

GROWMAX RESOURCES CORP.

FILING STATEMENT

with respect to a Change of Business pursuant to Policy 5.2
of the TSX Venture Exchange

Dated as at July 29, 2021

Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Change of Business described in this Filing Statement.

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GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Filing Statement. This is not an exhaustive list of defined terms used in this Filing Statement and additional terms are defined throughout. Terms and abbreviations used in the consolidated financial statements and MD&A of the Corporation are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

“Affiliate” means a company that is affiliated with another company as described below:

A company is an “Affiliate” of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A company is “controlled” by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

“Associate” when used to indicate a relationship with a Person or company, means:

- (a) an issuer of which the Person or company beneficially owns or controls, directly or indirectly, voting securities entitling it to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person or company,
- (c) any trust or estate in which the Person or company has a substantial beneficial interest or in respect of which a Person or company serves as trustee or in a similar capacity, or
- (d) in the case of a Person, a relative of that Person, including:
 - (i) that Person’s spouse or child, or
 - (ii) any relative of the Person or of his spouse who has the same residence as that Person; but
- (e) where the Exchange determines that two Persons will, or will not, be deemed to be associates with respect to a Member firm, Member

corporation or holding company of a Member corporation, then such determination will be determinative of their relationships in the application of Rule D (as defined in applicable Exchange Policies) with respect to that Member firm, Member corporation or holding company.

| | |
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| “ABCA” | means the <i>Business Corporations Act</i> (Alberta). |
| “BCBCA” | means the <i>Business Corporations Act</i> (British Columbia). |
| “Board” | means the board of directors of the Corporation. |
| “CEO” | means Chief Executive Officer. |
| “CFO” | means Chief Financial Officer. |
| “Change of Business” | means a transaction or series of transactions which will redirect an Corporation’s resources and which changes the nature of its business, for example, through the acquisition of an interest in another business which represents a material amount of the Corporation’s market value, assets or operations, or which becomes the principal enterprise of the Corporation. |
| “Common Shares” | means the issued and outstanding common shares in the capital of GrowMax. |
| “company” | unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual. |
| “Control Person” | means any person or company that holds, or is one of a combination of persons or companies that holds, a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer. |
| “Escrow Agent” | means Computershare Trust Company of Canada. |
| “Escrow Agreement” | means the Exchange Form 5D Value Escrow Agreement, dated as of the date of completion of the Change of Business among the Corporation, the Escrow Agent and the certain insiders of the Corporation pursuant to which the Escrow Shares will be held in escrow. |
| “Escrow Shares” | means the 1,500,000 Common Shares to be held in escrow under the Escrow Agreement. |
| “Exchange” or “TSXV” | means the TSX Venture Exchange Inc. |
| “GrowMax”, or “Corporation” | means GrowMax Resources Corp. |
| “Filing Statement” | means this filing statement dated July 29, 2021, together with all schedules hereto. |
| “Final Exchange Bulletin” | means the Exchange Bulletin which is issued following closing of the Change of Business and the submission of all required documentation and that evidences the final Exchange acceptance of the Change of Business. |

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| “Insider” | if used in relation to an Issuer, means: <ul style="list-style-type: none">(a) a director or senior officer of the Issuer;(b) a director or senior officer of the Issuer that is an Insider or subsidiary of the Issuer;(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or(d) the Issuer itself if it holds any of its own securities. |
| “MD&A” | means Management’s Discussion and Analysis. |
| “Member” | has the meaning set out in Policy 1.1 of the Exchange’s Corporate Finance Manual. |
| “Named Executive Officers” or “NEO” | means: <ul style="list-style-type: none">(a) the CEO;(b) the CFO;(c) each of the Corporation’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000 per year; or(d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Corporation at the end of the most recently completed financial year. |
| “Non Arm’s Length Party” | means, in relation to a company, a promoter, officer, director, other Insider or Control Person of that company (including an Corporation) and any Associates or Affiliates of any of such persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person. |
| “Person” | means a company or individual. |
| “Policy” | means Policy 5.2 - Changes of Business and Change of Business - of the Exchange. |
| “Shareholders” | means the shareholders of the Corporation. |
| “SEDAR” | means the System for Electronic Document Analysis and Retrieval at www.sedar.com . |
| “Transfer Agent” | means the Corporation’s transfer agent and registrar, Computershare Trust Company of Canada. |

