

ASIA GREEN BIOTECHNOLOGY CORP.

(Formerly Asia Cannabis Corp.)

Condensed Interim Financial Statements

For the Three-Month Periods Ended March 31, 2020 and 2019

(unaudited)

NOTICE OF DISCLOSURE OF NO AUDITOR REVIEW

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Asia Green Biotechnology Corp.
(Formerly Asia Cannabis Corp.)
Condensed Interim Statements of Financial Position
(amounts in Canadian dollars)

	Notes	March 31, 2020	December 31, 2019
Assets			
Current assets			
Cash		\$ 800,528	\$ 1,021,930
Taxes receivable		16,360	12,900
Prepays	7	5,000	20,000
Deferred financing costs	6	-	-
Total current assets		821,888	1,054,830
Intellectual property	7	-	-
Total assets		821,888	1,054,830
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		36,571	88,949
Total liabilities		36,571	88,949
Shareholders' equity			
Share capital	8	1,813,986	1,813,986
Contributed surplus	8	840,654	840,654
Deficit		(1,869,323)	(1,688,759)
Total shareholders' equity		785,317	965,881
Total liabilities and shareholders' equity		\$ 821,888	\$ 1,054,830
Commitments	7		
Subsequent events	14		

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Approved by the Board of Directors.

"David Pinkman"
Director

"Vincent Ghazar"
Director

Asia Green Biotechnology Corp.

(Formerly Asia Cannabis Corp.)

Condensed Interim Statements of Loss and Comprehensive Loss

For the Three-Month Periods ended March 31, 2020 and 2019

(amounts in Canadian dollars)

(unaudited)

	Notes	March 31, 2020	March 31, 2019
Revenue		\$ -	\$ -
Expenses			
Advertising and promotion		-	15,750
Audit and legal fees		6,939	10,023
Consulting fees		112,083	113,299
Filing and registration fees		5,282	20,974
Office		8,461	13,511
Research and development		1,247	-
Share-based compensation	8	-	130,468
Transaction costs	6	-	3,177
Travel and meals		46,552	18,164
Total expenses		180,564	325,366
Loss and comprehensive loss for the period		\$ (180,564)	\$ (325,366)
Loss per share			
Basic and diluted	11	\$ (0.01)	\$ (0.01)

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Asia Green Biotechnology Corp.

(Formerly Asia Cannabis Corp.)

Condensed Interim Statements of Changes in Shareholders' Equity

(amounts in Canadian dollars)

(unaudited)

	Number of shares	Number of warrants	Share capital	Contributed surplus	Deficit	Total shareholders' equity
Balance at December 31, 2018	31,200,100	-	\$ 635,501	\$ 710,186	\$ (921,579)	\$ 424,108
Shares issued for cash	5,047,000	-	1,261,750	-	-	1,261,750
Broker warrants (note 8)	-	403,760	75,800	-	-	75,800
Share issue costs (note 8)	-	-	(159,065)	-	-	(159,065)
Share-based compensation (note 8)	-	-	-	130,468	-	130,468
Net loss for the year	-	-	-	-	(767,180)	(767,180)
Balance at December 31, 2019	36,247,100	403,760	\$ 1,813,986	\$ 840,654	\$ (1,688,759)	\$ 965,881
Net loss for the period	-	-	-	-	(180,564)	(180,564)
Balance at March 31, 2020	36,247,100	403,760	\$ 1,813,986	\$ 840,654	\$ (1,869,323)	\$ 785,317

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Asia Green Biotechnology Corp.
(Formerly Asia Cannabis Corp.)
Condensed Interim Statements of Cash Flows
For the Three-Month Periods ended March 31, 2020 and 2019
(amounts in Canadian dollars)
(unaudited)

	Notes	March 31, 2020	March 31, 2019
Operating activities			
Loss for the period		\$ (180,564)	\$ (325,366)
Adjustments for:			
Share-based compensation	8	-	130,468
Changes in non-cash working capital	5	(40,838)	(3,410)
Net cash used in operating activities		(221,402)	(198,308)
Financing activities			
Shares issued for cash	8	-	1,261,750
Share issue costs	8	-	(83,265)
Changes in non-cash working capital	5	-	29,962
Net cash provided by financing activities		-	1,208,447
Increase (decrease) in cash		(221,402)	1,010,139
Cash, beginning of the period		1,021,930	484,153
Cash, end of the period		\$ 800,528	\$ 1,494,292

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(Formerly Asia Cannabis Corp.)

