



VODIS PHARMACEUTICALS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vodis Pharmaceuticals Inc.

Opinion

We have audited the consolidated financial statements of Vodis Pharmaceuticals Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of comprehensive loss, cash flows and changes in deficiency for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia
September 11, 2020



An independent firm
associated with Moore
Global Network Limited

VODIS PHARMACEUTICALS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	March 31, 2020	March 31, 2019
	\$	\$
ASSETS		
Current assets		
Cash	321,468	23,046
Receivables (Note 4)	29,880	137,610
Receivable from a related party (Note 9)	10,000	10,000
Prepaid expenses and deposits	39,058	19,541
Total current assets	400,406	190,197
Non-current assets		
Capital assets (Note 5)	1,043,512	551,460
	1,043,512	551,460
TOTAL ASSETS	1,443,918	741,657
LIABILITIES AND DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	571,093	820,844
Accounts payable to related parties (Note 9)	1,349,213	518,600
Finance lease liability (Note 7)	372,471	389,904
Facility lease liability (Note 8)	88,511	-
	2,381,288	1,729,348
Non-current liabilities		
Facility lease liability (Note 8)	475,731	-
Total Liabilities	2,857,019	1,729,348
DEFICIENCY		
Share capital (Note 10)	13,392,485	12,681,918
Obligation to issue shares (Note 10)	71,854	71,854
Equity reserves (Note 10)	2,865,089	3,470,669
Deficit	(17,742,529)	(17,212,132)
Total Deficiency	(1,413,101)	(987,691)
TOTAL LIABILITIES AND DEFICIENCY	1,443,918	741,657

Nature and continuance of operations (Note 1)

Subsequent events (Note 16)

Approved and authorized by the Board on September 11, 2020

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

VODIS PHARMACEUTICAL INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year ended March 31,	
	2020	2019
	\$	\$
OPERATING EXPENSES		
Consulting (Note 9)	505,498	707,414
Depreciation (Note 5)	267,688	540,347
Filing and regulatory fees	24,064	17,102
Interest expense (Notes 7 and 8)	62,892	102,996
Marketing	-	6,004
Office and general	100,249	301,176
Professional fees (Note 9)	210,021	215,837
Rent	-	144,276
Salaries and benefits	-	50,530
Shareholder communication and investor relations	3,601	87,362
Share-based payments (Note 10)	-	497,215
Travel	2,728	66,783
Operating expenses	(1,176,741)	(2,737,042)
Other items		
Impairment of assets (Notes 5 and 7)	-	(1,451,924)
Allowance for disallowed GST (Note 4)	(126,019)	-
Provision for contingency (Note 9)	-	(95,056)
Gain on reversal of accounts payable	-	76,489
	(126,019)	(1,470,491)
Net loss	(1,302,760)	(4,207,533)
Other comprehensive loss		
Item that may be reclassified to profit or loss:		
Exchange difference on translation of subsidiary	(55,073)	(22,967)
Comprehensive loss	(1,357,833)	(4,230,500)
Basic and diluted loss per common share	(0.02)	(0.09)
Weighted average number of common shares outstanding	64,721,137	48,025,900

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

VODIS PHARMACEUTICALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended March 31,	
	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(1,302,760)	(4,207,533)
Items not affecting cash:		
Impairment of assets	-	1,451,924
Allowance for disallowed GST	126,019	-
Share-based payments	-	497,215
Depreciation and amortization	267,688	540,347
Gain on reversal of payables	-	(76,489)
Debt settled with shares	-	224,364
Accrual of management fees	339,000	180,000
Interest accrued	47,988	12,000
Shares issued as bonuses	32,000	-
Foreign exchange	(50,684)	(22,478)
Changes in non-cash working capital items:		
Receivables	(18,290)	50,683
Prepays	(349)	(2,059)
Accounts payable and accrued liabilities	280,230	1,718
Cash used in operating activities	(279,158)	(1,350,308)
CASH FLOWS FROM INVESTING ACTIVITIES		
Leasehold improvements and equipment	(198,183)	(180,090)
Cash used in investing activities	(198,183)	(180,090)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	630,000	978,315
Share issuance costs	(51,600)	(17,210)
Proceeds from exercise of options	-	72,000
Advances from related parties	366,097	102,638
Payment of facility lease liability	(129,600)	-
Payment of finance lease liability	(39,134)	(21,668)
Cash provided by financing activities	775,763	1,114,075
Change in cash during the year	298,422	(416,323)
Cash, beginning of year	23,046	439,369
Cash, end of year	321,468	23,046

