

**CSE FORM 2A  
LISTING STATEMENT**

**Table of Concordance**

**MUSTGROW BIOLOGICS CORP. (the "Issuer")**

<b>Form 2A</b>	<b>Information Required by CSE Form 2A Listing Statement</b>	<b>Corresponding Item in NI 41-101F1</b>	<b>NI 41-101F1</b>
<b>1.</b>	<b>Table of Contents</b>	<b>Table of Contents</b>	<b>Part 1</b>
<b>2.</b>	<b>Corporate Structure</b>	<b>Corporate Structure</b>	<b>Part 2</b> Pg. 9
2.1	Name	Name, Address and Incorporation	Part 2 Pg. 9
2.2	Statute	Name, Address and Incorporation	Part 2 Pg. 9
2.3	Intercorporate Relationships	Intercorporate Relationships	Part 2 Pg. 9
2.4	Fundamental Change/Arrangement	N/A	N/A
2.5	Non-Corporate/Non-Canadian Issuers	N/A	N/A
<b>3.</b>	<b>General Development of Business</b>	<b>Describe the Business</b>	<b>Part 3</b> Pg.10
<b>3.1</b>	Development of Business Over Past Three Financial Years (and Subsequent Period)	Three-Year History	Part 3 Pg. 10
3.2	Significant Acquisitions and Dispositions	Three-Year History	Part 3 Pgs. 10-11
3.3	Material Trend, Commitment, Events and Uncertainties	N/A	N/A
<b>4.</b>	<b>Narrative Development of Business</b>	<b>Describe the Business</b>	<b>Part 3</b> Pg. 12
4.1	Description of Business	Describe the Business	Part 3 Pgs. 12-18
4.1(1)(a)	Objectives Within 12-month Period	Three Year History	Part 3 Pg. 18
4.1(1)(b)	Significant Events or Milestones that Must Occur for Business Objectives to be Accomplished,	Business objectives and Milestones	Part 3 Pg. 18

	Time Period for Occurrences and Costs Related to Each Event		
4.1(1)(c)	Total Funds Available and Breakdown of Funds	Proceeds -Generally	Part 4 Pgs. 18-19
4.1(1)(d)	Principal Purposes for Which Funds will be Used	Proceeds -Generally	Part 4 Pg. 19
4.1(2)	Information on Principal Products or Services	Three Year History	Part 3 Pg. 15
4.1(3)	Information Concerning Production and Sales	Describe the Business and Management's Discussion and Analysis	Part 3 Pg. 18
4.1(4)	Competitive Conditions	Describe the Business and Management's Discussion and Analysis	Part 3 Pg. 16
4.1(5)	Lending Operations, Investment Policies and Lending and Investment Restrictions	Describe the Business and Management's Discussion and Analysis	Part 4 Pg. 20
4.1(6)	Bankruptcy, Receivership or Similar Proceedings	Describe the Business	Part 13 Pg. 24
4.1(7)	Material Reorganization	Describe the Business	Part 3 Pg. 11
4.1(8)	Social and Environmental Policies	Describe the Business	Part 3 Pg.16
<b>5.</b>	<b>Selected Consolidated Financial Information</b>	<b>Financial Statement Disclosure for Issuers</b>	<b>Part 26</b> Pg. 46 Appendix 1 Appendix 3 Appendix 5 Appendix 7
5.1	Annual Information	Annual Financial Statements	Part 26 Appendix 1 Appendix 3 Appendix 7
5.2	Quarterly Information	Interim Financial Report	Part 26 Appendix 5

5.3	Dividends -Restrictions on Paying Dividends and Dividend Policy	Dividends or Distributions	Part 5 Pg. 20
5.4	Foreign GAAP	N/A	N/A
<b>6.</b>	<b>Annual MD&amp;A</b>	<b>Management's Discussion and Analysis (MD&amp;A)</b>	<b>Part 6</b> Appendix 2
6.1	Date of MD&A	MD&A	Part 6 Appendix 2
6.2	Overall Performance	MD&A	Part 6 Appendix 2
6.3	Selected Annual Information for Three Most Recently Completed Financial Years	MD&A	Part 6 Appendix 2
6.4	Factors that Have Caused Period to Period Variations	MD&A	Part 6 Appendix 2
6.5	Results of Operations	MD&A	Part 6 Appendix 2
6.6	Summary of Quarterly Results	MD&A	Part 6 Appendix 2
6.7	Analysis of Liquidity	MD&A	Part 6 Appendix 2
6.8	Capital Resources	MD&A	Part 6 Appendix 2
6.9	Off-Balance Sheet Arrangements	MD&A	Part 6 Appendix 2
6.10	Transactions with Related Parties	MD&A	Part 6 Appendix 2
6.11	Fourth Quarter Events/Items that Affected Issuer's Financial Condition	MD&A	Part 6 Appendix 2
6.12	Proposed Transactions -Effect on Financial Condition, Results of Operations, Cash Flows	MD&A	Part 6 Appendix 2
6.13	Changes in Accounting Polices Including Initial Adoption	MD&A	Part 6 Appendix 2
6.14	Financial Instruments and Other Instruments	MD&A	Part 6 Appendix 2
6.15	Date of Interim MD&A	Interim MD&A	Part 6 Appendix 5

6.16	Updated Disclosure of Interim MD&A	MD&A	Part 6 Appendix 6
6.17	Additional Disclosure for Issuers Without Significant Revenue	MD&A	Part 6 Appendix
6.18	Description of Securities	Description of Securities	Part 7 Pgs. 20-21
6.19	Provide Breakdown (of Costs and Expenses of the Issuer without Significant Revenue from Operations in Either of the Last Two Financial Years	MD&A	Part 6 Appendix 2
6.20	Negative Cash Flow	Additional Disclosure for Junior Issuers	Part 6 Appendix 1-6
6.21	Additional Disclosure for Issuers with Significant Equity Investees	Additional Disclosure for Issuers with Significant Equity Investees	Part 6 Appendix 2
<b>7.</b>	<b>Market for Securities</b>	<b>Market for Securities</b>	<b>Part 10</b> Pg. 42
7.1	Exchanges and Quotations Systems on Which Issuer's Securities are Listed		Part 10 Pg. 22
<b>8.</b>	<b>Consolidated Capitalization</b>	<b>Consolidated Capitalization</b>	<b>Part 1</b> Pg. 4 <b>Part 9</b> Pg. 22
8.1	Material Change and its Effect on Share and Loan Capital of the issuer	Consolidated Capitalization	Part 9 Pg. 22
<b>9.</b>	<b>Options to Purchase Securities</b>	<b>Options to Purchase Securities</b>	<b>Part 8</b> Pg. 21
9.1	Options to Purchase Securities Held by Specific Persons	Options to Purchase Securities	Part 14 Pgs. 21-22
<b>10.</b>	<b>Description of Securities</b>	<b>Description of Securities Distributed</b>	<b>Part 7</b> Pgs. 20-21
10.1	Description or Designation of Each Class of Equity or Debt Securities	Equity Securities	Part 7 Pg. 21
10.2	Debt Securities	Debt Securities	Part 7 Pg. 21

10.3	No Section 10.3 on CSE Form 2A		
10.4	Other Securities	Other Securities	Part 7 Pg. 21
10.5	Modifications of Terms	Modification of Terms	Part 7 Pg. 21
10.6	Other Attributes: Rights Offerings, Restricted Securities	Other Attributes	Part 7 Pg. 21
10.7	Prior Sales	Prior Sales	Part 10 Pg. 22
10.8	Stock Exchange Price	Trading Price and Volume	Part 7 Part 10 Pg. 22
<b>11.</b>	<b>Escrowed Securities</b>	<b>Escrowed Securities and Securities Subject to Contractual Restriction on Transfer</b>	<b>Part 11</b> Pg. 22
11.1	Table of Escrowed Securities		Not Included in Prospectus; Please see Attached Escrow Agreement  Appendix 8
<b>12.</b>	<b>Principal Shareholders</b>	<b>Principal Shareholders</b>	<b>Part 12</b> Pg. 23
12.1	Principal Shareholders as of Specific Date	Principal Securityholders and Selling Securityholders	Part 12 Pg. 23
<b>13.</b>	<b>Directors and Officers</b>	<b>Directors and Executive Officers</b>	<b>Part 13</b> Pgs. 23-26
13.1	Name, Municipality of Residence Positions and Offices Held with Issuer	Name, Occupation and Security Holding and 51-102F2 -Name, Occupation and Security Holding	Part 13 Pgs. 23-24
13.2	Terms of Office	Directors and Executive Officers	Part 13 Pg. 24
13.3	Number and Percentage of Securities Owned	Directors and Executive Officers	Part 13 Pgs. 23-24

13.4	Board Committees	Directors and Executive Officers	Part 13 Pgs. 23-24 Part 16 Pg. 35
13.5	Principal Occupation if that Occupation is Acting as Officer of Another Company	Directors and Executive Officers	Part 13 Pgs. 23-24 Part 14 Pg. 37
13.6	Cease Trade Order or Bankruptcy	Directors and Executive Officers	Part 13 Pgs. 24-26
13.7	Penalties and Sanctions by, or Settlement Agreement with Canadian Securities Regulatory Authority	Directors and Executive Officers	Part 13 Pgs. 24-26
13.8	Disclosure of Settlement Agreements	Directors and Executive Officers	Part 13 Pgs. 24-26
13.9	Bankruptcy Proceedings	Directors and Executive Officers	Part 13 Pgs. 24-26
13.10	Conflicts of Interest	Directors and Executive Officers	Part 13
13.11	Management	Directors and Executive Officers	Part 13 Pgs. 25-26
<b>14.</b>	<b>Capitalization</b>	<b>Schedule 1</b>	<b>N/A</b>
14.1	Chart with Respect to Each Class of Securities to be Listed	N/A	N/A
14.2	Chart with Respect to Securities Convertible or Exchangeable into Class of Listed Securities	N/A	N/A
14.3	Listed Securities Reserved for Issuance Not Included in Item 14.2	N/A	N/A
<b>15.</b>	<b>Executive Compensation</b>	<b>Executive Compensation and 51-102F6</b>	<b>Part 14</b> Pgs. 26-37
15.1	Statement of Executive Compensation	Disclosure	Part 14 Pgs. 26-27
<b>16.</b>	<b>Indebtedness of Directors and Executive officers</b>	<b>Indebtedness of Directors and Executive Officers</b>	<b>Part 15</b> Pg. 32
16.1	Aggregate Indebtedness	Aggregate Indebtedness	Part 15 Pg. 32

16.2	Indebtedness of Directors and Executive Officers	Indebtedness of Directors and Executive Officers Under Securities Purchase and Other programs	Part 15 Pg. 32
<b>17.</b>	<b>Risk Factors</b>	<b>Risk Factors</b>	<b>Part 18</b> Pgs. 39-44
17.1	Disclosure of Risk Factors	Disclosure of Risk Factors	Part 18 Pgs. 39-44
17.2	Risk of Securityholders Liability	Risk of Securityholders Liability	Part 18 Pg. 40
17.3	Material Risk Factors	Material Risk Factors	Part 18 Pg. 44
<b>18.</b>	<b>Promoters</b>	<b>Promoters</b>	<b>Part 19</b> Pg. 44
18.1	Identities of Promoters Over Last Two Years and Shares Held and Assets Acquired from or Transferred to Issuer	Promoters for the Past Two Years	Part 19 Pg. 44
18.2	Promoters for the Past 10 years	Promoters for the Past 10 years	Part 19
<b>19.</b>	<b>Legal Proceedings</b>	<b>Legal Proceedings and Regulatory Actions</b>	<b>Part 20</b> Pg. 44
19.1	Legal Proceedings	Legal Proceedings	Part 20 Pg. 44
19.2	Regulatory Actions	Regulatory Actions	Part 20 Pg. 44
<b>20.</b>	<b>Interests of Management and Others in Material Transactions</b>	<b>Interests of Management and Others in Material Transactions</b>	<b>Part 21</b> Pg. 44
20.1	Management Interests in Material Transactions	Interests of Management and Others in Material Transactions	Part 21 Pg. 44
<b>21.</b>	<b>Auditors, Transfer Agents and Registrars</b>	<b>Auditors, Transfer Agents and Registrars</b>	<b>Part 22</b> Pg. 44
21.1	Auditor Information	Auditors	Part 22 Pg. 44
21.2	Transfer Agent, Registrar, Trustee or Other Agent Information	Transfer Agents, Registrars, Trustees or Other Agents	Part 22 Pg. 44
<b>22.</b>	<b>Material Contracts</b>	<b>Material Contracts</b>	<b>Part 23</b> Pg. 45

22.1	Particulars of Material Contracts	Material Contracts	Part 23 Pg. 45
22.2	Co-tenancy, Unitholders' or Limited Partnership Agreement (If Applicable)	N/A	N/A
<b>23.</b>	<b>Interest of Experts</b>	<b>Experts</b>	<b>Part 24</b> Pg. 45-46
23.1	Disclosure of all Direct or Indirect Interests in the Property of the Issuer or of a Related Person of the Issuer	Name of Experts and Interest of Experts	Part 24 Pg. 45-46
23.2	Disclosure of Beneficial Interests	Name of Experts and Interest of Experts	Part 24 Pg. 46
23.3	For the Purpose of Section 23.2, General Statement if the Ownership is Less Than 1%	Name of Experts and Interest of Experts	Part 24 Pg. 46
23.4	Disclosure of Appointment of Director, Officer or Employee of the Issuer or of any Associate or Affiliate of the Issuer	Name of Experts and Interest of Experts	Part 24 Pg. 46
<b>24.</b>	<b>Other Material Facts</b>	<b>Other Material Facts</b>	<b>Part 25</b> Pg. 46
24.1	Particulars of any Material Facts about the Issuer and its Securities That Have not yet Been Disclosed	Other Material Facts	Part 25 Pg. 46
<b>25.</b>	<b>Financial Statements</b>	<b>Financial Statement Disclosure for Issuers</b>	<b>Part 26</b> Pg. 46
25.1	Audited Financial Statement for Preceding Three Years and any Completed Interim Period of Current Fiscal Year	Annual Financial Statements and Interim Financial Report	Part 26 Pg. 46 Appendix 1 Appendix 3 Appendix 5 Appendix 7

## **SCHEDULE 1**

### **14. Capitalization**

#### 14.1 Issued Capital

<b><u>Issued Capital</u></b>	<b>Number of Securities (non-diluted)</b>	<b>Number of Securities (fully diluted)</b>	<b>% of Issued (non-diluted)</b>	<b>% of Issued (fully diluted)</b>
<b><u>Public Float</u></b>				
Total outstanding (A)	24,985,575	36,880,775	100%	100%
Held by Related persons or employees of the Issuer or Related person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	5,474,978	8,674,978	21.9%	23.5%
Total Public Float (A-B)	19,510,597	28,205,797	78.1%	76.5%
<b><u>Freely-Tradeable Float</u></b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)				

	13,344,102	13,344,102	53.4%	36.2%
Total Tradeable Float (A-C)	11,641,473	23,536,673	46.6%	63.8%

Public Securityholders (Registered)

For the purposes of this report, "Public Securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

<b>Class of Security</b>		
<b><u>Size of Holding</u></b>	<b><u>Number of Holders</u></b>	<b><u>Total Number of Securities</u></b>
1-99 securities	1	1
100-499 securities	124	22,568
500-999 securities	0	0
1,000-1,999 securities	0	0
2,000-2,999 securities	3	8,262
3,000-3,999 securities	0	0
4,000-4,999 securities	14	68,055
5,000 or more securities	59	16,310,597
<b>TOTAL SECURITIES</b>	<b>201</b>	<b>16,409,483</b>

Public Securityholders (Beneficial)

<b>Class of Security</b>		
<b><u>Size of Holding</u></b>	<b><u>Number of Holders</u></b>	<b><u>Total Number of Securities</u></b>
1-99 securities	1	1
100-499 securities	124	22,568
500-999 securities	0	0

1,000-1,999 securities	0	0
2,000-2,999 securities	3	8,262
3,000-3,999 securities	0	0
4,000-4,999 securities	14	4,545
5,000 or more securities	66	17,590,480
<b>TOTAL SECURITIES</b>		<b>17,625,856</b>

Non-Public Securityholders (Registered)

<b>Class of Security</b>		
<b>Size of Holding</b>	<b>Number of Holders</b>	<b>Total Number of Securities</b>
1-99 securities	0	0
100-499 securities	0	0
500-999 securities	0	0
1,000-1,999 securities	0	0
2,000-2,999 securities	0	0
3,000-3,999 securities	0	0
4,000-4,999 securities	0	0
5,000 or more securities	7	5,474,978
<b>TOTAL SECURITIES</b>		<b>5,474,978</b>

14.2 Convertible Securities

<b>Description of Security</b> (include conversion/exercise terms, including conversion/exercise price)	<b>Number of convertible/exchangeable securities outstanding</b>	<b>Number of listed securities issuable upon conversion/exercise</b>
Warrants issued 6 Feb 2017 @\$0.30 expiring 7 Feb 2020	500,000	500,000
Warrants issued 19 Mar 2018: @\$0.35 expiring 20 Mar 2020	6,350,000	6,350,000

Warrants issued 19 Jul 2018 @\$0.35 expiring 20 March 2020	150,000	150,000
Warrants issued 1 Aug 2018 @ \$0.35 expiring 20 March 2020	100,000	100,000
Warrants issued 22 Oct 2018 @\$0.35 expiring 20 Mar 2020	60,000	60,000
Warrants issued 14 Dec 2018 @0.35 expiring 20 Mar 2020	60,000	60,000
Warrants issued 7 Feb 2019 @\$0.35 expiring 20 Mar 2020	1,400,000	1,400,000
Agent's Warrants issued 19 Mar 2018: One unit (a share + warrant) @\$0.25; warrants underlying unit warrant @\$0.35 both expiring 20 Mar 20	1,069,800	1,069,800
Agent's Warrants issued 22 Oct 2018: One unit (a share + warrant) @\$0.25; warrants underlying unit warrant @\$0.35 both expiring 20 Mar 20	5,400	5,400
Share Options granted 17 Dec 2018 @\$0.25 expiring 17 Dec 2023	2,200,000	2,200,000
<b>TOTAL CONVERTIBLE SECURITIES</b>	<b>11,895,200</b>	<b>11,895,200</b>

*This Prospectus is not related to a public offering. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

## PROSPECTUS

NON-OFFERING PROSPECTUS

June 20, 2019

### **MUSTGROW BIOLOGICS CORP.**

1005 - 201 1st Ave. S.  
Saskatoon, SK S7K 1J5  
**(the "Issuer")**

This Prospectus is being filed with the Financial and Consumer Affairs Authority of Saskatchewan, as principal regulator, and each of the British Columbia Securities Commission and the Alberta Securities Commission for the purpose of becoming a reporting issuer pursuant to securities legislation and to comply with the listing requirements of the Canadian Securities Exchange.

No securities are being offered pursuant to this Prospectus. This Prospectus is being filed with the Financial and Consumer Affairs Authority of Saskatchewan for the purpose of providing full public disclosure regarding the Issuer and its wholly-owned subsidiary MPT Mustard Products & Technologies Inc., and the Issuer's application to list its common shares on the Canadian Securities Exchange. As no securities are being offered pursuant to this Prospectus, no proceeds will be raised in connection with this Prospectus and all expenses in connection with the preparation and filing of this Prospectus will be paid by the Issuer.

**There is currently no market through which the securities of the Issuer may be sold. This may affect the pricing of the securities of the Issuer in the secondary markets, the transparency and availability of trading prices, the liquidity of securities of the Issuer, and the extent of Issuer regulation. An investment in the securities of the Issuer is highly speculative and involves a high degree of risk. See "Risk Factors".**

**Listing will be subject to the Issuer fulfilling all of the listing requirements of the Canadian Securities Exchange including without limitation, meeting certain financial and other requirements. There can be no assurance that the securities of the Issuer will be listed.**

**No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.**

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

## Table of Contents

<i>GLOSSARY OF GENERAL TERMS</i> .....	1
<i>PART 1 – SUMMARY OF PROSPECTUS</i> .....	3
<i>Forward-looking Statements</i> .....	7
<i>Market and Industry Data</i> .....	8
<i>PART 2 - CORPORATE STRUCTURE</i> .....	9
<i>Name, address and incorporation</i> .....	9
<i>Amalgamation</i> .....	9
<i>PART 3 – DESCRIPTION OF BUSINESS</i> .....	10
<i>General Development of the Business</i> .....	10
<i>Narrative Description of the Business</i> .....	12
<i>PART 4 – USE OF AVAILABLE FUNDS</i> .....	18
<i>Proceeds</i> .....	18
<i>Funds Available</i> .....	20
<i>PART 5 – DIVIDENDS OR DISTRIBUTIONS</i> .....	20
<i>PART 6 – MANAGEMENT DISCUSSION AND ANALYSIS</i> .....	20
<i>PART 7 - DESCRIPTION OF SECURITIES</i> .....	20
<i>PART 8 – OPTIONS TO PURCHASE SECURITIES</i> .....	21
<i>Stock Option Plan</i> .....	21
<i>PART 10 –PRIOR SALES</i> .....	22
<i>PART 11 – SECURITIES SUBJECT TO RESALE RESTRICTIONS</i> .....	22
<i>PART 12 – PRINCIPAL SECURITYHOLDERS</i> .....	23
<i>PART 13 – DIRECTORS AND EXECUTIVE OFFICERS</i> .....	23
<i>Management of the Issuer</i> .....	25
<i>PART 14 – EXECUTIVE COMPENSATION</i> .....	26
<i>Named Executive Officers</i> .....	26
<i>Executive Compensation</i> .....	27
<i>Summary Compensation Table excluding Compensation Securities</i> .....	27
<i>Outstanding Options-Based Awards</i> .....	28
<i>External Management Companies</i> .....	29
<i>PART 15 – INDEBTEDNESS OF DIRECTORS AND OFFICERS</i> .....	32
<i>PART 16 – AUDIT COMMITTEE AND CORPORATE GOVERNANCE</i> .....	32
<i>Audit Committee</i> .....	32
<i>Corporate Governance</i> .....	37
<i>PART 17 – PLAN OF DISTRIBUTION</i> .....	39
<i>PART 18 – RISK FACTORS</i> .....	39
<i>PART 19 – PROMOTERS</i> .....	44
<i>PART 20 – LEGAL PROCEEDINGS AND REGULATORY ACTIONS</i> .....	44
<i>PART 21 – INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS</i> .....	44
<i>PART 22 – AUDITORS, TRANSFER AGENTS AND REGISTRARS</i> .....	44
<i>PART 23 – MATERIAL CONTRACTS</i> .....	45
<i>PART 24 – EXPERTS</i> .....	45
<i>PART 25 – OTHER MATERIAL FACTS</i> .....	46
<i>PART 26 – FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS</i> .....	46

## GLOSSARY OF GENERAL TERMS

The following is a glossary of certain general terms used in this Prospectus:

<b>\$</b>	Means Canadian dollars.
<b>Agents Warrant</b>	Means a warrant to acquire a unit of the Issuer which unit is comprised of one Common Share and one Warrant.
<b>Amalgamation</b>	Means the three-cornered amalgamation among the Issuer, Subco and MPT that was completed on March 13, 2018 pursuant to the laws of Saskatchewan as provided for in the Amalgamation Agreement.
<b>Amalgamation Agreement</b>	Means the three-cornered amalgamation agreement entered into among the Issuer, Subco and MPT dated July 5, 2017.
<b>BCBCA</b>	Means the <i>Business Corporations Act</i> (British Columbia) S.B.C. 2002 c.57, as amended, including the regulations promulgated thereunder.
<b>Board of Directors or Board</b>	Means the board of directors of the Issuer.
<b>Common Share, or Share</b>	Means a common share without par value in the capital stock of the Issuer.
<b>Issuer, we or us</b>	Means MustGrow Biologics Corp. a corporation incorporated under the BCBCA on December 2, 2014 and continued under the SBCA on August 18, 2018.
<b>Consolidation</b>	Means the consolidation of the Issuer's 20,126,254 issued and outstanding shares effected on March 12, 2018 at a ratio of 3.3:1 into 6,098,888 issued and outstanding shares.
<b>Effective Date</b>	Means the date the Securities Commissions issue a final receipt for this Prospectus.
<b>Exchange or CSE</b>	Means the Canadian Securities Exchange.
<b>Listing Date</b>	Means the date the Company's Shares are first listed for trading on the Exchange.
<b>MPT</b>	Means MPT Mustard Products & Technologies Inc., a corporation incorporated under the SBCA in 2008.

<b>MPT Business</b>	Means the business of MPT being an agriculture-biotech company focused on the development and commercialization of non-synthetic AITC (Allyl Isothiocyanate) from mustard seed for use as a natural biofumigant for control of nematodes, soil-borne diseases, and other soil pests.
<b>MPT Shareholders</b>	Means the holders of the MPT Shares.
<b>MPT Shares</b>	Means common shares in the capital of MPT.
<b>NI 41-101</b>	Means National Instrument 41-101, <i>General Prospectus Requirements</i> .
<b>Prospectus</b>	Means this long-form non-offering prospectus.
<b>Related Party Loan</b>	Means the loan agreement between the Issuer, as borrower, and Francis Wagner and 101048299 Saskatchewan Ltd., as lender, dated October 21, 2016 wherein the Issuer borrowed \$205,734 which sum is repayable on the sale of all, or substantially all, of the assets of MPT to a major agricultural chemical company.
<b>SBCA</b>	Means <i>The Saskatchewan Business Corporations Act</i> .
<b>Securities Commissions</b>	Means the securities regulatory authorities in the provinces of British Columbia, Alberta and Saskatchewan.
<b>Shareholder</b>	Means a holder of Common Shares.
<b>Stock Option Plan</b>	Means the Company's 10% rolling stock option plan.
<b>Stock Option</b>	Means an option to acquire a Common Share issued under the Stock Option Plan
<b>Subco</b>	Means 102023826 Saskatchewan Ltd., a corporation incorporated as a wholly owned subsidiary of the Issuer under the SBCA on May 26, 2017.
<b>Warrant</b>	Means a warrant to acquire a Common Share.

Certain additional terms are defined within the body of this Prospectus and in such cases will have the meanings ascribed thereto.

## **PART 1 – SUMMARY OF PROSPECTUS**

*The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and statements contained in this Prospectus.*

### *The Issuer*

The Issuer's full corporate name is MustGrow Biologics Corp. It has its head office at 1005 – 201 1<sup>st</sup> Ave. S., Saskatoon SK S7K 1J5 and its registered and record office at 800, 230 – 22<sup>nd</sup> St. E., Saskatoon SK S7K 0E9.

The Issuer was incorporated pursuant to the BCBCA on December 2, 2014 as 1020673 B.C. Ltd., on January 19, 2016 the Issuer changed its name to Duport Capital Ltd. and on March 29, 2018 the Issuer changed its name to MustGrow Biologics Corp. The Issuer continued from British Columbia into Saskatchewan on August 18, 2018.

The Issuer incorporated 102023826 Saskatchewan Ltd., a wholly-owned subsidiary of the Issuer, under The SBCA on May 26, 2017. On March 13, 2018 102023826 Saskatchewan Ltd. amalgamated with MPT Mustard Products & Technologies Inc. pursuant to the Amalgamation and the resulting issuer retained the name MPT Mustard Products & Technologies Inc. and remains a wholly owned subsidiary of the Issuer.

For more information about the corporate structure of the Issuer, please see "Part 2 – Corporate Structure".

### *The Principal Business of the Issuer*

The Issuer has historically been a business development services company, seeking to provide services to new and emerging businesses, including making introductions to accountants, lawyers, brokers, transfer agents, and various other professionals and service providers to assist companies in raising capital and going public. However, the Issuer was relatively inactive and did not carry out any material business transactions until entering into the Amalgamation. At that time, the Company also raised funds by way of private placement, appointed new directors, and changed its business focus.

Following completion of the Amalgamation the Issuer now carries on the business of MPT as a wholly-owned subsidiary and operating arm of the Issuer.

MPT is an agriculture-biotech company focused on the development and commercialization of non-synthetic AITC (Allyl Isothiocyanate) from mustard seed for use as a natural biofumigant for control of nematodes, soil-borne diseases, and other soil pests. AITC is a natural chemical produced by mustard plants to defend themselves against pests and fungal diseases.

For more information about the business of the Issuer, please see "Part 3 – Description of Business".

### *Use of Available Funds*

As of March 31, 2019, the most recent three-month period for which the Issuer has filed a financial report prior to filing this Prospectus, the working capital was \$789,231. Adjusted working capital calculated net of the Related Party Loan was \$994,965. Adjusted working capital is a non-IFRS measure that does not have any standardized meaning prescribed by IFRS and is

therefore not comparable with similar measures presented by other issuers. This measure should be considered supplemental in nature and is calculated as working capital net of the Related Party Loan.