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This Filing Statement contains statements and information that, to the extent that they are not historical fact, may constitute “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. In particular, forward-looking statements in this Filing Statement include, but are not limited to, statements relating to the proposed Change of Business, the timing of the closing of the proposed Change of Business, information concerning GrowMax, and projected revenues and other statements that are not historical facts. These statements are based upon certain material factors, assumptions and analyses that were applied in drawing a conclusion or making a forecast or projection, including GrowMax’s experience and perceptions of historical trends, current conditions and expected future developments, as well as other factors that are believed to be reasonable in the circumstances.

Forward-looking statements are provided for the purpose of presenting information about management’s current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of GrowMax, including but not limited to those statements under the headings “Information Concerning the Corporation – Selected Consolidated Financial Information and Management’s Discussion and Analysis”, “Information Concerning the Corporation – Narrative Description of the Business – Marketing Plans and Strategies”, “Information Concerning the Corporation – Narrative Description of the Business – Competitive Conditions”, “Information Concerning the Corporation – Available Funds and Principal Purposes”, and “Information Concerning the Corporation – Directors, Officers and Promoters”.

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “pro forma”, “expects”, “anticipates”, “plans”, “believes”, “estimates”, “intends”, “targets”, “projects”, “forecasts”, “seeks”, “likely”, “goals”, “milestones” or negative versions thereof, as applicable, and other similar expressions, or future or conditional verbs such as “may”, “will”, “should”, “would” and “could”.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond control of both GrowMax, affect operations, business, financial condition, performance and results of GrowMax that may be expressed or implied by such forward-looking statements and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. The risks, uncertainties and other factors, many of which are beyond the control of the Corporation, that could influence actual results include, but are not limited to: limited operating history; competition; operating risks; risks related to a new and unproven market; reliance on management and dependence on skilled personnel; security breach risks; intellectual property risks; risks related to the market price of common shares and volatility; conflicts of interest of management; new laws and government restrictions; access to or restriction of the Internet; foreign financial, political, or economic risks; and other factors beyond the control of the Corporation.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward-looking statements. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Corporation, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Although the forward-looking statements contained in this Filing Statement are based upon what management of GrowMax, as applicable, currently believes to be reasonable assumptions; actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These forward-looking statements are made as of the date of this Filing Statement and, other than as specifically required by law, neither GrowMax assumes any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

For a more detailed discussion of certain of these risk factors, see “Risk Factors”.

DATE OF INFORMATION

Except as otherwise indicated in this Filing Statement, all information disclosed in this Filing Statement is as of July 29, 2021 and the phrase “as of the date hereof” and equivalent phrases refer to July 29, 2021.

CURRENCY

In this Filing Statement, references to “\$” or “dollars” are to the lawful currency of Canada, unless otherwise stated, and references to “US\$” are to the lawful currency of the United States of America.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to the Corporation and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

The Corporation

The Corporation was formed on August 22, 2008, pursuant to an amalgamation of Valverde Capital Corp. and Americas Petrogas Inc. under the *Business Corporations Act* (Alberta). On January 27, 2020, the Corporation continued under the *Business Corporations Act* (British Columbia).

By articles of amendment filed on August 3, 2016, the Corporation changed its name from “Americas Petrogas Inc.” to “GrowMax Resources Corp.”.

The registered office of the Corporation is located at McMillan LLP, 1700 – 421 7th Avenue SW, Calgary, Alberta. The head office of the Corporation is located at 915 - 700 West Pender Street, Vancouver, BC V6C 1G8. The Corporation is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. The Common Shares are listed on the Exchange under the symbol “GRO”.