Notes to the Condensed Interim Financial Statements

For the Three-Month Periods ended March 31, 2020 and 2019

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1. Incorporation

Asia Cannabis Corp. was incorporated by Certificate of Incorporation pursuant to the provisions of Alberta, Canada on December 19, 2017. During the period ended December 31, 2018, the Corporation initiated a process to become a publicly-listed entity on the Canadian Securities Exchange ("CSE"); on January 24, 2019, the Corporation successfully listed on the CSE under the symbol "ASIA".

On April 16, 2020, the Corporation changed its name to Asia Green Biotechnology Corp. ("AGBC" or the "Corporation") by Certificate of Amendment pursuant to the provisions of Alberta, Canada.

2. Nature of organization and continuance of operations

The Corporation is an early-entry international agra-technology corporation, focused on the business of providing technological innovation to the hemp industries with the secondary aim of leveraging the value in that technological innovation to develop a portfolio of strategic agricultural investments. Pursuant to the terms of a License Agreement, the Corporation has secured the exclusive rights to use certain technology for use in the hemp industry in Asia, including India, Thailand, Cambodia, Vietnam, Korea, Malaysia, Indonesia, Japan, Singapore, China, Miramar, Laos, and the Philippines (Note 7).

The address of the registered office of the Corporation is 1404 Memorial Drive N.W., Calgary, Alberta, T2N 3E5.

These condensed interim financial statements were approved and authorized for issuance by the Board of Directors on June 1, 2020.

The Corporation's continuing operations, as intended, will require additional funding. There is no assurance that the Corporation will be able to obtain the required future funding. Successful execution of the Corporation's strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all the requisite licenses, permits and other regulatory approvals (the "Regulatory Approvals"). The Corporation is currently applying under the Drug Law of Cambodia for Regulatory Approval to conduct hemp research and development related activities on a scientific and industrial basis. Failure to receive the necessary Regulatory Approvals, comply with requirements of the Regulatory Approvals or maintain the Regulatory Approvals in good standing, will have a material adverse impact on the business, financial condition and operating results of the Corporation. Although the Corporation believes it will be able to qualify for the Regulatory Approvals and meet requirements thereof, there can be no guarantee that the relevant regulators will accept the Corporation's applications for the Regulatory Approvals or, if they do, whether such regulators will continue to be satisfied with the Corporation's maintenance of the Regulatory Approvals.

The commercial hemp industry is an evolving industry and the Corporation cannot predict the impact of the compliance regimes in Cambodia or elsewhere in Asia. Similarly, the Corporation cannot predict the time required to secure all appropriate Regulatory Approvals for its products, or the extent of testing and documentation that may be required by the relevant governmental and regulatory authorities. The impact of the applicable compliance regimes, and any delays in obtaining, or failure to obtain, Regulatory Approvals, may significantly delay or impact the development of markets, products and sales initiatives, and could have a material adverse effect on the business, financial condition and operating results of the Corporation. The Corporation cannot predict the time required to secure all appropriate Regulatory Approvals for its products, or the extent of testing and documentation that may be required by governmental and regulatory authorities. Any delays in obtaining, or failure to obtain, necessary Regulatory Approvals will significantly delay the development of markets and products, and could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

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3. Basis of preparation

(a) Statement of compliance

These unaudited condensed interim financial statements (“interim financial statements”) have been prepared following the same accounting policies and methods of computation as the audited financial statements for the period from incorporation on December 19, 2017 to December 31, 2018 and year ended December 31, 2019 (“audited annual financial statements”), except as outlined below. They have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain financial information and disclosure normally included in audited annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed. The disclosure provided herein is incremental to the disclosure included in the audited annual financial statements. The interim financial statements should be read in conjunction with the Corporation’s audited annual financial statements for the period from incorporation on December 19, 2017 to December 31, 2018 and year ended December 31, 2019.

