ASIA GREEN BIOTECHNOLOGY CORP.

(Formerly Asia Cannabis Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

MANAGEMENT'S DISCUSSION & ANALYSIS

The following management's discussion and analysis ("MD&A") should be read in conjunction with Asia Green Biotechnology Corp.'s ("AGBC" or the "Corporation") unaudited condensed interim financial statements as at and for the three and six months ended June 30, 2020 and 2019, and the audited annual financial statements for the period from incorporation on December 19, 2017 to December 31, 2018 and year ended December 31, 2019. The financial data presented herein, including comparative periods, have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Accordingly, certain 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 MD&A is dated **August 25, 2020.** The reader should be aware that historical results are not necessarily indicative of future performance.

Additional information about the Corporation, filed with the Canadian securities commissions, including periodic yearly and quarterly reports, is available online at www.sedar.com.

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. by Certificate of Amendment pursuant to the provisions of Alberta, Canada.

FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking or outlook information which reflects management's expectations regarding the Corporation's growth, results of operations, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "outlook", "forecast" and similar expressions are intended to identify forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Although management believes the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that actual results will be consistent with these forward-looking statements. Readers should not put undue reliance on forward-looking information. These statements are made as of the date hereof and management assumes no obligation to update or revise these statements to reflect new events or circumstances, except as required by securities legislation.

OUTLOOK AND NATURE OF ORGANIZATION AND CONTINUANCE OF OPERATIONS

Asia Green Biotechnology Corp. is an international agri-technology company that will specialize in growing and processing proprietary strains of hemp and bulk cannabidiol in Cambodia and elsewhere in South East Asia with the ultimate aim to export to the large markets across Asia. The Corporation's initial focus will be on research and development, along with evaluation and testing of specialized strains using Cambodia as primary venue to conduct this process.

The address of the registered office of the Corporation is Suite 1150, 707 – 7th Avenue S.W., Calgary, Alberta, T2P 3H6.

HIGHLIGHTS

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 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.

Through its regional representatives, management of AGBC continues to maintain its close ties in the Kingdom of Cambodia and is monitoring potential changes to the regulations which govern hemp research and production in that country. AGBC continues to endorse the establishment of a policy which grants a social license for the re-establishment of a commercial hemp agricultural base as management is certain this will ultimately provide Cambodia's farmers and people with an early mover advantage in production of the myriad of products and by-products of the hemp plant. Accordingly, management has determined to locate its Asian headquarters in the Kingdom of Cambodia and intends to establish a venue for entrepreneurial and farming education as such relates to the new industry.

AGBC has also initiated business expansion activities in the general region and is pleased to announce that it has solidified contacts in Thailand, Indonesia and Malaysia. While these discussions with potential partners are of a preliminary nature, the Corporation is confident the depth and experience of its InPlanta Biotechnology Inc. ("InPlanta") team and its extensive research and experience in regulatory matters in relation to legalization process will assist in underlining the value of AGBC involvement in the development of the hemp industry in these countries. Management is also continuing to explore other options in the greater region relative to both expansion of its hemp-based food, fibre, fuel and foundation initiative as well as prospects for importation of raw product CBD initially for research purposes and medicinal applications.

During 2019, the Corporation announced that it continues to successfully implement its business plan in SE Asia. In addition to its wide-ranging activities in the Kingdom of Cambodia, the Corporation is pleased to announce that it has entered a Memorandum of Understanding with the AmeriSeed Group ("AmeriSeed"). The purpose of this agreement is to allow AGBC and AmeriSeed to collaborate in the pursuit and execution of a business development plan tied to the evaluation and implementation of seed and plant production techniques relating to hemp and other plants with medicinal, practical or other benefits. The parties are prepared to jointly provide managerial input, equipment, intellectual property and material to facilitate the operational needs of such a project in Thailand or wherever the parties determine is a viable venue for such an operation. As part of the execution of that business plan, AGBC and AmeriSeed are prepared to either facilitate the creation of a company or otherwise establish a joint venture for the initial purpose of conducting evaluation and consultative work to determine the feasibility of completing such a project.

AmeriSeed engages in research and development activities as well as general operations in Chiang Mai, Thailand, and has expertise in the application of plant genetics, seed production and technology, plant production, sales and market dynamics. The Corporation has an extensive record of successful operations in Thailand and elsewhere with worldwide sales of seed and plant products. The collaboration of AGBC and AmeriSeed will give the companies access to senior level engineering and technical teams to foster project development and provide access to significant and unique technical and associated scientific data, equipment and infrastructure. Managements of both parties are confident that this collaboration will result in an increase in options in the greater region relative to expansion of the hemp-based food, fibre, fuel and foundation initiatives.

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.

In March 2020, the Corporation entered into an agreement with Swysh Inc. (“Swysh”), an Alberta company controlled by a director of the Corporation, 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 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.

In May 2020, the Corporation and Swysh confirm that, in addition to filing a patent application in respect of this technology, 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.

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 June 30, 2020, $Nil 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.