A more detailed description of the Corporation is provided under the heading “*Information Concerning the Corporation.*”

Change of Business

After a thorough review of the Corporation’s resources and strategic options, and given the expertise and skill sets of the Corporation’s directors, the Board has determined that the optimal allocation of the Corporation’s working capital would be within the framework of an investment company. However, in light of the significant cash position of the Corporation, and after consulting its stakeholders, the Board returned \$0.03 per share (or \$6,417,769 in the aggregate) of capital to its shareholders on September 5, 2019 (the “**Return of Capital**”). Following the Return of Capital, the Corporation believes it has working capital sufficient to meet its strategic objectives. As of June 30, 2021, the Corporation had a working capital of \$21,755,059.

The Corporation announced its intention to proceed with the Change of Business on July 11, 2019. On August 7, 2019, the Corporation obtained approval from the shareholders of the Corporation for the Change of Business under the policies of the Canadian Securities Exchange and to voluntarily delist from the Exchange. In addition, the Corporation obtained approval from the shareholders to continue the Corporation under the *Business Corporations Act* (British Columbia), which the Corporation completed on January 27, 2020. On August 12, 2019, the Corporation announced that it has determined that it was in the best interest of the shareholders to maintain its listing on the Exchange until such time as full legalization of cannabis in the United States is implemented. On or around March

28, 2019, the Corporation announced its intention to dispose of the Corporation's Peru based phosphate and potash assets. During the year ended December 31, 2019, the Corporation made certain investments in Quality Green Inc., Sweet Earth Holdings Corporation, Hempfusion Inc., Algernon Pharmaceuticals Inc. ("**Algernon**") and First Responder Technologies Inc. ("**First Responder**"). During the nine months ended September 30, 2020, the Corporation made certain investments in Pike Therapeutics Inc., HAVN Life Sciences Inc., Canagold Resources Ltd., Beyond Medical Technologies Inc., Canaccord Genuity Group Inc., Optimi Health Corp. and Rockshield Capital Corp. See "*Narrative Description of the Business – Investments*".

If completed, the Change of Business will constitute a "Change of Business" under Policy 5.2 and will be conditional upon, among other things, the Corporation obtaining Exchange approval.

The Corporation will only conduct business and will only invest in entities in jurisdictions outside of Canada where such operations are legally permissible in accordance with all of the laws of the foreign jurisdiction, the laws of Canada, and upon completion of the Change of Business, the obligations of the Corporation pursuant to the policies of the Exchange.

Upon completion of the Change of Business, the Corporation's primary focus will be to seek superior returns by making investments in equity, debt or other securities of publicly traded or private companies or other entities, providing financing in exchange for pre-determined royalties or distributions and the acquisition of all or part of one or more businesses, portfolios or other assets. In connection with the Change of Business, the Corporation has adopted the Investment Policy to govern its investment activities and investment strategy, a copy of which is attached hereto as Schedule "A".

If the Change of Business does not obtain regulatory approval, the Board will reconsider the strategic objectives of the Corporation and report back to the Shareholders. A more detailed description of the Corporation is provided under the heading "*Change of Business*".

Sponsorship

The Exchange has provided the Corporation with a waiver from the requirement to obtain a Sponsor in connection with the transactions contemplated herein.

Officers and Directors

In connection with the Change of Business, the officers and directors of the Corporation are not expected to change upon the completion of the Change of Business. Accordingly, the directors and officers of the Corporation will remain as follows:

Kulwant Malhi– Chairman, Chief Executive Officer, and a Director
Michael Malana – Chief Financial Officer and Corporate Secretary
Michael Sadhra – Non-Independent Director
Bala Pratap Reddy Udumala – Independent Director
Desmond Balakrishnan – Independent Director
Christopher Cooper – Independent Director

The Corporation will have the following committees of its board of directors: an Audit Committee comprised of Kulwant Malhi, Christopher Cooper and Bala Pratap Reddy Udumala; an Investment Committee comprised of Michael Sadhra, Kulwant Malhi and Michael Malana; and Compensation Committee comprised of Kulwant Malhi, Michael Sadhra and Bala Pratap Reddy Udumala.