These interim financial statements are presented in Canadian dollars, which is the Corporation’s functional currency”).

4. Significant accounting policies

Intangible asset

The Corporation’s intangible asset consists of the intellectual property that was acquired separately thus it is measured initially at cost. Following its initial recognition, the intellectual property is recorded at cost less accumulated amortization and impairment losses, if any. The intellectual property is currently not in use.

Current income 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 balance sheet 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 basis. 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.

Cash

Cash includes cash on deposit at banking institutions.

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Financial instruments

Financial assets

Recognition and initial measurement

The Corporation recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

Subsequent to initial recognition, all financial assets are classified and subsequently measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and subscription receivable.

Reclassifications

The Corporation reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

Impairment

The Corporation recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments. Expected credit losses are measured to reflect a probability weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

Financial assets are written off when the Corporation has no reasonable expectations of recovering all or any portion thereof.

Refer to note 10 for additional information about the Corporation's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

Derecognition of financial assets

The Corporation derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Corporation recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Corporation measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently

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measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount. Transaction costs of equity transactions are treated as a deduction from equity.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability or a component classified as a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Corporation derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Impairment – non-financial assets

The Corporation assesses during each reporting period whether there have been any events or changes in circumstances that indicate that its intangible assets (intellectual property) may be impaired and an impairment review is carried out whenever such an assessment indicates that the carrying amount may not be recoverable. Such indicators include but are not limited to changes in the Corporation's business plans, economic performance of the assets, an increase in the discount rate and evidence of physical damage. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. Where impairment exists, the asset is written down to its recoverable amount, which is the higher of the fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). Impairments are recognized immediately in the profit or loss.

In subsequent years, assessments are made at each reporting period date as to whether any indication exists that previously recognized impairment losses no longer exist or have decreased. If indication exists, the Corporation calculates the new recoverable amount. Reversal of impairment losses are limited so that the carrying amount of the non-financial asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the non-financial asset in prior periods. Reversal of impairment losses are recognized, when incurred, in the profit or loss.

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Share-based payments

Share-based payments are comprised of share option awards granted to employees, directors and others which are equity-settled share-based payments. These equity-settled share-based payments are measured at the fair value of the equity instruments and are recognized as an employee expense with the offsetting credit as an increase to contributed surplus.

Upon exercise of share options, the Corporation issues new shares. The associated fair value amount is reclassified from the contributed surplus to share capital. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Where equity instruments are granted to non-employees they are recorded at the fair value of the goods or services received. Where the fair value of goods or services received cannot be reliably measured it is measured based on the fair value of the equity instrument granted.

The Corporation adopted a share option plan, which allows the Corporation to issue options to the directors and officers of the Corporation to purchase ordinary shares of the Corporation at a stipulated price. The option grants will not exceed 10% of the issued and outstanding ordinary shares of the Corporation. The Corporation measures these amounts at fair value at the grant date using the Black-Scholes option pricing model and compensation expense is recognized over the vesting period.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to the shareholders of the Corporation by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to shareholders and the weighted average number of shares outstanding for the effect of all potential shares, which is comprised of any outstanding warrants or options. Escrow shares, which are considered contingently issuable, are excluded from loss per share calculations. The calculation of diluted loss per share excludes the effect of various conversions and exercise of options and warrants that would be anti-dilutive.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

The Corporation may incur various costs when issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. Costs related to a planned equity offering not completed at the financial statement date are recorded as deferred financing costs until the offering is either completed or abandoned. The costs of an equity transaction that is abandoned are recognized as an expense.