Supplemental disclosures with respect to cash flows (Note 14)

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

VODIS PHARMECEUTICALS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY
(Expressed in Canadian Dollars)
YEARS ENDED MARCH 31, 2020 AND 2019

	Share Capital		Share subscriptions and obligations	Reserves			Deficit	Total deficiency
	Number of shares outstanding	Amount		Share-based payments and warrants	Foreign currency	Total reserves		
		\$	\$	\$	\$	\$	\$	\$
Balance at March 31, 2018	38,959,051	10,556,873	71,854	3,290,674	(68,115)	3,222,559	(13,160,482)	690,804
Shares issued for cash (Note 10)	13,775,502	1,377,550	-	-	-	-	-	1,377,550
Shares issued for settlement of debt (Note 10)	6,224,498	622,450	-	-	-	-	-	622,450
Finders' fees (Note 10)	-	(14,000)	-	-	-	-	-	(14,000)
Share issuance costs (Note 10)	-	(3,210)	-	-	-	-	-	(3,210)
Share-based payments (Note 10)	-	-	-	497,215	-	497,215	-	497,215
Expiry of stock options	-	-	-	(6,784)	-	(6,784)	6,784	-
Stock options exercised for cash	600,000	72,000	-	-	-	-	-	72,000
Reallocate fair value of options exercised	-	70,255	-	(70,255)	-	(70,255)	-	-
Cancellation of stock options	-	-	-	(149,099)	-	(149,099)	149,099	-
Net loss for the year	-	-	-	-	-	-	(4,207,533)	(4,207,533)
Exchange difference on translation	-	-	-	-	(22,967)	(22,967)	-	(22,967)
Balance at March 31, 2019	59,559,051	12,681,918	71,854	3,561,751	(91,082)	3,470,669	(17,212,132)	(987,691)
Shares issued for cash (Note 10)	12,600,000	504,000	-	126,000	-	126,000	-	630,000
Shares issued for settlement of debt (Note 10)	6,440,453	257,618	-	64,405	-	64,405	-	322,023
Shares issued for bonuses (Note 10)	640,000	25,600	-	6,400	-	6,400	-	32,000
Finders' fees (Note 10)	-	(51,500)	-	-	-	-	-	(51,500)
Share issuance costs	-	(100)	-	-	-	-	-	(100)
Finders' warrants (Note 10)	-	(25,051)	-	25,051	-	25,051	-	-
Cancellation of stock options (Note 10)	-	-	-	(699,011)	-	(699,011)	699,011	-
Expiry of warrants (Note 10)	-	-	-	(73,352)	-	(73,352)	73,352	-
Net loss for the year	-	-	-	-	-	-	(1,302,760)	(1,302,760)
Exchange difference on translation	-	-	-	-	(55,073)	(55,073)	-	(55,073)
Balance at March 31, 2020	79,239,504	13,392,485	71,854	3,011,244	(146,155)	2,865,089	(17,742,529)	(1,413,101)

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

VODIS PHARMACEUTICALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
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1. NATURE AND CONTINUANCE OF OPERATIONS

Vodis Pharmaceuticals Inc. (the "Company") was incorporated under the laws of British Columbia on October 31, 2011. The Company is in the medical and recreational marijuana business. The Company's shares trade on the Canadian Securities Exchange ("CSE").

The Company's corporate office address is 8788 River Road Delta, BC V4G 1B5. The registered and records office address is 1080 - 789 West Pender Street, Vancouver, BC V6C 1H2. The Company, together with its subsidiaries (collectively referred to as the "Company"), has received its Standard Cultivation licence and Standard Processing licence under the Cannabis Act on January 31, 2020 and is in the licenced stage of producing medical marijuana.