The Issuer anticipates that it will require approximately \$524,000 over the next 12 months to run its business and to develop the MPT Technology.

The Issuer has no anticipated significant additional expenses. The Issuer expects that its current working capital position will cover all its required expenses and the repayment of the Related Party loan and current portion of long-term debt for at least the next 12 months.

For more information about the planned expenses of the Issuer, see table "Planned Use of Funds by the Issuer" in "Part 3 – Description of Business" and "Part 4 – Use of Available Funds".

#### *Current Directors and Officers of the Issuer*

The current directors and officers of the Issuer are:

Corey Giasson, Director, Chief Executive Officer

Brad Munro, Director

Colin Bletskey, Director, Chief Operating Officer

Tom Flow, Director

Matt Kowalski, Director

Todd Lahti, Chief Financial Officer and Corporate Secretary

For more information about the directors and officers of the Issuer, see "Part 13 – Directors and Executive Officers".

#### **Consolidated Capitalization**

As of the date of this Prospectus there are 24,985,575 Shares issued and outstanding, 8,620,000 Warrants issued and outstanding, 537,600 Agents Warrants issued and outstanding, and 2,200,000 Stock Options have been granted. There are no further options, warrants or other securities convertible into Shares outstanding.

#### *Risk Factors*

The following is the summary of main risk factors related to the Issuer.

Currently there is no public market for the Common Shares, and there can be no assurance that an active market for the Common Shares will develop or be sustained. There can be no assurance that the Issuer's Shares will be listed on the CSE or any other share exchange.

The Issuer has changed its business focus from business development to biotechnology. The Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

There is a risk that the MPT Business will not work as expected and therefore, will never be commercialized.

There is a risk that the Issuer may not be able to obtain, maintain and enforce patents and maintain its trade secrets.

The Issuer may become party to litigation (including litigation related to intellectual property) from time to time in the ordinary course of business which could adversely affect its business.

Certain of the Issuer's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation.

For more information about the risk factors, see "Part 18 – Risk Factors".

### Summary of Selected Financial Information

The following table summarizes selected audited financial data of the Issuer for the fiscal years ended December 31, 2018, December 31, 2017 and December 31 2016 and the unaudited financial data for the three months ended March 31, 2019 and should be read in conjunction with the financial statements and the related notes thereto, together with management's discussion and analysis, as included elsewhere in this Prospectus:

Item	Unaudited Three Months Ended March 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year ended December 31, 2016
Revenues	\$ nil	\$2,000	\$ nil	\$ nil
Expenses	(\$273,361) <sup>1</sup>	(\$1,855,137) <sup>1</sup>	(\$36,451)	(\$20,443)
Net Loss	(\$284,830)	(\$1,893,377)	(\$36,451)	(\$20,443)
Total Assets	\$1,415,320	\$534,278	\$192,313	\$937
Current Liabilities & Long-Term Debt	\$1,008,360	\$1,019,832	\$59,814	\$30,103
Working Capital (deficiency)	\$789,231	\$224,396	\$132,499	(\$29,166)
Shareholders' Equity (Deficiency)	\$406,960	(\$485,554)	\$132,499	(\$29,166)
Number of Shares Outstanding	24,985,575	23,273,042	5,696,600	5,696,600

1. excludes finance cost

See "Management Discussion and Analysis" and the financial statements of the Issuer attached as Appendix to this Prospectus for details.

The following table summarizes selected financial data of MPT derived from the audited financial statements of MPT as at and for the fiscal years ended December 31, 2017 and December 31 2016 and should be read in conjunction with the financial statements and the related notes thereto, as included elsewhere in this Prospectus:

<b>Item</b>	<b>Year Ended December 31, 2017</b>	<b>Year ended December 31, 2016</b>
Revenues	\$2,102	\$109,015
Expenses <sup>1</sup>	\$289,041	\$263,269
Net Loss	(\$197,564)	(\$172,287)
Total Assets	\$15,925	\$59,215
Current Liabilities & Long-Term Debt	\$1,221,311	\$1,077,037
Working Capital (deficiency)	(\$535,676)	(\$1,017,822)
Shareholders' Equity (deficiency)	(\$1,205,386)	(\$1,017,822)
Number of Shares Outstanding	20,908,633	20,908,633

1. Excludes loss on sale of equipment, loss on foreign exchange, gain on extinguishment of debt and finance cost

## Forward-looking Statements

This Prospectus contains certain forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the Issuer's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology.

Forward-looking statements in this Prospectus include, but are not limited to:

- volatility of stock price and market conditions
- technology risks
- regulatory risks
- difficulty to forecast
- key personnel
- limited operating history and limited or no revenues
- competition
- investment capital and market share
- market uncertainty
- additional capital requirements
- management of growth
- litigation
- protection of patents and intellectual property
- no dividend history

The risk factors described in this Prospectus are the best estimate by management of all the important factors that could cause actual results to differ materially from those expressed in the Issuer's forward-looking statements.

In addition, any forward-looking statements represent the Issuer's estimates only as of the date of this Prospectus and should not be relied upon as representing the Issuer's estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in this Prospectus include execution of the Issuer's existing plans, which may change due to changes in the views of the Issuer, or if new information arises which makes it prudent to change such plans.

Forward looking statements are based on a number of assumptions that may prove to be incorrect including but not limited to assumptions about:

- market demand for the Issuer's technology
- the impact of market competition
- the availability of financing opportunities and the ability to obtain and maintain existing financing on acceptable terms
- the ability to retain skilled management and staff
- currency, exchange and interest rates
- risks associated with economic conditions,
- dependence on management and possible conflicts of interest and market competition
- the ability to commercialize the Issuer's technology

- operating in an environment that is subject to regulation

The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to the Issuer.

Readers should not place undue reliance on the Issuer's forward-looking statements, as the Issuer's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Issuer's business, or if the Issuer's estimates or assumptions prove inaccurate. Therefore, the Issuer cannot provide any assurance that such forward-looking statements will materialize. The Issuer does not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws.

For a description of material factors that could cause the Issuer's actual results to differ materially from the forward-looking statements in this Prospectus, see "Part 18 – Risk Factors".

While the Issuer considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled see "Part 18 – Risk Factors".

### **Market and Industry Data**

This Prospectus includes market and industry data that has been obtained from third party sources, including industry publications. We believe that this industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, we have not independently verified any of the data from such sources.

## **PART 2 - CORPORATE STRUCTURE**

### **Name, address and incorporation**

The Issuer's full corporate name is MustGrow Biologics Corp. It has its head office at 1005 – 201 1<sup>st</sup> Ave. S., Saskatoon SK S7K 1J5 and its registered and record office at 800, 230 – 22<sup>nd</sup> St. E., Saskatoon SK S7K 0E9.

The Issuer was incorporated pursuant to the BCBCA on December 2, 2014 as 1020673 B.C. Ltd., on January 19, 2016 the Issuer changed its name to Duport Capital Ltd. and on March 29, 2018 the Issuer changed its name to MustGrow Biologics Corp. The issuer continued from British Columbia into Saskatchewan on August 18, 2018.

The Issuer incorporated 102023826 Saskatchewan Ltd., a wholly-owned subsidiary of the Issuer, under the SBCA on May 26, 2017. On March 13, 2018 102023826 Saskatchewan Ltd. amalgamated with MPT. by pursuant to the Amalgamation and the resulting issuer retained the name MPT Mustard Products & Technologies Inc. and remains a wholly owned subsidiary of the Issuer.

The Issuer is a reporting issuer in the provinces of British Columbia and Alberta and following the filing of this Prospectus will be a reporting issuer in Saskatchewan and following a successful listing on the CSE will be a reporting issuer in Ontario.

### **Amalgamation**

Pursuant to the Amalgamation Agreement, Subco and MPT amalgamated as one corporation on March 13, 2018 to continue the business and operations as MPT. The amalgamated MPT is a wholly owned subsidiary of the Issuer.

The Amalgamation Agreement provided that every two issued and outstanding shares of MPT were exchanged for one Share of the Issuer, following which all such MPT Shares were cancelled such that the 20,908,633 outstanding shares of MPT were exchanged for 10,454,154 Shares of the Issuer. No fractional shares were issued which resulted in a minor adjustment to the number of Shares issued.

Every two outstanding warrants in MPT were exchanged for one warrant in the capital of the Issuer at twice the original warrant exercise price such that the 2,579,674 outstanding warrants of MPT were exchanged for 1,289,837 warrants of the Issuer. Most of such Warrants have since expired. As at the date of this prospectus 500,000 of such Warrants are exercisable at \$0.30 per Share until the date that is 36 months following Listing Date.

The Amalgamation was an arm's length transaction.

## PART 3 – DESCRIPTION OF BUSINESS

### General Development of the Business

Pursuant to an Arrangement Agreement dated December 10, 2014 between the Company (then 1020673 B.C. Ltd.) and Riske Capital Corp. ("**Riske**"):

- (a) Riske transferred and assigned to the Company certain of Riske's business contracts and assets, and \$1,000 cash, in consideration of 396,600 shares of the Company (the "**Exchange Shares**"); and
- (b) the Exchange Shares were subsequently distributed by Riske to all of its 163 shareholders, such that the Riske shareholders became the controlling shareholders of the Company.

As a result of completing the Arrangement Agreement the Company became a reporting issuer in each of British Columbia and Alberta, with 163 shareholders.

The Issuer's business has been a business development services company, seeking to provide services to new and emerging businesses, including making introductions to accountants, lawyers, brokers, transfer agents, and various other professionals and service providers to assist companies in raising capital and going public. However, the Company has been relatively inactive and did not carry out any material business transactions.

In April 2015, the Company completed a private placement and issued 5,300,000 common shares at \$0.015 per common share for gross proceeds of \$79,500.

In May 2015, Yari Alexander Nieken, Kostaninos Sakarellos and Christopher Cherry resigned from the Board of Directors and their respective officer positions; and Jeffrey Lightfoot was appointed as the Company's Chief Executive Officer, Chief Financial Officer and Director.

On July 5, 2017 the Issuer, Subco and MPT entered into the Amalgamation Agreement. Closing was subject to a number of conditions precedent, including obtaining approval from the shareholders of MPT and completion of the Consolidation by the Issuer.

MPT is a Saskatoon, Saskatchewan based company engaged in the development of novel and proprietary solutions that utilize components of the mustard plant to provide pest control to growers facing challenges associated with nematodes and soil-borne diseases (the "**MPT Business**"). MPT is not a reporting issuer or the equivalent in any jurisdiction of Canada.

On February 19, 2018 the Issuer raised \$215,444 through the sale and distribution of 14,429,654 Shares at \$0.015 per Share.

On March 12, 2018, pursuant to the terms of the Amalgamation Agreement, the Issuer consolidated its 20,126,254 Shares at a ratio of 3.3:1 and following such consolidation had 6,098,888 Shares issued and outstanding.

On March 14, 2018 the Issuer completed the Amalgamation and issued 10,454,154 Shares and 1,289,837 Warrants to former securityholders of MPT.

On March 20, 2018 the Issuer completed a private placements of units and issued 6,720,000 units (the "**Units**") at a price of \$0.25 per Unit. Each Unit is comprised of one Share and one Share purchase warrant (each a "**Warrant**"). Each Warrant entitles the holder thereof to acquire one Share at an exercise price of \$0.35.

In connection with the March 20, 2018 private placement the Issuer issued to brokers 537,600 Agents Warrants to acquire Units of the Issuer at an exercise price of \$.25 per Unit. Each Unit was comprised of one Share and one Warrant. Each Warrant is exercisable at \$0.35 per Warrant to acquire a Share until March 20, 2020.

On December 17, 2018 the Issuer issued 1,400,000 Warrants to a consultant pursuant to the terms of an independent consulting agreement. Each Warrant entitles the holder thereof to acquire one Share at an exercise price of \$0.35.

The Issuer completed a non-brokered private placement of Common Shares and issued 1,662,533 Shares on March 12, 2019 and 50,000 Shares on March 13, 2019, in the aggregate amount of 1,712,533 Shares, at \$0.70 per Common Shares.

As of the date of this Prospectus there are 24,985,575 Shares Issued and outstanding, 8,620,000 Warrants issued and outstanding and 537,600 Agents Warrants issued and outstanding.

Pursuant to the Amalgamation:

- (a) the property of MPT and Subco became the combined property of MPT post Amalgamation;
- (b) MPT continues to be liable for the obligations of each of MPT and Subco;
- (c) any existing cause of action, claim or liability to prosecution pending by or against either of MPT and Subco is unaffected;
- (d) any civil, criminal or administrative action or proceeding pending by or against either of MPT and Subco may be continued to be prosecuted by or against MPT;
- (e) any conviction against, or ruling, order or judgment in favour or against, either of MPT and Subco may be enforced by or against MPT; and
- (f) the Articles of Incorporation of Subco were deemed to be to the Articles of Amalgamation of MPT.

On March 15, 2018 each of Laurie Sadler, Michael Siefert and Jeffrey Lightfoot resigned as directors and Corey Giasson, Brad Munro and Colin Bletsky were appointed as interim

directors, and Corey Giasson was appointed as the CEO and CFO of the Issuer. At the Issuer's annual general and special meeting held on May 31, 2018, the shareholders appointed Corey Giasson, Brad Munro, Colin Bletskey, Tom Flow and Matt Kowalski to the board of directors.

On March 29, 2018 the Issuer changed its name from Duport Capital Ltd. to Mustgrow Biologics Corp.

On August 18, 2018 MustGrow continued from British Columbia into Saskatchewan.

On December 17, 2018 Corey Giasson resigned as CFO and Todd Lahti was appointed as CFO and Corporate Secretary.

Further details about the business are provided below in the "Narrative Description of the Business."

## **Narrative Description of the Business**

### *General*

MPT is an agricultural biotech company focused on the development and commercialization of non-synthetic AITC (Allyl Isothiocyanate) from mustard seed for use as a natural biofumigant for control of nematodes, soil-borne diseases, and other soil pests. AITC is natural chemical produced by mustard plants to defend themselves against pests and fungal diseases.

MPT focused initially on developing a granular pre-plant soil biofumigant and fertilizer which has resulted in its initial product, Mustgrow™, which has been approved for use as a fertilizer in both Canada and the US. Mustgrow™ Biopesticide is also registered in Canada and the US (*with the exception of California*) and is a proven nematicide and fungicide. MPT has invested over \$9 million over several years and completed 110 trials on fruit and vegetables and has realized approximately \$700,000 in gross sales.

In the last two years of operation MPT refocused its energies away from the granular format and redirected its efforts to developing Mustgrow™ in a liquid form with a new delivery platform, capable of being applied through drip lines with increased concentration. MPT does not currently generate revenue.

### *Industry*

Traditional solutions to combat pests and fungal diseases in agriculture face significant challenges as consumers globally are demanding a reduction in the amount of pesticides used to produce food crops coupled with the increased demand for organic produce has resulted in limited options for growers with an increase in potential challenges.

To satisfy public demand regulatory agencies have responded by significantly restricting or outlawing existing chemistries leaving limited alternatives. However, the long history of chemical treatments of soil and crops combined with tighter restrictions on application rates

has resulted in resistant pest populations reducing the effectiveness of those existing chemistries.

### *Nematodes - Nematicide*

Reports estimate that the impact of soil borne nematodes on global crop economics results in approximately \$100 billion (USD) of lost crops per year on a global scale.<sup>1</sup>

All parasitic nematodes feed off of plants with a stylet, a needle like mouth that punctures and attaches the nematode to a plants roots, leaves, stems seeds or flowers (depending on the type of nematode). Nematodes that feed on the root cells, such as the Root Knot Nematode, do the most damage below ground and cause the roots to form root knots or galls around the nematode as they feed on the root cells. These nematodes also make the plant more susceptible to diseases because of the damage it has caused to the roots. Nematodes, like the Lance and Sting nematodes, feed on the fluids that are inside of the plant and cause more of a visible damage to the plant above ground. These nematodes suppress the growth of the plant and make it appear that it isn't getting the proper nutrients it needs. Nematodes suppress the plant and root growth creating a reduction in crop yields.

A nematicide is a type of pesticide used to kill plant-parasitic nematodes. Nematicides have tended to be broad-spectrum toxicants possessing high volatility or other properties promoting migration through the soil. Aldicarb a carbamate insecticide marketed by Bayer CropScience, is an example of a commonly used commercial nematicide. It is important in potato production, where it has been used for control of soil-borne nematodes. Aldicarb is a cholinesterase inhibitor, which prevents the breakdown of acetylcholine in the synapse. In case of severe poisoning, the victim dies of respiratory failure. It is no longer authorised for use in the EU.<sup>2</sup> In the United States, Aldicarb was approved by the USEPA for use by professional pesticide applicators on a variety of crops, including cotton, beans, and others. It is not approved for household use. The EPA started limiting the main aldicarb pesticide, requiring a phase out of production by 2015 and discontinuation of its use by August 2018.<sup>3</sup>

Human health safety and environmental concerns have resulted in the widespread deregistration of several other agronomically important nematicides. Prior to 1985, the persistent halocarbon DBCP was a widely used nematicide and soil fumigant. However, it was banned from use after being linked to sterility among male workers.<sup>4</sup> Europe has taken an aggressive stance on nematicide use, leading to limited and shrinking options available to growers. This trend is also being adopted elsewhere including in the US with the removal of Methyl iodide<sup>5</sup> and increased restrictions on Chloropicrin<sup>6</sup> two widely used chemicals in the industry.

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<sup>1</sup> Hartwig Dauck, Global Segment Manager FVI Crop Science Bayer <https://www.cropscience.bayer.com/en/blogs/2018/01/hartwig-dauck-nematodes-a-hidden-threat>

<sup>2</sup> <https://www.icis.com/resources/news/2002/12/31/187314/eu-ban-proposed-on-pesticide-chemical-aldicarb/>

<sup>3</sup> [https://archive.epa.gov/pesticides/reregistration/web/html/aldicarb\\_fs.html](https://archive.epa.gov/pesticides/reregistration/web/html/aldicarb_fs.html)

<sup>4</sup> <https://en.wikipedia.org/wiki/Nematicide>

<sup>5</sup> <https://earthjustice.org/news/press/2012/cancer-causing-methyl-iodide-pulled>

<sup>6</sup> [https://www.cdpr.ca.gov/docs/whs/pdf/faq\\_chloropicrin.pdf](https://www.cdpr.ca.gov/docs/whs/pdf/faq_chloropicrin.pdf)

The global nematicide market was \$1.17 billion (USD) in 2016 and is expected to increase to \$1.43 billion by 2022<sup>7</sup>. The global biopesticide market (biological – pesticides) was \$3.3 billion in 2017 and is estimated to increase to \$9.5 billion by 2025<sup>8</sup>.

### *MPT Solution*

Brassica, a genus of plants in the mustard family (Brassicaceae) appear to have untapped potential to benefit agricultural production not only in nematode control but overall disease control, plant growth promotion and crop yield enhancement.

MPT's innovative patented platform allows the company to efficiently and effectively manipulate the natural defensive mechanisms employed by Brassica plants for use in agricultural crop protection and production. Utilizing a proprietary process, MPT isolates enzymes from select mustard species and further isolates and concentrates, glucosinolates from select mustard species, then novel and proprietary formulations are created by MPT for optimum performance and manipulation, whilst maintaining eligibility for organic production.

### *Overview of the Business and the Business Model*

MPT was incorporated on October 16, 2008 in Saskatchewan and is based in Saskatoon, Saskatchewan.

MPT has built a robust intellectual property base and intends to protect and commercialize new innovations respective its liquid platform and its potential applicability for the cannabis industry.

### *Patents*

All MPT's technology and intellectual property is wholly-owned in five patent families providing or seeking global protection in strategically important countries. There are 18 granted patents and 9 pending applications. The following table provides the particulars of MPT's patents.

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<sup>7</sup> marketsandmarkets.com. Report Code: AGI 2533. January 2017

<sup>8</sup> transparencymarketresearch.com. Feb 2018

MPT MUSTARD PRODUCTS & TECHNOLOGIES PATENTS						
Number	Title	Serial No Priority Doc	Application No	Jurisdiction	Calculated Expiry	Status
1	Mixtures of mustard plant material for the control of pests and methods of making	61/424,771	61/424,771	US	December 20 2031	Issued
		61/424,771	15/637,082	US	December 20 2031	Pending
		61/424,771	2,820,392	Canada	December 20 2031	Pending
		61/424,771	11851654.1	Europe	December 20 2031	Granted
		61/424,771	EP2654436	France	December 20, 2031	Granted & Validated
		61/424,771	2,661,577	Spain	December 20, 2031	Granted & Validated
		61/424,771	50290800006985	Italy	December 20, 2031	Granted & Validated
		61/424,771	60 2011 044 049.7	Germany	December 20, 2031	Granted & Validated
		61/424,771	EP2654436	UK	December 20, 2031	Granted & Validated
		61/424,771	2011349032	Australia	December 20 2031	Issued
		61/424,771	201180068048	China	December 20 2031	Issued
		61/424,771	2013-544983	Japan	December 20 2031	Issued
		61/424,771	Mx/a2013/007182	Mexico	December 20 2031	Issued
		61/424,771	2013-000158	Guatemala	December 20 2031	Pending
		61/424,771	2013-01780	Chile	December 20 2031	Granted
61/424,771	2013/5374	South Africa	December 20 2031	Issued		
2	Compositions comprising pesticide precursors and methods of making and use	61/839,515	14/314,661	US	June 26 2034	Pending
		61/839,515	14818122.5	Europe	June 26 2034	Pending
		61/839,515	2,915,941	Canada	June 26 2034	Pending
3	Biopesticide compositions comprising water soluble polyols	61/861,518	14/449,665	US	August 2, 2034	Issued
		61/861,518	14/989,960	US	August 2, 2034	Issued
		61/861,518	15/708,662	US	August 2, 2034	Pending
		61/861,518	2,920,061	Canada	August 2, 2034	Pending
		61/861,518	14832979	Europe	August 2, 2034	Pending
4	Pesticide compositions comprising mustard bran	08/544,614	5,747,056	US	Oct 18, 2015	Issued
			2,233,602	Canada	Oct 1, 2016	Issued
			207196	Mexico	Oct 1, 2016	Issued

### *Vision*

MPT's vision is to help the world's farmers provide safe and healthy food through the use of natural biologics like MustGrow™.

### *Products and Services*

MPT's initial product was a granular pre-plant soil biofumigant and fertilizer called Mustgrow™, which has been approved for use as a fertilizer in both Canada and the US. Mustgrow™ biopesticide is also registered in Canada and the US (*with the exception of California*) and is a proven nematicide and fungicide.

In the last two years of operation MPT refocused its energies away from the granular format and redirected its efforts to developing Mustgrow™ in a liquid form with a new

delivery platform, capable of being applied through drip lines with increased concentration. MPT does not currently generate revenue.

#### *Implementation of the MPT Products & Technology*

MPT has built a robust intellectual property base and intends to protect and commercialize new innovations respective its liquid platform and its potential applicability for the cannabis industry.

All MPT's technology and intellectual property is contained in wholly-owned patents providing or seeking global protection in strategically important countries. There are 18 granted patents and 9 pending applications.

MPT focused initially on developing a granular pre-plant soil biopesticide and fertilizer which has resulted in its initial product, Mustgrow™, which has been approved for use as a fertilizer in both Canada and the US. Mustgrow™ biopesticide is also registered in Canada and key US states (*with the exception of California*) and is a proven nematicide and fungicide. MPT has invested over \$9 million over several years and completed 110 trials on fruit and vegetables and has realized approximately \$700,000 in gross sales between 2009 and 2014.

In the last two years of operation MPT refocused its energies away from the granular format and redirected its efforts to developing Mustgrow™ in a liquid form with a new delivery platform, capable of being applied through drip lines with increased concentration. MPT is currently optimizing the formulation of its liquid technology and will testing it as moves the product toward commercialization with registration and approvals. In addition, MPT will be testing is technologies on other crops such as cannabis.

#### *Benefits of the MPT Products & Technology*

MPT's technology offers a potential solution as a natural biopesticide and biofumigant that based on 110 completed independent trials, works just as well as some synthetic chemicals that are being banned and phased out. Traditional solutions to combat pests and fungal diseases in agriculture face significant challenges as consumers globally are demanding a reduction in the amount of pesticides used to produce food crops coupled with the increased demand for organic produce has resulted in limited options for growers with an increase in potential challenges.

To satisfy public demand regulatory agencies have responded by significantly restricting or outlawing existing chemistries leaving limited alternatives. However, the long history of chemical treatments of soil and crops combined with tighter restrictions on application rates has resulted in resistant pest populations reducing the effectiveness of those existing chemistries.

#### *Competitive Advantages*

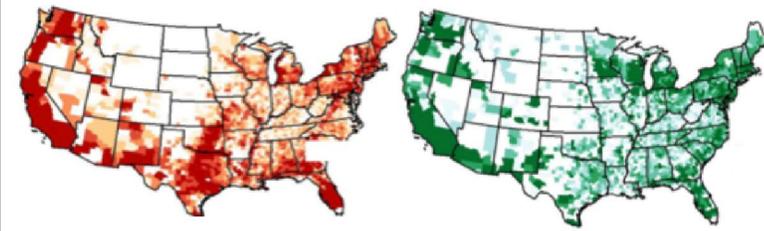
MPT's competitive advantage is its wholly owned technologies which are natural biologics and offer a solution for soil borne pest and disease control, of which some synthetic

chemicals have been banned from controlling.

### *Industry Overview and Segmentation*

The US is the single largest agricultural chemical market in the world. In 2010, the US represented over 30% of global nematicide sales, with the vegetable and fruit market representing over 75% of fumigant sales<sup>1</sup>. For these reasons, it is appropriate for MPT to focus on major fruit and vegetable growing regions in the US for field testing and commercializing their products. Regions and acreages of fruit and vegetable cultivation in the US are outlined in Table 1.

*Table 1. Fruit and Vegetable Crop Acreages, and Growing Regions.*

Crop	US Acreage (2013)	Region
Fruit & Vegetable	Crop dependent	

Red color denotes fruit growing regions while green denotes vegetable growing regions.

Although fumigants are highly effective for nematode control, they are typically highly toxic, making user safety and environmental effects major concerns. Today, several market-leading products such as methyl bromide (produced by Tri-Cal Inc.) and Telone™ (a Dow AgroSciences product) have been (or are currently being) phased out of use in major markets. Concerns about worker safety and environmental impacts have led to the cancellation of product registrations, and increased regulation of chemical fumigants. This has made regulatory approval and registration a barrier to market entry for new chemical soil treatment products.

As additional limitations continue to constrict and decrease the use of current products, grower demand for nematicides has remained constant. This has led to increasing demand for new products, and generated interest in exploring biological products derived from natural sources (e.g. microbials or biochemicals) with different modes of action.

Valued at roughly \$2 billion USD in 2012, the biological crop protection market is projected to grow at a compound annual growth rate of 15%<sup>9</sup>. Perceived to be more environmentally friendly, biological crop protection products are subjected to fewer regulatory barriers than their conventional counterparts. Several industry-leading agricultural chemical firms have seized this advantage to introduce biological crop protection products to the market. Examples of these products in the nematicide space

<sup>9</sup> Hartwig Dauck, Global Segment Manager FVI Crop Science Bayer <https://www.cropscience.bayer.com/en/blogs/2018/01/hartwig-dauck-nematodes-a-hidden-threat>

include the Votivo by Bayer CropScience, and Dazitol by AgPro.

*Business Objectives*

The Issuer’s business objectives for the next 12 months include the following key milestones:

- a) optimize liquid formulation;
- b) confirm application in cannabis industry; and
- c) following optimization and confirmation to commence application for regulatory approvals.

*Specialized Knowledge and Skills*

MPT has a core project management, technology and business development team currently comprising several key individuals, including the former President & CEO, who will collaborate with new management to bring current product research and development to completion, as well as continue with ongoing business development activities.

*Availability and Pricing of Raw Materials*

Mustard is the main ingredient for the Issuers' technologies. Canada produces approximately 28% of the world’s mustard and the southern parts of Alberta and Saskatchewan produce the majority of Canada’s production.<sup>10</sup> In 2017-2018, there was 378,000 harvested acres in Canada resulting in 212,000 tonnes of production.

MPT is currently not producing, however, in the Issuer's opinion there is sufficient feedstock in southern Alberta and Saskatchewan to sustain operations if the Issuer was in production.

*Employees and Contractors*

The Issuer has retained the services of an independent consultants to act as CEO, CFO and COO with board members and other advisors. Please see "Part 14 – Executive Compensation – External Management Companies".

*Foreign Operations and Risks Associated with Foreign Operations*

MPT does not currently have any foreign operations.