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Foreign currency

Transactions denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at transaction dates. Carrying values of monetary assets and liabilities are subsequently adjusted to reflect the exchange rates in effect at the reporting date. Non-monetary items denominated in a foreign currency are translated into Canadian dollars at historical exchange rates. Foreign exchange gains and losses are included in the determination of net loss for the period.

Share purchase warrants

Share purchase warrants may be granted to third parties as partial compensation for services or issued to shareholders are part of unit financings. Share purchase warrants are measured at the fair value of the equity instruments and are recognized as share issue costs with an offsetting credit as an increase to warrant capital.

Upon exercise of share purchase warrants, the Corporation issues new shares. The associated fair value amount is reclassified from the warrant capital to share capital. The proceeds received net of any directly attributable transaction costs are credited to share capital when the share purchase warrants are exercised.

Business Combination – IFRS 3

In October 2018, the IASB issued amendment to IFRS 3, “Business Combinations”. The amendment clarifies the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and outputs, and introduce an optional fair value concentration test. The amendments to IFRS 3 are effective for annual reporting periods beginning on or after January 1, 2020 and apply prospectively, with earlier application permitted. The Corporation has adopted IFRS 3, “Business Combination”, on January 1, 2020 using modified retrospective. The Corporation does not have any business combinations, and therefore, the transition to IFRS 3 had no material effect on the Corporation’s financial statements.

5. Supplementary cash flow information

Changes in non-cash working capital is comprised of:

		March 31, 2020		December 31, 2019
Sources (uses) of cash:				
Taxes receivable	\$	(3,460)	\$	(12,900)
Subscription receivable		-		10,000
Prepays		15,000		(20,000)
Deferred financing costs		-		19,962
Accounts payable and accrued liabilities		(52,378)		(41,058)
	\$	(40,838)	\$	(43,996)
Related to operating activities	\$	(40,838)	\$	(73,958)
Related to financing activities		-		29,962
	\$	(40,838)	\$	(43,996)

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6. Deferred financing costs and transactions costs

During the period ended December 31, 2018, the Corporation initiated a process to become a publicly-listed entity on the CSE. The costs associated with the issuance of new equity were recorded as deferred financing costs, which at December 31, 2018 totalled \$19,962, whereas costs associated with the listing were expensed as transaction costs.

On January 24, 2019, the Corporation successfully listed on the CSE and the Corporation issued 5,047,000 common shares at the price of \$0.25 per common share, for aggregate gross proceeds of \$1,261,750. The cost associated with the issuance of new common shares totalled \$159,065 and therefore the net amount recorded as share capital was \$1,102,685. The total share issue cost of \$159,065 comprises share issue cost incurred up to December 31, 2018, classified as deferred financing costs on the statement of financial position as at December 31, 2018 totalling \$19,962, which was reclassified against share capital upon issuance of the new shares in January 2019 and further share issue costs incurred in January 2019 totalling \$139,103.

7. Intellectual property

On March 7, 2018, the Corporation entered into a license agreement (the "License Agreement") with InPlanta wherein InPlanta granted the Corporation the exclusive license to use a proprietary organic hybridization technology for planting, growth and harvesting of new and valuable hemp strains and related crops in commercial quantities. The Corporation intends to apply the technology to hemp industry in Asia, including India, Thailand, Cambodia, Vietnam, Korea, Malaysia, Indonesia, Japan, Singapore, China, Miramar, Laos, and the Philippines. Pursuant to the Agreement the Corporation issued 2,000,000 common shares to the shareholders of InPlanta on February 23, 2018 for aggregate consideration of \$40,000, which was determined using the share price of \$0.02 per common share representing the fair value of shares issued in proximity to this transaction.

