

ORION NUTRACEUTICALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED AUGUST 31, 2021 AND 2020

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

Orion Nutraceuticals Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

AS AT,	Note	August 31, 2021	May 31, 2021
ASSETS			
Current assets			
Cash		\$ 41,130	\$ 280,185
Taxes receivable		102,041	100,394
Other receivables		13,000	-
Promissory notes	3	2,396,504	2,047,460
Prepaid expenses		321	643
TOTAL ASSETS		\$ 2,552,996	\$ 2,428,682
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable	4,5	\$ 212,517	\$ 215,907
Accrued liabilities		213,125	189,375
Loans payable	5,6	44,000	44,000
TOTAL LIABILITIES		469,642	449,282
SHAREHOLDERS' EQUITY			
Share capital	7	8,513,978	8,513,978
Share-based payment reserve	7	1,333,494	1,331,546
Deficit		(7,763,196)	(7,865,202)
Attributable to Shareholders		2,084,276	1,980,322
Non-controlling interest	2	(922)	(922)
TOTAL SHAREHOLDER'S EQUITY		2,083,354	1,979,400
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 2,552,996	\$ 2,428,682

Nature of Operations and Going Concern (Note 1)

Subsequent Event (Note 10)

Approved and authorized by the Board on November 1, 2021

Approved by the Directors:

"Robin Linden"

"Sam Jenkins"

See accompanying notes to the condensed interim consolidated financial statements

Orion Nutraceuticals Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Note	For the period ended	
		August 31, 2021	August 31, 2020
EXPENSES			
Consulting fees	5	\$ 8,750	\$ 139,133
Management fees	5	22,500	22,500
Office administration		553	412
Professional fees		22,916	104,393
Regulatory and transfer agent fees		2,540	4,145
Foreign exchange	3	(97,699)	34,671
Share based compensation	5,7	1,948	4,281
		(38,492)	309,535
OTHER ITEMS			
Interest income		-	(701)
Change in fair value of promissory notes	3	(63,514)	-
Gain on settlement of accounts payable	4	-	(20,000)
Income (loss) and comprehensive income (loss) for the period		\$ 102,006	\$ (288,834)
Basic and diluted income (loss) per share		\$ 0.00	\$ (0.02)
Weighted average number of common shares outstanding		29,307,965	18,979,112

See accompanying notes to the condensed interim consolidated financial statements

Orion Nutraceuticals Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Note	Share capital		Subscriptions receivable	Share-based payment reserve	Deficit	Non- controlling Interest	Total
		Number of shares*	Amount					
Balance, May 31, 2020		6,720,555	\$ 5,963,570	\$ -	\$ 754,737	\$ (6,982,266)	\$ (922)	\$ (264,881)
Shares issued for private placement	7	20,000,000	3,000,000	(819,171)	-	-	-	2,180,828
Finder's shares	7	1,064,002	-	-	-	-	-	-
Share issuance cost	7	-	(95,700)	-	-	-	-	(95,700)
Finder's warrants	7	-	(566,419)	-	566,419	-	-	-
Warrants exercised	7	1,510,908	211,527	-	-	-	-	211,527
Shares issued to settle debt	7	12,500	5,000	-	-	-	-	5,000
Share based compensation	7	-	-	-	4,281	-	-	4,281
Net and comprehensive income (loss)		-	-	-	-	(288,834)	-	(288,834)
Balance, August 31, 2020		29,307,965	\$ 8,517,978	\$ (819,172)	\$ 1,325,437	\$ (7,271,100)	\$ (922)	\$1,752,221
Balance, May 31, 2021		29,307,965	\$ 8,513,978	\$ -	\$ 1,331,546	\$ (7,865,202)	\$ (922)	\$1,979,400
Share based compensation	7	-	-	-	1,948	-	-	1,948
Net and comprehensive income (loss)		-	-	-	-	102,006	-	102,006
Balance, August 31, 2021		29,307,965	\$ 8,513,978	\$ -	\$ 1,333,494	\$ (7,763,196)	\$ (922)	\$2,083,354

See accompanying notes to the condensed interim consolidated financial statements

Orion Nutraceuticals Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

For the period ended:	August 31, 2021	August 31, 2020
OPERATING ACTIVITIES		
Income (loss) for the period	\$ 102,006	\$ (288,834)
Adjustments for non-cash items:		
Foreign exchange	(97,699)	-
Gain on settlement of loans payable	-	(20,000)
Change in fair value of promissory notes	(63,514)	-
Stock based compensation	1,948	4,281
Net change in non-cash working capital accounts:		
Taxes receivable	(1,647)	(6,815)
Other receivables	(13,000)	-
Prepaid	322	(10,000)
Accounts payable	20,360	(290,245)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(51,224)	(611,613)
FINANCING ACTIVITIES		
Proceeds from issuance of stock, net of share issuance costs	-	2,904,300
Proceeds from warrants exercised	-	211,527
Subscription receivable	-	(819,171)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	-	2,296,656
INVESTING ACTIVITIES		
Promissory note receivable	(187,831)	(1,004,923)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(187,831)	(1,004,923)
Change in cash for the period	(239,055)	680,120
Cash, beginning	280,185	501,293
CASH, ENDING	\$ 41,130	\$ 1,181,413