**PART 4 – USE OF AVAILABLE FUNDS**

**Proceeds**

This is a non-offering prospectus. The Issuer is not raising any funds in conjunction with this Prospectus. Accordingly, there are no proceeds to the Issuer in connection with the filing of this Prospectus.

*Planned Use of Funds by the Issuer*

Optimize liquid formulation for pre-plant use	\$25,000
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<sup>10</sup> <https://www.worldatlas.com/articles/the-world-s-top-mustard-seed-producing-countries.html>

Confirmation of application in the cannabis industry	\$31,250
Patent Fees	\$46,664
General corporate/admin /marketing/Business development/regulatory	\$421,086
<b>Total</b>	<b>\$524,000</b>

For 2019, the Issuer will be using funds for optimization of liquid formulation of an estimated \$25,000, and for research and development for cannabis application of an estimated \$31,250. The optimization of liquid formulation will be completed by the Issuers consulting scientist and technical advisor. The research and development work that the Issuer will be completing on the MPT product is a proof of concept for the use to control soil-borne pests and diseases that affect cannabis crops will be completed by the National Research Council Canada and Agriculture and Agri-Food Canada. The issuer is also budgeted to spend \$46,664 on patent fees for the existing MPT technology.

#### *Available Funds*

As at May 31, 2019 the Issuer's working capital was approximately \$596,000. Adjusted working capital was approximately \$802,000, calculated net of the \$205,734 Related Party Loan as, pursuant to the terms of the loan agreement between the Issuer, as borrower, and Francis Wagner and 101048299 Saskatchewan Ltd., as lender, dated October 21, 2016 the subject loan is not repayable until all, or substantially all, of the assets of MPT are sold to a major agricultural chemical company. Please see "Part 23 – Material Contracts". However it is the intention of the Issuer to repay the Related Part Loan within the next 12 months with available funds.

The Issuer expects that its current working capital position will cover all its required expenses and the repayment of the Related Party Loan and current portion of long-term debt for at least the next 12 months.

The Issuer currently has no revenues from its operations.

There may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary. The actual amount that the Issuer spends in connection with each of the intended uses of available funds may vary from the amounts specified in the above table, and will depend on a number of factors, including those referred to under "Part 19 – Risk Factors".

Our projected General and Administrative expenses for the next 12 months are:

- Management \$ 165,000
- Business Development \$ 60,000
- Professional Fees (legal & accounting) \$ 85,000
- Listing Fees \$ 29,700
- Office and Administration \$ 81,146
- Round up \$ 240

**Total:**

**\$ 421,086**

The Business Development expense is comprised of \$35,000 for estimated travel expenses for the CEO and COO and \$25,000 for estimated marketing expenses relating to a financial news and content distribution company.

The Issuer intends to spend the funds available as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. The Issuer may have broad discretion in the application of such net proceeds and, if required, an amendment to this Prospectus will be filed. The Issuer intends to invest the funds in short-term, interest-bearing obligations with a major Canadian financial institution.

The Issuer has a history of negative cash flow and losses, and we do not expect that to change in the short term. Our net available funds will be sufficient to fund our operations for a minimum of 12 months; however we anticipate we will need to raise additional funds.

Any proceeds received from the exercise of outstanding warrants will be added to the general working capital of the Issuer.

#### **Funds Available**

As at May 31, 2019 the Issuer's working capital was approximately \$596,000. Adjusted working capital was approximately \$802,000, calculated net of the \$205,734 Related Party Loan.

#### **PART 5 – DIVIDENDS OR DISTRIBUTIONS**

There are no restrictions on the Issuer's ability to pay dividends. The Issuer has not declared or paid any dividends or distributions since incorporation.

The Issuer does not plan on declaring any dividends or distributions in the near future. Any decision to declare or pay dividends or distributions on the Issuer's shares will be made by its Board based upon the Issuer's earnings, financial requirements, and other conditions existing at such future time.

#### **PART 6 – MANAGEMENT DISCUSSION AND ANALYSIS**

The Issuer's Management's Discussion and Analysis is attached hereto and available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and should be read in conjunction with the financial statements of the Issuer for the same period, and the notes thereto respectively. For more information about the business of the Issuer, please see "Part 3 – Description of Business".

Certain information included in the Issuer's Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Caution Regarding Forward-Looking Statements" for further detail.

#### **PART 7 - DESCRIPTION OF SECURITIES**

As of the date of this Prospectus there are 24,985,575 Shares issued and outstanding, 8,620,000 Warrants issued and outstanding and 537,600 Agents Warrants issued and outstanding. The authorized capital of the Issuer consists of an unlimited number of common shares, having the following material attributes and characteristics:

*Common Shares*

Holders of Common Shares are entitled to receive notice of and to attend all meetings of the Issuer Shareholders, other than separate meetings of holders of any other class or series of shares, and to one vote in respect of each Common Share held at such meetings. Holders of Common Shares are entitled to receive dividends if, as and when declared by the Board of Directors and to receive pro rata the remaining assets of the Issuer upon its liquidation, dissolution or winding-up, subject to the rights of holders of any other class or series of shares of the Issuer having priority over the common shares.

**PART 8 – OPTIONS TO PURCHASE SECURITIES**

As of the date of this Prospectus the table further below summarizes all Stock Options that have been granted pursuant to the Stock Option Plan. No Stock Options granted by the Issuer under the Stock Option Plan have been exercised and cannot be exercised until the Stock Option Plan has been approved by the Shareholders.

Effective Date of Grant	Expiry Date	No. Granted	Exercise Price <sup>(1)</sup>
December 17, 2018	December 17, 2023	2,200,000	\$0.25
<b>Totals</b>		2,200,000 <sup>(2)(3)</sup>	\$0.25
<p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>1. The exercise price of options is fixed by the Board based on the Board’s determination as to the estimated fair market value of the Issuer’s Shares at the time the options are granted.</li> <li>2. 1,350,000 of such options to acquire Shares are granted to the Executive Officers. 750,000 of such options are granted to directors that are not Executive Officers. 100,000 of such options are granted to consultants.</li> <li>3. All Stock Options granted vest over a 3-year period with 25% vesting on the date of grant and 25% vesting on each anniversary of the date of grant.</li> </ol>			

**Stock Option Plan**

On December 17, 2018 the directors of MustGrow adopted the Stock Option Plan. The purpose of the Stock option Plan is to advance the interests of MustGrow by encouraging the directors, officers, employees and consultants, and other eligible service providers of the Issuer, and of its subsidiaries and affiliates, if any, to acquire Common Shares, thereby increasing their proprietary interest in the Issuer, encouraging them to remain associated with the Issuer and furnishing them with additional incentive in their efforts on behalf of the Issuer in the conduct of its affairs.

The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding Common Shares from time to time. If any option granted thereunder shall expire or terminate for any reason in accordance with the terms of the Stock Option Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of the Stock Option Plan.

Stock Options granted under the Stock Option Plan may be outstanding for periods of up to 10 years following the grant date.

The Stock Option Plan has been adopted by the Board of the Issuer and is effective immediately, provided however that the Stock Option Plan must be approved by the Shareholders at the Issuer's next annual general meeting and no Stock Options may be exercised prior to such Shareholder ratification and approval.

## **PART 9 – CONSOLIDATED CAPITALIZATION**

The Issuer's most recently completed financial period is the three months ended March 31, 2019. There has been no material change on the share or loan capital of the Issuer since the date of such statements.

## **PART 10 –PRIOR SALES**

### *Prior Issuances of Securities*

The following table represents all issuances of the Issuer's securities within the last 12 months of the date of this Prospectus:

<b>Date</b>	<b>Number and Type of Securities</b>	<b>Price per Security</b>
March 12, 2019	1,662,533 Shares	\$0.70
March 13, 2019	50,000 Shares	\$0.70

Issuer's Shares have not been trading on any stock exchange; therefore, trading price and volume are not available.

## **PART 11 – SECURITIES SUBJECT TO RESALE RESTRICTIONS**

As of the date of this Prospectus the following table sets forth the aggregate number of Common Shares that are subject to resale restrictions. The resale restrictions will expire in equal amounts at six-month intervals over the 36 months following the Listing Date. These resale restrictions were imposed as a condition to the completion of the Amalgamation pursuant to the terms of the Amalgamation Agreement:

<b>Designation or Class</b>	<b>Number of Securities Legended</b>	<b>Percentage of Class</b>
Common Shares	13,344,102 <sup>(1)</sup>	~53.41%
<b>Notes:</b>		
1. Approximately 2,224,017 of such Common Shares will become freely tradable at each 6-month interval following the Listing Date.		

## **PART 12 – PRINCIPAL SECURITYHOLDERS**

To the knowledge of the directors and senior officers of the Corporation, there are no persons or companies who beneficially own, or exercise control or direction over, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares.

## **PART 13 – DIRECTORS AND EXECUTIVE OFFICERS**

The following table provides the names, municipalities of residence, position, principal occupations and the number of voting securities that each proposed director and officer of the Issuer will beneficially own, directly or indirectly, or exercise control over, as of the date of this Prospectus.

<b>Name, City and Province of Residence</b>	<b>Positions Held with the Issuer</b>	<b>Principal Occupation or Employment During the Past Five Years</b>	<b>Director / Officer Since</b>	<b>Shareholdings of the Issuer</b>
Corey Giasson <sup>(1)</sup> Corman Park, Saskatchewan Canada	Director & CEO	Past Director and CEO of Rallyemont Energy Inc.	March 15, 2018	707,794 <sup>(2)</sup>
Colin Bletsky Saskatoon, Saskatchewan Canada	Director & COO	Past VP, BioAg Commercial a division of Novozymes BioAg Limited	March 15, 2018	711,363
Todd Lahti Saskatoon Saskatchewan Canada	CFO & Corporate Secretary	Director and President of Pembroke Capital Advisors Inc.	December 17, 2018	424,242

Brad Munro <sup>(1)</sup> Saskatoon, Saskatchewan Canada	Director	Public & Private Company Director, Venture Capitalist	March 15, 2018	856,420 <sup>(3)</sup>
Tom Flow Kelowna, British Columbia Canada	Director	Founder and current President of The Flowr Corporation	May 31, 2018	184,812 <sup>(4)</sup>
Matt Kowalski <sup>(1)</sup> Spring, TX, USA	Director	Co-owner of Kowaltek Restaurant Group and principal of Stronghold Keep Inc.	May 31, 2018	184,814 <sup>(5)</sup>

**Notes:**

1. Member of the Audit Committee.
2. 636,364 of such Common Shares are Held by Holcore Holdings Inc., a corporation controlled by Corey Giasson and 71,430 of such Common Shares are held by Corey Giasson's spouse.
3. Includes 415,707 shares held by Bittercreek Capital Corp., a corporation controlled by Brad Munro.
4. Held by Tom Flow Investments Ltd., a corporation controlled by Tom Flow.
5. Held by Stonghold Keep Inc., a corporation controlled by Matt Kowalski.

Each director will serve until the next annual general meeting.

*Cease Trade Orders, Bankruptcies, Penalties of Sanctions*

Except as disclosed below, no proposed director or officer of the Issuer has, within the last ten years prior to the date of this Prospectus, been a director or executive officer of any company (including the Issuer) that, while such person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied that company access to any exemption under securities legislation for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in that company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets.

**Brad Munro**

Mr. Munro was a director of ATK Oilfield Transportation Inc. ("ATK"), a private oilfield services company, until April 1, 2016. ATK was placed into receivership following an application by its creditors on April 1, 2016.

Mr. Munro is a former director of Zedcor Energy Inc. (formerly, Canadian Equipment Rentals Corp., which acquired Winalta Inc. of which he was a director). Winalta Inc. and each of its subsidiaries (collectively, "Winalta"), obtained creditor protection under the Companies' Creditors Arrangement Act (Canada) (the "CCAA") pursuant to an order granted on April 26, 2010 by the Court of Queen's Bench of Alberta. Deloitte & Touche Inc. was appointed as Winalta's monitor. The CCAA filing follows the receipt on March 31, 2010 by Winalta of demands for payment and Notices of Intention to Enforce Security from Winalta's principal lender, HSBC Bank of Canada. On October 22, 2010, Winalta received court and creditor approval of a plan of arrangement (the "Plan") pursuant to the CCAA under which Winalta amalgamated with certain of its subsidiaries and, effective October 29, 2010, emerged from CCAA protection to begin focused operations on its oilfield services business. The board of directors maintained its usual role during the period while Winalta was under CCAA protection and, together with management, was primarily responsible for formulating the Plan for restructuring Winalta's affairs.

Thomas Flow

Mr. Flow was declared bankrupt on April 6, 2011. On January 7, 2012, Thomas Flow was discharged pursuant to subsection 168.1(1) of the Bankruptcy and Insolvency Act, (Canada) from all debts, except those matters referred to in subsection 178(1) of the Bankruptcy and Insolvency Act, (Canada).

### *Conflicts of Interest*

Some of the proposed directors and officers of the Issuer are also directors, officers and/or promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Issuer, notwithstanding that they are bound by the provisions of the SBCA to act at all times in good faith in the best interests of the Issuer and to disclose such conflicts to the Issuer if and when they arise.

As of the date of this Prospectus the Issuer is not aware of any conflict of interest with any director, officer and/or promoter. Tom Flow is a director and office of The Flowr Corporation, a company listed on the TSX Venture Exchange that operates in the cannabis industry. As the Issuer's business is the commercialization of a natural biofumigant which may be used in the cannabis industry The Flowr Corporation may potentially become a customer of the Issuer. If this was to happen Mr. Flow would comply with his obligates under the SBCA to disclose his potential conflict of interest and refrain from voting on any matter relating to a transaction between the Issuer and The Flowr Corporation. Other than Mr. Flow, there is no reasonably foreseeable conflict of interest between the Issuer and a current director, office and/or promoter of the Issuer.

### **Management of the Issuer**

*Corey Giasson - President, CEO*

Mr. Giasson is 41 years old and is an independent contractor of the Issuer. Mr. Giasson will be dedicating approximately 100% of his time to the Issuer. He has not entered into a non-competition or non-disclosure agreement with the Issuer.

Mr. Giasson is 41 years old and a self-employed businessman that has been focused on the resource, agriculture, and real estate industries specifically in his home province of Saskatchewan, for the past 20 years. He is also a co-owner and director of Legacy Capital Corp., which is a private equity company focused on participating in management buyouts of strong sustainable cash flowing businesses. In 2009, he co-founded as Saskatchewan based heavy oil company, Rallyemont Energy Inc., where he served as President and CEO. Rallyemont successfully explored for and delineated the Prince Thermal Heavy Oil Project and sold to Husky Energy in December 2013. Prior to Rallyemont, Corey was an independent consultant to a group of companies, including PanWestern Energy Inc. (TSXV-PW), Infrastructure Materials Corp. (OTCBB-IFAM), and Anglo Potash Ltd. (TSXV-AGP), which was formerly Anglo Minerals Ltd. (TSXV-ALM). At Anglo, he held the title of Vice President, Business Development and Investor Relations and was instrumental in marketing the company across Canada and into Europe. Anglo was acquired by its joint venture partner, BHP Billiton, in July 2008 for \$284 million. Prior to joining Anglo, Mr. Giasson was employed by PotashCorp, where he held the title of Manager, Market Research. He has a MBA and B.Sc. in Agriculture Economics, both from the University of Saskatchewan.

*Colin Bletsky - COO*

Mr. Bletsky is 44 years old and has an extensive business background with almost three decades of involvement in his family run business as well as in large corporations. Recently he was VP, BioAg Commercial with Novozymes A/S (NZYM.B-DK), leading the global Ag platform. Colin has also completed his executive education at the London Business School. Mr. Bletsky will be dedicating approximately 100% of his time to the Issuer. He has not entered into a non-competition or non-disclosure agreement with the Issuer.

*Todd Lahti - CFO & Corporate Secretary*

Mr. Lahti is 53 years old has extensive experience evaluating and managing start-up companies in the biotechnology, agricultural and oil and gas sectors, working directly on financing transactions, mergers and acquisitions, corporate strategy, business development, technology transfer and operations set up. Prior to this, he was Treasurer of PartnerRe Ltd., one of the largest reinsurance companies in the world. There he participated in large international mergers and acquisitions and financing initiatives and had responsibilities in investment management, investor relations, capital management and financial operations. He has closed over fifty mergers and acquisitions, financing and licensing transactions totalling over USD \$2.4 billion. He is a Chartered Financial Analyst and a Chartered Professional Accountant. Mr. Lahti will be dedicating approximately 25% of his time to the Issuer. He has not entered into a non-competition or non-disclosure agreement with the Issuer.

## **PART 14 – EXECUTIVE COMPENSATION**

### **Named Executive Officers**

For the purposes of this Prospectus a "Named Executive Officer" means each of the following individuals:

- "CEO" means each individual who acted as chief executive officer of the Issuer or acted

in a similar capacity for any part of the most recently completed financial year;

- "CFO" means each individual who acted as chief financial officer of the Issuer or acted in a similar capacity for any part of the most recently completed financial year; and
- each of the Issuer's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total amount of salary and bonus was more than \$150,000 at the end of financial years December 31, 2018.

During the fiscal year ended December 31, 2017 the Issuer had one Named Executive Officer, namely Jeffrey Lightfoot, the CEO and CFO. For the year ended December 31, 2017 the Issued did not provide any form of compensation to its Directors or Named Executive Officers.

During the year ended December 31, 2018 the Issuer had three Named Executive Officers, namely Jeffrey Lightfoot who resigned as CEO and CFO on March 15, 2018, Corey Giasson who was appointed as CEO and CFO effective March 15, 2018, and Todd Lahti who replaced Mr. Giasson as CFO on December 17, 2018.

### Executive Compensation

The following table sets forth all annual and long-term compensation for services paid to or earned by the Directors and Named Executive Officers for the two most recently completed financial years.

#### Summary Compensation Table excluding Compensation Securities

Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Corey Giasson Director, CEO & CFO <sup>(1)</sup>	2018	\$128,000 <sup>(2)</sup>	nil	nil	nil	nil	\$128,000
Colin Bletsky Director & COO <sup>(3)</sup>	2018	\$40,000 <sup>(4)</sup>	nil	nil	nil	nil	\$40,000
Todd Lahti CFO & Corporate Secretary <sup>(5)</sup>	2018	nil <sup>(6)</sup>	nil	nil	nil	nil	nil
Jeffrey Lightfoot Director, CEO and CFO <sup>(7)</sup>	2018 2017	nil <sup>(8)</sup> nil <sup>(8)</sup>	nil nil	nil nil	nil nil	nil nil	nil nil

**Notes:**

1. Corey Giasson was appointed CEO and CFO of the Issuer on March 15, 2018. Mr. Giasson resigned as CFO effective December 17, 2018 and was replaced by Todd Lahti.
2. Compensation paid to Corey Giasson was paid to CJG Consulting Inc., a company owned and controlled by Mr. Giasson. See "Part 14 – Executive Compensation – External Management Companies".
3. Colin Bletsky was appointed COO on September 1, 2018.
4. Compensation paid to Colin Bletsky was paid to CNB AG Consulting Ltd., a company owned and controlled by Mr. Bletsky. See "Part 14 – Executive Compensation – External Management Companies"
5. Todd Lahti was appointed CFO and Corporate Secretary on December 17, 2018.
6. Mr. Lahti did not receive any compensation in 2018 for acting as CFO, however, through his consulting company Pembroke Capital Advisors Inc. acted as a consultant to the Issuer and billed the Issuer on an hourly basis and was reimbursed for reasonable expenses.
7. Jeffrey Lightfoot resigned as a director, CEO and CFO on March 15, 2018.
8. Jeffrey Lightfoot was not paid any consulting fees for his services, however he was a shareholder of the law firm of Owen Bird Law Corporation which charges legal fees to the Issuer from time to time.

The following table sets forth Stock options, or other compensation securities, granted or issued to each director and Named Executive Officer by the Corporation in the most recently completed financial year.

**Outstanding Options-Based Awards**

Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class calculated on an undiluted basis	Dated of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant <sup>(4)</sup> (\$)	Closing price of security or underlying security at year end <sup>(4)</sup> (\$)	Expiry Date
Corey Giasson Director, CEO & CFO <sup>(1)</sup>	Stock Options	500,000 (~2.0%)	Dec 17, 2018	\$0.25	NA	NA	Dec 17, 2023
Colin Bletsky Director & COO	Stock Options	500,000 (~2.0%)	Dec 17, 2018	\$0.25	NA	NA	Dec 17, 2023
Todd Lahti CFO and Corporate Secretary <sup>(2)</sup>	Stock Options	350,000 (~1.4%)	Dec 17, 2018	\$0.25	NA	NA	Dec 17, 2023
Brad Munro Director	Stock Options	250,000 (~1.0%)	Dec 17, 2018	\$0.25	NA	NA	Dec 17, 2023
Tom Flow Director	Stock Options	250,000 (~1.0%)	Dec 17, 2018	\$0.25	NA	NA	Dec 17, 2023

Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class calculated on an undiluted basis	Dated of issue or grant	Issue, conversion or exercise price	Closing price of security or underlying security on date of grant <sup>(4)</sup>	Closing price of security or underlying security at year end <sup>(4)</sup>	Expiry Date
Matt Kowalski Director	Stock Options	250,000 (~1.0%)	Dec 17, 2018	\$0.25	NA	NA	Dec 17, 2023
Jeffrey Lightfoot CEO and CFO <sup>(3)</sup>	Stock Options	nil	nil	nil	NA	NA	nil

**Notes:**

1. Corey Giasson was appointed CEO and CFO of the Issuer on March 15, 2018. Mr. Giasson resigned as CFO effective December 17, 2018 and was replaced by Todd Lahti.
2. Todd Lahti was appointed CFO and Corporate Secretary on December 17, 2018.
3. Jeffrey Lightfoot resigned as a director, CEO and CFO on March 15, 2018.
4. The Issuer's shares are not listed and therefore no closing price is available for the Common Shares.

### External Management Companies

Certain of the Directors and Named Executive Officers have entered into management agreements with the Issuer as follows:

- CJG Consulting Inc. ("**CJG**"), a corporation owned and controlled by Corey Giasson, entered into a management agreement with the Issuer on August 1, 2018 (the "**CJG Management Agreement**"). Pursuant to the terms of the CJG Management Agreement CJG is paid a monthly fee of \$12,000.00 plus GST, to be adjusted on the first day of each calendar year for inflation. CJG may, in its sole discretion, elect to accept shares or warrants from the Issuer in lieu of all, or a portion of the monthly fee. CJG is also reimbursed for all reasonable expenses incurred in the performance of the services under the CJG Management Agreement. Pursuant to the terms of the CJG Management Agreement the services of Corey Giasson are made available to serve as the CEO of each of MustGrow and MPT. The CJG Management Agreement also provides that Corey Giasson may be granted stock options in accordance with the Stock Option Plan, and such stock options are separate and independent of the Management Agreement. The Term of the CJG Management Agreement is 12 months and will automatically renew for successive twelve-month periods unless otherwise terminated. If the CJG Management Agreement is terminated by the Issuer it must provide six months prior notice in writing or pay in lieu of such notice.
- CNB AG Consulting Ltd. ("**CNB**"), a corporation owned and controlled by Colin Bletskey, entered into a management agreement with the Issuer on September 1, 2018 (the "**CNB Management Agreement**"). Pursuant to the terms of the CNB Management Agreement CNB is paid a monthly fee of \$10,000.00 plus GST, to be adjusted on the

first day of each calendar year for inflation. CNB may, in its sole discretion, elect to accept shares, or warrants from the Issuer in lieu of all or a portion of the monthly fee. CNB is also reimbursed for all reasonable expenses incurred in the performance of the services under the CNB Management Agreement. Pursuant to the terms of the CNB Management Agreement the services of Colin Bletsky are made available to serve as the COO of each of MustGrow and MPT. The CNB Management Agreement also provides that Colin Bletsky may be granted stock options in accordance with the Stock Option Plan, and such stock options are separate and independent of the Management Agreement. The Term of the CNB Management Agreement is 12 months and will automatically renew for successive twelve-month period unless otherwise terminated. If the CNB Management Agreement is terminated by the Issuer it must provide six months prior notice in writing or pay in lieu of such notice.

Pursuant to the terms of a management agreement between MPT and CJG dated April 1, 2017, Corey Giasson, the CEO of each of the Issuer and MPT, and a director, officer and shareholder of CJG Consulting Inc., was paid a success fee from MPT of \$20,000.00 following completion of the Amalgamation. This agreement has been superseded by the CJG Management Agreement.

Prior to his appointment as CFO, Todd Lahti, through his consulting company Pembroke Capital Advisors Inc. acted as a consultant to the Issuer and billed the Issuer on an hourly basis and was reimbursed for reasonable expenses. Todd Lahti does not currently have a written agreement with the Issuer for compensation.

#### *Oversight and Description of Director and Named Executive Officer Compensation*

The Issuer does not have a compensation program other than paying consulting fees and incentive bonuses. The compensation of the executive officers is determined by the Board, based in part on recommendations from the CEO. The Board recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. The objectives of the Issuer's compensation policies and practices are:

- to reward individual contributions in light of the Issuer's performance;
- to be competitive with the companies with whom the Issuer competes for talent;
- to align the interests of the executives with the interests of the shareholders; and
- to attract and retain executives who could help the Issuer achieve its objectives.

#### *Executive Compensation Policies and Programs*

The Issuer's compensation policies and programs for executive officers may consist of a base management consulting fee/compensation, stock options and other customary benefits. Generally, for establishing compensation for executive officers, the Board considers the executive's performance, experience and position within the Issuer also considering the recommendations of the CEO, or in the case of the CEO, the recommendation of the Chairman of the Board. The Board will use its discretion to set compensation for executive officers at levels warranted by external, internal and individual circumstances. The early stage of the Issuer's business development is also a factor in setting the compensation. As the Issuer is in the early stages, compensation for executive officers relies solely on Board discussion without any formal objectives, criteria and analysis.

Compensation of executive officers of the Issuer will be reviewed on an annual basis or at a time of a material change in the business. Stock options are granted pursuant to the Issuer's Stock Option Plan at the discretion of the Board. Options granted generally vest in equal amounts over three-year periods or as otherwise determined by the Board.

The basic component of executive compensation consists of management consulting fees and performance-based variable incentive compensation, which may be comprised of cash bonuses or stock option grants. The allocation of value to different compensation elements is not based on a formula, but rather will be intended to reflect market practices as well as the Board's discretionary assessment of an executive officer's past contribution and the ability to contribute to future short and long-term business results.

Specifically, the objectives of management consulting fees are to recognize market pay, and acknowledge the competencies and skills of the individuals. The rate established for each executive officer is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by the Board. In connection with setting appropriate levels of compensation, members of the Board base their decisions on their general business and industry knowledge and experience and publicly available information of comparable companies. The Board also considers specific conditions related to the Issuer and general market conditions as well as reference to the competitive market place for management talent at other publicly-held junior biotechnology companies at a similar stage of development, market capitalization and size.

The Board believes that the Issuer's compensation plan is consistent with the companies the Issuer competes with for talent where the business plan is similarly in the early stages.

During its deliberations, the Board considered the implications of the risks associated with adopting the compensation practices currently in place. The Board does not believe that its current compensation practices create a material risk that the Named Executive Officers or any employee would be encouraged to take inappropriate or excessive risks, and no such risks have been detected to date. The Board will continue to include this consideration in its deliberations, and believes that it would detect actions of management and employees of the Issuer that constitute or would lead to inappropriate or excessive risks.

The Issuer does not have a policy that would prohibit the Named Executive Officers or directors from purchasing financial instruments that are designed or would have the effect of hedging the value of equity securities granted to, or held by, these individuals.

#### *Base Fee*

The objectives of the basic management consulting fees are to provide compensation in accordance with market value, and to acknowledge the competencies and skills of individuals. The fees paid to the Named Executive Officers shall be reviewed annually by the Board as part of the annual review of executive officers. The decision whether to grant an increase to the executive's base management consulting fee and the amount of any such increase shall be in the sole discretion of the Board.

#### *Incentive Bonuses*

Incentive bonuses in the form of cash payments are designed to add a variable component of compensation, based on corporate and individual performances for executive officers and employees. No incentive bonuses were paid to Named Executive Officers, other executive

officers and employees during the most recently completed fiscal year.

#### *Option Based Awards*

The objectives of the stock option will be to reward achievement of long-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Issuer. At this stage in the Issuer's development, greater emphasis may be put on incentive stock option compensation. The Issuer has no other forms of compensation, other than payments made to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Issuer, to the best of its ability, at competitive industry rates for work of a similar nature by reputable arm's length service providers. Actual compensation will vary based on the performance of the executives relative to the achievement of goals and the price of the Issuer's securities, as well as the financial condition of the Issuer.