In return for the grant of license to the Corporation, the Corporation will pay royalties on the sale of seed and related by-products on a sliding scale basis. In addition, the Corporation has agreed to complete a test program in the subject territory to demonstrate the application of the licensed technology with a budget of not less than \$1.0 million and to pay monthly consulting fees of \$5,000 per month commencing January 2019 to the licensor for completion of related laboratory work and analysis. During the year ended December 31, 2019, the Corporation paid \$79,226 in relation to this agreement, of which, \$20,000 remained in prepaids as at December 31, 2019.

In May 2019, the Corporation prepaid InPlanta its monthly consulting fees up to and including April 30, 2020. As at March 31, 2020, \$5,000 remains in prepaids.

In line with the requirements of IFRS, as at December 31, 2019, the Corporation carried out an impairment test of the intellectual property as it was not available for use as at the reporting date. Management determined that indications existed that the carrying amount may not be recoverable. The Corporation has concluded that the specific Hemp strains that were purchased are not readily able to be sold and therefore, fair market value is not easily determined. In addition, the Corporation's future cash flows are not easily determined at this time, and therefore, the value of the intellectual property is deemed to be Nil. Accordingly, impairment of \$40,000 was recorded, and is included in the statement of loss and comprehensive loss during the year ended December 31, 2019.

In March 2020, the Corporation entered into an agreement with Swysh Inc., an Alberta company ("Swysh") focused on the conduct of specific cannabinoid-based research and development activities and that owns proprietary technology and related intellectual property aimed at providing the basis for creation of topical treatments for a variety of external and internal conditions and ailments, including a number of anti-viral and preventative health-care applications. This agreement grants a license to AGBC to deploy the technology for

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the purpose of completing further research, development, testing and additional validation and establishment of practical applications with a view to commercialization of the technology in the greater region of Asia.

The agreement with Swysh functions in part as a supplement and expansion of the activities commenced by the Corporation developed through its license agreement with InPlanta Biotechnology Inc. under which AGBC has begun the development, evaluation, testing, application and, ultimately, supply to the market of hemp-oriented proprietary organic hybridization technology and certain products derived from that technology. The Swysh agreement provides, among other things, that AGBC will participate in research and development activities based on Swysh's intellectual property and associated rights and will ultimately be in a position to control and market health, skin care and a variety of other products successfully derived from those activities. In so doing, the Corporation has committed to a budget of \$100,000 to affect research activities directed by Swysh, and will pay Swysh a royalty based on actual sales of products derived from that research. In addition, the Corporation has agreed to issue to Swysh a total of 400,000 common treasury shares.

Additionally, in March 2020, the Corporation and Swysh confirmed that a patent application has now been filed by agents for Swysh with the United States Patent Office in respect of new and unique Cannabis sativa lines, extracts and methods for their use to inhibit the levels of ACE2 receptor in oral, lung and intestinal epithelial tissues to prevent entry of SARS-CoV-2 and related viruses, to treat the cytokine storm that precedes and underlies acute respiratory distress syndrome in COVID-19 and other diseases, and to affect viral life cycle processes. Extracts of novel hemp lines can be combined with anti-viral agents and anti-inflammatory extracts of turmeric, chamomile, sage, fennel, ginger, rosehip or other herbs, as well as probiotics to increase their efficacy.

AGBC and Swysh also confirm that, in addition to filing a patent application in respect of this technology as previously detailed, Swysh, its partners and research team have prepared and submitted a working paper detailing aspects of the research undertaken to date and outlining anticipated next steps in that process.

8. Share capital

(a) Authorized

Unlimited number of voting common shares, without par value.

Unlimited number of preferred shares issuable in series, as determined by the directors.

