Condensed Interim Consolidated Financial Statements of

Mota Ventures Corp.
(formerly Primary Energy Metals Inc.)

Three months ended March 31, 2020
(Expressed in Canadian dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim consolidated financial statements of Mota Ventures Corp. (formerly Primary Energy Metals Inc.) (the “Company” or “Mota”) have been prepared by and are the responsibility of the Company’s management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

Mota Ventures Corp.
(formerly Primary Energy Metals Inc.)

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	Notes	**March 31, 2020**	December 31, 2019
Assets			
Current assets			
Cash		**$ 2,114,541**	$ 2,687,976
Amounts receivable	6	**4,857,725**	51,118
Prepaid expenses and deposits	7	**870,983**	288,717
Inventory	8	**84,248**	-
Assets held for sale	9	**20,000**	20,000
		7,947,497	3,047,811
Notes receivable	11	**2,208,662**	-
Right-of-use assets	14	**195,138**	224,359
Intangible assets	5, 10	**28,878,307**	414,544
Goodwill	5, 10	**16,983,455**	-
Total assets		**$ 56,213,059**	$ 3,686,714
Liabilities			
Current liabilities			
Amounts payable and accrued liabilities	12, 15	**$ 2,524,007**	$ 648,838
Consideration payable	5	**1,868,119**	-
Loan payable	13	**25,000**	25,000
Lease	14	**66,796**	89,669
		4,483,922	763,507
Long term lease	14	**136,487**	145,583
Total liabilities		**4,620,409**	909,090
Equity			
Share capital	16	**21,638,901**	11,422,504
Commitment to issue shares	5, 16, 21(d)	**43,329,856**	100,000
Equity reserve	16	**2,171,107**	2,171,107
Deficit		**(15,547,214)**	(10,915,987)
Total equity		**51,592,650**	2,777,624
Total liabilities and equity		**$ 56,213,059**	$ 3,686,714

Nature and continuance of operations (Note 1)
Subsequent events (Note 21)

Approved by the Board of Directors and authorized for issue on June 1, 2020:

Joel Shacker Director

Chad Clelland Director

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

Mota Ventures Corp.
(formerly Primary Energy Metals Inc.)

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Notes	Three months ended March 31, 2020
Revenue	18	**$ 7,652,752**
Cost of goods sold		**7,047,602**
		605,150
Expenses		
Advisory and consulting		**170,293**
Bank service charges		**41,166**
Customer service fees		**284,430**
Depreciation	10, 14	**60,906**
Independent business operator fees		**93,737**
Interest	14	**3,431**
Management fees		**2,701**
Marketing, advertising and promotional		**407,467**
Office, rent and miscellaneous		**27,522**
Professional fees		**652,047**
Regulatory and transfer agent		**25,045**
Salaries and benefits		**69,497**
Transaction costs	5	**3,856,505**
Travel		**45,212**
		(5,739,960)
Foreign exchange gain		**466,355**
Interest income	11	**37,227**
		503,582
Net loss and comprehensive loss		**$ (4,631,227)**
Basic and diluted loss per share		**$ (0.05)**
Weighted average number of common shares outstanding - basic and diluted		**91,464,517**

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

Mota Ventures Corp.
(formerly Primary Energy Metals Inc.)

Condensed Interim Consolidated Statements of Equity
(Expressed in Canadian dollars)
(Unaudited)

		Share capital		Commitment	Equity		
	Note	**Number**	**Amount**	**to issue shares**	**reserve**	**Deficit**	**Total**
Balance at April 12, 2019		100	$ -	$ -	$ -	$ -	**$ -**
Shares issued for cash		25,034,900	500,000	-	-	-	**500,000**
Shares issued for acquisition of Ihuana S.A.S.		7,999,000	159,980	-	-	-	**159,980**
Shares issued to 1211782 B.C. Ltd. for acquisition of Ihuana S.A.S.		6,963,500	139,270	-	-	-	**139,270**
Reverse takeover transaction	4	23,322,486	6,996,746	-	1,361,735	-	**8,358,481**
Subscription receipt financing		12,196,249	3,658,875	-	-	-	**3,658,875**
Shares issued for finders' fee		4,000,000	1,200,000	-	-	-	**1,200,000**
Shares issued for advisory fee		800,000	240,000	-	-	-	**240,000**
Shares issued for consultant fee		416,667	125,000	-	-	-	**125,000**
Warrants issued for finders' fee		-	-	-	25,969	-	**25,969**
Share issue costs		-	(1,601,117)	-	-	-	**(1,601,117)**
Exercise of warrants		25,000	3,750	-	-	-	**3,750**
Share- based compensation		-	-	-	783,403	-	**783,403**
Commitment to issue shares	16(a)	-	-	100,000	-	-	**100,000**
Net loss and comprehensive loss		-	-	-	-	(10,915,987)	**(10,915,987)**
Balance at December 31, 2019		80,757,902	$ 11,422,504	- $ 100,000	$ 2,171,107	$ (10,915,987)	**$ 2,777,624**
Exercise of warrants		2,060,000	309,000	-	-	-	**309,000**
Shares issued for consultant fee		250,000	100,000	(100,000)	-	-	**-**
Shares issued for marketing fee		42,375	13,560	-	-	-	**13,560**
Commitment to issue shares	16(a), 21(d)	-	-	337,740	-	-	**337,740**
Shares issued for acquisition of Nature's Exclusive	5(a)	4,712,500	3,063,125	-	-	-	**3,063,125**
Commitment to issue shares for acquisition of Nature's Exclusive	5(a)	-	-	27,568,125			**27,568,125**
Contingent consideration for acquisition of Nature's Exclusive	5(a)	-	-	11,874,545	-	-	**11,874,545**
Shares issued for acquisition of Sativida	5(b)	5,496,221	1,154,206	-	-	-	**1,154,206**
Contingent consideration for acquisition of Sativida	5(b)	-	-	3,549,446	-	-	**3,549,446**
Shares issued for transaction costs		6,379,546	3,856,505	-	-	-	**3,856,505**
Share subscriptions received		-	1,720,001	-	-	-	**1,720,001**
Net loss and comprehensive loss		-	-	-	-	(4,631,227)	**(4,631,227)**
Balance at March 31, 2020		99,698,544	$ 21,638,901	- $ 43,329,856	$ 2,171,107	$ (15,547,214)	**$ 51,592,650**