#### *Pension and Retirement Plans*

The Issuer does not have any pension or retirement plan in place.

#### *Pension Benefits*

The Issuer does not have a pension plan that provides payments for or benefits to the Named Executive Officer at, following, or in connection with retirement.

#### *Termination and Change of Control Benefits*

Other than the CJG Management Agreement and the CNB Management Agreement, the Issuer has no contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Issuer or a change in a Named Executive Officer's responsibilities.

#### *Director Compensation*

The directors do not currently receive any compensation for services as a director of the Issuer.

### **PART 15 – INDEBTEDNESS OF DIRECTORS AND OFFICERS**

As of the date of this Prospectus, no director or executive officer of the Issuer is or has been indebted to the Issuer.

### **PART 16 – AUDIT COMMITTEE AND CORPORATE GOVERNANCE**

#### **Audit Committee**

##### *Mandate*

The primary function of the audit committee (the "**Committee**") is to assist the board of directors (the "**Board**") in fulfilling its financial oversight responsibilities. This is done by reviewing the financial reports and other financial information provided by the Issuer to regulatory authorities and shareholders, the Issuer's systems of internal controls regarding finance and accounting, and

the Issuer's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Issuer's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Issuer's financial reporting and internal control systems and review the Issuer's financial statements;
- review and appraise the performance of the Issuer's external auditors; and
- provide an open avenue of communication among the Issuer's auditors, financial, senior management and the Board.

#### *Composition*

The Committee is to be comprised of at least three directors as determined by the Board, the majority of whom shall be free from any relationship that, in the opinion of the Board, would reasonably interfere with the exercise of his or her independent judgment as a member of the Committee. At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Issuer's financial statements. The members of the Committee shall be elected by the Board at its first meeting following the annual shareholders' meeting.

#### *Meetings*

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the CFO and the external auditors.

#### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

#### *Documents/Reports Review*

- (a) Review and update this Charter as required.
- (b) Review the Issuer's financial statements, MD&A and any annual and interim earnings, press releases before the Issuer publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
- (c) Confirm that adequate procedures are in place for the review of the Issuer's public disclosure of financial information extracted or derived from the Issuer's financial statements.

#### *External Auditors*

- (a) Review annually, the performance of the external auditors who shall be ultimately

accountable to the Board and the Committee as representatives of the shareholders of the Issuer.

- (b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Issuer, consistent with the Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) Consult with the external auditors, without the presence of management, about the quality of the Issuer's accounting principles, internal controls and the completeness and accuracy of the Issuer's financial statements as needed.
- (g) Review and approve the Issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Issuer.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Issuer's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Issuer constitutes not more than five percent of the total amount of fees paid by the Issuer to its external auditors during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Issuer at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee by the Issuer and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee. Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

#### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Issuer's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Issuer's accounting principles as applied in its financial reporting.

- (c) Consider and approve, if appropriate, changes to the Issuer's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Issuer of concerns regarding questionable accounting or auditing matters.

*Other* - Review any related-party transactions.

#### *Composition of the Audit Committee*

The following are the current members of the Audit Committee: Corey Giasson, Matt Kowalski and Brad Munro. All the members are financially literate. Corey Giasson is not independent. Matt Kowalski and Brad Munro are independent.

#### *Audit Committee Member Education and Experience*

**Corey Giasson** – Mr. Giasson has a MBA with an extensive business background that includes co-founding and acting as President & CEO of Rallyemont Energy, whose assets sold to Husky Energy in 2013. In addition, he was VP, Business Development & Investor Relations with Anglo Potash, which was listed on the TSX-V and sold to BHP Billiton in 2008.

**Brad Munro** – Mr. Munro is the President and Chief Executive Officer of Bittercreek Capital Corporation, a private investment and advisory firm. Mr. Munro holds a Bachelor of Commerce degree from the University of Saskatchewan and has extensive experience in corporate finance and investment in a wide range of industries. Mr. Munro has held various senior positions requiring regular review of financial statements and has served as an audit committee member, including as Chairman, for a number of publicly traded companies.

**Matt Kowalski** – Matt became president of Natural Industries, a fledgling biopesticide business, in 2002. Under his leadership for the next 10 years, Natural Industries was awarded five EPA registrations; three biofungicides, a bionematicide and a bioinsecticide. He worked closely with researchers, distributors and growers, pioneering the effort to educate the industry and push for a wider international adoption of biologicals. As with most small companies, Matt wore several hats including overseeing the company's revenue streams, expenses and overall financial wellbeing. He was directly responsible for budgeting, investor reporting and securing capital amongst other duties. By 2012 Natural Industries had 26 employees, no debt and was growing organically at 20-40% per year. In a strategic sale, Natural Industries was acquired by

Novozymes BioAg. He worked there for two years before moving on to new entrepreneurial ventures. Matt graduated from Texas A&M University in College Station, Texas.

*Audit Committee Oversight*

At no time since the commencement of the Issuer’s most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

*Reliance on Certain Exemptions*

At no time since the commencement of the Issuer’s most recently completed financial year has the Issuer relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. The Issuer is relying upon the exemption in Section 6.1 of NI 52-110 (Venture Issuers) from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

*Pre-Approval Policies and Procedures*

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

*Expectations of Management*

The Board expects management to operate the business of the Issuer in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Issuer’s business plan and to meet performance goals and objectives.

*External Auditor Services Fees (By Category)*

The aggregate fees billed by the Issuer’s external auditors in each the fiscal years ended December 31, 2017 and December 31, 2018 for audit fees are as follows:

<b>Financial Year Ended</b>	<b>Audit Fees</b>	<b>Audit Related Fees<sup>1</sup></b>	<b>Tax Fees<sup>2</sup></b>	<b>All Other Fees<sup>3</sup></b>
2018	\$35,000	nil	nil	nil
2017	\$2,500	nil	nil	nil

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

The aggregate fees billed by MPT’s external auditors in each the fiscal years ended December 31, 2017 and December 31, 2018 for audit fees are as follows:

<b>Financial Year Ended</b>	<b>Audit Fees</b>	<b>Audit Related Fees<sup>1</sup></b>	<b>Tax Fees<sup>2</sup></b>	<b>All Other Fees<sup>3</sup></b>
2018	nil	nil	nil	nil
2017	\$13,000	nil	\$500	nil

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

## Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Issuer. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**") the Issuer is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

### *Board of Directors*

The directors are responsible for managing and supervising the management of the business and affairs of the Issuer. Each year, the Board must review the relationship that each director has with the Issuer in order to satisfy themselves that the relevant independence criteria have been met.

As at the date of this Prospectus, the Board consists of Corey Giasson (CEO), Colin Bletsky (COO), Brad Munro, Tom Flow and Matt Kowalski.

The Board is satisfied that the autonomy of the Board and its ability to function independently are protected through current and future appointments of independent directors. The independent director do not hold regularly scheduled meetings at which non-independent directors are not in attendance. In order to facilitate open and candid discussion among independent directors, communication among the independent directors will occur on an informal and ongoing basis as needs arise.

In order to provide leadership for its independent directors, the Board encourages its independent members to discuss matters separate from the non-independent Board members and to seek the advice of financial, legal or other consultants when necessary.

### *Other Reporting Issuer Experience*

The following table sets out the directors of the Issuer who are directors of other reporting issuers in any Canadian or foreign jurisdiction:

Director	Other Reporting Issuer(s)	Exchange
Brad Munro	Secure Energy Services Inc.	TSX

### *Orientation and Continuing Education*

Each new director is given an outline of the nature of the Issuer's business, its corporate strategy, and current issues within the Issuer. New directors are encouraged to review the Issuer's public disclosure records and are also required to meet with management of the Issuer to discuss and better understand the Issuer's business and are given the opportunity to meet with counsel to the Issuer to discuss their legal obligations as directors of the Issuer.

In addition, management of the Issuer will take steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Issuer as a whole. The Issuer's legal counsel continually reviews the latest securities rules and policies and is on the mailing list of the Exchange to receive updates to any of those policies. Any such changes or new requirements are then brought to the attention of the Issuer's directors and management.

### *Ethical Business Conduct*

The Board has not established a Corporate Governance Committee, but plans do so in the future. As some of our directors also serve as directors and officers of other companies engaged in similar business activities, our directors must comply with the conflict of interest provisions of applicable corporate law, as well as the relevant securities regulatory instruments, in order to ensure that they exercise independent judgment in considering transactions and agreements in respect of which they may have a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

The Board plans to establish a code of ethical conduct policy pursuant to the requirements of National Policy 58-201. The full text of this policy will be posted for review under the Issuer's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### *Nomination of Directors*

The Issuer's management is continually in contact with individuals involved with public sector issuers. From these sources management has made numerous contacts and in the event that the Issuer requires any new directors, such individuals will be brought to the attention of the Board of Directors. The Issuer conducts due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Issuer, the ability to devote the time required, integrity of character and a willingness to serve.

### *Compensation*

The Board of Directors has not yet formed a Compensation Committee to monitor and review the salary and benefits of its executive officers. The Board will periodically review the Issuer's general compensation structure, policies and programs in consideration of industry standards and the Issuer's financial situation until a Compensation Committee is formed.

### *Other Board Committees*

At present, the only committee the Issuer has is an Audit Committee. The Issuer may create other committees in the future.

### *Assessments*

Neither the Issuer nor the Board of Directors has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business and other strengths of the individual and the purpose of originally nominating the individual to the Board

## **PART 17 – PLAN OF DISTRIBUTION**

No securities are being offered or sold pursuant to this prospectus. This prospectus is being filed by the Issuer with its overseeing regulator. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and no agent or underwriter is involved.

The Issuer has made an application for listing of the Issuer Shares on the CSE by filing a listing statement. Listing is subject to the Issuer fulfilling all the listing requirements of the CSE.

There can be no assurance that the Shares of the Issuer will be listed on the CSE or any other securities exchange.

## **PART 18 – RISK FACTORS**

### *Limited Operating History*

The Issuer changed its business focus from business consulting to agriculturally focused biotechnology. The Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered during these early stages of operations.

### *Limited Business History*

Neither the Issuer nor MPT has any history of earnings; neither has paid any dividends and it is unlikely that the Issuer will pay any dividends in the immediate or foreseeable future. MPT has not commenced commercial operations and has no assets other than cash and patents pending. Neither the Issuer nor MPT will generate earnings in the near future. The success of the Issuer will depend entirely on the expertise, ability, judgment, discretion, integrity and good faith of its management.

The Issuer has limited financial resources and there is no assurance that additional funding will be available to the Issuer for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Issuer can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

The continued operation of the Issuer will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Issuer is unable to generate such revenues or obtain such additional financing, any investment in the Issuer may be lost. In such an event, the probability of a profitable resale of the Common Shares would be diminished.

#### *Additional Financing*

In order to execute the anticipated growth strategy, the Issuer may require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Issuer when needed or on terms which are acceptable. The Issuer's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Issuer's growth and may have a material adverse effect on the development of the technology and upon future profitability. The Issuer does not expect commercial revenue until 2019.

#### *No Market for Securities*

As of the date of this Prospectus there is no market of the Common Shares, and there can be no assurance that an active and liquid market for the Issuer Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Issuer.

#### *Risks Related to Dilution*

The Issuer may issue additional securities in the future, which may dilute a shareholder's holdings in the Issuer. The Issuer's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Issuer have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Issuer on the exercise of options under the Issuer's stock option plan and upon the exercise of outstanding warrants.

#### *Reliance on Management*

The success of the Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Issuer's business, operating results or financial condition.

#### *Management of Growth*

The Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage growth effectively will

require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Unexpected challenges during product development are inherent in new technology, in that an early stage technology could present unexpected challenges that exceed the allocated resources. The Issuer will reduce the probability of occurrence by careful project management.

The Issuer expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Issuer does not achieve revenues to offset these expected operating expenses, the Issuer will never be profitable which would limit the Issuer to grow.

#### *Technology cannot be validated*

There is a risk that the technology will not work as expected and therefore, will never be commercialized. This means that the Issuer may never receive revenues or return on its technology.

#### *Supplier Performance*

The Issuer faces a third-party risk, should suppliers for the mustard seed not deliver on one or more dimensions of scope, time and cost.

#### *Testing and Trials*

Testing and trials of the Technology are ongoing and play a role in acquiring regulatory approvals. Should these tests and trials not be undertaken in compliance with good clinical practices and with proper vigilance and competence, such deficiencies can result in regulatory authorities rejecting the trial data. A rejection of trial data can pose a serious setback in the path to regulatory approval for the Issuer. If the results of the tests and trials are not favourable, or do not warrant additional testing and submission to regulatory authorities such failure could have a significant impact on the Issuer's ability to bring the technology to market, or it may limit the scope and number of crops to which the Issuer's products are applicable. Unforeseen circumstances, such as inclement weather events, can have a negative impact on trials and affect the quality of results and completion of tests.

#### *Registration and Regulatory Approval of Technology*

The bio-control sought to be used by the Issuer requires a two year registration process in North America. The first year of the process includes various submissions to the regulatory body and meetings. The second year involves a study that samples the products periodically over the course of the year with such samples measured for product quality and integrity. MPT has applied for and is in the process of acquiring EPA and PMRA approvals in the US and Canada, respectively. There may be unforeseen delays in the process of registration such as errors with testing and trials, contaminated samples, human error and follow up with the regulatory bodies which may delay approval beyond the two year mark and have a negative impact on the Issuer's operations and ability to produce. The Issuer is exploring fast-track avenues that are available in the US and Canada, which may expedite the process of approval. However, there is no guarantee that the fast-tracking will be successful or that the registration will be

completed at all. Failure to register will have a negative impact on the operations of the Issuer.

### *Regulated Industry*

Pesticides are highly regulated in the US and Canada. Regulatory changes that could be imposed by the PMRA and the EPA may materially impact the Issuer's ability to access desirable markets or to do so in a profitable manner. The Issuer's intended markets could be highly susceptible to changes in regulation. Moreover, these regulations may be different across each jurisdiction in which the Issuer operates, for example, each US State may have additional regulations regarding pesticide use in addition to the EPA regulations. Regulatory changes are a matter over which the Issuer has no control, and there can be no assurance that regulatory changes applicable to the Issuer and/or its customers will not negatively impact the business, financial condition, and operating results of the Issuer.

### *Research and Development Activities*

It is important for the Issuer to continue to invest steadily in research and development. However, because the Issuer will compete in a constantly evolving market, it may pursue research and development projects that do not result in viable commercial products. Any failure to translate research and development expenditures into successful new product introductions could have an adverse effect on the Issuer's business.

### *Technical Risks*

Technical risks are inherent in the development process, in that an immature technology could present unexpected challenges that exceed the planned time or money to overcome. There can be no guarantee that the Issuer will be able to overcome technical risks.

### *Ability to Protect Proprietary Rights*

The Issuers success will depend in part on our ability to obtain and enforce and protect patents and maintain trade secrets, in Canada, the US and in other countries. There is a risk that the Issuer may not be able to obtain and enforce patents and maintain its trade secrets.

Patent law relating to the scope and enforceability of claims in the fields in which we operate is still evolving. There can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our research, development and commercialization efforts. There can be no assurance that our technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours, duplicate any of our technologies or products, or design around the patented technologies or products developed by us. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate

collaborators or to determine the scope and validity of a third party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties or require us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

#### *Operating Risk and Insurance Coverage*

The Issuer intends to obtain insurance to protect its assets, operations and employees. While the Issuer believes insurance coverage can adequately address all material risks to which it may be exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for all risks and hazards to which the Issuer is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Issuer were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

#### *Litigation*

The Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Issuer becomes involved be determined against the Issuer, such a decision could adversely affect the Issuer's ability to continue operating and the market price for the Issuer Shares and could use significant resources. Even if the Issuer is involved in litigation and wins, litigation can redirect significant company resources.

#### *The Market Price of the Issuer Shares may be Subject to Wide Price Fluctuations*

If the Common Shares are listed on a share exchange, the market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Issuer, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Issuer, general economic conditions, legislative changes, and other events and factors outside of the Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares.

#### *Dividends*

The Issuer has no earnings or dividend record, and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Issuer would be subject to tax and, potentially, withholdings.

#### *Conflict of Interest*

Certain of the Issuer's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Issuer and, to the extent that such other companies may participate in the same ventures in which the Issuer may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Issuer's directors and officers may result in a material and adverse effect on Issuer's results of operations and financial condition.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

## **PART 19 – PROMOTERS**

Corey Giasson may be considered to be a "promoter" of the Issuer as the term "promoter" is defined in the Securities Act, 1988 (Saskatchewan). For more information, see "Corporate Structure", "Executive Compensation", and "Directors and Executive Officers" concerning the Issuer's promoters.

## **PART 20 – LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no material pending legal proceedings or regulatory actions to which the Issuer is or is likely to be a party or of which any of its assets are or are likely to be the subject.

## **PART 21 – INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The directors and officers hold Common Shares and have been granted options to purchase Common Shares. See "Directors and Executive Officers" and "Options to Purchase Securities". Except as disclosed below, neither the directors, officers and principal shareholders of the Issuer, nor any associate or affiliate of the foregoing, have had any material interest, direct or indirect, in any transactions in which the Issuer has participated within the three-year period prior to the date of this Prospectus, or will have any material interest in any proposed transaction, which has materially affected or will material affect the Issuer.

Pursuant to the terms of the management agreement between MPT and CJG Consulting Inc. dated April 1, 2017, Corey Giasson was paid a success fee from MPT of \$20,000.00 following completion of the Amalgamation.

## **PART 22 – AUDITORS, TRANSFER AGENTS AND REGISTRARS**

The auditor of the Issuer is Ernst & Young LLP, Chartered Professional Accountants, 410 22 St E #1200, Saskatoon, SK S7K 5T6.

The transfer agent and the registrar of the Issuer's Common Shares is Computershare Services, 650 West Georgia St., Suite 2700 Vancouver, BC V6B 4N9.

## PART 23 – MATERIAL CONTRACTS

The following are the material contracts of the Issuer and MPT entered into within the last two years:

1. The Amalgamation Agreement among the Issuer, MPT and Subco dated July 5, 2017. This agreement describes the terms of the Amalgamation and is described in this Prospectus under "Description of Business".
2. The Related Party Loan Agreement between MPT and Francis Wagner and 101048299 Saskatchewan Ltd. dated October 21, 2016 wherein MPT borrowed \$205,734 which sum is repayable on the sale of all, or substantially all, of the assets of MPT to a major agricultural chemical company.
3. Investment and Security Agreement dated January 10, 2011, as amended by an Amendment to Investment and Security Agreement dated May 5, 2017 entered into among Ag-west Bio Inc. ("**AWB**"), MPT and the Issuer. Pursuant to the terms of the agreement, as amended, the Issuer borrowed from and is indebted to AWB in the outstanding principal amount of \$382,271 and will pay AWB a royalty of 5% of all gross revenues received by the Issuer or an affiliate commencing on the date the Issuer or its affiliates have attained \$500,000 in cumulative revenues beginning May 5, 2017. The maximum amount AWB may receive under this agreement is \$750,000. AWB retains a general security interest in all of the Issuer's assets.
4. Agreement between the Government of Saskatchewan (the "**Ministry**") and Nemetrol Inc. ("**Nemetrol**") dated effective June 22, 2001 as amended by an Assumption Agreement among the Ministry, Nemetrol and MPT, dated effective September 21, 2010, as further amended by an Addendum dated effective April 4, 2017 between the Ministry and MPT. Pursuant to the terms of the agreement, as amended, MPT borrowed from and is indebted to the Ministry in the principal amount of \$377,063 which will be due on the earlier of February 1, 2020 and the day on which MPT earns cumulative revenue in excess of \$250,000 from the commercial sale of the products or technology with no interest accruing until this point in time. At such time, interest will be accrued at the prime rate plus 2% and increased to 10% per annum for any principal and interest in arrears.
5. Industrial Research Assistance Program (IRAP) Contribution Agreement to Firms entered into between National Research Council Canada ("**NRC**") and MPT dated July 23, 2012 wherein the NRC agreed to reimburse MPT for a portion of certain fees incurred by MPT in furthering the development of its technology.

Copies of all material agreements referred to in this Prospectus may be inspected at the head office of the Issuer located at 1005 - 201 1st Ave. S. Saskatoon, SK S7K 1J5 during normal business hours, as well as on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## PART 24 – EXPERTS

No person or Issuer whose profession or business gives authority to a report, valuation, statement or opinion and who is named as having prepared or certified a part of this Prospectus or as having prepared or certified a report or valuation described or included in this Prospectus

holds or is to hold any beneficial or registered interest, direct or indirect, in any securities or property of the Issuer or any associate or affiliate of the Issuer.

The current auditor of the Issuer is Ernst & Young LLP, Chartered Professional Accountants. The former auditor of the Issuer was Charlton and Company, Chartered Professional Accountants. On September 17, 2018, at the request of the Board, Charlton & Company resigned as auditor of the Issuer and Ernst & Young LLP was appointed the new auditor of the Issuer.

Ernst & Young has advised that it is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of Saskatchewan.

## **PART 25 – OTHER MATERIAL FACTS**

To management’s knowledge, there are no other material facts relating to the Issuer that are not otherwise disclosed in this Prospectus, or are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the Issuer.

## **PART 26 – FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS**

The following annual financial statements, interim financial statements, pro forma statements and management discussion and analysis are included herein:

Appendix Number	Financial Statements, interim financial report of management discussion and analysis
Appendix 1	MustGrow Biologics Corp. (formerly Duport Capital Ltd.) Audited Consolidated Financial Statements for the year ended December 31, 2018.
Appendix 2	MustGrow Biologics Corp. (formerly Duport Capital Ltd.) Management’s Discussion and Analysis for the year ended December 31, 2018.
Appendix 3	MustGrow Biologics Corp. (formerly Duport Capital Ltd.) Restated Audited Financial Statements for the year ended December 31, 2017.
Appendix 4	MustGrow Biologics Corp. (formerly Duport Capital Ltd.) Management’s Discussion and Analysis for the year ended December 31, 2017.
Appendix 5	MustGrow Biologics Corp. (formerly Duport Capital Ltd.) Unaudited Condensed Interim Consolidated Financial Statements for the three month period ended March 31, 2019.
Appendix 6	MustGrow Biologics Corp. (formerly Duport Capital Ltd.) Management’s Discussion and Analysis for the three month period ended March 31, 2019.
Appendix 7	MPT Mustard Products & Technologies Inc. Audited Financial Statements for the years ended December 31, 2017 and December 31, 2016.

Appendix 8	MPT Mustard Products & Technologies Inc. Management's Discussion and Analysis for the year ended December 31, 2017.
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**APPENDIX 1**

MustGrow Biologics Corp. (formerly Duport Capital Ltd.) Audited Consolidated Financial Statements for the year ended December 31, 2018.

**PLEASE SEE THE ATTACHED**

**MUSTGROW BIOLOGICS CORP.  
(formerly Duport Capital Ltd.)**

**Consolidated Financial Statements**

**December 31, 2018 and 2017**

**Expressed in Canadian Dollars**

# Independent auditor's report

To the Shareholders of  
**MustGrow Biologics Corp.**

## Opinion

We have audited the consolidated financial statements of MustGrow Biologics Corp. and its subsidiary (the Company), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial positions of the Company as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

## 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 Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our 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 consolidated financial statements, which indicates that the Company incurred a net loss of \$1,893,377 during the year ended December 31, 2018 and as of that date had an accumulated deficit of \$9,146,397. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt about 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 Management's Discussion and Analysis.

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated 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 consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 Timothy Timmerman.

Saskatoon, Canada  
April 30, 2019

*Ernst & Young LLP*

Chartered Professional Accountants



A member firm of Ernst & Young Global Limited

MUSTGROW BIOLOGICS CORP.  
(formerly Duport Capital Ltd.)  
Consolidated statements of financial position  
(Expressed in Canadian Dollars)

	December 31 2018	December 31 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 507,329	\$ 7,156
GST receivable	25,815	4,185
Prepaid expenses	1,134	4,584
<b>Total assets</b>	<b>\$ 534,278</b>	<b>\$ 15,925</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 7)	\$ 104,148	\$ 170,867
Loan payable (note 7)	-	175,000
Due to related parties (note 7)	205,734	205,734
	<b>309,882</b>	<b>551,601</b>
<b>Non-current liabilities</b>		
Long-term debt (note 5)	709,950	669,710
<b>Total liabilities</b>	<b>1,019,832</b>	<b>1,221,311</b>
<b>EQUITY</b>		
Share capital (note 6)	7,552,326	5,582,461
Contributed surplus (note 6)	1,108,517	465,173
Deficit	(9,146,397)	(7,253,020)
	(485,554)	(1,205,386)
<b>Total liabilities and equity</b>	<b>\$ 534,278</b>	<b>\$ 15,925</b>

See note 1 – Nature and continuance of operations

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

MUSTGROW BIOLOGICS CORP.  
(formerly Duport Capital Ltd.)  
Consolidated statements of loss and comprehensive loss  
(Expressed in Canadian Dollars)

<b>Revenue</b>		
Sales	\$ 2,000	\$ 2,102
<b>Expenses</b>		
Research and development	\$ 13,542	\$ 749
Regulatory	19,702	15,520
Corporate communications	238,984	-
Listing fees (note 4)	885,983	-
Office and administration	422,477	165,547
Patent expenses	44,738	48,706
Professional fees	116,843	48,768
Stock-based compensation (note 6)	112,868	10,000
	\$ 1,855,137	\$ 289,290
Loss before the following	\$ (1,853,137)	\$ (287,188)
Finance cost (note 5)	(40,240)	(27,313)
Gain on extinguishment of debt (note 5)	-	116,937
<b>Net loss for the period</b>	<b>\$ (1,893,377)</b>	<b>\$ (197,564)</b>
<b>Total comprehensive loss for the period</b>	<b>\$ (1,893,377)</b>	<b>\$ (197,564)</b>
Net loss per share, basic and diluted	\$ (0.09)	\$ (0.02)
Weighted average number of shares outstanding, basic and diluted	20,615,507	10,454,154

See note 1 – Nature and continuance of operations  
The accompanying notes are an integral part of these consolidated financial statements

MUSTGROW BIOLOGICS CORP.  
(formerly Dupont Capital Ltd.)  
Consolidated statements of changes in equity  
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total
	(note 6)				
<b>Balance, December 31, 2016</b>	10,454,154	\$ 5,582,461	\$ 455,173	\$ (7,055,456)	\$ (1,017,822)
Warrants issued for services	-	-	10,000	-	10,000
Net and comprehensive loss	-	-	-	(197,564)	(197,564)
<b>Balance, December 31, 2017</b>	10,454,154	\$ 5,582,461	\$ 465,173	\$ (7,253,020)	\$ (1,205,386)
<b>Balance, December 31, 2017</b>	10,454,154	\$ 5,582,461	\$ 465,173	\$ (7,253,020)	\$ (1,205,386)
Amalgamation (note 4)	6,098,888	1,036,811	-	-	1,036,811
Issuance of shares and warrants	6,720,000	933,054	530,476	-	1,463,530
Issuance of stock options and warrants	-	-	112,868	-	112,868
Net and comprehensive loss	-	-	-	(1,893,377)	(1,893,377)
<b>Balance, December 31, 2018</b>	23,273,042	\$ 7,552,326	\$ 1,108,517	\$ (9,146,397)	\$ (485,554)

See note 1 – Nature and continuance of operations  
The accompanying notes are an integral part of these consolidated financial statements

MUSTGROW BIOLOGICS CORP.  
(formerly Duport Capital Ltd.)  
Consolidated statements of cash flows  
(Expressed in Canadian Dollars)

	Years ended December 31,	
	2018	2017
<b>Operating Activities</b>		
Net loss	\$ (1,893,377)	\$ (197,564)
Items not affecting cash		
Listing fees	885,983	-
Gain on extinguishment of debt (note 5)	-	(116,937)
Finance cost on long-term debt (note 5)	40,241	27,313
Stock-based compensation	112,868	10,000
Net changes in non-cash working capital items:		
Change in working capital acquired on acquisition	27,044	-
GST receivable	(19,597)	(510)
Prepaid expenses	3,450	(1,489)
Accounts payable and accrued liabilities	(124,959)	58,898
<b>Cash used in operating activities</b>	<b>(968,347)</b>	<b>(220,289)</b>
<b>Financing Activities</b>		
Cash acquired in acquisition	4,990	-
Loan proceeds from Duport	-	175,000
Issuance of share capital and warrants	1,463,530	-
<b>Cash provided by financing activities</b>	<b>1,468,520</b>	<b>175,000</b>
<b>Net increase (decrease) in cash during the year</b>	<b>500,173</b>	<b>(45,289)</b>
Cash, beginning of period	7,156	52,445
<b>Cash, end of period</b>	<b>\$ 507,329</b>	<b>\$ 7,156</b>

See note 1 – Nature and continuance of operations  
The accompanying notes are an integral part of these consolidated financial statements

**1. Nature and continuance of operations**

MustGrow Biologics Corp. (formerly Duport Capital Ltd.) (the “Company”) was incorporated on December 2, 2014 as 1020673 BC Ltd. under the laws of the province of British Columbia, Canada.