At the date of the consolidated financial statements, the Company has not yet realized profitable operations and it has relied on non-operational sources of financing to fund operations. The ability of the Company to achieve its objectives and meet its ongoing obligations will depend on management's ability to successfully execute its business plan and obtain additional financing when required. There is no assurance that these initiatives will be successful. These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate financing. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to continue as a going concern. There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance and basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments classified at fair value through profit or loss which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements of the Company are presented in Canadian dollars unless otherwise indicated.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

VODIS PHARMACEUTICALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
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Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. The subsidiaries of the Company as of March 31, 2020 are as follows:

Name of Subsidiary	Incorporation	Interest	Functional currency
0962559 B.C. Ltd.	British Columbia	100%	Cdn dollars
Vodis Innovative Pharmaceuticals Inc.	British Columbia	100%	Cdn dollars
Vodis USA Inc. ("Vodis USA")	Washington State	100%	USA dollars

Foreign exchange

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated at the period end date exchange rates. Non-monetary items are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The financial results and position of foreign operations whose currency is different from the Company's presentation currency are translated as follows: assets and liabilities are translated at period-end exchange rates prevailing at that reporting date and income and expenses are translated at average rates for the periods. Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in profit or loss in the period in which the operation is disposed.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and are subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

VODIS PHARMACEUTICALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Cash

Cash includes cash on hand and on deposit at banking institutions.

Receivables

Receivables are recorded at face value less any provision for uncollectible accounts considered necessary.

Leasehold Improvements

Costs associated with leasehold improvements are capitalized and depreciated over the shorter of the estimated useful life of the improvements or the remaining period of the lease. Leasehold improvements are being amortized on a straight-line basis over 5 years.

Furniture and equipment

Costs of furniture and equipment are capitalized and depreciated over five years on a straight-line basis.

Impairment of non-financial assets

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the statement of loss and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently

reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Investment property

Investment property is measured at cost plus direct transaction costs. In a situation where the asset is held under a finance lease, the cost is the lower of the fair value of the property and the present value of the minimum lease payments. Investment property is depreciated over the estimated useful life of the property of 20 years.

Leases

This is the first period for which the Company has applied IFRS 16. The Company has adopted IFRS 16 on a modified retrospective approach. This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. In accordance with the modified retrospective approach of IFRS 16, the Company recorded a lease liability and a right of use asset of \$645,854 for a facility lease with a term of 16 months plus one renewal period of 60 months. The fair value was determined by discounting the future lease payments at a discount rate of 8%. Accretion of the lease liability is recorded as interest expense in the consolidated statements of comprehensive loss. The right of use asset is being amortized over the period of the lease on a straight-line basis (Notes 5 and 8).

Share-based payments

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized in share-based payments is transferred to accumulated losses (deficit).

Equity instruments issued to employees are measured at the fair value of the instruments issued and amortized over the vesting period. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The dilutive effect on earnings (loss) per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic earnings (loss) per common share is calculated using the weighted-average number of shares outstanding during the period.

Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Inputs used in the accounting for share-based payments expense in the consolidated statements of loss and comprehensive loss: Management uses the Black-Scholes Pricing Model for valuation of share-based payments, which requires the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves.

Inputs used in the accounting for warrants in share capital and equity reserves: Management uses the Black-Scholes Pricing Model for valuation of warrants, which requires the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves.

Critical accounting judgments

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Going concern: The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

Determination of provisions for income taxes and the recognition of deferred income taxes: In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Determination of impairment of non-financial assets: Non-financial assets include property, plant and equipment. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which

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is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model using assumptions about future expected cash flows discounted at the company's cost of capital.

Determination of the lease period in the calculation of a lease obligation: When determining the length of the period of time over which lease payments are expected to be paid in the calculation of a lease obligation, the Company must determine whether to use the contractual lease term or the contractual lease term plus the optional renewal period of the lease. In determining the period, the Company considers the likelihood that the lease will be renewed based on expected lease rates in the future as well as the estimated costs of improvements that would be required to be made to a new property in the event the lease is not renewed.

3. RECENT ACCOUNTING STANDARDS

As the date of authorization of these consolidated financial statements, certain new standards and amendments to existing standards have been published by the IASB that are not yet effective and have not been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments either not adopted are not expected to have a material impact on the Company's consolidated financial statements.