See "*Information Concerning the Corporation – Directors, Officers and Promoters*".

Approval of Directors

The Board has reviewed and approved the Change of Business and has concluded that it is fair and reasonable and are in the best interests of the Corporation.

Interests of Insiders, Promoters and Control Persons

No Insider, promoter or Control Person of the Corporation, and no Associate or Affiliate of any of those persons, has any interest in the Change of Business, other than as a result of the ownership of the Common Shares, and other than as disclosed herein.

Arm’s Length Transaction

The Change of Business does not constitute a Non-Arm’s Length Transaction within the meaning of the Policy.

Availability of Funds

As at June 30, 2021, the Corporation had estimated working capital of \$21,755,059, which is comprised of current assets of \$22,242,478 less current liabilities of \$487,419. Current assets includes cash and cash equivalents of \$13,458,334, equity investments of \$7,864,426 and other current assets of \$919,718. Current liabilities includes accounts payable and accrued liabilities of \$147,080 and provisions and other current liabilities of \$340,339. The Corporation intends to use its available funds to invest in each of equity, debt instruments and other investments as part of its focus as an investment issuer and for general and administrative expenses. The Corporation’s working capital has been and is expected to be allocated as follows:

| | Amount |
|---|-------------------|
| Use of Funds: | (\$) |
| New Investments in the next 18 months | 10,000,000 |
| General and administrative expenses ⁽¹⁾⁽²⁾ | 2,010,000 |
| Remaining Change of Business costs: Exchange, professional and other fees | 100,000 |
| Unallocated working capital | \$9,645,059 |
| Total use of funds | 21,755,059 |

Notes:

- (1) represents an estimate of the general and administrative expenses for the 18 months following December 31, 2020.
- (2) General and administrative expenses comprise of: (i) employee benefit expenses (including director fees): \$600,900; (ii) management fees: \$270,000; (iii) professional and consulting fees: \$763,600; (iv) rent: \$139,800; (v) travel: \$27,300; (vi) other miscellaneous expenses: \$208,400.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. See “*Information Concerning the Corporation – Available Funds and Principal Purposes*”.

Selected Consolidated Financial Information

The following information is summarized from the audited consolidated financial statements of the Corporation for the nine month period ended September 30, 2020 and the year ended December 31, 2019 and the unaudited condensed interim consolidated financial statements of the Corporation as at and for the six months ended March 31, 2021 attached as Schedule “B” hereto:

| | As at March 31, 2021 (\$) | As at September 30, 2020 (\$) | As at December 31, 2019 (\$) |
|----------------------|---|--|--|
| Current Assets | 24,859,000 | 27,542,000 | 22,967,000 |
| Total Assets | 24,859,000 | 27,542,000 | 22,967,000 |
| Current Liabilities | 433,000 | 1,038,000 | 3,115,000 |
| Total Liabilities | 433,000 | 1,038,000 | 3,115,000 |
| Shareholders' Equity | 24,426,000 | 26,504,000 | 19,852,000 |
| | For the six months ended March 31, 2020 (\$) | For the nine months ended September 30, 2020 (\$) | For the year ended December 31, 2019 (\$) |
| Revenue | Nil | Nil | Nil |
| Total Expenses | 990,000 | 1,524,000 | 3,847,000 |
| Net Income (Loss) | (2,348,000) | 6,633,000 | (6,581,000) |

See “*Selected Consolidated Financial Information and Management’s Discussion and Analysis*”.