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

Mota Ventures Corp.
(formerly Primary Energy Metals Inc.)
Condensed Interim Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	Three months ended March 31, 2020
Operating activities	
Net loss	$ (4,631,227)
Items not involving cash:	
Depreciation	60,906
Interest expense	3,431
Commitment to issue shares	337,740
Shares issued for transaction costs	3,856,505
Shares issued for marketing fee	13,560
Changes in non-cash working capital items:	
Amounts receivable	(1,306,952)
Prepaid expenses and deposits	(580,899)
Inventory	(481)
Notes receivable	(357,601)
Amounts payable and accrued liabilities	1,816,076
	(788,942)
Investing activities	
Acquisition payment to Unified for acquisition of Nature's Exclusive	(1,959,300)
Cash acquired from acquisitions	181,206
	(1,778,094)
Financing activities	
Share subscriptions received	1,720,001
Proceeds from exercise of warrants	309,000
Lease payments	(35,400)
	1,993,601
Change in cash	(573,435)
Cash, beginning of period	2,687,976
Cash, end of period	**$ 2,114,541**
Supplemental cash flow information:	
Cash paid during the period for interest	$ -
Cash paid during the period for taxes	$ -
Shares issued for acquisition of Nature's Exclusive	$ 3,063,125
Cash consideration payable for acquisition of Nature's Exclusive	$ 1,868,119
Contingent share consideration for acquisition of Nature's Exclusive	$ 39,442,670
Shares issued for acquisition of Sativida	$ 1,154,206
Contingent share consideration for acquisition of Sativida	$ 3,549,446

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company and its subsidiaries is an established natural health products company focused in the cannabidiol ("CBD") and psychedelic medicine sectors. Through its eCommerce business, Mota is a leading direct-to-consumer provider of a wide range of natural health products throughout the United States and Europe. In the United States, the Company sells a CBD hemp-oil formulation derived from hemp grown and formulated in the United States through its Nature's Exclusive brand. Within Europe, its Sativida brand of award winning 100% organic CBD oils and cosmetics are sold throughout Spain, Portugal, Austria, Germany, France, and the United Kingdom. Mota is also seeking to acquire additional revenue producing CBD brands and operations in both Europe and North America, with the goal of establishing an international distribution network for CBD and other natural health products (Note 21). In addition, its existing operations in Colombia consist of a 2.5-hectare site that has optimal year-round growing conditions and access to all necessary infrastructure for CBD cultivation and extraction. The Company is incorporated under the laws of British Columbia, Canada. The address of the Company's corporate office and its principal place of business is Suite 800 – 1199 W Hastings Street, Vancouver BC, Canada V6E 3T5.

These unaudited condensed interim consolidated financial statements were approved and authorized for issuance on June 1, 2020.

Nature's Exclusive acquisition

On January 17, 2020, the Company completed the acquisition (the "Nature's Exclusive Transaction") of the online distributor Nature's Exclusive (formerly First Class CBD), pursuant to the terms of a business combination agreement (the "Nature's Exclusive Agreement") entered into with Unified Funding, LLC ("Unified"). Unified is an arms'-length party which operated Nature's Exclusive through its wholly-owned subsidiary, Natural Brands USA, LLC (formerly First Class USA, LLC) ("Natural Brands") (Note 5).

Nature's Exclusive is a direct to consumer online retail distributor business in the United States. Nature's Exclusive offers a range of products using CBD hemp-oil, which include CBD oil drops, CBD gummies, CBD pain relief cream and CBD skin serum.

Sativida transaction

Pursuant to the binding agreement with Sativida OU (Estonia) and Sativida OU's subsidiary, VIDA BCN LABS S.L. (collectively with Sativida OU, "Sativida") dated January 9, 2020 (the "Sativida Agreement"), the Company was granted the right to acquire Sativida in stages (the "Sativida Transaction"), at the discretion of the Company, as certain corporate and intellectual property registrations were completed.

On March 25, 2020, the Company acquired the intellectual property and trade names of Sativida in Spain, and will license both back to Sativida in exchange for a royalty associated with the gross revenues generated by Sativida. Pursuant to the Sativida Agreement, the Company also holds the right to acquire all of the outstanding share capital of Sativida at any time for no additional consideration (Note 5).

Sativida is an arms'-length producer and online retailer of CBD and branded CBD products in various jurisdictions in Europe, including Spain, Portugal, Austria, Germany, France and the United Kingdom.

1. NATURE AND CONTINUANCE OF OPERATIONS (Continued)

Phenome licensing agreement

On January 17, 2020, the Company entered into a licensing and royalty agreement (the “Phenome Licensing Agreement”) with Phenome One Corporation (“Phenome”), a privately held full-service live genetic and seed preservation cannabis company. The Phenome Licensing Agreement provides the Company with the right to propagate, cultivate, harvest and process a selection of cultivars from Phenome’s genetic library, and to sell products of any kind produced from the selected cultivars. The Company is also granted unlimited access to a proprietary nutrient IP and catalogue. Under the Phenome Licensing Agreement, the Company will: (a) issue 1,000,000 common shares of the Company to Phenome upon the Company’s successful seed registration in Colombia; and (b) make royalty payments to Phenome each calendar quarter of five percent (5%) of gross sales of products produced from the Phenome genetics. In the event the Company is acquired by a third party or there is a material breach to the Phenome Licensing Agreement, the Company will issue 1,000,000 shares to Phenome. As at March 31, 2020, no amounts have been accrued in relation to the Phenome Licensing Agreement.

BevCanna JV agreement

On February 5, 2020, the Company entered into a joint venture agreement (the “JV Agreement”), with BevCanna Enterprises Inc. (“BevCanna”), pursuant to which the parties intend to partner in the development of a joint venture (the “Joint Venture”) to distribute BevCanna branded products infused with hemp-derived CBD in the European market.

The Joint Venture holds exclusive rights to sell and market BevCanna house brand lines of hemp-derived CBD products in Europe and will operate for an initial five-year term.

Under the JV Agreement, the Company and BevCanna will share equal ownership in the Joint Venture and will be jointly responsible for developing and funding its operations. In addition to capital, BevCanna will contribute proprietary brands, product formulations, formulas for nanoencapsulated water-soluble powders, marketing and manufacturing expertise to the Joint Venture. The Company will provide manufacturing, marketing and distribution infrastructure in the European market.

Finalization of the Joint Venture remains subject to the establishment of a joint venture company by the parties, and the licensing and registration of intellectual property for use in Europe.

RTO transaction

On November 28, 2019, the Company completed the acquisition of all of the issued and outstanding shares of a private company, NNZ Consulting Corp. (“NNZ”), through a reverse takeover transaction (the “RTO Transaction”), resulting in the name change to Mota Ventures Corp. The net assets of the Company at the date of the RTO Transaction are deemed to have been acquired by NNZ (Note 4).