On March 13, 2018, the Company completed a three-cornered amalgamation (the “Amalgamation”) pursuant to an amalgamation agreement between the Company, MPT Mustard Products & Technologies Inc. (“MPT”) and 102023826 Saskatchewan Ltd. (“Subco”), a wholly-owned subsidiary of the Company. Pursuant to the terms of the amalgamation agreement the Company acquired all of the issued and outstanding MPT common shares and MPT common share purchase warrants in exchange for the Company’s common shares and common share purchase warrants and MPT and Subco amalgamated pursuant to the provisions of The Business Corporations Act (Saskatchewan) and continued operations under the MPT name. The Company issued one common share for every two MPT common shares and one warrant for every two MPT warrants, for aggregate consideration of 10,454,154 common shares (post-consolidation) of the Company and 1,289,837 warrants of the Company being issued to the MPT shareholders and warrant holders. These consolidated financial statements are a continuation of the financial statements of MPT. See Note 4.

On March 29, 2018 the Company changed its name to MustGrow Biologics Corp.

The Company was previously a business development services company. Following the Amalgamation, the company is now a technology development company developing new, novel, natural biopesticide products from mustard seed.

The head office, principal address, records office and registered address of the Company are located at 1005 – 201 1<sup>st</sup> Ave. S., Saskatoon, Saskatchewan, S7K 1J5, Canada.

These financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at and for the year ended December 31, 2018, the Company has an accumulated deficit of \$9,146,397, negative operating cash flows of \$968,347 and a total net loss and comprehensive loss of \$1,893,377.

The Company’s ability to continue as a going concern depends on its ability to continue raising capital through share offerings to support the development of its products and to fund its operations. Although the Company has been successful in the past in raising capital through share placements, there is no assurance that this will continue to be successful.

The conditions described above indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. If the Company is unable to obtain additional financing, the Company will have insufficient funds to continue operations.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the company be unable to continue as a going concern. Such adjustments could be material.

## 2. Basis of preparation

The financial statements of the Company are prepared on a consolidated basis and include the operations and financial position of the Company and its wholly owned subsidiary MPT.

### *Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The policies set out below have been consistently applied to all periods presented unless otherwise noted.

The financial statements were authorized for issuance by the board of directors on April 30, 2019

## 3. Significant accounting policies

### *Significant estimates and assumptions*

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

### *Significant judgments*

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company’s financial statements include the assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

### *Loss per share*

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

### *New accounting standards adopted*

The Company adopted IFRS 15 and IFRS 9 effective January 1, 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

#### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15, *Revenue from Contracts with Customers* – In May 2014, the IASB issued IFRS 15 which supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The Company adopted IFRS 15 using the full retrospective method of adoption. The adoption of IFRS 15 did not have an impact on the timing or amount of revenue recognition. As a result, there was no impact on the financial statements.

#### *IFRS 9 Financial Instruments*

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Company has applied IFRS 9 retrospectively, with the initial application date of January 1, 2018 and adjusting the comparative information for the period beginning January 1, 2017.

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through Other Comprehensive Income. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. As the Company only held limited financial assets (cash and accounts receivables), the classification and measurement requirements of IFRS 9 did not have an impact on the financial statements. Cash and accounts receivables continue to be held at amortized cost. In addition, there are no changes in classification and measurement for the Company's financial liabilities as those liabilities continued to be held at amortized cost.

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. IFRS 9 requires the Company to recognize an allowance for ECL for all debt instruments not held at fair value through profit or loss and contract assets. As at reporting dates, there were no financial assets subject to ECL. Based on the Company's assessment, there is no transitional impact in adopting the impairment requirements.

Furthermore, there was no impact from the adoption of the hedging requirements under IFRS 9 as the Company is not applying hedge accounting.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of balances with financial institutions.

#### ***Basis of Consolidation***

The consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary MPT Mustard Products & Technologies Inc. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

### ***Foreign Currency Translation***

Transactions denominated in foreign currencies are translated into Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of net income for the current period.

### ***Revenue from contracts with customers***

At contract inception, the Company assesses the goods or services promised in a contract with a customer and identifies the distinct performance obligations. The Company recognizes revenue when or as the Company satisfies the performance obligation which is when control of the promised good or service is transferred to the customer. The Company recognizes the revenue at the amount of the transaction price that is allocated to that performance obligation, which excludes estimates of variable consideration that are constrained.

The Company applies the practical expedient to immediately expense contract acquisition costs when the asset that would have resulted from capitalizing such costs would have been amortized within one year or less. The Company does not incur any costs to obtain a contract and costs to fulfil a contract that are eligible for capitalization.

If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. As at the reporting dates, there were no contract assets or contract liabilities outstanding.

### ***Segment Reporting***

An operating segment is a component of the Company that engages in business activities. An operating segment may earn revenue and incur expenses, including revenue and expenses incurred by virtue of activities with any of the Company's other operations. An operating segment has discrete financial information available that is regularly reviewed by the Company's Chief Operating Decision Maker ("CODM") to assess performance or make resource allocation decisions. The CODM has been identified as the Chief Executive Officer. The Company has a single operating and reportable segment.

### ***Financial instruments***

The Company initially recognizes financial assets at fair value on the date they are originated, plus or minus transaction costs for financial assets not at fair value through profit or loss.

Financial assets are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Cash and accounts receivable are subsequently measured at amortized cost as they are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows and they meet the SPPI criterion. There are no financial assets classified as FVPL or FVOCI as at the reporting date.

For accounts receivables, the Company applies a simplified approach in calculating ECLs. The Company recognizes a loss allowance based on lifetime expected credit loss (ECL) approach at each reporting date. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include accounts payables and accrued liabilities, due to related parties, and long-term debt, which are all subsequently measured at amortized cost using the effective interest rate method. There are no financial liabilities at FVPL nor derivatives as at the reporting dates.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of loss.

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

- Level 1: Unadjusted quoted prices in active markets for identical assets and 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 Company does not have any financial assets or liabilities held at FVPL.

The fair value of cash is determined based on Level 1 inputs. As at December 31, 2018, the Company believes that the carrying values of accounts receivable, accounts payable and accrued liabilities, loan payable, due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

### ***Income taxes***

#### Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

### ***Share based payments***

The Company grants stock options or warrants to directors, employees and non-employees as consideration for rendering of services and are accounted for as equity-settled transactions.

The cost of the equity-settled transactions for directors and employees are determined by the fair value of stock options and warrants measured at the grant date and recognized over the vesting period. The cost of the equity-settled transactions for non-employees are determined using the service date measurement approach, which requires the Company to measure the fair value of the share option at each date when services are received. The expenses for each period are recognized in stock-based compensation expense, with a corresponding increase in contributed surplus.

Consideration received on the exercise of stock options or warrants are recorded as share capital and the related contributed surplus on options or warrants granted are transferred to share capital.

The Company used the Black-Scholes option-pricing method to determine the fair value of these options and warrants taking into consideration the terms and conditions. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options or warrants that are expected to vest.

***Research and development costs***

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use and sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost, less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use and is amortized over the period expected future benefit. During the period of development, the asset is tested for impairment annually.

***New accounting standards issued but not yet effective***

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The following standard will be effective for annual periods beginning on or after January 1, 2019:

IFRS 16, *Leases* – A new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of the lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. The Company is currently assessing the impact of adopting the standard.

**4. Reverse acquisition**

Effective March 13, 2018, Duport Capital Ltd. (“Duport”) entered into an amalgamation agreement with MPT Mustard Product Technologies Inc. (“MPT”) and 102023826 Saskatchewan Ltd. (“Subco”) to which Duport agreed to acquire all the securities of MPT after its amalgamation with Subco. The transaction was considered a reverse acquisition of MPT by Duport as defined in IFRS 3 Business Combinations. Accordingly, for accounting purposes, MPT was deemed to be the acquirer and Duport was deemed to be the acquiree under the transaction. Under this basis of accounting, the consolidated entity is considered to be a continuation of MPT, with the net identifiable assets of Duport deemed to have been acquired by MPT. Hence, MPT's balances were accounted for at cost and Duport was accounted for at fair value. The book value of Duport's assets and liabilities as at March 13, 2018 approximated their fair values as at that date. Since Duport does not meet the definition of a business, the transaction was accounted for under the provisions of IFRS 2 Share-based payment.

The difference between the fair value of the consideration and Duport's net assets has been recognized as a public listing expense in the statement of net loss and comprehensive loss.

The following represents management's estimate of the fair value of the net assets of Duport acquired at the date of the completion of the reverse acquisition:

Fair value of share consideration paid (a)	\$1,036,811
Loan payable from MPT to Duport (see note 7)	<u>(175,000)</u>
Total consideration	861,811
Allocated as follows:	
Cash	4,990
Trade and other receivables	29,077
Accounts payable and accrued liabilities	<u>(58,239)</u>
Net liabilities of Duport assumed	<u>(24,172)</u>
Public listing costs	\$ <u>885,983</u>

(a) The purchase consideration above was estimated based on the fair value attributed to the common shares that MPT would have had to issue to shareholders of Duport to acquire the same percentage equity interest in the combined entity that results from the reverse acquisition. The consideration paid was determined as equity-settled share-based payment under IFRS 2, at the fair value of the equity of MPT retained by the shareholders of Duport based on the fair value of the MPT common shares on the date of closing of the RTO, which was determined to be \$0.17 per share based on the equity raise on March 20, 2018.

In connection with the completion of the reverse acquisition transaction, the shareholders of MPT exchanged their shares for common shares of Duport on a two for one basis, and the MPT shares were cancelled. All outstanding MPT warrants were cancelled and replaced with Duport warrants (see note 6). On closing, the MPT shareholders held 10,454,154 shares (63%) and the Duport shareholders held 6,098,888 shares (37%) of the amalgamated company. The transaction, in substance, results in MPT being

listed as a public entity and its shareholders acquiring the net assets of Duport. All equity of Duport is eliminated pursuant to the transaction.

**5. Long term Debt**

	<b>December 31 2018</b>	<b>December 31 2017</b>
Ag-West Bio Inc. Loan	382,271	382,271
Saskatchewan Minister of Agriculture Loan	327,679	287,439
	<u>709,950</u>	<u>669,710</u>
Less current portion	-	-
	<u>709,950</u>	<u>669,710</u>

In July 2017, the Company amended the terms of the loan with Ag-West. The Company continues to owe the outstanding principal of \$382,271 and will pay Ag-West a royalty of 5.00% of all gross revenues received by the Company or an affiliate commencing on the date the Company or its affiliates have attained \$500,000 in cumulative revenues beginning May 5, 2017. Gross revenue received is defined in the amendment to include all sources of revenue, including product sales, licensing revenue, sub-licensing revenue, and royalty revenue received, as well as proceeds derived from the sale of the assets or sales of MPT or an affiliate as part of a divestiture of the business or that would result in a change of control. The maximum amount Ag-West may receive under this agreement is \$750,000, with the first \$382,271 payments to be applied to pay down the principal outstanding. Ag-West has retained its general security interest in all of the Company's assets. The modification was treated as an extinguishment as the modified terms were assessed to be substantially different than the original terms. As a result, the original loan had been derecognized in 2017 at the carrying value and the modified loan had been recognized at fair value of \$382,271.

On April 4, 2017 the Saskatchewan Minister of Agriculture loan was amended such that the principal amount of \$377,063 will be due on the earlier of February 1, 2020 and the day on which the Company earns cumulative revenue in excess of \$250,000 from the commercial sale of the products or technology with no interest accruing until this point in time. At such time, interest will be accrued at the prime rate plus 2% and increased to 10% per annum for any principal and interest in arrears. All interest owing up to the modification date was forgiven. The Company had determined that the revised terms were substantially different than the original terms of the loan and as a result accounted for the amendment as an extinguishment of the original loan and the recognition of a new financial liability at fair value of \$260,126 as at April 4, 2017. As a result, a gain on extinguishment of debt of \$116,937 has been recorded in the statement of loss and comprehensive loss in 2017. Interest accretion on the new financial liability is being recorded at an effective rate of 14%. For the years ended December 31, 2018 and 2017, non-cash interest expense of \$40,240 and \$27,313, respectively, were recorded.

**6. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

	Number of Common Shares	Share Capital
	<u>                    </u>	<u>                    </u>
<b>Balance, December 31, 2017</b>	10,454,154	\$ 5,582,461
Amalgamation	6,098,888	1,036,811
Issuance of shares and warrants	6,720,000	933,054
	<u>                    </u>	<u>                    </u>
<b>Balance, December 31, 2018</b>	<u>23,273,042</u>	<u>\$ 7,552,326</u>

The number of common shares above and loss per share information have been retroactively adjusted to reflect the 2 for 1 exchange of MPT shares pursuant to the Amalgamation (see Note 1).

As at December 31, 2017, Duport had 5,696,600 shares issued and outstanding. On February 19, 2018, Duport issued 14,429,654 additional shares then completed a 3.3:1 share consolidation, resulting in a total of 6,098,888 number of shares outstanding immediately before the Amalgamation.

As at December 31, 2017, MPT had 20,908,633 shares issued and outstanding, which also represents the total number of shares outstanding immediately before the Amalgamation. Due to the 2 for 1 exchange ratio on Amalgamation, the number of MPT shares outstanding have been retroactively adjusted to 10,454,154, which is reflected as the Company's number of shares outstanding as of December 31, 2017 and 2016.

On March 13, 2018, the Company was deemed to issue 6,098,888 common shares pursuant to the Amalgamation (see Note 1), representing the number of Duport shares outstanding immediately before the Amalgamation.

On March 20, 2018, the Company completed an issuance of 6,720,000 units (the "Unit Offering") consisting of one common share and one warrant to purchase one common share at \$0.35 per share (the "Unit"). Issue price was \$0.25 per Unit. The issue price allocated to the share portion of the Unit was \$0.17 and \$0.08 was allocated to the warrant. Proceeds, net of cash issuance costs of \$216,470, were \$1,463,530. Additional non-cash issuance costs of \$91,392 were calculated to reflect the issuance of the Unit Warrants, as described below.

**Stock options**

The Company has established a stock option plan (the “Option Plan”) for directors, officers and consultants of the Company. The Company’s Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting period, and the exercise price of options granted to individuals under the Option Plan.

Each stock option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company’s Option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the aggregate number of common shares that are outstanding.

On December 17, 2018, the Company issued 2,200,000 options to directors, officers and consultants of the Company. Such options had an exercise price of \$0.25, a contractual life of five years and were vested 25% immediately and 25% on each of the next three anniversaries of issuance. The weighted-average fair value of these options at the date of issuance was estimated using the Black-Scholes option pricing model at \$0.10 per option, based on the following assumptions: expected annualized volatility of 100%; risk-free interest rate of 1.98%; expected dividend yield of 0%; expected life of three to five years. Stock based compensation of \$56,868 was recorded for the year ended December 31, 2018.

A summary of the status of the stock options outstanding follows.

<u>Exercise price</u>	<u>Options outstanding</u>	<u>Expiry date</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Options exercisable</u>
\$0.25	2,200,000	2023-12-17	4.96	550,000

**Warrants**

The Company has issued two types of warrants:

- Share warrants entitling the holder to acquire additional common shares of the Company at a fixed ratio of one for one (the “Share Warrants”); and
- Unit warrants entitling the holder to acquire additional Units of the Company at a fixed ratio of one for one (the “Unit Warrants”).

A summary of the status of the Share Warrants outstanding follows.

	<u>Share Warrants</u>	<u>Weighted Average Exercise Price</u>
<b>Balance, December 31, 2016</b>	814,837	\$ 1.18
Issuance	500,000	0.30
Expiry	(25,000)	1.00
<b>Balance, December 31, 2017</b>	<u>1,289,837</u>	<u>\$ 0.84</u>
Issuance	8,120,000	0.35
Expiry	<u>(789,837)</u>	<u>1.19</u>
<b>Balance, December 31, 2018</b>	<u><u>8,620,000</u></u>	<u><u>\$ 0.35</u></u>

The Company also has outstanding at December 31, 2018 537,600 Unit Warrants to acquire Units for \$0.25 per Unit (2017 – nil). These Unit Warrants are separate from the Share Warrants and not included in the table above.

All warrant values have been retroactively adjusted to reflect the 2 for 1 exchange of MPT shares pursuant to the Amalgamation (see Note 1).

In 2017, 500,000 Share Warrants with an exercise price of \$0.30 were issued with an expiry of 36 months following the date the Company is listed on the Canadian Securities Exchange. These warrants were issued for services to recapitalize the company and the value of the services were determined by reference to the fair value of the warrants at \$0.01 per warrant using the Black-Scholes option pricing model because the direct fair value of the services received cannot be reliably estimated. As a result, \$10,000 is included within stock-based compensation relating to the issuance of these warrants in 2017.

On March 20, 2018, the Company issued 6,720,000 Share Warrants pursuant to the Unit Offering and recorded a gross amount of \$537,600 in contributed surplus based on the fair value of the warrants, reduced by the allocated cost of issuance. Each warrant entitles the holder to purchase one common share at \$0.35 per share until March 19, 2020.

On October 30, 2018, the Company issued 1,400,000 Share Warrants to a financial advisor in exchange for services. Such warrants have an exercise price of \$0.35, expire March 20, 2020 and vest 50% immediately and 50% on March 1, 2019. The fair value of these warrants was estimated using the Black-Scholes option pricing model at \$0.04 per warrant, based on the following assumptions: expected annualized volatility of 100%; risk-free interest rate of 2.22%; expected dividend yield of 0%; expected life of 1.4 years. Stock based compensation of \$56,000 was recorded for the year ended December 31, 2018.

Pursuant to the Unit Offering on March 20, 2018, the Company issued 537,600 Unit Warrants to intermediaries as compensation for Unit placement, and are accounted for as equity-settled share-based payments to non-employees under IFRS 2, and recorded \$91,392 in contributed surplus with the corresponding amount treated as a cost of issuance for share capital and warrants. Each warrant entitles the holder to acquire one Unit at a price of \$0.25 per Unit, each Unit comprised of one common share and one warrant to purchase a common share at \$0.35 per share until March 19, 2020. The fair value of these Unit Warrants at the date of issuance was estimated using the Black-Scholes option pricing model at \$0.17

per warrant, based on the following assumptions: expected annualized volatility of 120%; risk-free interest rate of 1.81%; expected dividend yield of 0%; expected life of two years.

The following tables summarize the warrants that remain outstanding as at December 31, 2018:

<u>Share Warrants</u>	<u>Exercise Price</u>	<u>Expiry</u>
8,120,000	\$ 0.35	March 2020
<u>500,000</u>	\$ 0.30	36 months following the date the Company becomes listed on the Canadian Stock Exchange
<u><u>8,620,000</u></u>		

<u>Unit Warrants</u>	<u>Exercise Price</u>	<u>Expiry</u>
<u>537,600</u>	\$ 0.25	March 2020

## 7. Related parties

During the year ended December 31, 2018, the Company incurred professional fees of \$189,613 (2017 – \$80,000) to directors and officers of the Company.

During the year ended December 31, 2018, stock-based compensation related to stock options issued to directors and officers of the Company totaled \$54,283 (2017 – nil).

As at December 31, 2018 there was \$11,613 accrued and payable to directors and officers of the Company (December 31, 2017 – \$57,750).

As at December 31, 2018 and 2017 there was \$205,734 owing to a related party, which is a shareholder of the Company. The amount is unsecured, non-interest bearing and payable on demand.

The loan payable at December 31, 2017 of \$175,000 is an amount owed by MPT to Duport Capital Ltd. After the Amalgamation, this balance is eliminated upon consolidation as at December 31, 2018.

**8. Income taxes**

For income tax purposes, the Company has non-capital losses which can be applied to reduce future years' taxable income. These losses expire as follows:

2028	\$	284,090
2029		309,228
2030		967,482
2031		1,305,153
2032		1,283,488
2033		805,310
2034		687,056
2035		326,486
2036		288,403
2037		87,695
2038		861,339
	\$	<u>7,205,730</u>

Deferred tax assets have not been recognized in respect of tax losses because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

**9. Financial instruments**

***Interest rate risk***

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk as there is no interest paid on long-term debt.

***Foreign currency risk***

The company conducts certain of its operations in U.S dollars and is limited to a small number of purchases in U.S. dollars which are recorded at the spot rate at the date of the transaction. As of December 31, 2018, the Company held U.S. dollar cash of \$385 (December 31, 2017 – \$399).

***Liquidity risk***

Liquidity risk arises from the possibility the company will not be able to meet its financial obligations as they become due or obtain financing as needed to pursue expansionary projects. Actual and forecasted cash flows are continuously monitored to reduce this liquidity risk. Management judges the future cash flows of the company are adequate to make payments as they become contractually due and existing banking arrangements are able to support the growth goals of the company. Refer to note 1 for disclosure regarding the company's ability to continue as a going concern.

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's maximum exposure to credit risk is the carrying amount of the accounts receivable, if any.

***Financial instrument carrying values and fair values***

For all current financial assets and financial liabilities, carrying amounts are assumed to approximate fair value due to the short-term maturities of these items and are in level 3, except for cash which is in level 1.

The long-term debt is valued using a discounted cash flow model taking into consideration the current market interest rate of interest with similar term to maturity and the company's current credit quality. As at December 31, 2018, the fair value of the long-term debt is \$709,950 (December 31, 2017 - \$669,710) and is classified as level 3 in the fair value hierarchy.

**10. Capital Management**

The Company's primary objective when managing capital is to ensure that it has sufficient resources to maintain its ongoing operations. The Company considers loan payable, amounts due to related parties, long-term debt and total shareholders' equity in the definition of capital.

	<u>2018</u>	<u>2017</u>
Loan payable	\$ -	\$ 175,000
Due to related parties	205,734	205,734
Long-term debt	709,950	669,710
Shareholders' equity	<u>(485,554)</u>	<u>(1,205,386)</u>
	<u>430,130</u>	<u>\$ (154,942)</u>

**11. Subsequent Events**

The Company completed a private placement of common shares and issued 1,662,533 shares on March 12, 2019 and 50,000 shares on March 13, 2019, in the aggregate amount of 1,712,533 shares, at \$0.70 per common share for gross proceeds of \$1,198,773.

On March 25, 2019, the Company filed a non-offering preliminary long form prospectus with the financial regulators in each of Saskatchewan, Alberta and British Columbia. The prospectus is currently under review, pending approval. No securities are being offered pursuant to this prospectus. It was filed for the purpose of providing full public disclosure pursuant to the Company's application to list its common shares on the Canadian Securities Exchange.

**12. Comparative Figures**

The comparative financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

## **APPENDIX 2**

MustGrow Biologics Corp. (formerly Duport Capital Ltd.) Management's Discussion and Analysis for the year ended December 31, 2018.

**PLEASE SEE THE ATTACHED**

# MUSTGROW BIOLOGICS CORP.

## (Formerly Duport Capital Ltd.)

### Management's Discussion and Analysis

For the Year Ended December 31, 2018

#### General

This management discussion and analysis of financial position and results of operations ("**MD&A**") is prepared as at April 29, 2019 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018 and related notes of MustGrow Biologics Corp. (formerly Duport Capital Ltd.) (the "**Company**" or "**Duport**"). The audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee ("**IFRIC**").

Management is responsible for the preparation and integrity of the Company's consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Description of Business

On March 13, 2018 the Company completed a three-cornered amalgamation (the "**Amalgamation**") pursuant to an amalgamation agreement between the Company, MPT Mustard Products & Technologies Inc. ("**MPT**") and 102023826 Saskatchewan Ltd. ("**Subco**"). Pursuant to the terms of the amalgamation agreement the Company acquired all of the issued and outstanding MPT common shares and MPT common share purchase warrants in exchange for the Company's common shares and common share purchase warrants and MPT and Subco amalgamated pursuant to the provisions of *The Business Corporations Act* (Saskatchewan). The Company issued one common share for every two MPT common share and one warrant for every two MPT warrants, for aggregate consideration of 10,454,154 common shares (post-consolidation) of the Company and 1,289,837 warrants of the Company being issued to the MPT shareholders and warrant holders.

On March 29, 2018 the Company changed its name to MustGrow Biologics Corp.

The Company was previously a business development services company. Following the Amalgamation, the company is now a technology development company developing new, novel, natural biopesticide products from mustard seed.

### **Share Issuances**

On February 19, 2018, Duport issued 14,429,654 shares then completed a 3.3:1 share consolidation, resulting in a total of 6,098,888 number of shares outstanding immediately before the Amalgamation.

On March 12, 2018, the Company completed an approximate 3.3:1 consolidation of common shares.

On March 13, 2018, the Company issued 10,454,454 common shares pursuant to the Amalgamation. The Amalgamation was deemed to be a reverse takeover of the Company by MPT. Accordingly, for accounting purposes, MPT was deemed to issue 6,098,888 shares to acquire the Company.

On March 20, 2018, the Company completed an issuance of 6,720,000 units (the "Unit Offering") consisting of one common share and one warrant to purchase one common share at \$0.35 per share (the "Unit"). Issue price was \$0.25 per Unit. Proceeds net of issuance costs were \$1,463,530.

On March 12, 2018, the Company issued 1,289,837 warrants (each to purchase one common share) pursuant to the Amalgamation. 789,837 such warrants had exercise prices of \$1.00 to \$1.20 per share and expired between June and September 2018. 500,000 of such warrants have an exercise price of \$0.30 per share and expire 36 months following the date the Company becomes listed on the Canadian Stock Exchange.

On March 20, 2018, the Company issued 6,720,000 warrants pursuant to the Unit Offering. Each warrant entitles the holder to purchase one common share at \$0.35 per share until March 19, 2020.

Pursuant to the Unit Offering on March 20, 2018, the Company issued 537,600 unit warrants to intermediaries as compensation for Unit placement. Each warrant entitles the holder to purchase one Unit at \$0.25 per Unit until March 19, 2020.

On October 30, 2018, the Company issued 1,400,000 Share Warrants to a financial advisor in exchange for services. Such warrants have an exercise price of \$0.35, expire March 20, 2020 and vest 50% immediately and 50% on March 1, 2019.

On December 17, 2018, the Company issued 2,200,000 options to directors, officers and consultants of the Company. Such options had an exercise price of \$0.25, a contractual life of five years and were vested 25% immediately and 25% on each of the next three anniversaries of issuance.

### Selected Annual Information

	2018 \$	2017 \$	2016 \$
Revenue	2,000	2,102	109,015
Net loss	1,893,377	197,564	172,287
Net loss per share, basic and diluted	0.09	0.02	0.02
Assets	534,278	15,925	59,215
Non-current financial liabilities	709,950	669,710	0
Cash dividends per share	0	0	0

Due to a lack of funding, the Company had limited research, development and production activity in 2017 and 2016. Following the Unit Offering, the Company had the financial resources to increase corporate activity, resulting in an increased net loss in 2018.

### Results of Operations, Cash Flows and Financial Position

For the years ended December 31, 2018 and 2017, the Company incurred losses of \$1,893,377 and \$197,564, respectively. The net loss for the year ended 2018 includes non-cash listing fees of \$885,983. Limited product sales were made in 2018 and 2017.

Due to a lack of funding, MPT significantly curtailed operations in 2015 resulting in administrative expenses in 2016 and 2017 focused on sustaining operations and restructuring to facilitate new funding opportunities. Specifically, MPT was focused on restructuring its debt obligations and working toward a potential transaction with Duport Capital Corp. which the Company believes will enhance its ability to raise capital to fund operations in the future.

Following the Unit Offering, the Company incurred administrative, corporate communications and professional fees related to preparation of a non-offering preliminary prospectus (“**Prospectus**”) for the purpose of providing full public disclosure pursuant to the Company’s application to list its common shares on the Canadian Securities Exchange. This Prospectus was filed on March 25, 2019 with the financial regulators in each of Saskatchewan, Alberta and British Columbia. The Prospectus is currently under review, pending approval. No securities are being offered pursuant to the Prospectus.

The loss for 2017 includes a non-cash gain on extinguishment of debt of \$116,937.

Cash used in operating activities for the years ended December 31, 2018 and 2017 was \$968,347 and \$220,289, respectively. The increase in 2018 was primarily due to expenses related to the Prospectus and increased operational expenses following the Unit Offering.

Cash provided by financing activities for the years ended December 31, 2018 and 2017 was \$1,468,520 and \$175,000, respectively. In 2018, the Company received \$1,463,530 related to the Unit Offering. In 2017, the Company received a \$175,000 loan from Duport Capital Corp. to assist with sustaining operations.