(b) Issued

Common shares	Number of shares		Amount
Balance at December 31, 2018	31,200,100	\$	635,501
Issuance of shares for cash (i)	5,047,000		1,261,750
Broker warrants (ii)			75,800
Share issue costs	-		(159,065)
Balance at December 31, 2019 and March 31, 2020	36,247,100	\$	1,813,986

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- (i) On January 11, 2019, the Corporation completed its initial public offering (the "IPO") of 5,047,000 common shares at the price of \$0.25 per common share pursuant to a Prospectus dated October 29, 2018 for gross proceeds of \$1,261,750. The Corporation has been listed as a hemp research and development company on the CSE. The common shares of the Corporation commenced trading on the CSE under the trading symbol "ASIA" on January 24, 2019.

The cost associated with the issuance of new common shares totalled \$159,065 and therefore the net amount recorded as share capital was \$1,102,685. The total share issue cost of \$159,065 comprises share issue cost incurred up to December 31, 2018, classified as deferred financing costs on the statement of financial position as at December 31, 2018 totalling \$19,962, which was reclassified against share capital upon issuance of the new shares in January 2019 and further share issue costs incurred in 2019 totalling \$139,103 (comprising cash share issue cost of \$63,301 and issuance of broker warrants with fair value of \$75,800).

- (ii) In connection with the completion of IPO, the Corporation reserved 403,760 common shares for issuance upon the exercise of the common share purchase warrants granted to the Agent upon completion of the IPO (the "Agent's Warrants"); these Agent's Warrants are exercisable at a price of \$0.25 per common share until January 10, 2021.

The Corporation calculated the fair value of the 403,760 common share purchase warrants granted in 2019 using the Black-Scholes pricing model using the following assumptions:

	2019
Share-price	\$0.25
Risk-free interest rate	1.86%
Expected volatility	150%
Dividend yield	0%
Expected life of each warrant granted	2 years
Estimated forfeiture rate	0%
Fair value per warrant	\$0.19

The fair value of the 403,760 warrants granted on January 10, 2019 was \$75,800. In addition, the Agent received an aggregate total cash commission of \$61,940 in connection with the IPO, representing an 8% commission on the total "non-President's List" proceeds from the IPO in the amount of \$611,750 and a 2% commission on the proceeds from the IPO arising from a "President's List" of subscribers in the amount of \$650,000. Additionally, the Agent was paid an administration fee and granted the Agent's Warrants.

- (c) Options

Under the Corporation's share option plan, the Corporation may grant options to its directors, officers, employees and consultants up to a maximum of 10% of the issued common shares. The exercise price of each option is determined by the Board of Directors of the Corporation when such option is granted. The options fully vest and are expensed at grant date.

The option's maximum term is five years.

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The following is a summary of changes to the Corporation's share option plan during the periods:

	Three Months ended March 31, 2020		Year ended December 31, 2019	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period (i)	3,180,007	\$0.25	3,120,010	\$0.25
Granted (ii)	-	-	550,000	\$0.25
Forfeited (iii)	(490,004)	(\$0.25)	(490,003)	(\$0.25)
Outstanding, at end of period	2,690,003	\$0.25	3,180,007	\$0.25
Exercisable at end of period	2,690,003	\$0.25	3,180,007	\$0.25

- (i) On March 1, 2018, the Corporation granted 3,120,010 share options to directors and officers pursuant to its stock option plan to purchase common shares at an exercise price of \$0.25 per common share, exercisable for a period of five years from the date of grant. The fair value of the 3,120,010 fully vested options granted on March 1, 2018 was \$710,186, with a corresponding credit to contributed surplus.
- (ii) On February 27, 2019, the Corporation granted an aggregate of 550,000 stock options to a former director of the Corporation in accordance with the Corporation's stock option plan, which vested immediately. Each stock option is exercisable into one common share in the capital of the Corporation at a price of \$0.25 per share for a period of five years from the date of grant.

The Corporation calculated the fair value of options granted in 2019 using the Black-Scholes option pricing model using the following weighted average assumptions:

	2019
Share-price	\$0.26
Risk-free interest rate	1.80%
Expected volatility	150%
Dividend yield	0%
Expected life of each option granted	5 years
Estimated forfeiture rate	0%
Weighted average fair value per option	\$0.24

The fair value of the 550,000 fully vested options granted on February 27, 2019 was \$130,468, with a corresponding credit to contributed surplus.