On June 12, 2019, NNZ completed its purchase of Ihuana S.A.S. (“Ihuana”), a Colombian company incorporated on January 25, 2017 (Note 3).

Through Ihuana, the Company holds a 100% interest in a non-psychoactive cannabis license issued by the Ministry of Justice of Colombia for the production of grain and seeds for sowing, the fabrication of derivatives and other industrial purposes.

1. NATURE AND CONTINUANCE OF OPERATIONS (Continued)

Going concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at March 31, 2020, the Company had working capital of $3,463,575. During the three months ended March 31, 2020, the Company incurred a net loss of $4,631,227, and at March 31, 2020, the Company has not achieved profitable operations, has accumulated losses of $15,547,214 since inception. The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations to generate funds and its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretation Committee. These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements, and the audited carve-out combined financial statements of Nature's Exclusive. Accordingly, they should be read in conjunction with the Company's most recent annual financial statements, and the audited carve-out combined financial statements of Nature's Exclusive.

(b) Basis of measurement

These condensed interim consolidated financial statements have been prepared in Canadian dollars on a historical cost basis except for cash measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company. See below for the functional currency of each subsidiary.

(d) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The results of the subsidiaries will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. 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.

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (Continued)

(d) Basis of consolidation (Continued)

Refer to Note 5 for additional information on the Company's acquisitions during the three months ended March 31, 2020.

Details of the subsidiaries are as follows:

	Incorporation	Functional currency	Percentage owned As at December 31, 2019
NNZ Consulting Corp.	British Columbia, Canada	Cdn$	100%
Ihuana S.A.S.	Bogota, Colombia	Cdn$	100%
Natural Brands USA, LLC	Utah, USA	US$	100%
Global Zifar S.L.	Madrid, Spain	EURO	100%

Prior to the RTO Transaction (Note 4), the Company had three wholly-owned subsidiaries, being 1177527 B.C. Ltd. (British Columbia), Prost Vanadium Ltd. (British Columbia) and Primary Nirvana Inc. (Delaware). In connection with the completion of the RTO Transaction, the Company wound-up each of these subsidiaries.

3. ACQUISITION OF IHUANA

On June 12, 2019, pursuant to a share purchase agreement (the "Ihuana Agreement") entered between Ihuana and NNZ, the Company issued 7,999,000 common shares at a price of $0.02 per share to acquire all of the outstanding shares of Ihuana.

On June 12, 2019, pursuant to a consulting agreement (the "Consulting Agreement") entered with 1211782 B.C. ("1211782"), the Company issued 6,963,500 common shares at a price of $0.02 per share and paid $335,650 (US$ 250,000) in consideration for services rendered in assisting the purchase of Ihuana.

The transaction has been accounted for as acquisition of assets and assumed liabilities. The consideration of $634,900 paid by the Company has been allocated to the assets and liabilities acquired based on their relative fair value on the date of the acquisition.

The following table summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed at the date of acquisition.

Consideration paid:		
Fair value of shares issued	$	299,250
Cash paid for transaction costs		335,650
		634,900
Net assets of Ihuana acquired:		
Intangible assets - license		634,923
Amounts payable and accrued liabilities		(23)
	$	634,900

(Expressed in Canadian dollars)

4. REVERSE TAKEOVER TRANSACTION

In July 2019, Primary Energy Metals Inc. ("PRIM") signed a letter of intent with NNZ, pursuant to which PRIM would acquire 100% of the shares of NNZ on a one-for-one basis via a reverse take-over (the "RTO Transaction"). NNZ is a privately-held company which, through its subsidiary Ihuana (Note 3), is licensed to cultivate non-psychoactive cannabis in Colombia for seed production, manufacturing of derivative products such as CBD and for industrial purposes (Note 10).

On November 28, 2019, the above RTO Transaction was completed. Under this transaction, PRIM changed its name to Mota Ventures Corp. and acquired 100% of the issued and outstanding shares of NNZ.

The legal acquisition of PRIM by NNZ constitutes as a reverse asset acquisition. In accordance with IFRS 3, Business Combinations, the substance of this transaction is a reverse acquisition of a non-operating company. The transaction does not constitute a business combination since PRIM does not meet the definition of a business under IFRS 3. As a result, the RTO Transaction is accounted for in accordance with IFRS 2, Share-based Payments, as a reverse acquisition with NNZ being identified as the accounting acquirer (legal subsidiary) and PRIM being treated as the accounting acquiree (legal parent).

As consideration for 100% of the outstanding shares of PRIM, NNZ issued 23,322,486 shares, estimated at $0.30 per share, the value of the concurrent financing, on a one for one basis to the shareholders of PRIM. In addition, NNZ issued 7,626,165 warrants, in exchange for previously outstanding warrants of PRIM, and 240,000 options, in exchange for previously outstanding options of PRIM with an average fair value estimated at $0.18 and $0.09 per warrant and option, respectively, using the Black-Scholes model. The assumptions used in the Black-Scholes model included a risk free interest rate of 1.61%, an estimated life of 0.27 to 3.91 years, an expected volatility of 75%, and a dividend yield of 0%. The total consideration of $8,358,481 was allocated first to the fair value of the net liabilities acquired, with any excess to listing expense recognized on the date of acquisition on November 28, 2019 as follows:

Consideration		**Amount**
23,322,486 shares at a value of $0.30 per share	$	6,996,746
7,626,165 warrants at a value of $0.18 per warrant		1,339,843
240,000 options at a value of $0.10 per option		21,892
	$	8,358,481
Net liabilities of PRIM as at date of acquisition November 28, 2019		
Cash		264,250
Other current assets		344,709
Right-of-use asset		43,456
Total liabilities		(749,589)
Net liabilities acquired	$	(97,174)
Listing expense	$	8,455,655

At the time of completion of the RTO Transaction, there were 80,732,902 shares issued and outstanding.

(Expressed in Canadian dollars)

5. BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The Company measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets and liabilities assumed, all measured as of the acquisition date. Any excess of the fair value of the net assets acquired over the assumed consideration paid is recognized as a gain in the consolidated statements of operations. Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. Judgement is also required to assess whether the amounts paid on achievement of milestones represents contingent consideration or compensation for post-acquisition services. Judgment is also required to assess whether contingent consideration should be classified as equity or a liability. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in net income (loss).