Total assets increased to \$534,278 at December 31, 2018 from \$15,925 at December 31, 2017 due to the increase in cash resulting from the Unit Offering less cash used to fund increased operations.

Total liabilities decreased to \$1,019,832 at December 31, 2018 from \$1,221,311 at December 31, 2017 primarily due to extinguishment of MPT's loan payable to Duport upon completion of the Amalgamation, the reduction of accounts payable made possible by the Unit Offering, offset by the accretion in the value of long-term debt.

### **Selected Quarterly Information**

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. Results prior to March 31, 2018 are those of MPT on a non-consolidated basis. All dollar amounts are in Canadian dollars.

Quarter Ended	Revenue \$	Income (loss) for the period \$	Income (loss) per Share (Basic & Diluted) \$
December 31, 2018	2,000	(280,778)	(0.01)
September 30, 2018	0	(223,156)	(0.01)
June 30, 2018	0	(176,678)	(0.01)
March 31, 2018	0	(1,212,765)	(0.10)
December 31, 2017	0	(109,209)	(0.01)
September 30, 2017	0	(94,807)	(0.00)
June 30, 2017	2,102	(75,841)	(0.00)
March 31, 2017	0	82,293	0.00

The Unit Offering completed in March 2018 generated cash flows which significantly increased assets and allowed the Company to increase its activity level, resulting in increased net losses for periods subsequent to March 31, 2018. The loss for the three months ended March 31, 2018 includes non-cash listing fees of \$885,983 resulting from the Amalgamation.

The net income for the three months ended March 31, 2017 includes a gain on extinguishment of debt of \$116,937.

## **Financial Condition, Liquidity and Capital Resources**

The Company's working capital at December 31, 2018 was \$224,396 including cash of \$507,329. The Company does not generate positive cash flows. The Company is reliant on equity financing or shareholder loans to provide the necessary cash to acquire or participate in an active business. There can be no assurance that equity financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

The Company has not entered into any off-balance sheet arrangements.

## **Related Party Transactions**

During the year ended December 31, 2018, the Company incurred professional fees of \$189,613 (2017 – \$80,000) to directors and officers of the Company.

During the year ended December 31, 2018, stock-based compensation related to stock options issued to directors and officers of the Company totaled \$54,283.

As at December 31, 2018 there was \$11,613 accrued and payable to directors and officers of the Company (December 31, 2017 – \$57,750).

As at December 31, 2018 and 2017 there was \$205,734 owing to a related party, which is a shareholder of the Company. The amount is unsecured, non-interest bearing and payable on demand.

The loan payable at December 31, 2017 of \$175,000 is an amount owed by MPT to Duport Capital Ltd. After the Amalgamation, this balance is eliminated upon consolidation as at December 31, 2018.

## **Financial Instruments and Risk Management Fair Values**

The fair values of cash and equivalents, receivables, trade payables and long-term debt approximate their fair values because of their nature and relatively short maturity dates or durations. The long-term debt is valued using a discounted cash flow model taking into consideration the current market interest rate of interest with similar term to maturity and the company's current credit quality. As at December 31, 2018, the fair value of the long-term debt is \$709,950 (December 31, 2017 - \$669,710).

### **(a) Financial Risk Management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

## **(b) Financial Instrument Risk Exposure**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

### *Credit Risk*

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The receivables consist primarily of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant, but the Company is not currently subject to any such risks in a material way.

#### **(a) Interest rate risk**

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

#### **(b) Foreign currency risk**

The Company is not exposed to any material foreign currency risk on fluctuations in exchange rates.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**Contingencies**

The Company is not aware of any contingencies or pending legal proceedings as of the date of this MD&A.

**Additional share information**

As at December 31, 2018 the Company had outstanding:

- (i) 23,273,042 common shares;
- (ii) 8,620,000 warrants convertible into shares;
- (iii) 2,200,000 stock options convertible into shares; and
- (iv) 537,600 warrants convertible in to Units consisting of one share and one warrant to purchase one share at \$0.35.

**Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

**Cautionary Statement on Forward Looking Information**

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied.

### **APPENDIX 3**

MustGrow Biologics Corp. (formerly Duport Capital Ltd.) Restated Audited Financial Statements for the year ended December 31, 2017.

**PLEASE SEE THE ATTACHED**

**MUSTGROW BIOLOGICS CORP.**  
**(formerly Duport Capital Ltd.)**

**Financial Statements - Restated**

**Year Ended December 31, 2017**

**Expressed in Canadian Dollars**

p | 604.683.3277  
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555 BURRARD STREET  
BOX 243  
VANCOUVER, BC V7X 1M9



charlton & company  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To: the Shareholders of  
MustGrow Biologics Corp. (formerly Duport Capital Ltd.)

We have audited the financial statements of MustGrow Biologics Corp. (formerly Duport Capital Ltd.), which comprise the statements of financial position as at December 31, 2017 and 2016 and the statements of loss and comprehensive loss, changes in equity (deficiency), and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of MustGrow Biologics Corp. (formerly Duport Capital Ltd.) as at December 31, 2017 and 2016 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates MustGrow Biologics Corp. (formerly Duport Capital Ltd.) has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

*Charlton & Company*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, British Columbia  
May 4, 2018, except as to Note 11, which is as of April 17, 2019

MUSTGROW BIOLOGICS CORP.  
(formerly Duport Capital Ltd.)  
Statements of financial position  
As at December 31,  
(Expressed in Canadian Dollars)

	Notes	2017	2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 17,313	\$ 937
Loan receivable	4	175,000	-
<b>TOTAL ASSETS</b>		<b>\$ 192,313</b>	<b>\$ 937</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	\$ 59,814	\$ 30,103
<b>TOTAL LIABILITIES</b>		59,814	30,103
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	5	87,432	87,432
Subscriptions received in advance	5	198,116	-
Deficit		(153,049)	(116,598)
<b>TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		132,499	(29,166)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		<b>\$ 192,313</b>	<b>\$ 937</b>

Nature and continuance of operations (Note 1)

Subsequent events (Note 10)

MUSTGROW BIOLOGICS CORP.  
(formerly Duport Capital Ltd.)  
Statement of loss and comprehensive loss  
(Expressed in Canadian Dollars)

	Year ended December 31, 2017	Year ended December 31, 2016
<b>Expenses</b>		
Office and miscellaneous	\$ -	\$ 2,272
Professional fees	31,300	15,683
Transfer agent	5,151	2,488
<b>Loss and comprehensive loss for the period</b>	<b>\$ (36,451)</b>	<b>\$ (20,443)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>5,696,600</b>	<b>5,696,600</b>

MUSTGROW BIOLOGICS CORP.  
(formerly Dupont Capital Ltd.)  
Statement of changes in equity (deficiency)  
(Expressed in Canadian Dollars)

	Share capital		Subscriptions received in advance		Deficit	Total
	Number of shares	Amount				
<b>Balance at December 31, 2015</b>	<b>5,696,600</b>	<b>\$ 87,432</b>	<b>\$ -</b>	<b>\$ (96,155)</b>	<b>\$ (8,723)</b>	
Comprehensive loss:						
Loss for the year	-	-	-	(20,433)	(20,433)	
<b>Balance at December 31, 2016</b>	<b>5,696,600</b>	<b>87,432</b>	-	<b>(116,598)</b>	<b>(29,166)</b>	
Subscriptions received in advance	-	-	198,116	-	198,116	
Comprehensive loss:						
Loss for the year	-	-	-	(36,451)	(36,451)	
<b>Balance at December 31, 2017</b>	<b>5,696,600</b>	<b>\$ 87,432</b>	<b>\$ 198,116</b>	<b>\$ (153,049)</b>	<b>\$ 132,499</b>	

See accompanying notes to the financial statements

MUSTGROW BIOLOGICS CORP.  
(formerly Duport Capital Ltd.)  
Statement of cash flows  
(Expressed in Canadian Dollars)

	Year Ended December 31, 2017	Year Ended December 31, 2016 (Restated – Note 11)
<b>Operating activities</b>		
Loss for the year	\$ (36,451)	\$ (20,442)
Change in non-cash working capital:		
Accounts payable and accrued liabilities	29,711	17,876
	(6,740)	(2,567)
<b>Financing activities</b>		
Subscriptions received in advance	198,116	-
<b>Investing activities</b>		
Loan receivable	(175,000)	-
Change in cash	16,376	(2,567)
Cash, beginning	937	3,5404
<b>Cash, ending</b>	<b>\$ 17,313</b>	<b>\$ 937</b>

There were no significant non-cash transactions for the years ended December 31, 2017 and 2016.

**1. Nature and continuance of operations**

MustGrow Biologics Corp. (formerly Duport Capital Ltd.) (the “Company”) was incorporated on December 2, 2014 as 1020673 BC Ltd. under the laws of the province of British Columbia, Canada. On March 29, 2018 the Company changed its name to MustGrow Biologics Corp. The Company is a business development services company. It provides business development services to new and emerging businesses, including making introductions to accountants, lawyers, brokers, transfer agents, and various other professionals and service providers to assist companies in raising capital and going public.

The head office, principal address, records office and registered address of the Company are located at 1005 – 201 1<sup>st</sup> Ave. S., Saskatoon, Saskatchewan, S7K 1J5, Canada.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2017, the Company had not yet achieved profitable operations and has accumulated losses of \$153,049 (2016 - \$116,598) since its inception all of which indicate the existence of a material uncertainty that may cast substantial doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon the successful results from its business activities and its ability to attain profitable operations and generate funds there from and or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or raise equity capital. These financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these financial statements.

**2. Basis of preparation**

The financial statements of the Company for the year ended December 31, 2017 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 4, 2018.

***Statement of compliance***

These financial statements, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, or available for sale which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars unless otherwise noted.

### 3. Significant accounting policies

#### ***Significant estimates and assumptions***

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

#### ***Significant judgments***

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the determination of the functional currency of the company.

#### ***Loss per share***

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

#### ***Financial instruments***

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

### 3. Significant accounting policies (cont'd)

#### *Financial instruments* (cont'd)

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) classified as other financial liabilities are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company's cash and loan receivable are classified as loans and receivables. The Company's trade payables and deposits are classified as other financial liabilities.

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

- Level 1: Unadjusted quoted prices in active markets for identical assets and 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 Company does not have any derivative financial assets or liabilities.

The fair value of cash is determined based on Level 1 inputs. As at December 31, 2017, the Company believes that the carrying values of loan receivable and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

### 3. Significant accounting policies (cont'd)

#### ***Income taxes***

##### Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### ***New accounting standards issued but not yet effective***

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not yet assessed the impact, if any, that the new amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following standard will be effective for annual periods beginning on or after January 1, 2018:

IFRS 15, *Revenue from Contracts with Customers* – In May 2014, the IASB issued IFRS 15 which supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

**3. Significant accounting policies (cont'd)**

***New accounting standards issued but not yet effective*** (Cont'd)

IFRS 9, *Financial Instruments* – The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

IFRS 16, *Leases* – A new standard that's sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lease accounting model. This standard is effective for annual periods beginning on or after January 1, 2019.

**4. Loan receivable**

During the year ended December 31, 2017, the Company provided a loan to MPT Mustard Products & Technologies Inc. ("MPT"). The loan in the amount of \$175,000 bears interest at 5% per annum and is due on demand. Subsequent to year end the Company completed a three-corned amalgamation with MPT (Note 10).

**5. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

At December 31, 2017 there were 5,696,600 (2016 – 5,696,600) issued and fully paid common shares.

During the year ended December 31, 2017, the Company received subscriptions receipts for a future private placement in the amount of \$198,116 (Note 10).

***Stock options***

The Company has not issued any stock options and no stock options are outstanding as at December 31, 2017 and December 31, 2016.

***Warrants***

The Company has not issued any warrants and no warrants options are outstanding as at December 31, 2017 and December 31, 2016.

***Share-based payment reserve***

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

**6. Related parties**

During the year ended December 31, 2017, the Company incurred professional fees of \$22,000 (2016 - \$6,883) to a law firm in which a partner is a former director of the Company.

As at December 31, 2017 there was \$36,578 (December 31, 2016 - \$14,578) accrued to a law firm in which a partner is a former director of the Company.

As at December 31, 2017 included in accounts payable is \$5,000 (December 31, 2016 - \$5,000) owing to a former director of the Company. This amount is non-interest bearing and without specific terms of repayment.

**7. Financial risk and capital management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its GST receivable. This risk is minimal as receivables consist of refundable government general sales taxes.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

***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. As December 31, 2017, the Company did not have any cash equivalents or interest bearing debt and is not subject to interest rate risk.

***Capital Management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

**8. Segmented information**

The Company operates in a single reportable operating segment – business development services in Canada.

**9. Income taxes**

The provision for income taxes differs from the amount that would be obtained by applying the statutory income tax rate to loss before income taxes as follows:

	<b>2017</b>	<b>2016</b>
	\$	\$
Loss for the year	(36,451)	(20,433)
Corporate statutory rate	26.00%	26.00%
Expected tax recovery	(9,477)	(5,313)
Non-deductible items	-	-
Change in unrecognized deferred tax assets	9,477	5,313
Income tax expense (recovery)	-	-

The significant components of the Company's unrecognized deferred income tax assets and liabilities are as follows:

	<b>2017</b>	<b>2016</b>
	\$	\$
Non-capital loss carry-forward	39,793	30,316
Unrecognized deferred tax assets (liabilities)	39,793	30,316

The Company has non-capital loss carry-forwards of approximately \$153,000, which may be available to reduce taxable income in future years. The potential benefit of these losses has not been recognized as a deferred tax benefit, as currently it is not probable that such benefit will be utilized in the foreseeable future. Unless utilized, these losses will expire as follows: \$96,000 in 2035, \$20,000 in 2036 and \$37,000 in 2037.

**10. Subsequent events**

Subsequent to the year end December 31, 2017 the Company:

- i. Completed a private placement of 14,429,654 common shares (pre-consolidation) for gross proceeds of \$216,445 (Note 5).
- ii. Completed a share consolidation of 1 common share of the Company for every 3.3 common shares held.
- iii. Completed a three-corned amalgamation pursuant to an amalgamation agreement between the Company, MPT and 102023826 Saskatchewan Ltd. ("Subco"). Pursuant to the terms of the amalgamation agreement the Company acquired all of the issued and outstanding MPT common shares and MPT common share purchase warrants in exchange for the Company's common shares and common share purchase warrants and MPT and Subco amalgamated pursuant to the provisions of The Business Corporations Act (Saskatchewan). The Company issued one common share for every two MPT common share and one warrant for every two MPT warrants, for aggregate consideration of 10,454,154 common shares (post-consolidation) of the Company and 1,289,837 warrants of the Company being issued to the MPT shareholders and warrant holders.
- iv. Completed a private placement of 6,720,000 units (post-consolidation) at a price of \$0.25 per unit for gross proceeds of \$1,680,000. Each unit consisting of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one additional common share within 24 months at a price of \$0.35 per common share purchase warrant.

**11. Restatement**

The cash flows for the year ended December 31, 2016 incorrectly disclosed certain balances from the year ended December 31, 2015. As a result, the following have been restated:

	As restated	As previously reported	Restatement
	\$		\$
Change in cash	(2,567)	3,503	(6,070)
Cash, beginning	3,504	1	3,503
Cash, ending	937	3,504	(2,567)

## **APPENDIX 4**

MustGrow Biologics Corp. (formerly Duport Capital Ltd.) Management's Discussion and Analysis for the year ended December 31, 2017.

**PLEASE SEE THE ATTACHED**

# **MUSTGROW BIOLOGICS CORP.**

## **(Formerly Duport Capital Ltd.)**

### **Management's Discussion and Analysis**

**For the Fiscal Year Ended December 31, 2017**

#### **General**

This management discussion and analysis of financial position and results of operations ("**MD&A**") is prepared as at May 4, 2018 and should be read in conjunction with the audited financial statements for the year ended December 31, 2017 and related notes of MustGrow Biologics Corp. (formerly Duport Capital Ltd.) (the "**Company**"). These audited financial statements, including comparatives, have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee ("**IFRIC**").

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Description of Business**

In 2017, the Company was a business development services company. It provided business development services to new and emerging businesses, including making introductions to accountants, lawyers, brokers, transfer agents, and various other professionals and service providers to assist companies in raising capital and going public. During the year ended December 31, 2017 the Company was relatively inactive and did not carry out any material business transactions other than the entering into of an amalgamation agreement with MPT Mustard Products & Technologies Inc. ("**MPT**") and 102023826 Saskatchewan Ltd. ("**Subco**"). The Company is a reporting issuer in the provinces of British Columbia and Alberta.

## **Amalgamation Agreement**

On March 13, 2018 the Company completed a three-corned amalgamation pursuant to an amalgamation agreement between the Company, MPT and 102023826 Saskatchewan Ltd. ("Subco"). Pursuant to the terms of the amalgamation agreement the Company acquired all of the issued and outstanding MPT commons shares and MPT common share purchase warrants in exchange for the Company's common shares and common share purchase warrants and MPT and Subco amalgamated pursuant to the provisions of *The Business Corporations Act* (Saskatchewan). The Company issued one common share for every two MPT common share and one warrant for every two MPT warrants, for aggregate consideration of 10,454,154 common shares (post-consolidation) of the Company and 1,289,837 warrants of the Company being issued to the MPT shareholders and warrant holders.

## **Plan of Arrangement**

Pursuant to an Arrangement Agreement dated December 10, 2014 between the Company (then 1020673 B.C. Ltd.) and Riske Capital Corp. ("**Riske**"):

(a) Riske transferred and assigned to the Company all of Riske's rights and interest in and to a Letter of Intent (and any amendments thereto) between Riske and Mattea Capital Corp., and \$1,000 cash, in consideration of 396,600 shares of the Company (the "**Exchange Shares**"); and

(b) the Exchange Shares were subsequently distributed by Riske to all of its shareholders, such that the Riske shareholders became the controlling shareholders of the Company.

Riske is a reporting issuer in the provinces of Alberta and British Columbia; and as a result of completing the Arrangement Agreement the Company became a reporting issuer in each of British Columbia and Alberta.

## **Share issuances**

During the year ended December 31, 2017, the Company received subscriptions receipts for a future private placement in the amount of \$198,116.

## **Results of Operations**

For the year ended December 31, 2017, the Company incurred a loss of \$36,451 compared to a loss of \$20,433 for the year ended December 31, 2016. In the current year, expenses included professional fees of \$31,300 as well as transfer agent costs of \$5,151. In the comparative period, professional fees of \$15,683 as well as transfer agent costs of \$2,488. The Company has not paid or accrued any consulting fees in the current year.

## Selected Annual Information

	Year Ended December 31		
	2017 \$	2016 \$	2015 \$
Total Revenues	-	-	-
Net Loss	36,451	20,433	96,655
Net Loss per share	0.01	0.00	0.01
Total assets	192,313	937	3,504
Total Liabilities	59,814	30,103	12,227

## Selected Quarterly Information

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in Canadian dollars.

Quarter Ended \$	Loss for the period \$	Loss per Share (Basic & Diluted) \$	Total Assets \$	Interest Income \$
December 31, 2017	34,059	0.00	192,313	Nil
September 30, 2017	2,033	0.00	185,917	Nil
June 30, 2017	5,259	0.00	1	Nil
March 31, 2017	2,100	0.00	217	Nil
December 31, 2016	11,944	0.00	937	Nil
September 30, 2016	2,158	0.00	200	Nil
June 30, 2016	3,920	0.00	2,361	Nil
March 31, 2016	2,421	0.00	1,083	Nil

## Financial Condition, Liquidity and Capital Resources

The Company's working capital at December 31, 2017 was \$132,499 including cash of \$17,313. In 2017, the Company did not have an active business generating positive cash flows. The Company was reliant on equity financing or shareholder loans to provide the necessary cash to acquire or participate in an active business. There can be no assurance that equity financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

The Company has not entered into any off-balance sheet arrangements.

## Related Party Transactions

During the year ended December 31, 2017 and 2016, the Company incurred professional fees of \$22,000 (2016 - \$6,883) to a related party.

As at December 31, 2017 there was \$36,578 (December 31, 2016 - \$14,578) accrued to a law firm in which a partner is a director of the Company.

As at December 31, 2017 included in accounts payable is \$5,000 (December 31, 2016 - \$5,000) owing to a director of the Company. This amount is non-interest bearing and without specific terms of repayment.

### **Financial Instruments and Risk Management Fair Values**

The fair values of cash and equivalents, receivables and trade payables approximate their book values because of the short-term nature of these instruments.

#### **(a) Financial Risk Management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

#### **(b) Financial Instrument Risk Exposure**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

##### *Credit Risk*

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company does not have any receivables, and anticipates any future receivables will consist primarily of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

##### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

##### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant, but the Company is not currently subject to any such risks in a material way.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations in exchange rates.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### **Contingencies**

The Company is not aware of any contingencies or pending legal proceedings as of May 4, 2018

### **Additional share information**

As at December 31, 2017, the Company had outstanding:

- (i) 5,696,600 common shares; and
- (ii) no warrants, options or other securities convertible into shares.

As of the date of this report the Company had outstanding:

- (i) 23,273,042 common shares (post-consolidation); and
- (ii) 8,547,437 warrants, options or other securities convertible into shares.

## **Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

## **Cautionary Statement on Forward Looking Information**

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by

## **APPENDIX 5**

MustGrow Biologics Corp. (formerly Duport Capital Ltd.) Unaudited Condensed Interim Consolidated Financial Statements for the three month period ended March 31, 2019.

**PLEASE SEE THE ATTACHED**

# **MUSTGROW BIOLOGICS CORP.**

## **Condensed Interim Consolidated Financial Statements**

**Three Months Ended March 31, 2019**

**(Unaudited)**

**Expressed in Canadian Dollars**

MUSTGROW BIOLOGICS CORP.  
Condensed interim consolidated statements of financial position  
Unaudited  
(Expressed in Canadian Dollars)

	March 31 2019	December 31 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,401,303	\$ 507,329
GST receivable	11,543	25,815
Prepaid expenses	2,474	1,134
<b>Total assets</b>	<b>\$ 1,415,320</b>	<b>\$ 534,278</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 81,208	\$ 104,148
Current portion of long-term debt (note 5)	339,147	-
Due to related parties (note 7)	205,734	205,734
	<b>626,089</b>	<b>309,882</b>
<b>Non-current liabilities</b>		
Long-term debt (note 5)	382,271	709,950
<b>Total liabilities</b>	<b>1,008,360</b>	<b>1,019,832</b>
<b>EQUITY</b>		
Share capital (note 6)	8,703,858	7,552,326
Contributed surplus	1,134,329	1,108,517
Deficit	(9,431,227)	(9,146,397)
	406,960	(485,554)
<b>Total liabilities and equity</b>	<b>\$ 1,415,320</b>	<b>\$ 534,278</b>

See note 1 – Nature and continuance of operations  
The accompanying notes are an integral part of these consolidated financial statements

MUSTGROW BIOLOGICS CORP.

Condensed interim consolidated statements of loss and comprehensive loss

Unaudited

(Expressed in Canadian Dollars)

	Three months ended March 31,	
	2019	2018
<b>Revenue</b>		
Sales	\$ -	\$ -
<b>Expenses</b>		
Research and development	\$ 7,588	\$ 1,355
Regulatory	1,159	4,367
Corporate communications	20,421	203,782
Listing fees (note 4)	-	885,983
Office and administration	141,149	79,292
Patent expenses	2,501	14,993
Professional fees	74,731	12,933
Stock-based compensation	25,812	-
	\$ 273,361	\$ 1,202,705
Loss before the following	\$ (273,361)	\$ (1,202,705)
Finance cost (note 5)	(11,469)	(10,060)
<b>Net loss for the period</b>	<b>\$ (284,830)</b>	<b>\$ (1,212,765)</b>
<b>Total comprehensive loss for the period</b>	<b>\$ (284,830)</b>	<b>\$ (1,212,765)</b>
Net loss per share, basic and diluted	\$ (0.01)	\$ (0.10)
Weighted average number of shares outstanding, basic and diluted	24,985,575	12,495,264

See note 1 – Nature and continuance of operations

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

MUSTGROW BIOLOGICS CORP.  
Condensed interim consolidated statements of changes in equity (deficiency)  
Unaudited  
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total
	(note 6)				
<b>Balance, December 31, 2017</b>	10,454,154	\$ 5,582,461	\$ 465,173	\$ (7,253,020)	\$ (1,205,386)
Amalgamation	6,098,888	1,036,811	-	-	1,036,811
Issuance of shares and warrants	6,720,000	933,054	530,476	-	1,463,530
Net and comprehensive loss	-	-	-	(1,212,765)	(1,212,765)
<b>Balance, March 31, 2018</b>	<u>23,273,042</u>	<u>\$ 7,552,326</u>	<u>\$ 995,649</u>	<u>\$ (8,465,785)</u>	<u>\$ 82,190</u>
<b>Balance, December 31, 2018</b>	23,273,042	\$ 7,552,326	\$ 1,108,517	\$ (9,146,397)	\$ (485,554)
Issuance of shares	1,712,533	1,151,532	-	-	1,151,532
Stock-based compensation	-	-	25,812	-	25,812
Net and comprehensive loss	-	-	-	(284,830)	(284,830)
<b>Balance, March 31, 2019</b>	<u>24,985,575</u>	<u>\$ 8,703,858</u>	<u>\$ 1,134,329</u>	<u>\$ (9,431,227)</u>	<u>\$ 406,960</u>

See note 1 – Nature and continuance of operations  
The accompanying notes are an integral part of these consolidated financial statements

MUSTGROW BIOLOGICS CORP.  
Condensed interim consolidated statements of cash flows  
Unaudited  
(Expressed in Canadian Dollars)

	Three months ended March 31,	
	2019	2018
<b>Operating Activities</b>		
Net loss	\$ (284,830)	\$ (1,212,765)
Items not affecting cash		
Listing fees	-	885,983
Finance cost on long-term debt (note 5)	11,469	10,060
Stock-based compensation	25,812	-
Net changes in non-cash working capital items:		
Change in working capital acquired on acquisition	-	27,044
Accounts receivable		(2,100)
GST receivable	14,272	(10,527)
Prepaid expenses	(1,340)	2,040
Accounts payable and accrued liabilities	(22,941)	(96,818)
<b>Cash used in operating activities</b>	<b>(257,558)</b>	<b>(397,083)</b>
<b>Financing Activities</b>		
Cash acquired in acquisition	-	4,990
Issuance of shares	1,151,532	1,463,530
<b>Cash provided by financing activities</b>	<b>1,151,532</b>	<b>1,468,520</b>
<b>Net increase (decrease) in cash during the year</b>	<b>893,974</b>	<b>1,071,437</b>
Cash, beginning of period	507,329	7,156
<b>Cash, end of period</b>	<b>\$ 1,401,303</b>	<b>\$ 1,078,593</b>

See note 1 – Nature and continuance of operations  
The accompanying notes are an integral part of these consolidated financial statements

**1. Nature and continuance of operations**

MustGrow Biologics Corp. (formerly Duport Capital Ltd.) (the “Company”) was incorporated on December 2, 2014 as 1020673 BC Ltd. under the laws of the province of British Columbia, Canada.

On March 13, 2018 the Company completed a three-cornered amalgamation (the “Amalgamation”) pursuant to an amalgamation agreement between the Company, MPT Mustard Products & Technologies Inc. (“MPT”) and 102023826 Saskatchewan Ltd. (“Subco”), a wholly-owned subsidiary of the Company. Pursuant to the terms of the amalgamation agreement the Company acquired all of the issued and outstanding MPT common shares and MPT common share purchase warrants in exchange for the Company’s common shares and common share purchase warrants and MPT and Subco amalgamated pursuant to the provisions of The Business Corporations Act (Saskatchewan) and continued operations under the MPT name. The Company issued one common share for every two MPT common shares and one warrant for every two MPT warrants, for aggregate consideration of 10,454,154 common shares (post-consolidation) of the Company and 1,289,837 warrants of the Company being issued to the MPT shareholders and warrant holders. These consolidated financial statements are a continuation of the financial statements of MPT. See Note 4.

On March 29, 2018 the Company changed its name to MustGrow Biologics Corp.

The Company was previously a business development services company. Following the amalgamation, the company is now a technology development company developing new, novel, natural biopesticide products from mustard seed.

The head office, principal address, records office and registered address of the Company are located at 1005 – 201 1<sup>st</sup> Ave. S., Saskatoon, Saskatchewan, S7K 1J5, Canada.

These financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at and for the three months ended March 31, 2019, the Company has an accumulated deficit of \$9,431,227, negative operating cash flows of \$257,558 and a total net loss and comprehensive loss of \$284,830.