4. RECEIVABLES

		March 31, 2020		March 31, 2019
Goods and services tax receivable	\$	25,121	\$	133,007
Other receivables		4,759		4,603
Total receivables	\$	29,880	\$	137,610

During the year ended March 31, 2020, Canada Revenue Agency disallowed a portion of the Company's claim for goods and services tax paid in prior years. As a result, the Company has recorded an allowance of \$126,019 in the consolidated statement of comprehensive loss for the current year.

5. CAPITAL ASSETS

Leasehold improvements include all amounts incurred on improvements at the Company's Delta, British Columbia and Bellingham, Washington State, locations to prepare the facilities for operations. The leasehold additions relate to production lighting, growing benches, irrigation and nutrient systems, security installations and construction of growing rooms.

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	Leasehold Improvements	Furniture and Equipment	Right of Use Asset	Total
Cost				
Balance March 31, 2018	\$ 2,127,270	\$ 121,362	\$ -	\$ 2,248,632
Additions	392,843	45,686	-	438,529
Foreign exchange adjustment	35,549	2,631	-	38,180
Balance March 31, 2019	2,555,662	169,679	-	2,725,341
Additions	94,402	19,484	645,854	759,740
Balance March 31, 2020	\$ 2,650,064	\$ 189,163	\$ 645,854	\$ 3,485,081
Amortization				
Balance March 31, 2018	\$ 617,929	\$ 23,401	\$ -	\$ 641,330
Additions	412,924	24,288	-	437,212
Foreign exchange adjustment	16,309	1,330	-	17,639
Impairment	988,317	89,383	-	1,077,700
Balance March 31, 2019	2,035,479	138,402	-	2,173,881
Additions	162,817	2,894	101,977	267,688
Balance March 31, 2020	\$ 2,198,296	\$ 141,296	\$ 101,977	\$ 2,441,569
Net book value				
Balance March 31, 2019	\$ 520,183	\$ 31,277	\$ -	\$ 551,460
Balance March 31, 2020	\$ 451,768	\$ 47,867	\$ 543,877	\$ 1,043,512

At March 31, 2019, the Company determined that the Bellingham property, including the leasehold improvements and equipment, was impaired as the Company was in default of the payments on the property lease and, subsequent to year end, lost the right to access the property. The Company therefore recorded an impairment on the leasehold improvements and equipment in the amount of \$1,077,699 and an impairment on the property of \$1,658,754 in the statement of comprehensive loss for the year ended March 31, 2019. The impairment was offset by the reversal of the amount recorded for the purchase option on the lease of \$1,284,530.

During the year ended March 31, 2019 depreciation of \$103,135 was recorded on the Bellingham assets.

The right of use asset is being amortized over the term of the lease (76 months) on a straight-line basis (Note 8).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020	March 31, 2019
Accounts payable	\$ 451,949	\$ 707,392
Interest owing on loans paid out in a prior year	13,500	13,500
Accrued liabilities	105,644	99,952
	\$ 571,093	\$ 820,844

Of the total accounts payable and accrued liabilities, \$152,979 is owed by the Company's subsidiary, Vodis USA.

7. FINANCE LEASE LIABILITY

During the year ended March 31, 2016, Vodis USA, a subsidiary of the Company, entered into a lease agreement. The lease agreement will expire the earlier of the exercise of an option to purchase or April 3, 2020. The lease is considered a finance lease. Using an interest rate of 6%, the present value of the minimum lease payments and the payment required to exercise the option at inception was \$1,757,376 (US\$1,398,740).

During the year ended March 31, 2016, Vodis USA entered into an option agreement with D&B Land Holdings LLC ("D&B"), whereby Vodis USA had an option to purchase the Property. The option agreement had a term of 5 years.

During the year ended March 31, 2016, Vodis USA, entered into a purchase and sale agreement with D&B, whereby the obligations under the purchase and sale agreement were conditional upon Vodis USA exercising the option

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agreement. The total purchase price was to be US\$1,550,000 ("Purchase Price"). All payments made under the option agreement would be credited towards the Purchase Price.

During the year ended March 31, 2016, the Company entered into a promissory note agreement where Vodis USA must pay US\$250,000 which would be credited towards the purchase price of the property. This promissory note bears no interest, is unsecured and is payable on demand. At March 31, 2019, the balance owing under this promissory note was \$200,445 (US\$150,000).