The following table summarizes the condensed interim consolidated statements of financial position impact on the acquisition date of the Company's business combinations that occurred in the three months ended March 31, 2020.

	Nature's Exclusive (a)	Sativida (b)	**Total**
Cash	$ 164,915	$ 16,291	**$ 181,206**
Amounts receivable	3,386,471	113,184	**3,499,655**
Prepaid expenses and deposits	-	1,367	**1,367**
Inventory	-	83,767	**83,767**
Notes receivable	1,851,061	-	**1,851,061**
Intangible assets			
Brands	27,014,515	1,480,933	**28,495,448**
Goodwill	13,823,480	3,159,975	**16,983,455**
Amounts payable and accrued liabilities	92,772	(151,865)	**(59,093)**
Net assets acquired	$ 46,333,214	$ 4,703,652	**$ 51,036,866**
Consideration paid in cash	$ 1,959,300	$ -	**$ 1,959,300**
Consideration paid in shares	3,063,125	1,154,206	**4,217,331**
Consideration payable in cash	1,868,119	-	**1,868,119**
Commitment to issue shares	27,568,125	-	**27,568,125**
Contingent consideration	11,874,545	3,549,446	**15,423,991**
Total consideration	$ 46,333,214	$ 4,703,652	**$ 51,036,866**
Consideration paid in cash	$ 1,959,300	$ -	**$ 1,959,300**
Less: Cash acquired	(164,915)	(16,291)	**(181,206)**
Net cash outflow	$ 1,794,385	$ (16,291)	**$ 1,778,094**

5. BUSINESS COMBINATIONS (Continued)

The table above summarizes the fair value of the consideration given and the fair values assigned to the assets acquired and liabilities assumed for each acquisition. Goodwill arose in these acquisitions because the cost of acquisition included a control premium. In addition, the consideration paid for the combination reflected the benefit of expected revenue growth and future market development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

(a) Nature's Exclusive

On January 17, 2020 the Company acquired effective control for accounting purposes over the operations of Nature's Exclusive. The Company and Nature's Exclusive are at arms'-length.

Consideration for the Nature's Exclusive Transaction consists of the following:
- US$1,500,000 which was paid upon completion of the Nature's Exclusive Transaction,
- US$1,500,000 which is due and owing within six months and recorded as consideration payable, and
- The issuance of 47,125,000 common shares of the Company.

On closing, 4,712,500 common shares were issued to Unified, with a fair value of $3,063,125, based on the Company's share price on the date of the transaction (Note 16(a)). The fair value of the remainder of the consideration shares was recorded as commitment to issue shares in equity as at March 31, 2020. On May 29, 2020, additional 7,068,750 common shares were issued to Unified.

Unified will also be entitled to a one-time bonus payment (the "Bonus Payment") based on the revenue and profitability of Nature's Exclusive in the 2020 calendar year. Subsequent to March 31, 2020, the Nature's Exclusive Agreement was amended for the Bonus Payment to be: (i) US$5,000,000, in the event gross revenue exceeds US$40,000,000 (formerly US$42,000,000) with a profit margin of at least ten percent; (ii) US$10,000,000, in the event gross revenue exceeds US$45,000,000 (formerly US$52,000,000) with a profit margin of at least ten percent; or (iii) US$15,000,000, in the event gross revenue exceeds US$50,000,000 (formerly US$62,000,000) with a profit margin of at least ten percent. The Bonus Payment will be payable in common shares of the Company (the "Bonus Shares") based on an exchange rate of US$1.00 to C$1.30 and the greater of: (i) C$0.80; and (ii) the volume-weighted average closing price of the common shares of the Company on the Canadian Securities Exchange in the ten trading days prior to the last trading day of 2020.

The fair value of the Bonus Payment was treated as equity based contingent consideration and recorded as commitment to issue shares in equity. The revenue and profitability of Nature's Exclusive in the 2020 calendar year were assessed by management which were then discounted to present value in order to derive a fair value of the contingent consideration.

In connection with completion of the Nature's Exclusive Transaction, the Company issued 5,200,000 common shares certain arms'-length third-parties who assisted in introducing the parties to the Nature's Exclusive Transaction and facilitating its completion. The Company also issued a further 520,000 common shares to a third-party for successfully administering the Nature's Exclusive Transaction. As a result, $3,718,000 was recorded as transaction costs in the statement of profit (loss).

Due to the timing of this acquisition, the purchase price allocation for the Nature's Exclusive acquisition is provisional. The fair value assigned to the consideration paid, intangible assets and net assets acquired is based on management's best estimate using the information currently available and may be revised by the Company as additional information is received.

5. BUSINESS COMBINATIONS (Continued)

(b) Sativida

On March 25, 2020 the Company acquired effective control for accounting purposes over the operations of Sativida, pursuant to execution of the Sativida Agreement, where the Company, through its Spanish subsidiary Global Zifar S.L., has acquired the intellectual property and trade names of Sativida in Spain and holds the right to acquire all of the outstanding share capital of Sativida at any time for no additional consideration. The Company and Sativida are at arms'-length.

Consideration for the Sativida Transaction consists of the following:

- An initial component of €2,000,001 (the “Initial Sativida Consideration”). The Initial Sativida Consideration was paid in 5,496,221 common shares of the Company (the “Sativida Consideration Shares”) with a fair value of $1,154,206, based on the Company’s share price on the date of the transaction (Note 16(a)); and
- An earn-out component made up of three milestone payments in each of fiscal year 2020, 2021 and 2022, based upon the revenue of Sativida (each, a “Milestone Payment”) for each year end.

Each Milestone Payment will be based on a 400% multiple of Sativida's revenue for each year end until the aggregate of the Initial Sativida Consideration and Milestone Payments reaches €4,000,000, at which point the multiple will be reduced to 100%. In no event will the combined Milestone Payments and the value of the Initial Sativida Consideration exceed €15,000,000. Payment of the Milestone Payments will be satisfied by the Company issuing its common shares (“Milestone Shares”) to Sativida. The total number of Milestone Shares issuable to Sativida will be determined by dividing the amount due by the volume weighted average closing price of the Company's common shares on the Canadian Securities Exchange in the ten trading days prior to the day that the Milestone Payment is due.

The fair value of the Milestone Payments was treated as equity based contingent consideration and recorded as commitment to issue shares in equity. The revenue and profitability of Sativida in the 2020, 2021 and 2022 calendar years were assessed by management which were then discounted to present value in order to derive a fair value of the contingent consideration.

