MedXtractor Corp.
Consolidated Financial Statements
expressed in Canadian dollars

For the years ended February 28, 2021 and February 29, 2020

Independent Auditor's Report

To the Shareholders of MedXtractor Corp.:

Opinion

We have audited the consolidated financial statements of MedXtractor Corp. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2021 and February 29, 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at February 28, 2021 and February 29, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended 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 Consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 10, 2021

Chartered Professional Accountants

MNP

MedXtractor Corp.
Consolidated Statements of Financial Position
expressed in Canadian dollars

As at

		February 28, 2021		February 29, 2020
Assets				
Current				
Cash	$	**781,393**	**$**	594,492
Accounts receivable		**-**		5,255
Inventory (Note 5)		**68,384**		60,315
Prepaid expenses and deposits		**15,304**		6,769
		865,081		666,831
Non-current Assets				
Furniture and Equipment, net of accumulated amortization		**1,745**		2,221
Intangible assets (Note 6)		**6,126**		4,791
Total assets	**$**	**872,952**	**$**	673,843
Liabilities				
Current				
Accounts payable and accruals	**$**	**71,873**	**$**	36,922
Total liabilities		**71,873**		36,922
Shareholders' Equity				
Share capital (Note 7)	**$**	**1,021,847**	**$**	700,659
Warrants (Note 9)		**-**		42,984
Contributed surplus		**771,320**		186,839
Deficit		**(992,088)**		(293,561)
Total shareholders' equity		**801,079**		636,921
Total liabilities and shareholders' equity	**$**	**872,952**	**$**	673,843

Subsequent event (Note 17)

Approved on behalf of the Board of Directors

Jim Durward — **Director**

S. Price — **Director**

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

MedXtractor Corp.
Consolidated Statements of Loss and Comprehensive Loss
expressed in Canadian dollars
For the years ended February 28, 2021 and February 29, 2020

		February 28, 2021		February 29, 2020
Revenues				
Sales (Note 14)	$	**662,768**	$	531,167
Cost of Sales		**286,036**		214,248
Gross margin	$	**376,732**	$	316,919
Expenses				
Depreciation and amortization	$	**985**	$	404
Advertising and promotion		**90,956**		65,841
Warranty		**1,159**		-
Interest and bank charges		**9,034**		10,505
Contractors		**48,750**		24,365
Dues and subscriptions		**-**		275
Legal, audit, and professional		**66,210**		176,057
Travel, meals and entertainment		**3,723**		8,276
Referral fees		**266**		1,450
Research and development		**23,389**		10,453
Insurance		**13,000**		-
Investor relations		**100,709**		-
Office expenses		**6,246**		3,380
Accounting		**6,600**		7,150
Rent		**7,000**		9,800
Utilities		**536**		-
Stock based compensation (Note 13)		**694,685**		54,839
Total expenses	$	**1,073,248**	$	372,795
Other Income				
Foreign exchange gain (loss)	$	**(3,559)**	$	15,523
Interest Income		**1,548**		3,755
Total other (loss) income	$	**(2,011)**	$	19,278
Net operating loss and comprehensive loss	$	**(698,527)**	$	(36,598)
Loss per share (basic and diluted)	$	**(0.03)**	$	(0.00)
Weighted average shares outstanding (basic and diluted)		**25,810,329**		22,840,638

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

MedXtractor Corp.
Consolidated Statements of Changes in Shareholders' Equity
expressed in Canadian dollars
For the years ended February 28, 2021 and February 29, 2020

	Share Capital ($)	Special Warrants ($)	Warrants ($)	Contributed Surplus ($)	Deficit ($)	Shareholders' Equity ($)
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**
Stock based compensation (Note 13)	-	-	-	694,685	-	694,685
Stock options exercised (Note 7)	321,188	-	-	(153,188)	-	168,000
Warrants expired unexercised			(42,984)	42,984	-	-
Net loss	-	-	-	-	(698,527)	(698,527)
As at February 28, 2021	**1,021,847**		**-**	**771,320**	**(992,088)**	**801,079**

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

MedXtractor Corp.
Consolidated Statements of Cash Flows
expressed in Canadian dollars
For the years ended February 28, 2021 and February 29, 2020

Cash provided by (used in):