In order to keep the option agreement in good standing, Vodis USA was required to make monthly lease payments of US\$9,404 pursuant to the lease agreement between Vodis USA and D&B. As the Company was delinquent in making the lease payments, the option to purchase lapsed as at March 31, 2019 and the Company lost its ability to purchase the property. As a result, the Company reversed the purchase option liability in the prior year. The remaining liability at March 31, 2019 consisted of \$189,459 in minimum monthly lease payments payable to the end of the lease term as well as \$200,445 (US\$150,000) due on the promissory note.

The lease transactions for the years ended March 31, 2020 and 2019 are as follows:

Balance, March 31, 2018	\$	1,660,309
Interest		91,774
Payments		(113,442)
Reversal of purchase option liability		(1,569,041)
Foreign exchange		30,623
Balance, March 31, 2019	\$	389,904
Payments		(39,134)
Foreign exchange		21,701
Balance, March 31, 2020	\$	372,471

8. FACILITY LEASE LIABILITY

On August 1, 2018, the Company entered into facility lease for a term of 2 years. On April 1, 2019, in accordance with the adoption of IFRS 16, the Company recorded a lease liability and a right of use asset. Monthly lease payments are \$10,800. The fair value of the lease liability and the corresponding right of use asset was \$645,854 at the inception

of the lease determined through discounting the future cash flows at a discount rate of 8% for the remaining term of the current lease plus the renewal period of 5 years, as it is highly likely that the lease will be renewed. During the year ended March 31, 2020, accretion of \$47,988 was recorded on the lease and is included in interest expense in the consolidated statements of comprehensive loss.

Lease transactions for the year ended March 31, 2020 are as follows:

Balance, March 31, 2019	\$	-
Additions		645,854
Payments		(129,600)
Interest		47,988
Balance, March 31, 2020	\$	564,242
March 31, 2020		
Current portion	\$	88,511
Long-term portion		475,731
	\$	564,242

On August 1, 2020, the Company renewed the lease for a period of one year with a renewal option of five years.

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9. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Transactions with related parties

Related party transactions for the years ended March 31, 2020 and 2019 are as follows:

	March 31, 2020	March 31, 2019
A law firm in which a former director of the Company's subsidiary is a partner, for legal expenses	\$ 29,521	\$ 103,235
A former director of the Company's subsidiary, for accounting fees	6,180	7,215
A former director of the Company, for construction of leasehold improvements	-	207,313
A company controlled by the former CEO of the Company, for leasehold improvements	-	35,000
The former CEO of the Company, for interest on a loan payable	-	3,000
	\$ 35,701	\$ 355,763

Key management compensation

Key management includes directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management for employee services is shown below:

Year ended	March 31, 2020	March 31, 2019
The former CEO of the Company, for consulting expenses	\$ -	\$ 180,000
A company controlled by the CFO of the Company, for consulting expenses	180,000	180,000
The CEO of one of the Company's subsidiaries, for consulting expenses	30,000	-
A former director of the Company, for consulting expenses	46,151	181,407
Share-based payments	-	357,615
	\$ 256,151	\$ 899,022

Receivable from a related party

	March 31, 2020	March 31, 2019
Due from a company controlled by the former CEO of the Company	\$ 10,000	\$ 10,000

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Accounts payable to related parties

	March 31, 2020	March 31, 2019
Due to an entity where a former director of the Company's subsidiary is a partner	\$ 182,811	\$ 142,702
Due to the former CEO of the Company	137,800	137,800
Due to the CFO or companies controlled by the CFO	305,637	64,309
Due to the CEO of one of the Company's subsidiaries	364,314	-
Due to a former director of the Company	263,595	78,733
Provision for dispute with former CEO	95,056	95,056
	\$ 1,349,213	\$ 518,600

Amounts due to and from related parties are unsecured, non-interest bearing and have no fixed terms of repayment. The former CEO does not agree with the amount recorded by the Company as owing to him and, as such, the Company has recorded a provision for contingency in the amount of \$95,056. Of the total amount due to related parties, \$417,430 is owed by the Company's subsidiary, Vodis USA.

10. SHARE CAPITAL

(a) Common shares

The authorized share capital of the Company consists of an unlimited number of common shares without par value and unlimited number of preferred shares without par value.

