Condensed Interim Consolidated Financial Statements of

CENTR BRANDS CORP.

For the nine months ended February 29, 2020
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102 “Continuous Disclosure Obligations”, if an auditor has not performed a review of the interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity’s auditor.

CENTR BRANDS CORP.

Condensed Interim Consolidated Statement of Financial Position
(unaudited)

	February 29, 2020	May 31, 2019
Assets		
Current assets:		
Cash	$ 596,948	$ 1,976,332
Accounts receivable	309,306	58,075
Inventory (note 5)	528,775	-
Prepaid expenses	25,618	334,973
	1,460,647	2,369,380
Property and equipment (note 6)	18,249	4,636
Right-of-use asset (note 2b)	22,089	-
	$ 1,500,985	$ 2,374,016
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 307,873	$ 128,408
Due to related parties (note 11)	135,186	74,252
Lease liability – current portion (note 2b)	7,644	-
	450,703	202,660
Lease liability (note 2b)	14,845	-
	465,548	202,660
Shareholders' equity:		
Share capital (note 8)	$ 6,125,339	$ 4,786,636
Reserves (note 9)	512,040	512,202
Deficit	(5,601,942)	(3,127,482)
	1,035,437	2,171,356
	$ 1,500,985	$ 2,374,016

Subsequent event (note 16)

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

Approved on behalf of the Board:

"Joseph Meehan" Director

"Arjan Chima" Director

CENTR BRANDS CORP.

Condensed Interim Consolidated Statement of Net Loss and Comprehensive Loss
(unaudited)

	Three months ended Feb. 29, 2020	Three months ended Feb. 28, 2019	Nine months ended Feb. 29, 2020	Period from the date of incorporation on Sep. 17, 2018 to Feb. 28, 2019
Sales	$ 234,670	$ -	$ 414,023	$ -
Cost of sales	113,614	-	165,527	-
Gross profit	121,056	-	248,496	-
Expenses:				
General and administrative (note 10)	847,925	378,335	2,428,308	444,828
Share-based compensation (note 9a)	5,212	-	15,636	-
Marketing and promotion	119,088	37,265	269,042	37,265
Total expenses	972,225	415,600	2,712,986	482,093
Other expense	38	-	9,970	-
Net loss and comprehensive loss	$ 851,207	$ 415,600	$ 2,474,460	$ 482,093
Net loss per share (note 15):				
Basic and diluted	$ (0.01)	$ (0.31)	$ (0.04)	$ (0.36)

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

CENTR BRANDS CORP.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

Nine months ended February 29, 2020
(unaudited)

		Share capital Common shares		Reserves				
	Notes	Shares	Amount	Warrants	Options	Total	Deficit	Total
Balance, September 17, 2018		-	$ -	$ -	$ -	$ -	$ -	$ -
Issuance of shares of CBDL shares		1,347,500	508,475	-	-	-	-	508,475
Share issuance costs		-	(8,000)	-	-	-	-	(8,000)
Loss for the period		-	-	-	-	-	(482,093)	(482,093)
Balance, February 28, 2019		1,347,500	500,475	-	-	-	(482,093)	18,382
Shares of RWI on RTO		27,500,000	1,430,000	-	-	-	-	1,430,000
Eliminate shares of CBDL		(1,347,500)	-	-	-	-	-	-
Shares issued to shareholders of CBDL		26,000,000	-	-	-	-	-	-
Shares issued in private placement		6,040,000	3,020,000	-	-	-	-	3,020,000
RTO finder's fee		131,200	65,600	-	-	-	-	65,600
Revaluation of warrants on RTO		-	-	38,046	-	38,046	-	38,046
Share issuance costs		-	(229,439)	15,798	-	15,798	-	(213,641)
Share-based compensation		-	-	-	458,358	458,358	-	458,358
Loss for the period		-	-	-	-	-	(2,645,389)	(2,645,389)
Balance, May 31, 2019		59,671,200	4,786,636	53,844	458,358	512,202	(3,127,482)	2,171,356
Share-based compensation	9a	-	-	-	15,636	15,636	-	15,636
Warrants exercised	9b	240,000	135,798	(15,798)	-	(15,798)	-	120,000
Shares issued in private placement	8b	2,512,401	1,256,201	-	-	-	-	1,256,201
Share issuance costs	8b	-	(53,296)	-	-	-	-	(53,296)
Loss for the period		-	-	-	-	-	(2,474,460)	(2,474,460)
Balance, February 29, 2020		62,423,601	$ 6,125,339	$ 38,046	$ 473,994	$ 512,040	$ (5,601,942)	$ 1,035,437