The Company’s ability to continue as a going concern depends on its ability to continue raising capital through share offerings to support the development of its products and to fund its operations. Although the Company has been successful in the past in raising capital through share placements, there is no assurance that this will continue to be successful.

The conditions described above indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. If the Company is unable to obtain additional financing, the Company will have insufficient funds to continue operations.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the company be unable to continue as a going concern. Such adjustments could be material.

## 2. Basis of preparation

The financial statements of the Company are prepared on a consolidated basis and include the operations and financial position of the Company and its wholly owned subsidiary MPT.

### *Statement of compliance*

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board, using accounting policies consistent with those used in the Company's annual financial statements for the year ended and as of December 31, 2018. They do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements.

## 3. Changes in significant accounting policies

### *New accounting standards adopted*

The Company applied IFRS 16, *Leases* for the first time. This is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of the lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the asset. Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. Based on the Company's assessment, there is no transitional impact in adopting the lease accounting requirements.

## 4. Reverse acquisition

Effective March 13, 2018, Duport Capital Ltd. ("Duport") entered into an amalgamation agreement with MPT Mustard Product Technologies Inc. ("MPT") and 102023826 Saskatchewan Ltd. ("Subco") to which Duport agreed to acquire all the securities of MPT after its amalgamation with Subco. The transaction was considered a reverse acquisition of MPT by Duport as defined in IFRS 3 Business Combinations. Accordingly, for accounting purposes, MPT was deemed to be the acquirer and Duport was deemed to be the acquiree under the transaction. Under this basis of accounting, the consolidated entity is considered to be a continuation of MPT, with the net identifiable assets of Duport deemed to have been acquired by MPT. Hence, MPT's balances were accounted for at cost and Duport was accounted for at fair value. The book value of Duport's assets and liabilities as at March 13, 2018 approximated their fair values as at that date. Since Duport does not meet the definition of a business, the transaction was accounted for under the provisions of IFRS 2 Share-based payment.

The difference between the fair value of the consideration and Duport's net assets has been recognized as a public listing expense in the statement of net loss and comprehensive loss.

The following represents management's estimate of the fair value of the net assets of Duport acquired at the date of the completion of the reverse acquisition:

MUSTGROW BIOLOGICS CORP.

Notes to the condensed interim consolidated financial statements

Unaudited

(Expressed in Canadian Dollars)

Three Months Ended March 31, 2019

Fair value of share consideration paid (a)	\$1,036,811
Loan payable from MPT to Duport (see note 7)	<u>(175,000)</u>
Total consideration	861,811
Allocated as follows:	
Cash	4,990
Trade and other receivables	29,077
Accounts payable and accrued liabilities	<u>(58,239)</u>
Net liabilities of Duport assumed	<u>(24,172)</u>
Public listing costs	\$ <u>885,983</u>

(a) The purchase consideration above was estimated based on the fair value attributed to the common shares that MPT would have had to issue to shareholders of Duport to acquire the same percentage equity interest in the combined entity that results from the reverse acquisition. The consideration paid was determined as equity-settled share-based payment under IFRS 2, at the fair value of the equity of MPT retained by the shareholders of Duport based on the fair value of the MPT common shares on the date of closing of the RTO, which was determined to be \$0.17 per share based on the equity raise on March 20, 2018.

In connection with the completion of the reverse acquisition transaction, the shareholders of MPT exchanged their shares for common shares of Duport on a two for one basis, and the MPT shares were cancelled. All outstanding MPT warrants were cancelled and replaced with Duport warrants (see note 6). On closing, the MPT shareholders held 10,454,154 shares (63%) and the Duport shareholders held 6,098,888 shares (37%) of the amalgamated company. The transaction, in substance, results in MPT being listed as a public entity and its shareholders acquiring the net assets of Duport. All equity of Duport is eliminated pursuant to the transaction.

**5. Debt**

	<b>March 31 2019</b>	<b>December 31 2018</b>
Ag-West Bio Inc. Loan	382,271	382,271
Saskatchewan Minister of Agriculture Loan	339,147	327,679
	<u>721,418</u>	<u>709,950</u>
Less current portion	<u>(339,147)</u>	-
	<u>382,271</u>	<u>709,950</u>

Under the terms of the Ag-West Bio Inc. loan, the Company will pay Ag-West a royalty of 5.00% of all gross revenues received by the Company or an affiliate commencing on the date the Company or its affiliates have attained \$500,000 in cumulative revenues beginning May 5, 2017. Gross revenue received is defined in the amendment to include all sources of revenue, including product sales, licensing revenue, sub-

MUSTGROW BIOLOGICS CORP.

Notes to the condensed interim consolidated financial statements

Unaudited

(Expressed in Canadian Dollars)

Three Months Ended March 31, 2019

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licensing revenue, and royalty revenue received, as well as proceeds derived from the sale of the assets or sales of MPT or an affiliate as part of a divestiture of the business or that would result in a change of control. The maximum amount Ag-West may receive under this agreement is \$750,000, with the first \$382,271 payments to be applied to pay down the principal outstanding. Ag-West has retained its general security interest in all of the Company's assets.

Under the terms of the Saskatchewan Minister of Agriculture loan, the principal amount of \$377,063 will be due on the earlier of February 1, 2020 and the day on which the Company earns cumulative revenue in excess of \$250,000 from the commercial sale of the products or technology with no interest accruing until this point in time. At such time, interest will be accrued at the prime rate plus 2% and increased to 10% per annum for any principal and interest in arrears. Interest accretion on this loan is being recorded at an effective rate of 14%. For the three months ended March 31, 2019, non-cash interest expense of \$11,469 was recorded (March 31, 2018 – \$10,060).

As at March 31, 2019 and December 31, 2018 there was \$205,734 owing to a related party, which is a shareholder of the Company. The amount is unsecured, non-interest bearing and payable seven days following the substantial sale of all of the assets of the Company. Notwithstanding, the Company intends to repay the amount when cash flow permits and therefore classifies the amount as a current liability. There are no restrictions on prepayment nor any prepayment penalty.

MUSTGROW BIOLOGICS CORP.

Notes to the condensed interim consolidated financial statements

Unaudited

(Expressed in Canadian Dollars)

Three Months Ended March 31, 2019

**6. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

	Number of Common Shares	Share Capital
<b>Balance, December 31, 2017</b>	10,454,154	\$ 5,582,461
Amalgamation	6,098,888	1,036,811
Issuance of shares and warrants	6,720,000	933,054
<b>Balance, December 31, 2018</b>	<u>23,273,042</u>	<u>\$ 7,552,326</u>
<b>Balance, December 31, 2018</b>	23,273,042	\$ 7,552,326
Issuance of shares	1,712,533	1,151,532
<b>Balance, March 31, 2019</b>	<u>24,985,575</u>	<u>\$ 8,703,858</u>

The number of common shares above and loss per share information have been retroactively adjusted to reflect the 2 for 1 exchange of MPT shares pursuant to the Amalgamation (see Note 1).

As at December 31, 2017, Duport had 5,696,600 shares issued and outstanding. On February 19, 2018, Duport issued 14,429,654 additional shares then completed a 3.3:1 share consolidation, resulting in a total of 6,098,888 number of shares outstanding immediately before the Amalgamation.

As at December 31, 2017, MPT had 20,908,633 shares issued and outstanding, which also represents the total number of shares outstanding immediately before the Amalgamation. Due to the 2 for 1 exchange ratio on Amalgamation, the number of MPT shares outstanding have been retroactively adjusted to 10,454,154, which is reflected as the Company's number of shares outstanding as of December 31, 2017.

On March 13, 2018, the Company was deemed to issue 6,098,888 common shares pursuant to the Amalgamation (see Note 1), representing the number of Duport shares outstanding immediately before the Amalgamation.

On March 20, 2018, the Company completed an issuance of 6,720,000 units (the "Unit Offering") consisting of one common share and one warrant to purchase one common share at \$0.35 per share (the "Unit"). Issue price was \$0.25 per Unit. The issue price allocated to the share portion of the Unit was \$0.17 and \$0.08 was allocated to the warrant. Proceeds, net of cash issuance costs of \$216,470, were \$1,463,530. Additional non-cash issuance costs of \$91,392 were calculated to reflect the issuance of the Unit Warrants, as described below.

The Company completed a private placement of common shares and issued 1,662,533 shares on March 12, 2019 and 50,000 shares on March 13, 2019, in the aggregate amount of 1,712,533 shares, at \$0.70 per common share for gross proceeds of \$1,198,773. Net proceeds after share issuance costs were \$1,151,532.

### **Stock options**

The Company has established a stock option plan (the "Option Plan") for directors, officers and consultants of the Company. The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting period, and the exercise price of options granted to individuals under the Option Plan.

Each stock option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company's Option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the aggregate number of common shares that are outstanding.

On December 17, 2018, the Company issued 2,200,000 options to directors, officers and consultants of the Company. Such options had an exercise price of \$0.25, a contractual life of five years and were vested 25% immediately and 25% on each of the next three anniversaries of issuance. The weighted-average fair value of these options at the date of issuance was estimated using the Black-Scholes option pricing model at \$0.10 per option, based on the following assumptions: expected annualized volatility of 100%; risk-free interest rate of 1.98%; expected dividend yield of 0%; expected life of three to five years. Stock based compensation of \$25,812 was recorded for the three months ended March 31, 2019.

A summary of the status of the stock options outstanding follows.

<u>Exercise price</u>	<u>Options outstanding</u>	<u>Expiry date</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Options exercisable</u>
\$0.25	2,200,000	2023-12-17	4.72	550,000

### **Warrants**

The Company has issued two types of warrants:

- Share warrants entitling the holder to acquire additional common shares of the Company at a fixed ratio of one for one (the "Share Warrants"); and
- Unit warrants entitling the holder to acquire additional Units of the Company at a fixed ratio of one for one (the "Unit Warrants").

MUSTGROW BIOLOGICS CORP.

Notes to the condensed interim consolidated financial statements

Unaudited

(Expressed in Canadian Dollars)

Three Months Ended March 31, 2019

A summary of the status of the Share Warrants outstanding follows.

	<u>Share Warrants</u>	<u>Weighted Average Exercise Price</u>
<b>Balance, December 31, 2017</b>	1,289,837	\$ 0.84
Issuance	8,120,000	0.35
Expiry	<u>(789,837)</u>	<u>1.19</u>
<b>Balance, December 31, 2018</b>	<u>8,620,000</u>	<u>\$ 0.35</u>
<b>Balance, March 31, 2019</b>	<u>8,620,000</u>	<u>\$ 0.35</u>

The Company also has outstanding at March 31, 2019 and December 31, 2018, 537,600 Unit Warrants to acquire Units for \$0.25 per Unit. These Unit Warrants are separate from the Share Warrants and not included in the table above.

All warrant values have been retroactively adjusted to reflect the 2 for 1 exchange of MPT shares pursuant to the Amalgamation (see Note 1).

On March 20, 2018, the Company issued 6,720,000 Share Warrants pursuant to the Unit Offering and recorded a gross amount of \$537,600 in contributed surplus based on the fair value of the warrants, reduced by the allocated cost of issuance. Each warrant entitles the holder to purchase one common share at \$0.35 per share until March 19, 2020.

On October 30, 2018, the Company issued 1,400,000 Share Warrants to a financial advisor in exchange for services. Such warrants have an exercise price of \$0.35, expire March 20, 2020 and vest 50% immediately and 50% on March 1, 2019. The fair value of these warrants was estimated using the Black-Scholes option pricing model at \$0.04 per warrant, based on the following assumptions: expected annualized volatility of 100%; risk-free interest rate of 2.22%; expected dividend yield of 0%; expected life of 1.4 years. Stock based compensation of \$56,000 was recorded for the year ended December 31, 2018.

Pursuant to the Unit Offering on March 20, 2018, the Company issued 537,600 Unit Warrants to intermediaries as compensation for Unit placement, and are accounted for as equity-settled share-based payments to non-employees under IFRS 2, and recorded \$91,392 in contributed surplus with the corresponding amount treated as a cost of issuance for share capital and warrants. Each warrant entitles the holder to acquire one Unit at a price of \$0.25 per Unit, each Unit comprised of one common share and one warrant to purchase a common share at \$0.35 per share until March 19, 2020. The fair value of these Unit Warrants at the date of issuance was estimated using the Black-Scholes option pricing model at \$0.17 per warrant, based on the following assumptions: expected annualized volatility of 120%; risk-free interest rate of 1.81%; expected dividend yield of 0%; expected life of two years.

MUSTGROW BIOLOGICS CORP.

Notes to the condensed interim consolidated financial statements

Unaudited

(Expressed in Canadian Dollars)

Three Months Ended March 31, 2019

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The following tables summarize the warrants that remain outstanding as at March 31, 2019:

<u>Share Warrants</u>	<u>Exercise Price</u>	<u>Expiry</u>
8,120,000	\$ 0.35	March 2020
<u>500,000</u>	\$ 0.30	36 months following the date the Company becomes listed on the Canadian Stock Exchange
<u><u>8,620,000</u></u>		

<u>Unit Warrants</u>	<u>Exercise Price</u>	<u>Expiry</u>
<u><u>537,600</u></u>	\$ 0.25	March 2020

**7. Related parties**

During the three months ended March 31, 2019, the Company incurred professional fees of \$99,000 (2018 – \$30,000) to directors and officers of the Company.

During the three months ended March 31, 2019, stock-based compensation related to stock options issued to directors and officers of the Company totaled \$25,812.

As at March 30, 2019 there was \$12,680 (December 31, 2018 – \$11,613) payable to directors and officers of the Company.

As at March 31, 2019 and December 31, 2018 there was \$205,734 owing to a related party, which is a shareholder of the Company. The amount is unsecured, non-interest bearing and payable seven days following the substantial sale of all of the assets of the Company. Notwithstanding, the Company intends to repay the amount when cash flow permits and therefore classifies the amount as a current liability. There are no restrictions on prepayment nor any prepayment penalty.

**8. Income taxes**

For income tax purposes, the Company has non-capital losses which can be applied to reduce future years' taxable income. These losses expire as follows:

2028	\$	284,090
2029		309,228
2030		967,482
2031		1,305,153
2032		1,283,488
2033		805,310
2034		687,056
2035		326,486
2036		288,403
2037		87,695
2038		861,339
	\$	<u>7,205,730</u>

Deferred tax assets have not been recognized in respect of tax losses because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

**9. Financial instruments*****Interest rate risk***

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's is not currently exposed to interest rate risk as there is no interest paid on debt outstanding.

***Foreign currency risk***

The company conducts certain of its operations in United States dollars and is limited to a small number of purchases in U.S. dollars which are recorded at the spot rate at the date of the transaction. As of March 31, 2019, the Company held U.S. dollar cash of \$362 (December 31, 2018 – \$412).

***Liquidity risk***

Liquidity risk arises from the possibility the company will not be able to meet its financial obligations as they become due or obtain financing as needed to pursue expansionary projects. Actual and forecasted cash flows are continuously monitored to reduce this liquidity risk. Management judges the future cash flows of the company are adequate to make payments as they become contractually due and existing banking arrangements are able to support the growth goals of the company. Refer to note 1 for disclosure regarding the company's ability to continue as a going concern.

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's maximum exposure to credit risk is the carrying amount of the accounts receivable, which is minimal.

***Financial instrument carrying values and fair values***

MUSTGROW BIOLOGICS CORP.

Notes to the condensed interim consolidated financial statements

Unaudited

(Expressed in Canadian Dollars)

Three Months Ended March 31, 2019

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For all current financial assets and financial liabilities, carrying amounts are assumed to approximate fair value due to the short-term maturities of these items and are in level 3, except for cash which is in level 1.

The long-term debt consists of the Ag-West Bio Inc. loan at March 31, 2019, and is valued using a discounted cash flow test taking into consideration the current market interest rate of interest with similar term to maturity and the company's current credit quality. As at March 31, 2019, the fair value of the long-term debt is \$382,271 (December 31, 2018 - \$709,950 which comprised of the Ag-West Bio Inc. and Saskatchewan Minister of Agriculture loans) and is classified as level 3 in the fair value hierarchy.

**10. Prospectus**

On March 25, 2019, the Company filed a non-offering preliminary long form prospectus with the financial regulators in each of Saskatchewan, Alberta and British Columbia. The prospectus is currently under review, pending approval. No securities are being offered pursuant to this prospectus. It was filed for the purpose of providing full public disclosure pursuant to the Company's application to list its common shares on the Canadian Securities Exchange.

## **APPENDIX 6**

MustGrow Biologics Corp. (formerly Duport Capital Ltd.) Management's Discussion and Analysis for the three month period ended March 31, 2019.

**PLEASE SEE THE ATTACHED**

# MUSTGROW BIOLOGICS CORP.

## (Formerly Duport Capital Ltd.)

### Management's Discussion and Analysis

For the Three Months Ended March 31, 2019

#### General

This management discussion and analysis of financial position and results of operations ("**MD&A**") is prepared as at May 29, 2019 and should be read in conjunction with the consolidated interim financial statements for the three months ended March 31, 2019 and the audited financial statements for the year ended December 31, 2018 and related notes of MustGrow Biologics Corp. (formerly Duport Capital Ltd.) (the "**Company**" or "**Duport**"). The interim condensed financial statements, including comparatives, were prepared in accordance with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee ("**IFRIC**").

Management is responsible for the preparation and integrity of the Company's consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Description of Business

On March 13, 2018 the Company completed a three-corned amalgamation (the "**Amalgamation**") pursuant to an amalgamation agreement between the Company, MPT Mustard Products & Technologies Inc. ("**MPT**") and 102023826 Saskatchewan Ltd. ("**Subco**"). Pursuant to the terms of the amalgamation agreement the Company acquired all of the issued and outstanding MPT common shares and MPT common share purchase warrants in exchange for the Company's common shares and common share purchase warrants and MPT and Subco amalgamated pursuant to the provisions of *The Business Corporations Act* (Saskatchewan). The Company issued one common share for every two MPT common share and one warrant for every two MPT warrants, for aggregate consideration of 10,454,154 common shares (post-

consolidation) of the Company and 1,289,837 warrants of the Company being issued to the MPT shareholders and warrant holders.

On March 29, 2018 the Company changed its name to MustGrow Biologics Corp.

The Company was previously a business development services company. Following the Amalgamation, the company is now a technology development company developing new, novel, natural biopesticide products from mustard seed.

### **Share Issuances**

On February 19, 2018, Duport issued 14,429,654 additional shares then completed a 3.3:1 share consolidation, resulting in a total of 6,098,888 number of shares outstanding immediately before the Amalgamation.

On March 12, 2018, the Company completed an approximate 3.3:1 consolidation of common shares.

On March 13, 2018, the Company issued 10,454,454 common shares pursuant to the Amalgamation. The Amalgamation was deemed to be a reverse takeover of the Company by MPT. Accordingly, for accounting purposes, MPT was deemed to issue 6,098,888 shares to acquire the Company.

On March 20, 2018, the Company completed an issuance of 6,720,000 units (the "Unit Offering") consisting of one common share and one warrant to purchase one common share at \$0.35 per share (the "Unit"). Issue price was \$0.25 per Unit. Proceeds net of issuance costs were \$1,463,530.

On March 12, 2018, the Company issued 1,289,837 warrants (each to purchase one common share) pursuant to the Amalgamation. 789,837 such warrants had exercise prices of \$1.00 to \$1.20 per share and expired between June and September 2018. 500,000 of such warrants have an exercise price of \$0.30 per share and expire 36 months following the date the Company becomes listed on the Canadian Stock Exchange.

On March 20, 2018, the Company issued 6,720,000 warrants pursuant to the Unit Offering. Each warrant entitles the holder to purchase one common share at \$0.35 per share until March 19, 2020.

Pursuant to the Unit Offering on March 20, 2018, the Company issued 537,600 unit warrants to intermediaries as compensation for Unit placement. Each warrant entitles the holder to purchase one Unit at \$0.25 per Unit until March 19, 2020.

On October 30, 2018, the Company issued 1,400,000 Share Warrants to a financial advisor in exchange for services. Such warrants have an exercise price of \$0.35, expire March 20, 2020 and vest 50% immediately and 50% on March 1, 2019.

On December 17, 2018, the Company issued 2,200,000 options to directors, officers and consultants of the Company. Such options had an exercise price of \$0.25, a contractual life of five years and were vested 25% immediately and 25% on each of the next three anniversaries of issuance.

The Company completed a private placement of common shares and issued 1,662,533 shares on March 12, 2019 and 50,000 shares on March 13, 2019, in the aggregate amount of 1,712,533 shares, at \$0.70 per common share for gross proceeds of \$1,198,773 (the "March 2019 Private Placement"). Net proceeds after share issuance costs were \$1,151,532.

### **Results of Operations, Cash Flows and Financial Position**

Following the Unit Offering, the Company incurred administrative, corporate communications and professional fees related to preparation of a non-offering preliminary prospectus ("**Prospectus**") for the purpose of providing full public disclosure pursuant to the Company's application to list its common shares on the Canadian Securities Exchange. This Prospectus was filed on March 25, 2019 with the financial regulators in each of Saskatchewan, Alberta and British Columbia. The Prospectus is currently under review, pending approval. No securities are being offered pursuant to the Prospectus.

For the three months ended March 31, 2019, the Company incurred a loss of \$284,830 compared to a loss of \$1,212,765 for the three months ended March 31, 2018.

The decrease in the loss for the three-month period is due to the large listing fees related to the Amalgamation in 2018 as well as higher corporate communications costs following the Unit Offering in 2018. This was offset by increased office and administration and professional fees in 2019 related to the increased activity level of the Company made possible by the Unit Offering and the Company's Prospectus filing activities.

Cash used in operating activities for the three months ended March 31, 2019 was \$257,558 compared to \$397,083 for the three months ended March 31, 2018. This decrease was due to the higher net loss in the 2018 period, not including listing fees which are a non-cash expense.

Cash provided by financing activities for the three months ended March 31, 2019 was \$1,151,532 compared to \$1,468,520 for the three months ended March 31, 2018. These amounts relate to the March 2019 Private Placement and the Unit Offering, respectively.

Total assets increased to \$1,415,320 at March 31, 2019 compared to \$534,278 at December 31, 2018 due to the cash raised on the March 2019 Private Placement.

Total liabilities decreased from \$1,019,832 at December 31, 2018 to \$1,008,360 at March 31, 2019 due to the decrease in accounts payable and accrued liabilities, offset by the increase in long-term debt related to interest accretion.

### **Selected Quarterly Information**

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. Results prior to March 31, 2018 are those of MPT on a non-consolidated basis. All dollar amounts are in Canadian dollars. Selected quarterly information was restated to reflect the listing fee resulting from the Amalgamation and finance costs related to adjustments to the accounting for long-term debt obligations.

Quarter Ended	Revenue \$	Income (loss) for the period \$	Income (loss) per Share (Basic & Diluted) \$
March 31, 2019	0	(284,830)	(0.01)
December 31, 2018	2,000	(280,778)	(0.01)
September 30, 2018	0	(223,156)	(0.01)
June 30, 2018	0	(176,678)	(0.01)
March 31, 2018	0	(1,212,765)	(0.10)
December 31, 2017	0	(109,209)	(0.01)
September 30, 2017	0	(94,807)	(0.00)
June 30, 2017	2,102	(75,841)	(0.00)

The Unit Offering completed in March 2018 generated cash flows which significantly increased assets and allowed the Company to increase its activity level, resulting in increased net losses for periods subsequent to March 31, 2018. The loss for the three months ended March 31, 2018 includes non-cash listing fees of \$885,983 resulting from the Amalgamation.

### **Financial Condition, Liquidity and Capital Resources**

The Company's working capital at March 31, 2019 was \$789,231 including cash of \$1,401,303. The Company does not generate positive cash flows. The Company is reliant on equity financing or shareholder loans to provide the necessary cash to acquire or participate in an active business. There can be no assurance that equity financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

The Company has not entered into any off-balance sheet arrangements.

### **Related Party Transactions**

During the three months ended March 31, 2019, the Company incurred professional fees of \$99,000 (2018 – \$30,000) to directors and officers of the Company.

During the three months ended March 31, 2019, stock-based compensation related to stock options issued to directors and officers of the Company totaled \$25,812 (2018 – nil).

As at March 30, 2019 there was \$12,680 (December 31, 2018 – \$11,613) payable to directors and officers of the Company.

As at March 31, 2019 and December 31, 2018 there was \$205,734 owing to a related party, which is a shareholder of the Company. The amount is unsecured and payable seven days following the substantial sale of all of the assets of the Company. Notwithstanding, the Company intends to repay the amount when cash flow permits and therefore classifies the amount as a current liability. There are no restrictions on prepayment nor any prepayment penalty.

### **Financial Instruments and Risk Management Fair Values**

The fair values of cash and equivalents, receivables and trade payables approximate their book values because of the short-term nature of these instruments.

#### **(a) Financial Risk Management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

#### **(b) Financial Instrument Risk Exposure**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

##### *Credit Risk*

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company does not have any receivables, and anticipates any future receivables will consist primarily of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

##### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities.

Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant, but the Company is not currently subject to any such risks in a material way.

#### (a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

#### (b) Foreign currency risk

The Company is not exposed to any material foreign currency risk on fluctuations in exchange rates.

#### (c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### **Contingencies**

The Company is not aware of any contingencies or pending legal proceedings as of the date of this MD&A.

### **Additional share information**

As at March 31, 2019 the Company had outstanding:

- (i) 24,985,575 common shares;
- (ii) 8,620,000 warrants, options or other securities convertible into shares;
- (iii) 2,200,000 stock options convertible into shares; and

(iii) 537,600 warrants convertible in to Units consisting of one share and one warrant to purchase one share at \$0.35.

### **Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

### **Cautionary Statement on Forward Looking Information**

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied.

**APPENDIX 7**

MPT Mustard Products & Technologies Inc. Audited Financial Statements for the years ended  
December 31, 2017 and December 31, 2016.

**PLEASE SEE THE ATTACHED**

# **MPT Mustard Products & Technologies Inc.**

Financial Statements  
December 31, 2017 and 2016

# Independent auditors' report

To the Shareholders of  
**MPT Mustard Products & Technologies Inc.**

We have audited the accompanying financial statements of **MPT Mustard Products & Technologies Inc.**, which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

## **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **MPT Mustard Products & Technologies Inc.** as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years in accordance with International Financial Reporting Standards.