		February 28, 2021		February 29, 2020
Operating activities				
Net loss	**$**	**(698,527)**	**$**	(36,598)
Depreciation and amortization		**985**		404
Stock based compensation (Note 13)		**694,685**		54,839
Change in non-cash working capital (Note 16)		**23,602**		73,472
Cash flows provided by (used in) operating activities	**$**	**20,745**	**$**	92,117
Investing activities				
Purchase of furniture and equipment	**$**	**(196)**	**$**	(1,755)
Intangible assets (Note 6)		**(1,648)**		-
Cash flows provided by investing activities		**(1,844)**		(1,755)
Financing activities				
Stock options exercised (Note 7)	**$**	**168,000**	**$**	-
Issuance of special warrants, net of issue costs (Note 8)		**-**		360,641
Cash flows provided by financing activities		**168,000**		360,641
Increase in cash		**186,901**		451,003
Cash, beginning of year		**594,492**		143,489
Cash, end of year	**$**	**781,393**	**$**	594,492

The accompanying notes are an integral part of these consolidated 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 businesses of the Company is the sale of essential oil CO2 extraction and alcohol based equipment and the development of Shaman-AI, a proprietary machine-learning development initially targeting the potential of psychedelics in mental health affliction treatment. The Company is publicly trading and listed on the Canadian Securities Exchange (CSE:MXT).

On July 13, 2020, the Company incorporated a wholly owned subsidiary 2273670 Alberta Ltd. for manufacturing alcohol-based extractors.

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

During the year ended February 28, 2021 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. We have experienced reduced customer inquiries and demand, supply chain disruptions, and increased government regulations, all of which have negatively impacted the Company's business and tempered our sales growth curve. We had temporary reductions in staff in response to these changes.

2. Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect for the fiscal period beginning March 1, 2019.

These consolidated financial statements were authorized for issue in accordance with a resolution of the directors on May 10, 2021.

Going Concern

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

2. *Basis of preparation* (continued)

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.

Basis of consolidation

These consolidated financial statements include the accounts of MedXtractor Corp. and its wholly owned subsidiary, 2273670 Alberta Ltd. The subsidiary is fully consolidated from the date of acquisition, being the date of which the Company obtained control, and continues to be consolidated until such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent, using consistent accounting policies. Any balances, unrealized gains or losses, or income and expenses from intra-company transactions are fully eliminated upon consolidation.

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.

3. Significant accounting policies (*continued*)

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 subcontracted costs and net realizable value determined on a weighted average 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.

3. Significant accounting policies (*continued*)

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.

Impairment of Financial Assets

Measurement of impairment of financial assets is based on expected credit losses. 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.

For accounts receivable, the Company applies the simplified approach to providing for expected credit losses, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company considers 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.

3. Significant accounting policies (*continued*)

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.

4. Significant accounting estimates and assumptions

The preparation of the consolidated 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.

4. Significant accounting estimates and assumptions (*continued*)

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.

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.

expressed in Canadian dollars

5. Inventory

Inventory consists of:	February 28, 2021	February 29, 2020
Raw Material	$ 61,518	$ 47,376
Sub Assembly	6,866	2,025
Finished goods	-	10,914
Total	$ 68,384	$ 60,315

During the year ended February 28, 2021, the Company expensed $201,726 (February 29, 2020 - $179,098) of inventory which is included in cost of sales.

6. Intangible Assets

	Patents	
	February 28, 2021	February 29, 2020
Intangible assets, cost	$ 6,741	$ 5,094
Accumulated amortization	(615)	(303)
Intangible assets, net of accumulated amortization	$ 6,126	$ 4,791

On February 22, 2018, the Company acquired intangible assets including Canadian and US patents, URL website address, and all intellectual rights relating to the cannabis oil extraction technology.

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	$
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 (Note 8)	**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**
Issued on exercise of stock options	**2,100,000**	**321,188**
As at February 28, 2021	**27,846,425**	**1,021,847**

7. Share capital (*continued*)

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.

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 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 a fair value of $0.07 per common share.

On January 6, 2021, 375,000 and February 26, 2021 1,725,000 stock options were exercised at an exercise price of $0.08.

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 security's 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.

Notes to the Consolidated Financial Statements expressed in Canadian dollars

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**
Expired unexercised	(4,683,825)	(42,984)	$0.20	-
As at February 28, 2021	**-**	**$ -**	**-**	**-**

10. Income taxes

The tax provision recorded in the consolidated 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:

	2021	**2020**
Loss before tax	**$ (698,527)**	**$ (36,598)**
Statutory income tax rate (%)	**23.60%**	**26.34%**
Expected tax recovery at statutory rate	**(164,852)**	**(9,640)**
Increase (decrease) in taxes resulting from:		
Non-deductible items	**163,259**	**14,444**
Change in enacted tax rates	**-**	**4,999**
Deferred tax benefits recognized (not recognized)	**1,593**	**(9,803)**
Income tax provision	**$ -**	**$ -**