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

CENTR BRANDS CORP.

Condensed Interim Consolidated Statement of Cash Flows

Nine months ended February 29, 2020
(unaudited)

	Feb. 29, 2020	Feb. 28, 2019
Cash provided by (used in):		
Operating activities:		
Loss for the period	$ (2,474,460)	$ (482,093)
Adjustments for non-cash items:		
Depreciation	11,791	-
Share-based compensation	15,636	-
Changes in non-cash working capital:		
Accounts receivable	(251,231)	(20,450)
Inventory	(528,775)	-
Prepaid expense	309,355	-
Accounts payable and accrued liabilities	179,465	131,240
Due to related parties	60,934	-
Net cash used in operating activities	(2,677,285)	(371,303)
Financing activities:		
Payment of lease liability	(7,551)	-
Proceeds from issuance of common shares (net)	1,322,905	500,475
Net cash provided by financing activities	1,315,354	500,475
Investing activities:		
Purchase of property and equipment	(17,453)	-
Net cash used in investing activities	(17,453)	-
Increase (decrease) in cash	(1,379,384)	129,172
Cash, beginning of period	1,976,332	-
Cash, end of period	$ 596,948	$ 129,172

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

1. Nature of the business and continuing operations:

CENTR Brands Corp. (the “Company” or “CENTR”) was incorporated under the laws of the Business Corporations Act (British Columbia). The Company’s shares are traded on the Canadian Securities Exchange (the “Exchange”) under the symbol “CNTR”.

The Company’s corporate office is located at #200-2318 Oak St, Vancouver, British Columbia, V6H 4J1. The Company is focused on the creation and launch of a range of non-alcoholic beverages, including a global brand for the cannabidiol (CBD) infused beverage industry. The Company’s first product, called “CENTR”, is a sparkling, low-calorie, CBD beverage that the Company launched in the United States.

The Company was previously engaged in the exploration of mineral properties. On April 2, 2019, the Company completed the acquisition of CBD Lifestyle Corp. (“CBDL”) pursuant to a Share Exchange Agreement dated January 2, 2019, whereby River Wild Exploration Inc. (“RWI”) acquired all of the issued and outstanding securities of CBDL in consideration for securities of the Company (the “Transaction”). The Transaction constituted a reverse acquisition of RWI by CBDL (Note 4). As part of the acquisition, RWI changed its name to CENTR Brands Corp.

The condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations as they arise. Management has a reasonable expectation that the Company has adequate resources to continue operations as a going concern. The ability of the Company to operate as a going concern and realize its assets and discharge its liabilities in the normal course of operations is based on its ability to commercialize its CBD-based sparkling beverage. Ultimately the ability of the Company to continue operations is dependent upon continued support from its shareholders and its ability to secure financing arrangements.

2. Basis of presentation:

(a) Statement of compliance:

These condensed interim consolidated financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended May 31, 2019, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on April 22, 2020.

2. Basis of presentation (continued):

(b) New standards adopted:

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"), which supersedes IAS 17 Leases, as well as several interpretations of leases. IFRS 16 eliminates the classification of leases by a lessee between operating and finance leases and introduces a single, on-balance sheet accounting model for lessees. As a result, the Company has recognized right-of-use ("ROU") assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Company recognizes a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost and reduced by the lease payments made.