Changes in issued share capital and equity reserves for the year ended March 31, 2020 were as follows:

On December 24, 2019, the Company completed a private placement financing, issuing 19,680,453 units at a price of \$0.05. A total of 12,600,000 units were issued for cash of \$630,000 and 7,080,453 units were issued for settlement of debt and bonus payments. Each unit consisted of one common share of the Company and one share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share of the Company at a price of \$0.05 for a period of two years from the date of issue. The warrants were valued at \$196,805 using the residual value method.

Finders' fees of \$51,500 and 1,030,000 finders' warrants, with a fair value of \$25,051, were issued in connection with the private placement. Each finders' warrant entitles the holder to purchase a common share of the Company at a price of \$0.05 for a period of two years from the date of issue. The finders' warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 1.67%, volatility of 130.15%, an expected life of two years and a dividend rate of Nil.

Changes in issued share capital and equity reserves for the year ended March 31, 2019 were as follows:

On October 19, 2018, the Company completed a private placement financing issuing 20,000,000 units at a price of \$0.10 per unit for gross proceeds of \$2,000,000. A total of 13,775,502 units were issued for cash of \$1,377,550 and \$622,450 in debt and other payables was settled through the issue of 6,224,498 units. Each unit was comprised of one common share and one common share purchase warrant whereby each warrant entitles the holder to purchase an additional common share of the Company for a period of five years from the date of issue at an exercise price of \$0.15 per share. The Company incurred \$14,000 in finders' fees and \$3,210 in share issuance costs in connection with the private placement.

During the year ended March 31, 2019, 600,000 options were exercised for proceeds of \$72,000.

(b) Stock option plan

The Company has an incentive stock option plan under which it is authorized to grant options to executive officers, directors, employees and consultants. The exercise price of each option shall not be lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. The options can be granted for a maximum of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors, except for options granted to

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persons providing investor relations activities that will vest in stages over twelve months with no more than one quarter vesting in any three-month period. All options are to be settled by physical delivery of shares.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price \$
Balance at March 31, 2018	2,946,563	0.40
Granted	3,442,500	0.14
Exercised	(600,000)	0.12
Cancelled	(500,000)	0.31
Expired	(39,063)	0.40
Balance at March 31, 2019	5,250,000	0.27
Cancelled	(2,477,500)	0.29
Balance at March 31, 2020	2,772,500	0.25
Exercisable at March 31, 2020	2,772,500	0.25

The weighted average life of the options outstanding was 2.86 years at March 31, 2020.

As at March 31, 2020, the following stock options were outstanding:

Exercise Price	Number of Shares Issuable on Exercise	Expiry Date
\$0.18	125,000	September 14, 2021
\$0.42	100,000	April 4, 2022
\$0.40	850,000	April 20, 2022
\$0.40	150,000	May 30, 2022
\$0.26	60,000	November 10, 2022
\$0.38	35,000	March 6, 2023
\$0.39	62,500	March 12, 2023
\$0.27	75,000	April 24, 2023
\$0.12	1,315,000	November 21, 2023
	2,772,500	

Share-based payments

The total share-based payments expense calculated under the fair value method for vested options was \$Nil (2019 - \$497,215). Fair value at grant date of the stock options was measured based on the Black-Scholes option-pricing model. Expected volatility is estimated by considering historic average share price volatility. The weighted-average assumptions used in the Black-Scholes pricing model of stock options granted during the year are as follows:

	March 31, 2020	March 31, 2019
Risk-free interest rate	-	2.20%
Expected life of options	-	5 years
Annualized volatility	-	163.17%
Dividend rate	-	Nil

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(c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance at March 31, 2018	17,493,785	0.34
Issued	20,000,000	0.15
Balance at March 31, 2019	37,493,785	0.24
Issued	20,710,453	0.05
Expired	(1,207,785)	0.41
Balance at March 31, 2020	56,996,453	0.16

Warrants outstanding at March 31, 2020 are as follows:

Exercise Price (\$)	Number of Shares	Expiry Date
0.72	187,500	July 30, 2020
0.32	4,577,000	November 9, 2021
0.32	3,461,500	December 7, 2021
0.05	20,710,453	December 27, 2021
0.33	8,060,000	December 12, 2022
0.15	20,000,000	October 19, 2023
	56,996,453	

(d) Reserves

Share-Based Payments and Warrants Reserve

The share-based payments and warrants reserve records items recognized as share-based payments expense or as warrants until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the options or warrants expire unexercised or are cancelled, the amount recorded is transferred to deficit.