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SELECTED FINANCIAL INFORMATION ($)

	December 31, 2019	**December 31, 2018**
Revenue		-
Net loss and comprehensive loss	(767,180)	(921,579)
per share (basic and fully diluted)	(0.03)	(0.06)
Total assets	1,054,830	554,115

QUARTERLY DATA ($)

Period ended	**Revenue**	**Expenses**	**Net Loss**	**Basic and Fully Diluted**	**Total Assets**
June 30, 2020	-	(178,563)	(178,563)	(0.01)	721,064
March 31, 2020	-	(180,564)	(180,564)	(0.01)	821,888
December 31, 2019	-	(156,849)	(156,849)	(0.01)	1,054,830
September 30, 2019	-	(103,453)	(103,453)	(0.00)	1,189,359
June 30, 2019	-	(181,512)	(181,512)	(0.01)	1,291,986
March 31, 2019	-	(325,366)	(325,366)	(0.01)	1,535,106
December 31, 2018	-	(168,206)	(168,206)	(0.01)	554,115
September 30, 2018	-	(12,033)	(12,033)	(0.00)	622,078

SUMMARY OF RESULTS ($)

	Three Months Ended Jun. 30 2020	Three Months Ended Jun. 30 2019	Six Months Ended Jun. 30 2020	Six Months Ended Jun. 30 2019
Revenue	-	-	-	-
Expenses				
General and administrative expenses:	(178,563)	(181,512)	(359,127)	(373,233)
Share-based compensation	-	-	-	(130,468)
Transaction costs			-	(3,177)
Net loss and comprehensive loss	(178,563)	(181,512)	(359,127)	(506,878)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.02)
Net cash used in operating activities	(99,083)	(301,404)	(320,485)	(499,712)
Net cash from financing activities	-	-	-	1,208,447
Total assets	721,064	1,291,986	721,064	1,291,986
Working capital [(1)]	606,754	1,186,183	606,754	1,186,183

(1) *Working capital is calculated as current assets less current liabilities. This is a non-IFRS measure.*

GENERAL AND ADMINISTRATIVE ("G&A") EXPENSES ($)

	Three Months Ended Jun. 30 2020	Three Months Ended Jun. 30 2019	Six Months Ended Jun. 30 2020	Six Months Ended Jun. 30 2019
G&A expenses	178,563	181,512	359,127	373,233

G&A expenses for the six months ended June 30, 2020 totaled $359,127 (June 30, 2019 - $373,233).

G&A expenses for the three months ended June 30, 2020 totaled $178,563 (June 30, 2019 - $181,512)

The following table breaks down G&A expenses by category ($):

	Three Months Ended Jun. 30 2020	Three Months Ended Jun. 30 2019	Six Months Ended Jun. 30 2020	Six Months Ended Jun. 30 2019
Advertising and promotion	14,725	-	14,725	15,750
Audit and legal fees	4,000	19,466	10,939	29,489
Consulting fees	79,926	83,976	192,009	197,275
Filing and registration fees	5,025	20,696	10,307	41,670
Office	11,747	11,252	20,208	24,763
Research and development	9,899	-	11,146	-
Travel and meals	53,241	46,122	99,793	64,286
	178,563	**181,512**	**359,127**	**373,233**

DEFERRED FINANCING COSTS AND TRANSACTION 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.

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**	**$**	**635,501**
Issuance of shares for cash (i)	5,047,000		1,261,750
Broker warrants (ii)	-		75,800
Share issue costs	-		(159,065)
Balance at December 31, 2019 and June 30, 2020	**36,247,100**	**$**	**1,813,986**

(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%
Weighted average 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.

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

	Six Months ended June 30, 2020		Year ended December 31, 2019	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period	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	3,180,007	$0.25	3,120,010	$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.

(a) 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 June 30, 2020, 8,972,360 common shares are held in escrow (December 31, 2019 - 11,215,450 common shares).

NET LOSS AND COMPREHENSIVE LOSS, AND CASH FLOWS FROM OPERATING ACTIVITIES ($)

	Three Months Ended Jun. 30 2020	**Three Months Ended Jun. 30 2019**	**Six Months Ended Jun. 30 2020**	**Six Months Ended Jun. 30 2019**
Net loss and comprehensive loss	(178,563)	(181,512)	(359,127)	(506,878)
Per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.02)
Net cash from (used in) operating activities	(99,083)	(301,404)	(320,485)	(499,712)
Net cash from (used in) financing activities	-	-	-	1,208,447

During the six months ended June 30, 2020, the Corporation recorded a net loss and comprehensive loss of $359,127 (June 30, 2019 - $506,878). On a per share basis, this loss equates to $0.01 per share (June 30, 2019 - $0.01 per share).

During the three months ended June 30, 2020, the Corporation recorded a net loss and comprehensive loss of $178,563 (June 30, 2019 - $181,512). On a per share basis, this loss equates to $0.01 per share (June 30, 2019 - $0.02 per share).

SUPPLEMENT TO THE FINANCIAL STATEMENTS

The outstanding common shares and share options are summarized below (also see note 8 the unaudited condensed interim financial statements for the three and six months ended June 30, 2020 and 2019):

	August 25, 2020	June 30, 2020	December 31, 2019
Common shares	36,247,100	36,247,100	36,247,100
Warrants	403,760	403,760	403,760
Share options	2,690,003	2,690,003	3,180,007

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2020, the Corporation had a working capital surplus of $606,754, which included cash of $701,445.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS AND CAPITAL COMMITMENTS

There are no contractual obligations or capital commitments.

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.

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 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.

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.

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.

NEW STANDARDS ADOPTED DURING THE YEAR

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.

CRITICAL ACCOUNTING ESTIMATES

Taxes

The Corporation files corporate income tax, goods and service tax and other tax returns with various provincial and federal taxation authorities in Canada. There can be differing interpretations of applicable tax laws and regulations. The resolution of any differing tax positions through negotiations or litigation with tax authorities can take several years to complete. The Corporation does not anticipate that there will be any material impact upon the results of its operations, financial position or liquidity.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain.

Estimates of future taxable income are based on forecasted funds from operations. During the current year, the Corporation has not recorded any deferred tax assets or liabilities due to the uncertainty of future taxable profits.

Share options and warrants

The amounts recorded relating to the fair value of share options and warrants issued are based on estimates of the volatility using historical volatilities of peer companies that are publicly traded, market price of the Corporation's shares at the grant date, expected lives of the options and warrants, risk-free interest rate, forfeiture rate, expected dividends and other relevant assumptions.

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.