Leases with a term less than twelve months or of low value are expensed as incurred.

Transition

The Company adopted IFRS 16 for the period beginning June 1, 2019, using the modified retrospective approach under which the cumulative effect of initial application is recognized in retained earnings at June 1, 2019. Accordingly, the prior period financial information has not been restated.

The Company used the following practical expedients as permitted under the new IFRS 16 standard:

i) Leases with a remaining lease term of fewer than twelve months on June 1, 2019 are classified as short-term leases.

ii) Leases of low dollar value continue to be expensed as incurred.

iii) The Company did not apply any grandfathering practical expedients.

As a result of initially applying IFRS 16, in relation to the lease that was previously classified as an operating lease, the Company recognized a lease liability of $30,041 as at June 1, 2019, which was measured at the present value of the remaining lease payments, discounted using interest rate implicit in the lease. The associated ROU asset was measured at the lease liability amount on June 1, 2019 resulting in no adjustment to the opening balance of the deficit. The ROU asset and lease liability recognized as of June 1, 2019 relates to the Company's lease of a Company vehicle.

2. Basis of presentation (continued):

(b) New standards adopted (continued):

For the nine months ended February 29, 2020, depreciation of the ROU asset was $7,952. The ROU asset is depreciated on a straight-line basis over the term of the lease.

Right-of-use asset, June 1, 2019	$	30,041
Depreciation of right-of-use asset		(7,952)
Right-of-use asset, February 29, 2020	$	22,089

For the nine months ended February 29, 2020, finance charges on the lease liability of $982 were included in general and administrative expenses in the condensed interim consolidated statement of net loss and comprehensive loss. The lease term matures on February 27, 2022.

Lease liability, June 1, 2019	$	30,041
Payments		(8,534)
Finance costs		982
Lease liability, February 29, 2020	$	22,489

Current portion	$	7,644
Long-term portion		14,845
Lease liability, February 29, 2020	$	22,489

(c) Basis of measurement:

These condensed interim consolidated financial statements have been prepared on a historic cost basis except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. Other measurement bases are described in the applicable notes.

Presentation of the condensed interim consolidated statements of financial position differentiates between current and non-current assets and liabilities. The condensed interim consolidated statements of net loss and comprehensive loss is presented using the functional classification of expense.

(d) Basis of consolidation:

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, CBD Lifestyle Corp. and CENTR Brands USA LLC. All transactions and balances between the Company and its subsidiaries are eliminated on consolidation.

2. Basis of presentation (continued):

(e) Use of estimates and judgement:

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant estimates in connection with these financial statements include the estimated useful life of properly and equipment, amount recorded as accrued liabilities, deferred income taxes and provisions, and inputs used in the valuation of options granted and warrants issued.

The recorded amounts for such items are based on management's best available information and are subject to assumptions and judgement, and, accordingly, actual results may differ from these estimates.

(f) Functional and presentation currency:

The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the condensed interim consolidated statement of financial position dates. Non-monetary assets and liabilities are translated at rates prevailing at the date of acquisition. Expenses are translated at the average rate of exchange in effect during the month the transaction occurred.

3. Significant accounting policies:

(a) Cash:

Cash includes unrestricted cash on hand and cash held at financial institutions.

(b) Accounts receivable:

Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. Financial assets measured at amortized cost are assessed for impairment at the end of each reporting period. Impairment provisions are estimated using the expected credit loss impairment model where any expected future credit losses are provided for, irrespective of whether a loss event has occurred at the reporting date.

3. Significant accounting policies (continued):

(c) Inventory:

The cost of inventory comprises the purchase price, transport, handling and other costs directly attributable to the acquisition of finished goods and materials.

Inventory is measured at the lower of cost and net realizable value, with cost being determined using the weighted average cost. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale, less any applicable variable selling costs.