Foreign Exchange Reserve

The foreign exchange reserve recognizes the foreign exchange differences resulting from translation of entities to the presentation currency that have a different functional currency than the presentation currency.

(e) Obligation to Issue Shares

During the year ended March 31, 2018, the Company incurred an obligation to issue 217,738 common shares with a value of \$71,854 pursuant to a consulting agreement.

11. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital.

The Company issues new equity financing as needed and available. Additional information relating to capital management is given in the nature and continuance of operations in Note 1.

The Company is not subject to externally imposed capital requirements.

There was no change to the Company's approach to the management of capital during the year ended March 31, 2020.

12. FINANCIAL INSTRUMENTS

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity, credit, currency, interest rate, and price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend upon equity capital and possibly loans to finance its activities. The Company manages liquidity risk through its capital management as outlined in Note 11 above. Management has assessed liquidity risk as high.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument or customer contract fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets

including receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The majority of the Company's receivables are related to goods and services tax receivable which is not subject to credit risk.

Management has assessed credit risk as low.

Currency Risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company and its subsidiaries did not enter into significant transactions that were not denominated in their functional currencies and are therefore not exposed to currency risks.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. Management has assessed currency risk as low.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current cash is generally not exposed to interest rate risk because of its short-term maturity. The Company has no other interest-bearing financial instruments at March 31, 2020. Management has assessed interest rate risk as low.

Price Risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices. The Company is not exposed to price risk.

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Fair Value

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy 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 or indirectly;
and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is based on level 1 of the fair value hierarchy.

13. SEGMENTED INFORMATION

The Company operates in one business segment, the marijuana industry. Geographic information is as follows:

March 31, 2020	Canada \$	United States \$	Total \$
Capital assets	1,043,512	-	1,043,512
Other assets	400,406	-	400,406
Total assets	1,443,918	-	1,443,918
March 31, 2019	Canada \$	United States \$	Total \$
Capital assets	551,460	-	551,460
Other assets	176,743	13,454	190,197
Total assets	728,203	13,454	741,657

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the year ended March 31, 2020, the Company paid \$Nil (2019 - \$84,716) in interest.

During the year ended March 31, 2020, the Company incurred \$128,730 (2019 - \$274,720) in capital asset additions which are included in accounts payable.

During the year ended March 31, 2020, the Company issued 6,440,453 common shares and 6,440,453 share purchase warrants to settle payables of \$322,023 and issued 640,000 common shares and 640,000 share purchase warrants as payment of bonuses of \$32,000.

During the year ended March 31, 2019, the Company issued 6,224,498 common shares and 6,224,498 share purchase warrants to settle debt and other payables of \$622,450.

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15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	March 31, 2020	March 31, 2019
Loss before income taxes	\$ (1,302,760)	\$ (4,207,533)
Statutory tax rate	27.00%	27.00%
Expected income tax recovery at statutory rates	(351,745)	(1,136,034)
Non-deductible expenses	26,563	215,825
Foreign exchange	-	13,719
Unrecognized tax benefits arising from non-operating losses		
Effect of change in tax rates	-	(115,679)
Change in valuation allowance	325,182	1,453,819
Total deferred income tax recovery	\$ -	\$ -

Details of deferred income tax assets and liabilities are as follows:

	March 31, 2020	March 31, 2019
Non-capital loss carryforwards	\$ 3,614,602	\$ 3,337,592
Share issuance costs	14,348	-
Capital assets	1,157,700	1,123,876
Net deferred income tax assets	\$ 4,786,650	\$ 4,461,468

Deferred income tax assets have not been recognized in these financial statements as the Company determined that, as at March 31, 2020, it is not probable that they will be realized.

The Company has available for deduction against future taxable income non-capital losses of approximately \$13,387,000 (March 31, 2019 - \$12,360,000). These losses, if not utilized, will expire starting in 2040.

16. SUBSEQUENT EVENTS

On July 31, 2020, 187,500 warrants with an exercise price of \$0.72 per share expired unexercised.

Since January 2020, 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 businesses 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 outbreak are 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 and its operations in future periods.