In connection with completion of the Sativida Transaction, the Company issued 549,622 common shares to certain arms'-length finders that assisted in introducing the Sativida Transaction to the Company. Additionally, the Company issued 109,924 common shares to a consultant who assisted in the administration of the Sativida Transaction. As a result, $138,505 was recorded as transaction costs in the statement of profit (loss).

Due to the timing of this acquisition, the purchase price allocation for the Sativida acquisition is provisional. The fair value assigned to the consideration paid, intangible assets and net assets acquired is based on management’s best estimate using the information currently available and may be revised by the Company as additional information is received.

(Expressed in Canadian dollars)

6. AMOUNTS RECEIVABLE

		March 31, 2020		December 31, 2019
Amounts receivable	$	**4,758,045**	$	-
GST and VAT receivable		**99,680**		51,118
Total amounts receivable	$	**4,857,725**	$	51,118

As at March 31, 2020, amounts receivable was comprised primarily from amounts receivable from credit card processors for sales made to customers.

Sales processed on credit are primarily remitted to the Company within 10 days from processing less a 9% - 10% reserve which is remitted 6-9 months after the sale.

7. PREPAID EXPENSES AND DEPOSITS

The Company's prepaid expenses and deposits consist of the following:

		March 31, 2020		December 31, 2019
Prepaid expenses	$	**781,838**	$	197,254
Deposits		**89,145**		91,463
Total prepaid expenses and deposits	$	**870,983**	$	288,717

8. INVENTORY

As at March 31, 2020, inventory consisted of $84,248 of finished goods primarily acquired pursuant to the acquisition of Sativida (Note 5(b)).

9. ASSETS HELD FOR SALE

Prior to the completion of the RTO Transaction, the Company's principal business activity was the acquisition, exploration and development of mineral properties, and the Company was in the exploration stage.

Prior to the completion of the RTO Transaction, the Company entered into a property purchase agreement whereby the Company agreed to sell a legacy property. As a result of the sale, the Company estimated the fair value of the property to be approximately $45,000, recorded as assets held for sale and classified as current on the consolidated statement of financial position. $25,000 was received on execution of this agreement. As at the RTO date and March 31, 2020, the balance of assets held for sale was $20,000.

(Expressed in Canadian dollars)

10. INTANGIBLE ASSETS

A continuity of the intangible assets for the three months ended March 31, 2020 is as follows:

	License	Nature's Exclusive Brand	Sativida Brand	**Total**
Cost				
Balance, April 12, 2019	$ -	$ -	$ -	**$ -**
Acquisition (Note 3)	634,923	-	-	**634,923**
Additions	2,434	-	-	**2,434**
Balance, December 31, 2019	637,357	-	-	**637,357**
Acquisitions (Note 5)	-	27,014,515	1,480,933	**28,495,448**
Balance, March 31, 2020	637,357	27,014,515	1,480,933	**29,132,805**
Accumulated depreciation				
Balance, April 12, 2019	-	-	-	**-**
Amortization	222,813	-	-	**222,813**
Balance, December 31, 2019	222,813	-	-	**222,813**
Amortization	31,685	-	-	**31,685**
Balance, March 31, 2020	254,498	-	-	**254,498**
Net book value				
Balance, April 12, 2019	$ -	$ -	$ -	**$ -**
Balance, December 31, 2019	$ 414,544	$ -	$ -	**$ 414,544**
Balance, March 31, 2020	$ 382,859	$ 27,014,515	$ 1,480,933	**$ 28,878,307**

Intangible assets include a license for the cultivation of non-psychoactive cannabis as well as its derivatives obtained for its wholly-owned Colombian subsidiary from the Republic of Colombia.

On June 12, 2019, the Company obtained the following license through the acquisition of Ihuana (Note 3):

- Cannabis Non-Psychoactive Cultivation License (Resolución 0275, April 2, 2018).

The license is valid for a period of five years from the date the license was issued to Ihuana and is renewable upon request within three months of expiration.

The net change in goodwill is as follows:

	Goodwill
Balance, April 12, 2019 and December 31, 2019	**$ -**
Additions from acquisitions of subsidiaries (Note 5)	**16,983,455**
Balance, March 31, 2020	**$ 16,983,455**

(Expressed in Canadian dollars)

11. NOTES RECEIVABLE

The Company's notes receivable consist of advances Nature's Exclusive made to Offer Space, LLC, Real Oil, LLC and Traffic Space, LLC. The amounts are non-interest bearing, unsecured and receivable upon demand.

		March 31, 2020		December 31, 2019
Due from Offer Space, LLC(1)	**$**	**98,058**	$	-
Due from Real Oil, LLC(2)		**276,072**		-
Due from Traffic Space, LLC(3)		**1,834,532**		-
Total notes receivable	**$**	**2,208,662**	$	-

(1)Offer Space, LLC is a 100% subsidiary of Unified, which offers customer service and risk mitigation technology services to Nature's Exclusive, recorded in sales and marketing expense and cost of goods sold in the statement of profit and loss.
(2)Real Oil, LLC is a 100% subsidiary of Unified, which is the primary supplier of Nature's Exclusive. Costs are included in cost of goods sold in the statement of profit and loss.
(3)Traffic Space, LLC is a 100% subsidiary of Unified, which provides marketing and customer acquisition services to Nature's Exclusive recorded in cost of goods sold in the statement of profit and loss.

On the origination of the note from Traffic Space, LLC, during the year ended December 31, 2019 and prior to the business combination with the Company, Nature's Exclusive recognized a loan discount to recognize the interest rate benefit assuming an effective interest rate of approximately 10% based on market rates for comparable transactions. The discount amount is amortized over the estimated two year life of the note. During the three months ended March 31, 2020, $37,227 accretion of the interest rate benefit is recorded within interest income.

12. AMOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2020		December 31, 2019
Amounts payable	**$**	**2,118,117**	$	425,588
Accrued liabilities		**382,683**		215,000
Cash advance received		**23,207**		-
Total amounts payable and accrued liabilities	**$**	**2,524,007**	$	640,588

As at March 31, 2020, all of the amounts payable and accrued liabilities are considered current.

13. LOAN PAYABLE

As at March 31, 2020, $25,000 was due to an arm's length individual. The amount owed is non-interest bearing, unsecured, and payable upon demand.

(Expressed in Canadian dollars)

14. LEASE PAYABLE

As at March 31, 2020, the lease payable consisted of office leases and a land lease with lease periods ending June 2020 and May 2024. The lease liability for these leases were measured at the present value of remaining lease payments, discounted at the Company's incremental borrowing rate as of the start date of the leases, which was estimated at 6.5%. The Company measured the right-of-use assets at an amount equal to the lease liability.