Inventory is written down to net realizable value when the cost of inventory is not estimated to be recoverable. The cost of inventory may not be recoverable if inventory has been damaged, become obsolete, selling prices have declined or the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

(d) Property and equipment:

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized over estimated useful lives of the assets on a straight-line basis as follows:

Computer equipment	3 years
Furniture and fixtures	5 years

(e) Related party transactions:

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(f) Loss per share:

Loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Under this method, the weighted average number of common shares used to calculate the dilutive effect in the condensed interim consolidated statement of net loss assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the period. In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding options and warrants would be anti-dilutive.

3. Significant accounting policies (continued):

(g) Income taxes:

Income tax expense comprises current and deferred tax. Income tax expense (recovery) is recognized in the statements of net loss and comprehensive loss. Current income tax expense represents the amount of income taxes payable based on tax law that is enacted or substantively enacted at the reporting date and is adjusted for changes in estimates of tax expense recognized in prior periods. A current tax liability or asset is recognized for income taxes payable, or paid but recoverable, in respect of all periods to date.

The Company uses the deferred tax method of accounting for income taxes. Accordingly, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statements' carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the Statements of net loss and comprehensive loss in the period in which the enactment or substantive enactment occurs.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is more likely than not that future taxable income will be available to utilize such amounts. Deferred tax assets are reviewed at each reporting date and are adjusted to the extent that it is no longer probable that the related tax benefits will be realized. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(h) Financial instruments:

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (*i*) amortized cost; (*ii*) fair value through other comprehensive income; or (*iii*) at fair value through profit and loss.

(*i*) Amortized cost:

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.

3. Significant accounting policies (continued):

(h) Financial instruments (continued):

(*ii*) Fair value through other comprehensive income ("FVTOCI"):

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI.

This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at FVTPL to present subsequent changes in FVTOCI.

(*iii*) Fair value through profit or loss ("FVTPL"):

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.

Financial liabilities are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost. The following table summarizes the classification of the Company's financial instruments:

	Classification
Financial assets:	
Cash	Amortized cost
Accounts receivable	Amortized cost
Financial liabilities:	
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

The measurement of impairment is based on an expected credit loss impairment model. The impairment model is applicable to financial assets measured at amortized cost and debt instruments classified as FVTOCI where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date.

3. Significant accounting policies (continued):

(i) Share Capital:

Common shares are classified as equity instruments. Incremental transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from share capital, net any of tax effects. When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from total shareholders' equity. The proceeds from exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital.

Dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Board.

(j) Share-based compensation and share-based payments:

The Company offers a restricted share unit plan. The plan is open to employees, directors, officers and consultants of the Company and its affiliates. For employees, the value of equity settled share units are measured by reference to the fair value of the equity instrument on the date which they are granted. The fair value is recognized as an expense with a corresponding increase in reserves over the vesting period. The Board shall have the discretion to establish the vesting period for share options granted. Consideration received upon the exercise of share units are credited to share capital, at which time the related reserves are transferred to share capital.

(k) Provisions:

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to their present value where the effect is material.

Contingent liabilities are not recognized but are disclosed in the notes to the condensed interim consolidated financial statements, including an estimate of their potential financial effect and uncertainties relating to the amount or timing of any outflow, unless the possibility of settlement is remote. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company, with assistance from its legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

3. Significant accounting policies (continued):

(l) Finance income and finance costs:

Finance income comprises interest income on cash recognized in the statements of net loss and comprehensive loss as it accrues, using the effective interest method. Finance costs comprise interest expense on borrowings that are recognized in the statements of net loss and comprehensive loss.

(m) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

- Level 1 - This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.
- Level 2 - This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.
- Level 3 - This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

4. Reverse Take-Over (“RTO”):

On January 2, 2019, RWI entered into a definitive share-purchase agreement to purchase 100% interest in CBDL. On April 2, 2019, RWI completed the Transaction. As a result of the Transaction, the Company issued 26,000,000 common shares(1) to CBDL shareholders.

In conjunction with the Transaction, the Company issued 6,040,000 common shares(2) of the Company in a private placement for gross proceeds of $3,020,000 to fund the operation and development of the CENTR branded beverage (the “Private Placement”). The Company issued 131,200 common shares as finder’s fee with respect to the Private Placement, included in share issuance cost.