See accompanying notes to the condensed interim consolidated financial statements

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

For the period ended August 31, 2021 and 2020

1. NATURE OF OPERATIONS AND GOING CONCERN

Orion Nutraceuticals Inc. (the “Company” or “Orion”) was incorporated under the Business Corporations Act of British Columbia on November 7, 2017. On October 17, 2018, the shares of the Company commenced trading on the Canadian Securities Exchange (“CSE”) under the trading symbol ORI. The Company’s head office and principle place of business is located at Suite 810 -789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The Company was in the business of pursuing acquisitions of, or investments in, subsidiaries in global markets to grow cannabis and extract cannabis oil that will be used as an ingredient in proprietary health and beauty products and distributed in bulk to other manufacturers. During the year ended May 31, 2021, the Company changed its business model to focus on re-purposing a United States Food and Drug Administration approved drug to target asthma and chronic obstructive pulmonary disease (COPD) (Note 3).

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning they will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. During the period ended August 31, 2021, the Company generated a net income of \$102,006 and at August 31, 2021, the Company had a working capital of \$2,083,354. The Company’s ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements, continued cooperation of creditors and related parties, and ultimately upon generating profits from operations. These material uncertainties may cast significant doubt upon the entity’s ability to continue as a going concern.

The Company will depend almost exclusively on equity financing. Such equity financings will include the issuance of additional equity shares. There can be no assurance that equity financings will be available to meet the continuing operating costs or, if the equity is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company’s liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected, thus giving rise to doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Company’s operations during the period ending August 31, 2021. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company’s business, financial position and operating results in the future. In addition, it is possible that estimates in the Company’s financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

For the period ended August 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance with International Financial Reporting Standards

These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies described in Note 2 of the Company's annual audited financial statements as at and for the year ended May 31, 2021. Accordingly, these condensed consolidated interim financial statements for the three months ended August 31, 2021 should be read together with the annual audited consolidated financial statements as at and for the year ended May 31, 2021.

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements have been prepared on the accrual basis and are based on historical costs, modified where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars, which unless otherwise noted, is the Company and its subsidiary's functional currency.

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on November 1, 2021.

Basis of Consolidation

The Company's condensed interim consolidated financial statements include the accounts of the Company and its subsidiary MedicOasis Inc. ("MedicOasis") in which the Company has a 99% ownership. A subsidiary is an entity controlled by the Company, where control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the Company's subsidiary is included in the consolidated financial statements. All intercompany balances and transactions, income and expenses have been eliminated upon consolidation.

During the year ended May 31, 2020, MedicOasis incurred losses. MedicOasis has been inactive since June 1, 2020. The non-controlling interest of 1% in MedicOasis was held by other minority shareholders.

	\$
Non-controlling interest, May 31, 2019	-
Non-controlling interest in loss of Orion to May 31, 2020	(922)
Total non-controlling interest, August 31, 2021, May 31, 2021 and May 31, 2020	(922)

Significant Judgements and Estimates

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended May 31, 2021, with exception to the new accounting policies adopted by the Company discussed below.

The preparation of condensed interim consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

New or revised accounting standards

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

For the period ended August 31, 2021 and 2020

3. PROMISSORY NOTE

On August 25, 2020, the Company signed a non-binding letter of intent, as amended, to acquire all of the issued and outstanding securities of 2740162 Ontario Inc. (d/b/a “August Therapeutics”), a private corporation, in consideration for the payment of 60 million common shares in the capital of the Company to the shareholders of August Therapeutics pro rata to their ownership interest (the “Transaction”), expiring on December 31, 2021.

In connection with the proposed Transaction the Company extended to August Therapeutics a series of secured notes, bearing interest at 1% per annum compounded monthly totaling \$1,725,017 (US\$1,301,664). The proceeds of the notes shall be used by August Therapeutics strictly for the limited purpose of making subscription payments to InStatIn, Inc. (“InStatIn”) pursuant to a subscription earn-in agreement (the “Earn-in Agreement”) entered into among August Therapeutics and InStatIn on August 12, 2020. All outstanding obligations under the secured notes will mature and be due and payable on the date that is 12 months from the date of the advances. The security for the secured notes shall be (i) the common shares of InStatIn acquired pursuant to the Earn-in Agreement and (ii) a security interest in all present and future-acquired assets of August Therapeutics, which security interest shall be perfected by all legal steps required under applicable law. The notes were recorded at fair value using a discount rate of 20% at initial recognition and subsequently.