Investment Strategy

In light of the number of investment opportunities available, investments shall be focused but not limited to legal cannabis, hemp and related companies with a focus on advance stage licensed producers in North America. Such investee companies may be private or public companies and there will be no bias to sector based on economic, financial and market conditions. This approach is demonstrated in the Corporation’s proposed investment strategy, as set out below and herein. See “*Narrative Description of the Business*”.

The Corporation may invest in equity, debt and convertible securities, which the Corporation intends will be acquired and held both for long-term capital appreciation and shorter-term gains. The Corporation will try to identify companies that have potential, strong management teams and/or are involved with a segment of the market that is consistent with or otherwise complimentary to the Corporation’s macro position. A key aspect of the Corporation’s investment strategy will be seeking undervalued companies backed by strong management teams and solid business models that can benefit from macro-economic trends.

The Corporation will invest in concentrated, long-term positions in public companies. The Corporation may invest in securities of issuers in special situations, including event-driven situations such as assuming a controlling or joint-controlling interest in an invested company, which may also involve the provision of advice to management and/or board participation.

The Corporation’s investment strategy will also include structuring and initiating deals focused on particular resources, themes, or regions as well as launching the development of businesses in select industries by providing assistance with the hiring of management teams, providing seed capital and facilitating the transition of such private companies to the public market.

Notwithstanding the foregoing, the Corporation’s investment objective, investment strategy and investment restrictions may be amended from time to time as approved by the Board. Additionally, notwithstanding the Investment Policy, the Board may, from time to time, authorize such additional investments outside of the disciplines set forth in this Filing Statement as it sees fit for the benefit of the Corporation and its shareholders

Share/Security Structure Following the Change of Business

There will be no change in the existing share structure of the Corporation as a result of the Change of Business, and no Common Shares or other securities of the Corporation will be issued in connection with the Change of Business.

Listing of Common Shares

Following the completion of the Change of Business, the Common Shares will continue to list for trading on the Exchange under the trading symbol "GRO".

Interests of Experts

To the best of the Corporation's knowledge, no direct or indirect interest in the Corporation is held or will be received by any expert. See "*Experts*" for more information.

Conflicts of Interest

Directors or officers of the Corporation may, from time to time, serve as directors or officers of, or participate in ventures with, other companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Corporation, notwithstanding that they will be bound by the provisions of the BCBCA to act at all times in good faith in the interests of the Corporation and to disclose such conflicts to the Corporation if and when they arise. Conflicts, if any, will be subject to the procedures and remedies prescribed by the BCBCA, the Exchange and applicable securities laws, regulations and policies. As of the date of this Filing Statement, to the best of its knowledge, the Corporation is not aware of the existence of any conflicts of interest between the Corporation and any of the directors or officers of the Corporation, other than as set out herein.

Risk Factors

An investment in the Corporation following completion of the Change of Business involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Corporation. The risks, uncertainties and other factors, many of which are beyond the control of the Corporation, that could influence actual results include, but are not limited to: the Exchange not approving the Change of Business, the Corporation's lack of operating history as an investment company; portfolio exposure risks and sensitivity to macro-economic conditions; the availability of sources of income to generate cash flow and revenue; risks relating to investments in private issuers and illiquid securities; the volatility of the Corporation's stock price; risks relating to the trading price of the Common Shares relative to net asset value; risks relating to available investment opportunities and competition for investments; the volatility of the share prices of investments in public companies; risks relating to the concentration of investments; the dependence on management and directors; risks relating to additional funding requirements; due diligence risks; exchange rate risks; risks relating to non-controlling interests; potential conflicts of interest; and potential transaction and legal risks,

For a detailed description of certain risk factors relating to the Change of Business and the ownership of the Common Shares which should be carefully considered before making an investment decision, see "*Risk Factors*".

Conditional Listing Approval

The Corporation has applied to the Exchange for conditional approval of the Change of Business. As of the date of this Filing Statement, the Exchange has not provided conditional approval of the Change of Business, and such approval is necessary to consummate the Change of Business.