- (iii) On May 21, 2019, 490,003 stock options to a former consultant were forfeited. On January 19, 2020, 490,004 stock options to a former consultant were forfeited.

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(d) Escrow shares

Pursuant to the terms of an escrow agreement dated April 25, 2018, a total of 14,953,933 common shares issued to the directors and officers of the Corporation will be held in escrow. Under the escrow agreement, 10% of the escrowed common shares will be released upon the listing date and an additional 15% will be released therefrom every 6-month interval thereafter, over a period of 36 months. These escrow shares, which are considered contingently issuable, are excluded from loss per share calculations. As at March 31, 2020, 8,972,360 common shares are held in escrow (December 31, 2019 - 11,215,450 common shares).

9. Capital management

The Corporation's capital consists of share capital. The Corporation's objectives when managing capital are:

- (i) to maintain a flexible capital structure, which optimizes the cost of capital and acceptable risk; and,
- (ii) to maintain investor, creditor and market confidence in order to sustain the future development of the business.

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

10. Financial instruments

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

Subsequent to December 31, 2019, the bank account in which the Corporation's cash was being held was closed and the full balance of the cash was transferred to the bank account under a numbered company owned 50-50 by the CEO and Director together with the CFO and Director. A trust deed has been declared that the numbered company is holding the funds in trust and will transact on behalf of Corporation

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. As at March 31, 2020, \$709,494 of the Corporation's cash was held with one financial institution as at March 31, 2020, which is a Canadian Bank and the balance, representing \$91,034 (\$68,275 USD), was held in United States Dollars ("USD") with a Canadian-based Trust company. Management believes that the risk of loss is minimal but the Corporation is subject to concentration of credit risk.

Liquidity risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to settle its liabilities as and when they fall due. As at March 31, 2020, the Corporation had cash of \$800,528 to settle obligations of \$36,571. All of the Corporation's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

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Market risk

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

(i) Interest rate risk

The Corporation has cash balances that bear no interest.

(ii) Foreign currency risk

The Corporation has assets denominated in a foreign currency (see "Liquidity risk" above). As at March 31, 2020, the Corporation had USD of \$68,275. A 1% change in the exchange rate at March 31, 2020 of the USD is estimated to have approximately a \$908 effect on the net loss and comprehensive loss for the period.

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 Corporation 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 carrying amount of the Corporation's financial instruments, consisting of cash and accounts payable and accrued liabilities, approximate their fair value due to the short-term maturities of these items.

11. Loss per share

The following table summarizes the common shares used in calculating loss per share:

	March 31, 2020	December 31, 2019
Weighted average common shares outstanding		
Basic and diluted	26,707,805	23,535,231

12. Income tax expense

The Corporation has non-capital losses of approximately \$1,019,947 (December 31, 2019 - \$839,384) that are available to offset future taxable income.

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13. Related party transactions

The related party transactions are in the normal course of operations and have been initially measured at fair value, which is the amount of consideration established and agreed to by the related party and is similar to amounts negotiated independently with third parties.

Key management personnel include executive officers and directors. Executive officers receive consulting fees by virtue of their consulting agreements with the Corporation, and also participate in the Corporation's share option program.

Key management personnel compensation included in total remuneration is as follows:

	Three Months Ended March 31, 2020	Year Ended December 31, 2019
Consulting fees	\$ 112,084	\$ -
Share-based compensation (note 8(c))	-	375,578
	\$ 112,084	\$ 375,578

14. Subsequent Event

On May 19, 2020, AGBC and Swysh confirmed that, in addition to filing a patent application in respect of this technology as announced on March 30, 2020, Swysh, its partners and research team have prepared and submitted a working paper detailing aspects of the research undertaken to date and outlining anticipated next steps in that process.