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

Furniture, equipment and intangibles	**$ (183)**	$ (29)
Non-capital losses	**183**	**29**
Total deductible temporary differences	**$ -**	$ -

expressed in Canadian dollars

10. Income taxes (*continued*)

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

Furniture, equipment and intangibles	**$**	**-**	$	-
Share issuance cost		**3,947**		**5,263**
Non-capital losses		**115,105**		108,038
Total deductible temporary differences	**$**	**119,052**	$	113,301

As at February 28, 2021, the Company has not recognized a deferred tax asset in respect of an estimated non-capital loss carry-forward balance of $115,105 available to reduce future years' income for Canadian tax purposes. These losses, if not fully utilized, will expire in 2040.

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.

12. Financial instruments (*continued*)

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 28, 2021, the Company had a cash balance of $781,603 to pay liabilities of $71,873.

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 28, 2021, the Company has $32,971 in cash denominated in US Dollars foreign currency. A 1% change in foreign exchange rates would not materially affect/change this account balance.

iii. Commodity risk

The Company is not exposed to commodity price risk.

expressed in Canadian dollars

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.

Stock Options	Number of options outstanding and exercisable	Weighted average exercise price	Weighted average life (in years)
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**
Stock options granted	200,000	$0.085	4.60
Stock options exercised	(2,100,000)	$0.08	
Stock options granted	2,650,000	$0.27	5.00
As at February 28, 2021	**2,850,000**	**$0.26**	**4.97**

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.

Notes to the Consolidated Financial Statements expressed in Canadian dollars

13. Stock Option Plan (*continued*)

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.

On October 4, 2020, the Company granted 200,000 common share purchase options to a consultant of the Corporation. The stock options are exercisable at a price of $0.085 per share, expire in five years and the options will vest immediately at the date of grant. The fair value of the 200,000 stock options granted on October 4, 2020 is $0.08 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 0.3%, expected life of 5 years and expected volatility of 166%. This resulted in stock based compensation expense of $16,685.

On February 26, 2021, the Company granted 2,650,000 common share purchase options to directors, officers and consultants of the Corporation. The stock options are exercisable at a price of $0.27 per share, expire in five years and the options will vest immediately at the date of grant. The fair value of the 2,650,000 stock options granted on February 26, 2021 is $0.26 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 0.7%, expected life of 5 years and expected volatility of 173%. This resulted in stock based compensation expense of $678,000.

14. Segmented Information

Revenues are predominantly to International customers with $385,960 for the year ended February 28, 2021 (February 29, 2020 - $367,124).

Revenues are predominately to international customers, the below table summarizes the segmented revenue for the year ended February 28, 2021:

	CO2 extraction	Alcohol based extraction
Canada	$ 229,935	$ 46,873
United States	83,089	30,954
International	266,397	5,520
	$ 579,421	**$ 83,347**

Revenues are predominately to international customers, the below table summarizes the segmented revenue for the year ended February 29, 2020:

	CO2 extraction	Alcohol based extraction
Canada	$ 164,043	$ -
United States	333,611	-
International	33,513	-
	$ 531,167	$ -

expressed in Canadian dollars

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 28, 2021		February 29, 2020
Wages, consulting fees and benefits	26,112	$	44,935
Stock based compensation expense	678,000		54,839
Total	**704,112**	**$**	**99,774**

16. Changes in non-cash working capital

		February 28, 2021		February 29, 2020
Accounts receivable	$	5,255	$	24,725
Inventory		(8,069)		29,726
Prepaid expenses and deposits		(8,535)		(6,769)
Accounts payable and accruals		34,951		25,790
Changes in non-cash working capital	$	23,602	$	73,472

17. Subsequent event

On March 15, 2021, the Company completed a private placement and issued 9,075,000 units at a price of $0.20 per unit for gross proceeds of $1,815,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant entitling the holder to acquire one common share at a price of $0.35 per common share for a period of 12 months, subject to the accelerated expiry provision where if, on any 5 consecutive trading days occurring after July 16, 2021, the closing sales price of the common shares (or the closing bid, if no sales were reported on a trading day) as quoted on the Canadian Securities Exchange is greater than $0.60 per common share, the Company may provide notice in writing to the holders of the warrants by issuance of a press release that the expiry date of the warrants will be accelerated to the 30th day after the date on which the Company issues such press release. The Company paid eligible finders aggregate cash finders fees of approximately $111,760 and issued 558,800 finders options to purchase common shares of the Company on the same terms as the warrants.