During the year ended May 31, 2021, the Company extended to Ketiko Bio Corp. (“Ketiko”) a note, bearing interest of 1% per annum calculated monthly totaling \$672,880 (US\$500,000). The proceeds of the note shall be used by Ketiko strictly to purchase shares of InVixa Inc. (“InVixa”) pursuant to a subscription earn-in agreement entered into among Ketiko and InVixa on August 12, 2020. The note matures and is due and payable on October 28, 2021. The security for the note shall be (i) the common shares of InVixa acquired by Ketiko and (ii) a security interest in all present and future-acquired assets of Ketiko. The note was recorded at fair value using a discount rate of 20% at initial recognition and subsequently. During the period ended August 31, 2021, the Company advanced an additional \$187,831 (US\$150,000) note to Ketiko on the same terms as the initial advance.

The following table summarizes the promissory note activity:

	August Therapeutics \$	Ketiko \$	Total \$
Balance, May 31, 2020	-	-	-
Promissory notes advanced	1,725,017	672,880	2,397,897
Change in fair value	(126,022)	(49,593)	(175,615)
Foreign exchange	(117,188)	(57,634)	(174,822)
Balance, May 31, 2021	1,481,807	565,653	2,047,460
Promissory notes advanced	-	187,831	187,831
Change in fair value	62,809	705	63,514
Foreign exchange	69,734	27,965	97,699
Balance, August 31, 2021	1,614,350	782,154	2,396,504

4. GAIN ON SETTLEMENT OF ACCOUNTS PAYABLE

During the year ended May 31, 2021, the Company settled accounts payable to a third-party vendor for amounts owing of \$40,000 through a cash payment of \$20,000. The gain on settlement of \$20,000 was recorded as the difference between the amount owing and the settlement payment.

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
For the period ended August 31, 2021 and 2020

5. RELATED PARTY TRANSACTIONS AND BALANCES

The Company defines key management as directors and officers of the Company.

The following are the transactions with related parties during the periods ended August 31, 2021, and 2020, respectively

	2021	2020
Management fees paid or accrued to the CEO and related companies	\$ 22,500	22,500
Consulting fees paid or accrued to a director of the Company	1,250	1,250
Share based compensation	1,948	4,281
Total	\$ 25,698	\$28,031

At August 31, 2021, the Company owes \$163,750 (May 31, 2021 - \$140,400) directly or to companies controlled by key management personnel, which is included in accounts payable. At August 31, 2021, the Company owes \$20,000 (May 31, 2021 - \$20,000) directly to key management personnel, which is included in loans payable (Note 6). These amounts are unsecured, non-interest bearing and due on demand.

On July 31, 2020, the Company issued 12,500 common shares with a fair value of \$5,000 to settle \$5,000 of director fees charged in 2020 (Note 7).

On March 2, 2021, pursuant to the terms of a settlement agreement dated September 3, 2020 between the Company and the former CEO, the Company transferred 13,271 shares of FCM Global, S.A.A. ("FCM") to the former CEO in return for the full and final release of the Company from claims in regards to compensation owing to the former CEO as of the date of his departure. The Company acquired the 13,271 shares of FCM when it was pursuing the acquisition of FCM in 2019. The fair value of the 13,271 shares of FCM was fully impaired as of May 31, 2019 when the acquisition of FCM was no longer pursued by the Company.

6. LOANS PAYABLE

The Company has loan balances of \$44,000 owing as of May 31, 2021 (May 31, 2021 - \$44,000), of which \$20,000 (May 31, 2021 - \$20,000) is payable to key management personnel (Note 5). The loans are unsecured, non-interest bearing and due on demand.

7. SHARE CAPITAL AND RESERVES

Authorized: Unlimited common shares without par value.

Issued and Outstanding:

No capital activity was initiated during the period ended August 31, 2021.

For the period ended August 31, 2020

On July 10, 2020, the Company closed the second tranche of a non-brokered private placement of 20,000,000 Units ("Unit") of the Company at a price of \$0.15 per Unit for gross proceeds of \$3,000,000. Each Unit consists of one common share and one share purchase warrant ("Warrant"). Each Warrant expires on July 10, 2022 with an exercise price of \$0.40. The Company uses the residual value method and as a result no value was assigned to the Warrants.