4. Reverse Take-Over (continued):

In connection with the Private Placement, the Company issued 425,600 share purchase warrants[(2)] to certain parties who assisted the equity issuance. Each warrant entitles the holder to acquire a common share of the Company, at a price of $1.00 per share. These warrants expire on March 29, 2020. In addition, the Company incurred cash payments of $148,041 as share issuance cost.

[(1)] Subject to escrow. (Note 8c)

[(2)] Subject to a four-month-and-one-day statutory hold period.

On closing of the Transaction, certain CBDL shareholders held a large minority voting interest of the Company, and the Board of Directors comprises of CBDL shareholders, as a result, the shareholders of CBDL controlled the Company. The Transaction constituted a reverse take-over of RWI by CBDL.

Since RWI did not meet the definition of a business under IFRS 3, *Business Combinations* ("IFRS 3"), the acquisition was accounted for as the purchase of RWI's assets by CBDL. The consideration paid was determined as equity settled share-based payment under IFRS 2, *Share-based Payments* ("IFRS 2"), at the fair value of the equity of CBDL retained by the shareholders of RWI based on the fair value of the CBDL's common shares on the date of closing of the RTO.

For RTO accounting purposes, the percentage ownership of the shareholders of RWI in the combined entity on completion of the Transaction was 46% (being 27,500,000 of the total 59,671,200 issued and outstanding shares of the Company on closing of the Transaction). Based on the share price of the CBDL prior to the RTO of $0.052 per share, the consideration received by the shareholders of RWI amounted to $1,430,000.

As a result of the Transaction, the Company assumed 240,000 share purchase warrants which were exercised in October 2019 at $0.50 per share (the "RWI Warrants").

5. Inventory:

A breakdown of inventory is as follows:

	Feb. 29, 2020	May 31, 2019
Raw materials	$ 97,946	$ -
Finished Goods	430,829	-
	$ 528,775	$ -

6. Property and equipment:

	Cost	Accumulated amortization	Feb. 29, 2020 Net book value	May 31, 2019 Net book value
Computer equipment	$ 19,633	$ 3,702	$ 15,931	$ 4,636
Furniture and fixtures	2,727	409	2,318	-
	$ 22,360	$ 4,111	$ 18,249	$ 4,636

7. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities are as follows:

	Feb. 29, 2020	May 31, 2019
Accounts payable	$ 112,061	$ 31,628
Accrued liabilities	195,812	96,780
	$ 307,873	$ 128,408

8. Share capital:

(a) Authorized:

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

(b) Issued:

At February 29, 2020, 62,423,601 common shares (May 31, 2019 - 59,671,200) were issued and fully paid.

On October 4, 2019, the Company issued 240,000 common shares pursuant to the exercise of warrants for proceeds of $120,000. The Company reallocated related reserves of $15,798 to share capital relating to the fair value

On February 20, 2020, the Company issued 2,512,401 common shares[(1)] of the Company in a private placement for gross proceeds of $1,256,201 for general working capital purposes. This included 1,050,000 common shares purchased by a company controlled by a director of the Company. Finders' fees totaling $53,296 were paid in connection with the financing.

(1) Subject to a four-month-and-one-day statutory hold period.

8. Share capital (continued):

(c) Escrow securities:

Pursuant to an escrow agreement dated March 7, 2019, 26,000,000 common shares of the Company were deposited into escrow with respect to the Transaction (note 4). All of the Consideration Shares are subject to a thirty six-month time release escrow arrangement in accordance with the policies of the Canadian Securities Exchange (the "CSE"). Under the escrow agreement, 10% of the escrowed common shares were released from escrow on April 3, 2019, the listing date, and 15% are to be released every six months thereafter over a period of thirty-six months.