The carrying amount of the right-of-use asset is depreciated on a straight-line basis over the life of the leases, which have a remaining term of 0.25 year to June 2020 and 4.17 years to May 2024, as at March 31, 2020.

Information about right-of use assets for which the Company is a lessee is presented below:

Right-of-use assets

		Land		Office		Total
Balance, April 12, 2019	$	-	$	-	$	-
Additions		205,574		20,004		225,578
Additions - due to RTO		-		43,456		43,456
Depreciation		(20,189)		(24,486)		(44,675)
Balance, December 31, 2019	$	185,385	$	38,974	$	224,359
Depreciation		(9,736)		(19,485)		(29,221)
Balance, March 31, 2020	$	175,649	$	19,489	$	195,138

The following table summarizes the Company's lease commitment as at March 31, 2020:

Lease Liability

Balance, April 12, 2019	$	-
Additions		225,578
Additions - due to RTO		43,805
Lease payments		(41,641)
Finance expense		7,510
Balance, December 31, 2019	$	235,252
Lease payments		(35,400)
Finance expense		3,431
Balance, March 31, 2020	$	203,283

		March 31, 2020
Current lease liability included in lease	$	66,796
Non-current lease liability included in long-term lease		136,487
Total lease liability	$	203,283

Short-term leases or leases of low-value assets were included in the statement of loss and comprehensive loss for the three months ended March 31, 2020.

(Expressed in Canadian dollars)

15. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. All related party transactions are incurred in the normal course of business at their exchange value.

During the three months ended March 31, 2020, the Company incurred the following related party transactions:

		March 31, 2020
Transactions:		
Consulting fees and salaries		
President and Director	**$**	**30,000**
Chief Executive Officer		**17,042**
	$	**47,042**

The Company had the following related party balances:

		March 31, 2020		December 31, 2019
Balances:				
Due to related parties: a former director and former Chief Executive Officer, or company controlled by him	**$**	**8,250**	$	8,250
Amounts payable and accrued liabilities:				
President and Director	**$**	**95,000**	$	77,051
Chief Executive Officer	**$**	**26,910**	$	-
Commitment to issue shares: Former Director - NNZ	**$**	**-**	$	100,000

As at March 31, 2020, the Company owed $8,250 (December 31, 2019: $8,250) to a former director and former Chief Executive Officer of the Company and to a company controlled by this person. The loan was provided as working capital, and included in amounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and with no fixed repayment terms.

As at March 31, 2020, the Company owed $95,000 (December 31, 2019: $77,051) to the President of the Company and $26,910 (December 31, 2019: $nil) to the Chief Executive Officer for accrued salaries, which were included in amounts payable and accrued liabilities. The amount owed to the President and Chief Executive Officer of the Company is non-interest bearing, unsecured, and with no fixed repayment terms.

During the three months ended March 31, 2020, the Company issued 250,000 shares to settle consulting fees of $100,000 owed to a former director of NNZ.

(Expressed in Canadian dollars)

16. SHARE CAPITAL

(a) Authorized share capital

The Company is authorized to issue unlimited number of common shares without par value.

(b) Issued

During the three months ended March 31, 2020:

During the three months ended March 31, 2020, 2,060,000 shares were issued from the exercise of 2,060,000 warrants at a price of $0.15.

During the three months ended March 31, 2020, the Company issued 250,000 shares to settle consulting fees of $100,000 owed to a former director of NNZ (Note 15).

During the three months ended March 31, 2020, the Company issued 42,375 shares at a price of $0.32 per share to an arms'-length consultant for marketing and advertising services. As at March 31, 2020, $54,240 is owed to this consultant for services until February 28, 2021 which will be settled in shares and recorded as commitment to issue shares in equity.

Pursuant to acquisitions

During the three months ended March 31, 2020, the Company issued the following shares, as a result of business combinations that occurred in the current period:

	Note	Number of shares		Share capital
Nature's Exclusive - consideration	5(a)	4,712,500	$	3,063,125
Nature's Exclusive - transaction costs	5(a)	5,720,000		3,718,000
Sativida - consideration	5(b)	5,496,221		1,154,206
Sativida - transaction costs	5(b)	659,546		138,505
		16,588,267	$	8,073,836

During the period from April 12, 2019 to December 31, 2019:

During the period ended December 31, 2019, 25,000 shares were issued from the exercise of 25,000 warrants at a price of $0.15.

During the period ended December 31, 2019, the Company issued 416,667 Units (the "Marketing Fee Units") to a contractor valued at $0.30 per Unit, as consideration for certain marketing and consulting services provided to the Company. Each Marketing Fee Unit consisted of one common share, and one common share purchase warrant, each warrant exercisable at $0.50 until November 29, 2021. The Company allocated $nil value to these warrants and recorded $125,000 as marketing expenses in the statement of loss and comprehensive loss.

16. SHARE CAPITAL (Continued)

(b) Issued (Continued)

During the period from April 12, 2019 to December 31, 2019: (Continued)

<u>Pursuant to the RTO Transaction</u>

On November 28, 2019, the Company issued 23,322,486 common shares in relation to the PRIM RTO (Note 4).

In November 2019, the Company completed a subscription receipt financing (the "Financing") of 12,196,249 units ("Units") at a price of $0.30 per Unit for gross proceeds of $3,658,875. Each Unit consisted of one common share, and one common share purchase warrant, with each warrant exercisable at $0.50 until November 29, 2021. The Company allocated $nil value to these warrants.

The Company paid cash finders' fees of $96,836 and other cash share issue costs of $38,312 in relation to the Financing. The Company issued 322,787 warrants ("Finders Warrants"), to certain parties who assisted the Company in introducing subscribers to the Financing. The Company allocated $25,969 to warrant reserve for these Finders Warrants. The Company fair valued the Finders Warrants utilizing the Black Scholes option pricing model with the following assumptions: expected life of 2 years; risk free interest rate – 1.61%; expected volatility – 75%; dividend yield – 0%; and forfeiture rate – 0%.

The Company issued 4,000,000 common shares at a price of $0.30 per share (the "Finders' Fee Shares") to certain arms'-length third-parties who assisted in introducing the Transaction to the Company, and 800,000 common shares at a price of $0.30 per share (the "Advisory Fee Shares") to a contractor, as consideration for certain corporate finance advisory services provided to the Company.

<u>Prior to the RTO Transaction</u>

During the period ended December 31, 2019, NNZ completed a financing for gross proceeds of $500,000 by issuing 25,034,900 common shares at a price of $0.02 per share. There were no share issue costs incurred relating to this financing during the period ended December 31, 2019.