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

For the period ended August 31, 2021 and 2020

7. SHARE CAPITAL AND RESERVES (CONTINUED)

For the period ended August 31, 2020 (continued)

In connection with the private placement completed on July 10, 2020, the Company granted to finders 1,084,002 finder's warrants with an exercise price of \$0.40 per warrant expiring on July 10, 2022. The total fair value of the warrants was estimated to be \$552,553 using the Black-Scholes Option Pricing Model with the following assumptions: term of 2 years; expected volatility of 370%; risk-free rate of 0.25%; and expected dividends of zero. The Company also granted to finders 27,997 finder's warrants with an exercise price of \$0.15 per warrant expiring on July 10, 2021. The total fair value of the warrants was estimated to be \$13,866 using the Black-Scholes Option Pricing Model with the following assumptions: term of 1 year; expected volatility of 458%; risk-free rate of 0.25%; and expected dividends of zero.

In connection with the private placement completed on July 10, 2020, the Company issued 1,064,002 common shares at fair value of \$542,641 and paid cash finder's fees of \$70,700 to arm's length parties. Included in the share issuance cost is \$25,000 legal fees related to closing of the private placement.

On July 31, 2020, the Company issued 12,500 common shares with a fair value of \$5,000 to settle \$5,000 of director fees charged in 2020 (Note 5).

On August 26, 2020, the Company issued 1,510,908 common shares pursuant to warrants exercised for gross proceeds of \$211,527.

Share Purchase Warrants

The following table summarizes warrant activity:

	Number of warrants	Weighted average price \$
Balance at May 31, 2020	4,816,434	0.54
Issued	21,111,999	0.40
Expired	(89,160)	(21.95)
Exercised	(1,510,908)	(0.14)
Balance at May 31, 2021	24,328,365	0.37
Expired	(27,997)	(0.15)
Balance at August 31, 2021	24,300,368	0.37

Share purchase warrants outstanding at August 31, 2021 is as follows:

Number of warrants outstanding and exercisable	Exercise price \$	Expiry date	Weighted Average Remaining Life (years)
3,216,366	0.14	May 28, 2022	0.74
20,000,000	0.40	July 10, 2022	0.86
1,084,002	0.40	July 10, 2022	0.86
24,300,368			0.85

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

For the period ended August 31, 2021 and 2020

7. SHARE CAPITAL AND RESERVES (CONTINUED)

Options

The Company grants stock options to employees, directors, officers, and consultants of the Company as compensation for services pursuant to its Stock Option Plan (the “Plan”). Options have a maximum expiry period of up to five years from the grant date and are subject to minimum vesting requirements, as determined by the Board of Directors. The number of options that may be issued under the Plan may not exceed 20% of the number of issued and outstanding common shares of the Company at the time of granting of options.

The following table summarizes options activity:

	Number of options	Weighted average price \$
Balance May 31, 2020	102,000	6.41
Expired	(44,000)	(7.31)
Balance at May 31, 2021	58,000	5.73
Expired	-	-
Balance at August 31, 2021	58,000	5.73

Information regarding stock options outstanding at May 31, 2021 is as follows:

Number of options outstanding and exercisable	Exercise price \$	Expiry date	Weighted Average Remaining Life (years)
22,000	6.25	August 15, 2023	1.96
24,000	6.25	October 5, 2023	2.10
12,000	3.75	September 13, 2023	2.04
58,000			2.03

On September 13, 2019, the Company granted 12,000 stock options with an exercise price of \$3.75 per share expiring on September 13, 2023. 1/3 of the options vest on the first, second and third anniversary dates, respectively. The total fair value of the stock options was estimated to be \$27,851 using the Black-Scholes Option Pricing Model with the following assumptions: term of 4 years; expected volatility of 210%; risk-free rate of 1.55%; and expected dividends of zero. During the period ended August 31, 2021, the Company recognized share-based compensation of \$1,948 (2020 - \$4,281).

Share-based payment reserve

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

8. CAPITAL MANAGEMENT

The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern in order to carry out its business plan and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company consists of common shares. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

There were no changes in the Company’s approach to capital management during the period. There are no externally imposed capital requirements.

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

For the period ended August 31, 2021 and 2020

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair values

The fair values of cash, promissory notes, other receivable, loans payable and accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

(b) Interest rate risk

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations. Liquidity risk is assessed as moderate.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and promissory notes. The risk on cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company is exposed to risk is on its promissory note, which is secured and receivable from two arm's length parties. Credit risk is assessed as moderate.

(e) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company's promissory notes are denominated in United States dollars. The Company does not hedge its exposure to fluctuations in foreign exchange rates. At August 31, 2021, a 10% change in the United States dollar to Canadian dollar exchange rate would impact the Company's net loss by \$239,650.

10. SUBSEQUENT EVENTS

There is no subsequent events to report.