A summary of the status of the escrowed securities outstanding are as follows:

	Number of Shares
Balance, May 31, 2019	23,400,000
Issued	-
Released	(3,900,000)
Balance, February 29, 2020	19,500,000

On April 2, 2020, 3,900,000 common shares were released from escrow.

9. Reserves:

Reserves are comprised of share-based compensation and share purchase warrants:

(a) Share-based compensation – restricted share units ("RSUs") (note 16):

The Company operates an equity-settle, RSUs-based payment compensation plan, under which the Company pays equity instruments of the Company as consideration in exchange for employee and similar services. The plan is open to employees, directors, officers and consultants of the Company and its affiliates.

The fair value of the grant of the RSUs is recognized in the condensed interim consolidated statements of net loss and comprehensive loss as an expense. The total amount to be expensed is determined by the fair value of the RSUs granted. The total expense is recognized over the vesting period which is the period over which all of the service vesting conditions are satisfied. The maximum number of common shares reserved for issuance, in the aggregate, under the Company's option plan (and under any other share compensation arrangements of the Company) is 10% of the aggregate number of common shares which are outstanding from time to time. As at February 29, 2020, this represented 6,242,360 common shares.

5,105,000 RSUs were issued on February 20, 2020. The RSUs have an expiry date of five years from the date of issue.

9. Reserves (continued):

(a) Share-based compensation – restricted share units (“RSUs”) (note 16) (continued):

As at February 29, 2020, the weighted average remaining life of the RSUs outstanding is 4.98 years.

4,650,000 of the 5,105,000 issued on February 20, 2020 were issued to executive and non-executive directors. 315,000 of the 5,105,000 options issued on February 20, 2020 were issued to employees.

During the nine months ended February 29, 2020, the Company recorded a total share-based compensation expense of $15,636 relating to RSUs vesting through the period.

(b) Share purchase warrants:

A summary of the status of the warrants outstanding is as follows:

	Number of warrants		Weighted average exercise price
Outstanding, May 31, 2019	665,600	$	0.82
Exercised	(240,000)		0.50
Outstanding, February 29, 2020	425,600	$	1.00

The following summarizes the warrants that remain outstanding as at February 29, 2020:

Expiry date	Number of warrants		Exercise price
March 29, 2020[(1)]	425,600	$	1.00
	425,600		

[(1)] *Warrants were not exercised and expired on March 29, 2020*

As a result of the Transaction (note 4) the RWI Warrants were revalued at $0.16 per warrant using the Black-Scholes option pricing model based on the following assumptions: volatility of 50.00% calculated based on comparable companies; remaining life of 0.4 year; expected dividend yield of 0%; forfeiture rate of 0% and an annual risk-free interest rate of 1.65%. The fair value of these share purchase warrants of $38,046 is recognized as part of the RTO listing expense (note 4).

9. Reserves (continued):

(b) Share purchase warrants (continued):

In connection with the Private Placement on April 2, 2019, the Company issued 425,600 broker warrants that vested immediately to the agent. Each warrant entitles the agent to acquire one common share of the Company at an exercise price of $1.00 and expires on March 29, 2020. The fair value of the broker warrants granted on April 2, 2019 was estimated to be $0.04 per warrant using the Black-Scholes option pricing model based on the following assumptions: volatility of 50.00% calculated based on comparable companies; remaining life of 0.8 year; expected dividend yield of 0%; forfeiture rate of 0% and an annual risk-free interest rate of 1.68%. The fair value of these broker warrants of $15,798 is recognized as part of the transaction costs of the equity issuance which is reflected in the common shares' equity reserve. Subsequent to the quarter-end, the warrants expired.