RISK FACTORS

The following are certain factors relating to the business of the Corporation assuming completion of the Change of Business, which factors investors should carefully consider when making an investment decision concerning the Common Shares. These risks and uncertainties are not the only ones facing the Corporation. Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently deem immaterial, may also impair the operations of the Corporation. If any such risks actually occur, the financial condition, liquidity and results of operations of the Corporation could be materially adversely affected and the ability of the Corporation to implement its growth plans could be adversely affected.

An investment in the Corporation is speculative. An investment in the Corporation will be subject to certain material risks and investors should not invest in securities of the Corporation unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Corporation.

No Assurance of Exchange Approval

The Change of Business constitutes a “Change of Business” pursuant to the policies of the Exchange. As of the date of this Filing Statement, the Exchange has not provided conditional approval of the Change of Business, and such approval is necessary to consummate the Change of Business. There can be no assurance that the Corporation will be able to satisfy the requirements of the Exchange such that the Exchange will provide approval of the Change of Business and issue the Final Exchange Bulletin.

No Operating History as an Investment Issuer

The Corporation does not have any record of operating as an investment issuer or undertaking merchant banking operations. As such, upon completion of the Change of Business, the Corporation will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Corporation will not achieve its financial objectives as estimated by management or at all. Furthermore, past successes of management or the Board does not guarantee future success.

Portfolio Exposure and Sensitivity to Macro-Economic Conditions

Given the nature of the Corporation’s proposed investment activities, the results of operations and financial condition of the Corporation will be dependent upon the market value of the securities that will comprise the Corporation’s investment portfolio. Market value can be reflective of the actual or anticipated operating results of companies in the portfolio and/or the general market conditions that affect a particular sector. Various factors affecting a sector could have a negative impact on the Corporation’s portfolio of investments and thereby have an adverse effect on its business. Additionally, the Corporation may invest in small-cap businesses that may never mature or generate adequate returns or may require a number of years to do so. This may create an irregular pattern in the Corporation’s investment gains and revenues (if any).

Macro factors such as fluctuations in commodity prices and global political and economic conditions could also negatively affect the Corporation’s portfolio of investments. The Corporation may be adversely affected by the falling share prices of the securities of investee companies; as such, share prices may directly and negatively affect the estimated value of the Corporation’s portfolio of investments. Moreover, company-specific risks could have an adverse effect on one or more of the investments that may comprise the portfolio at any point in time. Corporation-specific and industry-specific risks that may materially adversely affect the Corporation’s investment portfolio may have a materially adverse impact on operating results. The factors affecting current macro economic conditions are beyond the control of the Corporation.

Risks Associated with Divestment

In certain circumstances, the Corporation may decide, or be required, to divest its interest in certain investments. In particular, if any of the companies it has invested violate any applicable laws and regulations, including U.S. federal

law, the Corporation may be required to divest its interest in such investment or risk significant fines, penalties, administrative sanctions, convictions or settlements. There is no assurance that these divestitures will be completed on terms favourable to the Corporation, or at all. Any opportunities resulting from these divestitures, and the anticipated effects of these divestitures on the Corporation may never be realized, or may not be realized to the extent the Corporation anticipates. Any required divestiture or an actual or perceived violation of applicable laws or regulations could have a material adverse effect on the Corporation, including its reputation and ability to conduct business, its holdings (directly or indirectly) in the companies it has invested, the listing of its securities on applicable stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Corporation to estimate the time or resources that may be required for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Cash Flow and Revenue

Assuming completion of the Change of Business, it is expected that the Corporation's revenue and cash flow will be generated primarily from financing activities, dividends and/or royalty payments on investments and proceeds from the disposition of investments. The availability of these sources of income and the amounts generated from these sources are dependent upon various factors, many of which are outside of the Corporation's direct control. The Corporation's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in market conditions generally or to matters specific to the Corporation, or if the value of its investments decline, resulting in losses upon disposition.

