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 1.79%, expected life of 5 years and expected volatility of 137%.

On March 21, 2019, the Company and optionees agreed to modify the 1,500,000 common shares purchase options previously issued to directors of the Corporation. The modified stock options are now exercisable at a price of $0.08 per share, expire in five years and the options vested immediately at the date of grant. The fair value of the modified stock options granted on March 21, 2019 is $0.03 per option, calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 1.59%, expected life of 5 years and expected volatility of 128%. As a result of the modified options there was an additional stock based compensation expense of $10,852.

On March 21, 2019, the Company granted 375,000 common share purchase options to an officer of the Corporation. The stock options are exercisable at a price of $0.08 per share, expire in five years and the options will vest immediately at the date of grant. The fair value of the 375,000 stock options granted on March 21, 2019 is $0.03 per option, calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 1.59%, expected life of 5 years and expected volatility of 128%. This resulted in stock based compensation expense of $11,941.

On April 1, 2019, the Company granted 375,000 common share purchase options to an officer of the Corporation. The stock options are exercisable at a price of $0.08 per share, expire in five years and the options will vest immediately at the date of grant. The fair value of the 375,000 stock options granted on April 1, 2019 is $0.8 per option, calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 1.59%, expected life of 5 years and expected volatility of 128%. This resulted in stock based compensation expense of $11,917.

On October 9, 2019, the Company granted 375,000 common share purchase options to a director of the Corporation. The stock options are exercisable at a price of $0.08 per share, expire in five years and the options will vest immediately at the date of grant. The fair value of the 375,000 stock options granted on October 9, 2019 is $0.05 per option, calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 1.59%, expected life of 5 years and expected volatility of 108%. This resulted in stock based compensation expense of $20,129.

expressed in Canadian dollars

14. Segmented Information

Revenues are predominantly to International customers with $367,124 for the year ended February 29, 2020 (Period ended February 28, 2019 - $56,555).

15. Related Party Transactions

On February 22, 2018 the Company acquired intangible assets including patent application, URL website address, and all intellectual rights relating to the cannabis oil extraction technology. The Corporation issued 5,000,000 common shares for an aggregate of $1, the carrying-value of the intangible assets at the time. The intangible assets were acquired from the President, Director and then sole Shareholder of the Company.

Key Management Personnel

The Company has determined that the key management personnel of the Company consists of its officers and directors. The following table provides information on compensation expense related to officers and directors.

	February 29, 2020		February 28, 2019
Wages, consulting fees and benefits	**44,935**	$	25,000
Stock based compensation expense	**54,839**		132,000
Total	**99,774**	$	157,000

16. Changes in non-cash working capital

		February 29, 2020		February 28, 2019
Accounts receivable	**$**	**24,725**	**$**	(29,980)
Inventory		**29,726**		(90,041)
Prepaid expenses and deposits		**(6,769)**		-
Accounts payable and accruals		**25,790**		28,133
Changes in non-cash working capital	**$**	**73,472**	**$**	(91,888)

17. Subsequent event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, and increased government regulations, all of which may negatively impact the Company's business and financial condition.