## Independent auditors' report [continued]

### Emphasis of matter

Without qualifying our opinion, we draw attention to note 2 to the financial statements, which indicates that the Company incurred a net loss of \$197,564 during the year ended December 31, 2017 and had a working capital deficit of \$535,676 as at December 31, 2017. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Saskatoon, Canada  
October 26, 2018

*Ernst + Young LLP*

Chartered Professional Accountants



**MPT Mustard Products & Technologies Inc.**

**Statements of financial position**

As at December 31

	2017 \$	2016 \$
<b>Assets</b>		
<b>Current</b>		
Cash	7,156	52,445
Prepaid expenses	4,584	3,095
GST receivable	4,185	3,675
	<u>15,925</u>	<u>59,215</u>
<b>Liabilities and shareholders' equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	170,867	111,969
Loan payable <i>[notes 4, 11 &amp; 13]</i>	175,000	-
Due to related parties <i>[note 5]</i>	205,734	205,734
Current portion of long-term debt <i>[note 6]</i>	-	759,334
<b>Total current liabilities</b>	<u>551,601</u>	<u>1,077,037</u>
Long-term debt <i>[note 6]</i>	669,710	-
<b>Total liabilities</b>	<u>1,221,311</u>	<u>1,077,037</u>
<b>Shareholders' equity</b>		
Share capital <i>[note 7]</i>	5,582,461	5,582,461
Contributed surplus	465,173	455,173
Deficit	(7,253,020)	(7,055,456)
Accumulated other comprehensive income	-	-
<b>Total shareholders' equity</b>	<u>(1,205,386)</u>	<u>(1,017,822)</u>
	<u>15,925</u>	<u>59,215</u>

See accompanying notes

On behalf of the Board

\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

## MPT Mustard Products & Technologies Inc.

### Statements of loss and comprehensive loss

Year ended December 31

	2017	2016
	\$	\$
<b>Revenue</b>		
Sales	2,102	-
Government grants <i>[note 8]</i>	-	109,015
	<u>2,102</u>	<u>109,015</u>
<b>Expenses</b>		
Amortization	-	1,079
Office and administration <i>[note 11]</i>	272,772	222,985
Registration and promotion	15,520	17,949
Research and development	749	21,256
	<u>289,041</u>	<u>263,269</u>
Loss before the following	(286,939)	(154,254)
Loss on sale of equipment	-	(2,172)
Loss on foreign exchange	(249)	(3,196)
Gain on extinguishment of debt <i>[note 6]</i>	116,937	-
Finance cost <i>[note 6]</i>	(27,313)	(12,665)
	<u>89,375</u>	<u>(18,033)</u>
<b>Net loss for the year</b>	(197,564)	(172,287)
<b>Total comprehensive loss for the year</b>	<u>(197,564)</u>	<u>(172,287)</u>

See accompanying notes

**MPT Mustard Products & Technologies Inc.**

**Statements of changes in equity**

Year ended December 31, 2017

	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, December 31, 2015</b>	5,582,461	455,173	(6,883,169)	(845,535)
Net loss for the year	-	-	(172,287)	(172,287)
<b>Balance, December 31, 2016</b>	5,582,461	455,173	(7,055,456)	(1,017,822)
Net loss for the year	-	-	(197,564)	(197,564)
Warrants issued for services <i>[note 7]</i>	-	10,000	-	10,000
<b>Balance, December 31, 2017</b>	<b>5,582,461</b>	<b>465,173</b>	<b>(7,253,020)</b>	<b>(1,205,386)</b>

*See accompanying notes*

## MPT Mustard Products & Technologies Inc.

### Statements of cash flows

Year ended December 31

	2017	2016
	\$	\$
<b>Operating activities</b>		
Net loss for the year	(197,564)	(172,287)
Add (deduct) items not involving cash		
Amortization	-	1,079
Loss on sale of equipment	-	2,172
Gain on extinguishment of debt	(116,937)	-
Accrued interest on long-term debt <i>[note 6]</i>	27,313	-
Issuance of warrants	10,000	-
<b>Total adjustments</b>	<b>(277,188)</b>	<b>(169,036)</b>
Net change in non-cash working capital balances		
Prepaid expenses	(1,489)	(72)
GST receivable	(510)	2,964
Accounts payable and accrued liabilities	58,898	72,177
<b>Cash used in operating activities</b>	<b>(220,289)</b>	<b>(93,967)</b>
<b>Investing activities</b>		
Proceeds on disposal of equipment	-	6,000
<b>Cash provided by investing activities</b>	<b>-</b>	<b>6,000</b>
<b>Financing activities</b>		
Proceeds from loan payable	175,000	-
Proceeds of long-term debt	-	12,659
<b>Cash provided by financing activities</b>	<b>175,000</b>	<b>12,659</b>
<b>Net decrease in cash during the year</b>	<b>(45,289)</b>	<b>(75,308)</b>
Cash, beginning of year	52,445	127,753
<b>Cash, end of year</b>	<b>7,156</b>	<b>52,445</b>

See accompanying notes

# **MPT Mustard Products & Technologies Inc.**

## **Notes to the financial statements**

December 31, 2017

### **1. Nature of operations**

MPT Mustard Products & Technologies Inc. (the "company"), is located in Saskatoon, Saskatchewan and was incorporated under the Business Corporations Act of Saskatchewan on October 16, 2008. It is a technology company using applied science to develop natural soil fumigants and fertilizers from mustard seed for the global agricultural pesticide industry.

The company is domiciled in the province of Saskatchewan and its mailing address is 201 - 1st Avenue South, Suite 1005, Saskatoon, Saskatchewan, S7K 1J5.

### **2. Going concern**

These financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at December 31, 2017, the company had a working capital deficit of \$535,676, an accumulated deficit of \$7,253,020, negative operating cash flows of \$220,289 and a total net loss and comprehensive loss of \$197,564 in 2017.

The Company's ability to continue as a going concern depends on its ability to continue raising capital through share offerings to support the development of its products and to fund its operations. Although the Company has been successful in the past in raising capital through share placements, there is no assurance that this will continue to be successful.

The conditions described above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. If the Company is unable to obtain additional financing, the Company will have insufficient funds to continue operations.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the company be unable to continue as a going concern. Such adjustments could be material.

In the subsequent period, the Company completed a three-cornered amalgamation, as disclosed in note 13.

### **3. Summary of significant accounting policies**

#### **Basis of presentation**

These financial statements for the years ended December 31, 2017 and 2016 are prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, or available for sale which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements are presented in Canadian dollars, which is the company's functional currency.

The financial statements were authorized for issuance by the board of directors on October 26, 2018.

#### **Cash**

Cash consists of balances with financial institutions.

# **MPT Mustard Products & Technologies Inc.**

## **Notes to the financial statements**

December 31, 2017

### **3. Summary of significant accounting policies [continued]**

#### **Income taxes**

Income taxes are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between financial statement carrying amounts and amounts used for tax purposes. These amounts are measured using enacted or substantially enacted tax rates at the reporting date and re-measured annually for rate changes. Deferred income tax assets are recognized for the benefit of deductions available to be carried forward to future periods for tax purposes to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred taxes 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 on the same taxable entity, or for different tax entities where the company intends to settle its current tax assets and liabilities on a net basis or simultaneously.

#### **Revenue recognition**

Revenue from sales of products is recognized when title passes to customers, which is at the time goods are shipped and when collectability is reasonably assured.

Government grant revenue is recognized when conditions of the grant have been met.

#### **Share based payments**

Options and warrants granted are equity-settled and accounted for using the fair value method. Under this method, the fair value of stock options and warrants granted are measured at estimated fair value at the grant date and recognized over the vesting period. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

The company uses the Black-Scholes option-pricing method to determine the fair value of these options and warrants taking into consideration terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

# MPT Mustard Products & Technologies Inc.

## Notes to the financial statements

December 31, 2017

### 3. Summary of significant accounting policies [continued]

#### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost, less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use and is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

#### Financial asset impairment

The company assesses financial assets, other than those recorded at fair value through profit or loss ("FVTPL"), for indicators of impairment at each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated future cash flows of the asset have been negatively affected.

Objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, default or delinquency, disappearance of an active market for the security or prolonged decline in fair value of a security.

Impairment losses on financial assets carried at amortized cost are measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. When available for sale financial assets are considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed, does not exceed what the amortized cost would have been had the impairment not been recognized.

#### Financial instruments

All financial instruments are initially recognized at fair value. Transaction costs are included in the initial carrying amount, except in the case of financial assets and liabilities classified as FVTPL, in which case they are expensed as incurred. The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the instruments were acquired and the item's characteristics. The company uses settlement date accounting for regular way contracts when recording financial asset transactions. All financial instruments are classified as FVTPL, loans and receivables, held to maturity, available for sale or other financial liabilities. All policies applicable to the company are defined below.

# MPT Mustard Products & Technologies Inc.

## Notes to the financial statements

December 31, 2017

### 3. Summary of significant accounting policies [continued]

#### Financial instruments [continued]

##### *Fair value through profit or loss*

Financial assets and financial liabilities classified as FVTPL when the instrument is held for trading or is initially designated as FVTPL. Financial instruments which are purchased for the intention of generating profits in the near term are classified as held for trading. Financial assets and financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized immediately in profit or loss.

The company has classified cash as FVTPL.

##### *Loans and receivables*

Loans and receivables include non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market and that the company does not intend to sell immediately or in the near term. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment. Interest income, calculated using the effective interest rate method, is recognized in profit or loss.

##### *Other financial liabilities*

Other financial liabilities are those liabilities which have not been classified as FVTPL. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, calculated using the effective interest rate method, is recognized in profit or loss.

The company has classified the following financial liabilities as other financial liabilities: accounts payable and accrued liabilities, amounts due to related parties and loan payable and long-term debt.

##### *Held to maturity*

Held to maturity financial assets are non-derivative assets with fixed or determinable payments and fixed maturity dates that the company has the positive intention and ability to hold until the maturity date, and which are not designated as another category. Held to maturity financial assets are subsequently measured at amortized cost using the effective interest method, less any impairment, with interest revenue recognized in profit or loss.

The company has no financial assets classified as held to maturity.

##### *Available for sale*

Available for sale financial assets are non-derivative financial assets that are not classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains or losses recognized in other comprehensive income until the financial instrument is disposed of, or impaired, at which time it is recognized in earnings.

The company has no financial assets classified as available for sale.

## **MPT Mustard Products & Technologies Inc.**

### **Notes to the financial statements**

December 31, 2017

#### **3. Summary of significant accounting policies [continued]**

##### **Fair value hierarchy**

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction on the measurement date. Fair values are determined by reference to quoted bid or asking prices in an active market. In the absence of an active market, the company determines fair value based on internal or external valuation models, such as discounted cash flow analysis or using observable market based inputs [bid and ask price] for instruments with similar characteristics and risk profiles.

The company classifies fair value measurement recognized in the statement of financial position using a three tier fair value hierarchy, which reflects the significance of inputs used in measuring fair value as follows:

- Level 1 : Quoted prices [unadjusted] are available in active markets for identical assets or liabilities;
- Level 2 : Inputs other than quoted prices in active markets [from Level 1] that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : Valuation techniques that include significant unobservable inputs.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

##### **Use of estimates and judgments**

The preparation of the financial statements required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant use of judgments and estimates is in the fair value determination:

The fair value of financial instruments and warrants is the amount at which the instrument could be exchanged in a current transaction between willing parties. The methods and assumptions used by management in estimating fair value of the company's financial instruments are outlined in the fair value hierarchy section of note 3, significant accounting policies. Wherever possible, the company uses observable inputs, such as quoted prices in active markets, in determining the fair value of financial instruments.

## **MPT Mustard Products & Technologies Inc.**

### **Notes to the financial statements**

December 31, 2017

#### **3. Summary of significant accounting policies [continued]**

##### **Future change in accounting policies**

The IASB has issued new and amended IFRS standards, which are not yet effective for the company. None of the new or amended standards have been implemented in these financial statements. The significant changes to the standards are as follows:

- IFRS 9 Financial Instruments: sets out the requirements for the classification and measurement of financial assets and liabilities and a substantially reformed approach to hedge accounting. The new standard will come into effect on January 1, 2018.
- IFRS 15 Revenue from Contracts with Customers: specifies how and when to recognize revenue, and introduces more informative, relevant disclosures. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and a number of revenue related interpretations. IFRS 15 will come into effect January 1, 2018
- IFRS 16 Leases: outlines requirements for lessees to recognize assets and liabilities for most leases. Lessees are required to recognize the lease liability for the obligations to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. Lease liability is measured at the present value of lease payments to be made over the term of the lease. The right-of-use asset is initially measured at the amount of the lease liability and adjusted for prepayments, direct costs and incentives received. The new standard will be effective for annual periods beginning on or after January 1, 2019.

The Company will adopt the above standards on their effective dates. Based on the Company's assessment, there is no transitional adjustment required upon the adoption of IFRS 9 and IFRS 15. The Company is currently assessing the impact of IFRS 16.

#### **4. Loan payable**

The loan payable is due to Duport Capital Ltd. and is non-interest bearing, unsecured and has no set repayment terms [see notes 11 and 13].

#### **5. Due to related party**

Amounts due to related parties are advances from a shareholder and a company owned by the shareholder, are unsecured, non-interest bearing and are payable on demand.

## MPT Mustard Products & Technologies Inc.

### Notes to the financial statements

December 31, 2017

#### 6. Long-term debt

	2017 \$	2016 \$
Ag-West Bio Inc. loan	382,271	382,271
Saskatchewan Minister of Agriculture loan	287,439	377,063
	<b>669,710</b>	759,334
Less current portion	-	759,334
	<b>669,710</b>	-

Prior to July 2017, the Ag-West Bio Inc. ("Ag-West") loan was at prime plus 2.00% with principal and interest to be paid in 36 equal monthly instalments starting after December 31, 2012 with full repayment by January 31, 2016 plus a royalty annual payment of 0.5% of all gross revenue during the five year period from January 1, 2012 to December 31, 2016 with the last royalty payment due April 30, 2017. In July 2017, the Company amended the terms of the loan with Ag-West and all interest owing to such date were forgiven. After the amendment, the Company continues to owe the outstanding principal of \$382,271 and will pay Ag-West a royalty of 5.00% of all gross revenues received by the Company or an affiliate commencing on the date the Company or its affiliates have attained \$500,000 in cumulative revenues beginning May 5, 2017. Gross revenue received is defined in the amendment to include all sources of revenue, including product sales, licensing revenue, sub-licensing revenue, and royalty revenue received, as well as proceeds derived from the sale of the assets or sales of MPT or an affiliate as part of a divestiture of the business or that would result in a change of control. The maximum amount Ag-West may receive under this agreement is \$750,000, with the first \$382,271 payments to be applied to pay down the principal outstanding. Ag-West has retained its general security interest in all of the Company's assets. The modification has been treated as an extinguishment as the modified terms have been assessed to be substantially different than the original terms. As a result, the original loan has been derecognized at the carrying value and the modified loan has been recognized at fair value of \$382,271.

On April 4, 2017 the Saskatchewan Minister of Agriculture loan was amended. The original terms of the loan required the principal and interest repaid in instalments with the last payment due on June 1, 2014, and earned interest at the prime rate plus 2% and increased to 10% per annum for any principal and interest in arrears. The amendment revised the terms such that the principal amount of \$377,063 will be due on the earlier of February 1, 2020 and the day on which the Company earns cumulative revenue in excess of \$250,000 from the commercial sale of the products or technology with no interest accruing until this point in time. At such time, interest will be accrued at the prime rate plus 2% and increased to 10% per annum for any principal and interest in arrears. All interest owing up to the modification date were forgiven. The Company has determined that the revised terms were substantially different than the original terms of the loan and as a result have been accounted for as an extinguishment of the original loan and the recognition of a new financial liability at fair value of \$260,126. As a result, a gain on extinguishment of debt of \$116,937 has been recorded in the statement of loss and comprehensive loss. Interest accretion on the new financial liability is being recorded at an effective rate of 14%. As of December 31, 2017, non-cash interest expense of \$27,313 was recorded.

As at December 31, 2016 the Company was not making the required repayments and as a result was in default of both loan agreements and had presented these as current liabilities. As a result of these modifications to the debt agreements, the Company is no longer in default as defined in the loan agreements and as such the carrying amounts of both debt instruments are presented as long-term liabilities in the current year.

## MPT Mustard Products & Technologies Inc.

### Notes to the financial statements

December 31, 2017

#### 7. Share capital

##### Authorized

Unlimited Class A voting, common shares

##### Issued

	2017	2016
	\$	\$
20,908,633 Class A voting, common shares	<b>5,582,461</b>	5,582,461

##### Stock options

The directors of the company have adopted, and the shareholders have approved, a stock option plan pursuant to which the directors may from time to time grant options for up to 10% of its issued and outstanding shares. The purpose of the option plan is to attract, retain and motivate directors and employees of the company to advance the interests of the company by providing such persons with the opportunity, through stock options that vest when granted, to acquire an equity interest in the company.

	2017		2016	
	Number of options	Exercise price \$	Number of options	Exercise price \$
Outstanding options at the beginning of the year	490,000	0.42	1,290,000	0.42
Expired	(390,000)	0.43	(800,000)	0.41
Closing	<b>100,000</b>	<b>0.50</b>	490,000	0.42

The following table summarizes the options outstanding and exercisable as of December 31, 2017:

Exercise date	Number exercisable and outstanding	Weighted average remaining contractual life	Exercise price
July 23, 2018	100,000	0.56	\$0.50

During the year ended December 31, 2017, there were no new options granted [2016 - nil]. Subsequent to year-end, 100,000 options with an exercise price of \$0.50 expired.

## MPT Mustard Products & Technologies Inc.

### Notes to the financial statements

December 31, 2017

#### 7. Share capital [continued]

##### Warrants

The company has issued warrants entitling the holder to acquire additional common shares of the Company at a fixed ratio of one for one. A summary of the outstanding warrants is as follows.

	2017		2016	
	Warrants outstanding	Exercise price \$	Warrants outstanding	Exercise price \$
Opening	1,629,674	0.59	1,762,474	0.58
Issued	1,000,000	0.15	-	-
Expired	(50,000)	0.50	(132,800)	0.39
	<b>2,579,674</b>	<b>0.42</b>	<b>1,629,674</b>	<b>0.59</b>

The following table summarizes the warrants outstanding and exercisable at December 31, 2017:

Exercise period	Warrants issued	Exercise price
June 28, 2018	1,182,800	0.60
July 23, 2018	100,000	0.50
September 1, 2018	196,874	0.60
September 18, 2018	100,000	0.60
36 months following listing	<u>1,000,000</u>	0.15
	<b><u>2,579,674</u></b>	

During the year ended December 31, 2017, 1,000,000 warrants with an exercise price of \$0.15 were issued with an expiry of 36 months following the date the Company is listed on the Canadian Securities Exchange. These warrants were issued for services to recapitalize the company and the value of the services were determined by reference to the fair value of the warrants at \$0.01 per warrant using a Black-Scholes because the direct fair value of the services received cannot be reliably estimated. The inputs to the Black-Scholes model were \$0.01 price for the common shares, expected volatility of 136%, dividend rate of nil, and a risk-free rate of 1.07% at the date of when the services were received. As a result, \$10,000 is included within office and administration expenses relating to the issuance of these warrants.

During the year 50,000 warrants with an exercise price of \$0.50 expired. Subsequent to year-end, 1,479,674 warrants with an exercise price of \$0.60 and 100,000 warrants with an exercise price of \$0.50 expired.

#### 8. Government grants

Government grants have been received from Sustainable Development Technology Canada relating to research and development projects. There are no unfulfilled conditions or contingencies attached to these grants.

## MPT Mustard Products & Technologies Inc.

### Notes to the financial statements

December 31, 2017

#### 9. Income taxes

For income tax purposes, the company has non-capital losses which can be applied to reduce future years' taxable income. These losses expire as follows:

	<u>\$</u>
2029	284,090
2030	309,228
2031	967,482
2032	1,305,153
2033	1,283,488
2034	805,310
2035	687,056
2036	230,486
2037	268,403
	<u>6,140,696</u>

The benefit of these losses has not been recognized in the financial statements.

#### 10. Capital management

The company's primary objective when managing capital is to ensure that it has sufficient resources to maintain its ongoing operations. The company considers loan payable, amounts due to related parties, long-term debt and total shareholders' equity in the definition of capital.

	<u>2017</u>	<u>2016</u>
	\$	\$
Loan payable	175,000	-
Due to related parties	205,734	205,734
Long term debt	669,710	759,334
Shareholders' equity	<u>(1,205,386)</u>	<u>(1,017,822)</u>
	<u>(154,942)</u>	<u>(52,754)</u>

#### 11. Related party transactions

During the year, the company entered into the following transactions with related parties:

Storage rental payments of \$8,000 [2016 - \$8,400] were paid to a close family member of key management personnel and individuals who hold significant influence.

In 2017, consulting fees of \$80,000 [2016 - \$32,760] were paid to companies owned by members of management.

The loan payable that is outstanding at year-end as describe in note 4 is due to Duport Capital Ltd. Subsequent to year-end, as describe in note 13, the Company completed an amalgamation with Duport Capital Ltd.

The nature and terms of the amounts due to related parties are disclosed in note 5.

# MPT Mustard Products & Technologies Inc.

## Notes to the financial statements

December 31, 2017

### 12. Financial instruments

#### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's is not exposed to interest rate risk as there is no interest paid on the loan payable or long-term debt.

#### Foreign currency risk

The company conducts certain of its operations in United States dollars and is limited to a small number of purchases in U.S. dollars which are recorded at the spot rate at the date of the transaction. The following balances were included in the financial statements:

	2017 \$	2016 \$
Cash	399	776
Accounts payable and accrued liabilities	-	175

#### Liquidity risk

Liquidity risk arises from the possibility the company will not be able to meet its financial obligations as they become due or obtain financing as needed to pursue expansionary projects. Actual and forecasted cash flows are continuously monitored to reduce this liquidity risk. Management judges the future cash flows of the company are adequate to make payments as they become contractually due and existing banking arrangements are able to support the growth goals of the company. Refer to note 2 for disclosure regarding the company's ability to continue as a going concern.

#### Financial instrument carrying values and fair values

For all current financial assets and financial liabilities, the carrying amounts are assumed to approximate fair value due to the short-term maturities of these items and are in level 3, except for cash which is in level 1.

The long-term debt is valued using a discounted cash flow taking into consideration the current market interest rate of interest with similar term to maturity and the company's current credit quality.

The following tables present, as at December 31, 2017 and 2016, the level within the fair value hierarchy for each of the non-current financial liabilities measured at fair value:

	2017		
	Level 1 \$	Level 2 \$	Level 3 \$
Long-term debt	-	-	(669,710)

	2016		
	Level 1 \$	Level 2 \$	Level 3 \$
Long-term debt	-	-	(759,334)

## **MPT Mustard Products & Technologies Inc.**

### **Notes to the financial statements**

December 31, 2017

#### **13. Subsequent events**

Subsequent to the year end, effective March 18, 2018, the Company completed a three-cornered amalgamation (the "Amalgamation") pursuant to an amalgamation agreement between the Company, MustGrow Biologics Corp Inc. ("MustGrow") and 102023826 Saskatchewan Ltd. ("Subco"). Pursuant to the terms of the amalgamation agreement MustGrow acquired all of the issued and outstanding common shares and common share purchase warrants of the Company in exchange for MustGrow's common shares and common share purchase warrants and the Company and Subco amalgamated pursuant to the provisions of The Business Corporations Act (Saskatchewan). MustGrow issued one common share for every two common shares of the Company and on warrant for every two warrants of the Company, for aggregate consideration of 10,454,154 common shares (post-consolidation) of MustGrow and 1,289,837 warrants of MustGrow being issued to the shareholders and warrant holders of the Company. At year-end, the Company has a loan payable to MustGrow, formerly named Duport Capital Ltd. This loan became a related party balance on amalgamation and was repaid subsequent to year-end.

#### **14. Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

## **APPENDIX 8**

MPT Mustard Products & Technologies Inc. Management's Discussion and Analysis for the year ended December 31, 2017.

**PLEASE SEE THE ATTACHED**

# MPT Mustard Products & Technologies Inc.

## Management's Discussion and Analysis

For the Year Ended December 31, 2017

### General

This management discussion and analysis of financial position and results of operations ("MD&A") is prepared as at February 1, 2019 and should be read in conjunction with the audited financial statements for the year ended December 31, 2017 and related notes of MPT Mustard Products & Technologies Inc. (the "Company"). The audited financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Management is responsible for the preparation and integrity of the Company's financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

### Description of Business

The Company is a research and development company investigating technologies to create natural biopesticides from mustard seed.

### Selected Annual Information

	2017 \$	2016 \$	2015 \$
Revenue	2,102	109,015	12,417
Net loss	197,564	172,287	582,734
Net loss per share, basic and diluted	0.01	0.01	0.03
Assets	15,925	59,215	146,666
Non-current financial liabilities	669,710	0	252,140

Cash dividends per share	0	0	0
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Due to a lack of funding, the Company significantly curtailed research, development and production activity in 2015, thereby reducing losses in 2016 and 2017. Limited product sales were made in 2017 and 2015. Revenues in 2016 consisted entirely of research grant revenue for work completed in earlier years.

### Results of Operations, Cash Flows and Financial Position

For the years ended December 31, 2017 and 2016, the Company incurred losses of \$197,564 and \$172,287, respectively.

Due to a lack of funding, the Company significantly curtailed operations in 2015 resulting in administrative expenses in 2016 and 2017 focused on sustaining operations and restructuring to facilitate new funding opportunities. Specifically, the Company was focused on restructuring its debt obligations and working toward a potential transaction with Duport Capital Corp. which the company believes will enhance its ability to raise capital to fund operations in the future.

The loss for 2017 includes a non-cash gain on extinguishment of debt of \$116,937. The loss for 2016 includes cash revenue from research grants of \$109,015.

Cash used in operating activities for the years ended December 31, 2017 and 2016 was \$220,289 and \$93,967, respectively. The increase in 2017 was primarily due to the lack of grant revenue, which was \$109,015 in 2016.

Cash provided by financing activities for the years ended December 31, 2017 and 2016 was \$175,000 and \$12,659, respectively. In 2017 the Company received a \$175,000 loan from Duport Capital Corp. to assist with sustaining operations.

Total assets decreased to \$15,925 at December 31, 2017 from \$59,215 at December 31, 2016 due to the decrease in cash, which was used to sustain operations.

Total liabilities increased to \$1,221,311 at December 31, 2017 from \$1,077,037 at December 31, 2016 primarily due to the loan of \$175,000 from Duport Capital Corp.

### Selected Quarterly Information

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements.

Quarter Ended	Revenue	Net income (loss) for the period	Net income (loss) per Share (Basic & Diluted)
	\$	\$	\$

December 31, 2017	0	(109,209)	(0.01)
September 30, 2017	0	(94,807)	(0.00)
June 30, 2017	2,102	(75,841)	(0.00)
March 31, 2017	0	82,293	0.00
December 31, 2016	109,015	30,501	0.00
September 30, 2016	0	(40,369)	(0.00)
June 30, 2016	0	(36,256)	(0.00)
March 31, 2016	0	(126,163)	(0.01)

Net income for the three months ended March 31, 2017 includes a gain on extinguishment of debt of \$116,937. Net income for the three months ended December 31, 2016 includes research grant revenue of \$109,015.

### **Financial Condition, Liquidity and Capital Resources**

The Company's working capital at December, 2017 was \$(535,676) including cash of \$7,156. The Company does not generate positive cash flows. The Company is reliant on equity financing or shareholder loans to provide the necessary cash to acquire or participate in an active business. There can be no assurance that equity financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

The Company has not entered into any off-balance sheet arrangements.

### **Related Party Transactions**

During the year the Company entered into the following transactions with related parties:

Storage rental payments of \$8,000 (2016 - \$8,400) were paid to close family member of key management personnel and individuals who hold significant influence.

Consulting fees of \$80,000 (2016 - \$32,760) were paid to companies owned by members of management.

The loan payable outstanding at December 31, 2017 of \$175,000 is due to Duport Capital Corp. As described below in Subsequent Events, the Company and Duport completed an Amalgamation whereby they are now related parties.

At December 31, 2018 and December 31, 2017 there was \$205,734 owing to a shareholder of the Company owning 10% of the Company.

### **Subsequent Events**

On March 13, 2018 the Company completed a three-cornered amalgamation (the "Amalgamation") pursuant to an amalgamation agreement between the Company, Duport

Capital Corp. (“Duport”) and 102023826 Saskatchewan Ltd. (“Subco”), a wholly-owned subsidiary of Duport. Pursuant to the terms of the amalgamation agreement, Duport acquired all of the issued and outstanding MPT common shares and MPT common share purchase warrants in exchange for the Duport’s common shares and common share purchase warrants and MPT and Subco amalgamated pursuant to the provisions of The Business Corporations Act (Saskatchewan) and continued operations under the MPT name. Duport issued one common share for every two MPT common shares and one warrant for every two MPT warrants, for aggregate consideration of 10,454,154 common shares (post-consolidation) of Duport and 1,289,837 warrants of the Company being issued to the MPT shareholders and warrant holders.

### **Financial Instruments and Risk Management Fair Values**

The fair values of cash and equivalents, receivables and trade payables approximate their book values because of the short-term nature of these instruments.

#### **(a) Financial Risk Management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

#### **(b) Financial Instrument Risk Exposure**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

##### *Credit Risk*

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company’s exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company does not have any receivables, and anticipates any future receivables will consist primarily of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

##### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company’s ability to continue as a going concern is dependent on management’s ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities.

Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant, but the Company is not currently subject to any such risks in a material way.

#### (a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

#### (b) Foreign currency risk

The Company is not exposed to any material foreign currency risk on fluctuations in exchange rates.

#### (c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### **Contingencies**

The Company is not aware of any contingencies or pending legal proceedings as of the date of this MD&A.

### **Additional share information**

As at December 31, 2017 the Company had outstanding:

- (i) 20,908,633 common shares; and
- (ii) 2,679,674 warrants, options or other securities convertible into shares.

### **Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

### **Cautionary Statement on Forward Looking Information**

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied.

## **PART 27 – CERTIFICATES**

### **Certificate of the Issuer**

Dated: June 20, 2019

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of Saskatchewan, British Columbia and Alberta.

*(signed) "Corey Giasson"*

Corey Giasson  
Chief Executive Officer

*(signed) "Todd Lahti"*

Todd Lahti  
Chief Financial Officer

### **On behalf of the Board of Directors:**

*(signed) "Brad Munro"*

Brad Munro  
Director

*(signed) "Colin Bletsky"*

Colin Bletsky  
Director

## **Certificate of MPT**

Dated: June 20, 2019

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of Saskatchewan, British Columbia and Alberta.

*(signed) "Corey Giasson"*

Corey Giasson  
President

### **On behalf of the Board of Directors:**

*(signed) "Corey Giasson"*

Corey Giasson  
Director

## **Certificate of the Promoters**

Dated: June 20, 2019

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of Saskatchewan, British Columbia and Alberta.

*(signed) "Corey Giasson"*

Corey Giasson  
Promoter