10. General & administrative:

	Three months ended Feb. 29, 2020	Three months ended Feb. 28, 2019	Nine months ended Feb. 29, 2020	Period from the date of incorporation on Sep. 17, 2018 to Feb. 28, 2019
Accounting and legal	$ 62,056	$ 46,167	$ 177,558	$ 80,379
Consulting	117,467	260,836	606,443	281,836
Depreciation	4,157	-	11,791	-
Office and administrative	101,629	2,079	174,090	2,079
Salaries and benefits	453,130	60,174	1,145,321	60,174
Travel and other expenses	109,486	9,079	313,105	20,360
	$ 847,925	$ 378,335	$ 2,428,308	$ 444,828

11. Related party transactions and balances:

(a) Compensation of key management personnel:

The Company transacts with key individuals from management who have authority and responsibility to plan, direct, and control the activities of the Company. Key management personnel are defined as the executive officers of the Company and the Board, including the Chief Executive Officer and Chief Financial Officer.

	February 29, 2020
Salaries and benefits	$ 344,250

11. Related party transactions and balances (continued):

(b) Transactions with controlling shareholders:

The Company incurred the following transactions with companies having directors and officers in common:

	February 29, 2020
Consulting fees paid to companies controlled by directors of the Company	$ 522,500
Other fees paid to companies controlled by a director of the Company	79,827
	$ 602,327

As at February 29, 2020, $135,186 was included in due to related parties for other overhead costs, salaries and office rent rendered by Meehan Ideas Inc., the Chief Executive Officer, The Chief Financial Officer and MPM&L Joint Venture, in the ordinary course of business. These amounts bear no interest and are due on demand.

12. Capital management:

The Company's objective is to maintain a capital structure that supports its long-term growth strategy, maintains creditor and customer confidence, and maximizes shareholder value. There were no changes in the Company's approach to capital management during the nine months ended February 29, 2020. The capital structure of the Company consists of its shareholders' equity.

The Company's primary uses of capital are to finance operations, finance new start-up costs, increase non-cash working capital and capital expenditures. The Company's objectives when managing capital are to ensure the Company will continue to have enough liquidity to expand. The Company, as part of its annual budgeting process, evaluates its estimated annual cash requirements to fund planned expansion activities and working capital requirements of existing operations. Based on this cash budget and taking into account its anticipated cash flows from operations and its holdings of cash, the Company is of the view that it has the sufficient capital or the ability to draw the required funds from shareholder commitments.

13. Financial instruments and fair value measurement:

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements.

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy and accounting classification.

13. Financial instruments and fair value measurement (continued):

February 29, 2020	Classification	Fair value level		Carrying value		Fair value
Financial assets not measured at fair value						
Cash	Amortized cost	2	$	596,948	$	596,948
Accounts receivable	Amortized cost	2		309,306		309,306
Financial liabilities not measured at fair value						
Accounts payable and accrued liabilities	Amortized cost	2		307,873		307,873
Due to related parties	Amortized cost	2		135,186		135,186

14. Risk management:

In the normal course of business, the Company is exposed to risks related to financial instruments that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

(a) Credit risk:

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company does not have financial instruments that results in material exposure.

(b) Liquidity risk:

Liquidity risk is the risk that the Company may encounter difficulty in raising funds to meet its financial commitments or can only do so at excessive cost. The Company ensures there is sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash and its ability to draw on committed funds from its existing shareholders or to raise funds from external shareholders.

(c) Currency risk:

Currency risk is the risk to the Company's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of those rates. The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates in an international environment, some of the Company’s financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company’s operations are subject to currency transaction and translation risks.

The Company’s main risk is associated with fluctuations in U.S. dollars as the Company holds cash in Canadian dollars and U.S. dollars. Assets and liabilities are translated based on the foreign currency translation policy.

(d) 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 does not have financial instruments that results in material exposure.

15. Basic and diluted loss per share

	Nine months ended Feb. 29, 2020	Three months ended Feb. 29, 2020
Net loss attributable to the Company	$ 2,469,248	$ 500,475
Weighted average common shares outstanding:		
Basic and diluted	59,883,359	60,159,679
Loss per share:		
Basic and diluted	$ (0.04)	$ (0.01)

For the nine months ended February 29, 2020, the effect of 5,105,000 restricted share units and 425,600 warrants have been excluded from the diluted calculation because this effect would be anti-dilutive.

16. Subsequent event:

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.