During the period ended December 31, 2019, pursuant to the Ihuana Agreement, NNZ issued 7,999,000 common shares at a price of $0.02 per share to acquire all of the outstanding shares of Ihuana and issued 6,963,500 common shares at a price of $0.02 per share to 1211782 in consideration for services rendered in assisting the purchase of Ihuana (Note 3).

(c) Share options

The Company has established a share option plan for directors, officers, employees, and consultants. Under the Company's share option plan, the exercise price, vesting requirement and term of each option are to be determined by the Board. The option exercise price is not to be lower than the market price of the common shares at the time the options are granted. The term of the options cannot exceed 10 years. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The aggregate number of options granted to any one optionee in a 12 month period is limited to 5% of the issued shares of the Company.

During the three months ended March 31, 2020, there were no share options granted.

(Expressed in Canadian dollars)

16. SHARE CAPITAL (Continued)

(c) Share options (Continued)

During the period from April 12, 2019 to December 31, 2019:

On December 3, 2019, the Company granted an aggregate of 4,670,000 share options to its officers, directors and consultants. Each share option is exercisable for a period of five years, until December 3, 2024, at a price of $0.30 per common share. All share options were vested and exercisable upon grant. The fair value of the options granted was $783,403 or approximately $0.17 per option and was recorded as a reserve from share-based compensation. The fair value was based on an application of the Black-Scholes option pricing model using the following assumptions: Share price on grant date - $0.28; expected life 5 years; risk free interest rate – 1.47%; volatility – 75%; dividend yield – 0% and forfeiture – 0%.

Following is a summary of changes in share options outstanding:

	Number of options		Weighted average exercise price
Balance, April 12, 2019	-	$	-
Stock options of PRIM upon RTO Transaction (Note 4)	240,000		0.88
Granted - stock option grant	4,670,000		0.30
Balance, December 31, 2019	4,910,000		0.31
Expired	(140,000)		(0.89)
Balance, March 31, 2020	4,770,000	$	0.31

The following table summarizes information about share options outstanding and exercisable at March 31, 2020:

Outstanding and exercisable	Exercise price	Expiry date
100,000	0.85	October 26, 2023
4,670,000	0.30	December 3, 2024
4,770,000		

(d) Share purchase warrants

Following is a summary of changes in share purchase warrants outstanding:

	Warrants outstanding		Weighted average exercise price
Balance, April 12, 2019	-	$	-
Warrants of PRIM upon RTO Transaction (Note 4)	7,626,168		0.16
Issued (Note 16(b))	12,935,703		0.50
Exercised	(25,000)		(0.15)
Balance, December 31, 2019	20,536,871		0.37
Expired	(46,000)		(1.00)
Exercised	(2,060,000)		(0.15)
Balance, March 31, 2020	18,430,871	$	0.40

(Expressed in Canadian dollars)

16. SHARE CAPITAL (Continued)

(d) Share purchase warrants (Continued)

The following table summarizes information about share purchase and agent's warrants outstanding and exercisable at March 31, 2020:

Outstanding and exercisable		Exercise price	Expiry date
5,495,168		0.15	June 11, 2021
12,935,703		0.50	November 28, 2021
18,430,871	$	0.40	

(d) Shares held in escrow

During the period ended December 31, 2019, in accordance with the policies of the Canadian Securities Exchange, and pursuant to the terms of the share purchase agreement related to the RTO Transaction, a total of 16,162,500 common shares, issued for the completion of the RTO Transaction, are subject to an escrow arrangement, from which they will be released in tranches over a thirty-six month period.

As at March 31, 2020, the Company has 14,660,251 common shares held in escrow (December 31, 2019: 14,717,251). These escrow shares are subject to escrow trading restrictions pursuant to the Escrow agreement. 114,000 escrow shares will be released in 57,000 common share tranches every six months until March 7, 2021 and 14,546,251 escrow shares will be released in 2,424,377 common share tranches every six months until December 4, 2022.

(e) Reserves

The Company's equity reserve is made up of share-based payments and Finders Warrants.

17. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern (Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

As at March 31, 2020, the Company had capital resources consisting of all components of shareholders' equity. 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 common shares.

(Expressed in Canadian dollars)

18. SEGMENTED INFORMATION

As at March 31, 2020, the Company operates in one reportable segment, being its CBD operations including the online retail and distribution of CBD-hemp products in the United States and Spain and its cannabis operations in Colombia.

The following table summarizes the Company's long-lived assets by geographic segment as at March 31, 2020:

	Canada	Colombia	USA	Spain	Total
Notes receivable	$ -	$ -	$ 2,208,662	$ -	$ 2,208,662
Right-of-use assets	19,489	175,649	-	-	195,138
Intangible assets	-	382,859	27,014,515	1,480,933	28,878,307
Goodwill	-	-	13,823,480	3,159,975	16,983,455
Total	$ 19,489	$ 558,508	$ 43,046,657	$ 4,640,908	$ 48,265,562

During the three months ended March 31, 2020, revenue was derived from sales in the following countries:

	Canada	Colombia	USA	Spain and Europe	Total
Revenue	$ -	$ -	$ 7,646,302	$ 6,450	$ 7,652,752

19. FINANCIAL INSTRUMENTS

Financial Risk Management and Fair Value Measurement

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments include cash, amounts receivable, notes receivable, amounts payable and accrued liabilities, and loan payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. The fair value of these financial instruments approximates their carrying value because of the current nature.

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- 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 (i.e.: As prices) or indirectly (i.e.: derived from prices); and
- Level 3: Inputs that are not based on observable market data.

The fair value of cash is measured using Level 1 inputs. The carrying values of amounts payable and accrued liabilities, amounts due to related parties and loan payable approximate their respective fair values due to the short term nature of these instruments.

19. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company is has exposure to the U.S. dollar, Colombian peso, and Euro, through its investments in foreign operations. Consequently, fluctuations in the Canadian dollar exchange rate against these currencies increase the volatility of net loss and other comprehensive loss. The Company has not entered into any foreign currency contracts to mitigate this risk.

(ii) 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's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. Changes in short-term interest rates would not have a significant effect on the Company.

(iii) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. As at March 31, 2020, the Company has cash of $2,114,541, which is held at a Canadian chartered bank and the Company considers the credit risk to be minimal.

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The maximum credit exposure at March 31, 2020 is the carrying amount of cash, amounts receivable and notes receivable. The Company does not have significant credit risk with respect to customers as it primarily sells to individual end users of clients that have a low transaction value and payment is conducted at the time of purchase. In relation to sales in the USA, the Company reduces its credit risk on cash by maintaining its operating bank account at a large international financial institution. The use of independent business operators ("IBO's") and multiple merchant accounts with the IBO's for the benefit of the Company also reduces credit risk as the Company does not have all of its merchanting with a single bank or single merchant account.

(iv) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and expansion activity. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's acquisitions and operations. The Company's amounts payable and accrued liabilities, and loan payable are all current and due within 90 days of the statement of financial position date. As at March 31, 2020 the Company had working capital of $3,463,575.

20. CONCENTRATION RISK

The Company has concentrations with respect to supply management. As discussed in Note 6, the Company relies on these companies for product fulfillment, customer acquisition services and risk mitigation technology.

21. SUBSEQUENT EVENTS

(a) Unified

On May 21, 2020, the Company entered into a letter of intent (the "Unified LOI") to evaluate the acquisition (the "Proposed Unified Transaction") of Unified. Founded in 2015, Unified has created an eCommerce ecosystem to scale its brands and achieve profitability targets through data analysis, strategic customer acquisition and supply chain management. Unified generates revenue from; licensing, marketing and product fulfillment fees, supporting brands in skin care, essential oils, men's health, weight management and CBD including the Company's recently acquired Nature's Exclusive brand.

The Unified LOI does not set forth the terms of the Proposed Unified Transaction, nor have such terms been finalized. Completion of the Proposed Unified Transaction is subject to a number of conditions, including, not limited to, completion of due diligence, negotiation of definitive documentation, and the receipt of any required regulatory approvals. The Proposed Transaction cannot be completed until these conditions are satisfied and there can be no assurance that the Proposed Transaction will be completed at all.

(b) Verrian

On May 14, 2020, the Company entered into a binding term sheet (the "Verrian Term Sheet"), with Verrian Ontario Limited ("Verrian"), pursuant to which it proposes to acquire all of the outstanding share capital of Verrian (the "Verrian Transaction"). Verrian is an arms'-length privately-held company that is focused on delivering and developing products related to addiction reduction, with a focus on alcohol and opiates. Verrian owns and operates an EU-GMP, ISO 14001 compliant 110,000 square foot pharmaceutical manufacturing facility in Radebeul, Germany.

The Verrian Term Sheet contemplates that the Company would acquire all of the outstanding share capital of Verrian in consideration for $20,000,000, through the issuance of common shares (the "Verrian Consideration Shares") of the Company. The Verrian Consideration Shares will be issued at a deemed price of equivalent to the volume weighted average closing price of the common shares of the Company in the ten trading days immediately prior to the entering into of definitive documentation in respect of the Verrian Transaction. The Verrian Consideration Shares will be subject to terms of a thirty-six month time release pooling arrangement, during which time they may not be transferred, assigned, pledged or otherwise traded. The Verrian Consideration Shares will be released from the pooling arrangement in tranches, of which ten-percent will be released after four months, fifteen percent after six months, and the balance in five equal tranches every six months thereafter.

In addition to the Verrian Consideration Shares, upon closing of the Verrian Transaction, the Company has arranged for repayment of $150,000 of existing shareholder loans of Verrian, and will arrange for repayment of the balance of $950,000 within sixty days of closing.

The Company is at arms-length from Verrian, and each of its shareholders.

Upon completion of the Verrian Transaction, an administrative fee of $422,000, payable in common shares of the Company, will be owing to a consultant who assisted with the Verrian Transaction.

The Verrian Transaction remains subject to a number of conditions, including completion of due diligence, receipt of any required regulatory approval and the negotiation of definitive documentation.

21. SUBSEQUENT EVENTS (Continued)

(c) Financing

On April 21, 2020, the Company completed an offering (the "Offering") of 9,944,000 units (each, a "Unit") on April 21, 2020 and 6,142,859 Units on April 1, 2020, by way of non-brokered private placement at a price of $0.28 per Unit for total gross proceeds of $4,504,320. Each Unit consists of one common share of the Company, and one common share purchase warrant (each, a "Warrant") exercisable to acquire an additional share at a price of $0.38 for a period of twenty-four months, expiring on April 21, 2022 and April 1, 2022 respectively.

In connection with completion of the Offering, the Company has paid $75,120 and issued 441,072 common shares and 268,287 Warrants to certain arms-length parties who assisted in facilitating the Offering. The Company has also issued 142,857 Warrants to an arms-length consultant, as partial consideration for services provided to the Company. The Company also paid $45,043 to a third-party for successfully administering the Offering.

(d) Debt settlement

On April 1, 2020, the Company settled outstanding indebtedness of $283,500, owing to an arms-length creditor, in consideration for services previously provided to the Company (the "Debt Settlement"). Under the terms of the Debt Settlement, the Company issued 1,012,500 Units in settlement of the indebtedness. Each Unit consists of one common share of the Company, and one common share purchase warrant exercisable to acquire an additional share at a price of $0.38 for a period of twenty-four months from April 1, 2020.

(e) Folium acquisition

On April 7, 2020, the Company acquired all of the outstanding share capital of 1244780 B.C. Ltd. ("1244780") (the "Folium Acquisition"). The Folium Acquisition was completed pursuant to a share exchange agreement (the "Folium Purchase Agreement"), and entered into with an arms-length third party (the "Vendor"). The sole asset of the 1244780 consists of a 20% equity interest in Folium Life Sciences Inc. ("Folium"), which is in the process of developing a licensed indoor cannabis production facility located on Vancouver Island. In consideration for the Folium Acquisition, the Company issued 21,000,000 common shares.

In connection with completion of the Folium Acquisition, the Company issued 210,000 common shares to a consultant who assisted with the Folium Acquisition.

Folium is a Health Canada licensed cannabis cultivator with facilities located on Vancouver Island.

(f) Equity

Subsequent to March 31, 2020, 803,667 common shares were issued from the exercise of 803,667 warrants at a price of $0.15, for total gross proceeds of $120,550.

Subsequent to March 31, 2020, 7,068,750 common shares were issued at a price of $0.80 to Unified as part of the consideration for the Nature's Exclusive Transaction (Note 5(a)).

Subsequent to March 31, 2020, the Company granted an aggregate of 7,995,000 share options to its officers, directors and consultants. Each share option is exercisable for a period of five years, until May 5, 2025, at a price of $0.30 per common share. All share options were vested and exercisable upon grant.

22. COVID-19

To the date of this report, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreaks is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.