U.S. Operations

On October 16, 2017, the TSX and TSXV provided clarity to TSX and TSXV-listed issuers with business activities in the cannabis sector. The TSX and TSXV noted that issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the TSX/TSXV requirements. These business activities may include (i) direct or indirect ownership of, or investment in, entities engaging in activities related to the cultivation, distribution or possession of cannabis in the U.S.; (ii) commercial interests or arrangements with such entities; (iii) providing services or products specifically targeted to such entities; or (iv) commercial interests or arrangements with entities engaging in providing services or products to U.S. cannabis companies. The TSX and TSXV reminded issuers that, among other things, should the TSX or TSXV, as applicable, find that a listed issuer is engaging in activities contrary to their respective requirements, the TSX or TSXV, as applicable, has the discretion to initiate a delisting review. Failure of the Corporation or its investments to comply with the applicable exchange requirements could have an adverse effect on the business of the Corporation.

On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the U.S., including the August 2013 memorandum authored by then Deputy Attorney General James Cole (the "**Cole Memorandum**") indicating that the U.S. Department of Justice would not prioritize the prosecution of cannabis-related violations of U.S. federal law in jurisdictions that had enacted laws legalizing cannabis in some form and that had also implemented strong and effective regulatory and enforcement systems. With the Cole Memorandum rescinded, U.S. federal prosecutors can exercise their discretion in determining whether to prosecute cannabis-related violations of U.S. federal law. GrowMax and the companies it has invested do not engage in any U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352. While the Corporation has invested in U.S. companies involved in the hemp industry, in no manner is the Corporation or its investments involved in any U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352. The Corporation will only conduct business and will only invest in entities in jurisdictions outside of Canada where such operations are legally permissible in accordance with all of the laws of the foreign jurisdiction, the laws of Canada, the Corporation's obligations pursuant to the policies of the TSXV and the regulatory obligations of the Corporation pursuant to the policies of the TSXV. In addition, the Corporation will endeavour to invest in entities in federally-legal jurisdictions by including appropriate representations, warranties and covenants in its agreements with such entities. Any violation of these terms would result in a breach of the applicable agreement and, accordingly, may have a material adverse effect on the business, operations and financial condition of the Corporation, including as a result

of any required divestment by the Corporation in order to comply with the Corporation's obligations pursuant to the policies of the TSXV.

Private Issuers and Illiquid Securities

The Corporation may invest in securities of private issuers, illiquid securities of public issuers and publicly-traded securities that have low trading volumes. The value of these investments may be affected by factors such as investor demand, resale restrictions, general market trends and regulatory restrictions. Fluctuation in the market value of such investments may occur for a number of reasons beyond the control of the Corporation and there is no assurance that an adequate market will exist for investments made by the Corporation. Many of the investments made by the Corporation may be relatively illiquid and may decline in price if a significant number of such investments are offered for sale by the Corporation or other investors.

Volatility of Stock Price

The market price of the Common Shares have been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the Common Shares, even if the Corporation is successful in maintaining revenues, cash flows or earnings. The purchase of the Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Securities of the Corporation should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

Trading Price of the Common Shares Relative to Net Asset Value

Assuming completion of the Change of Business, the Corporation will neither be a mutual fund nor an investment fund and, due to the nature of its business and investment strategy and the composition of its investment portfolio, the market price of the Common Shares, at any time, may vary significantly from the Corporation's net asset value per Common Share. This risk is separate and distinct from the risk that the market price of the Common Shares may decrease.

Available Opportunities and Competition for Investments

Assuming completion of the Change of Business, the success of the Corporation's operations will depend upon, among other things: (a) the availability of appropriate investment opportunities; (b) the Corporation's ability to identify, select, acquire, grow and exit those investments; and (c) the Corporation's ability to generate funds for future investments. The Corporation can expect to encounter competition from other entities having similar investment objectives, including institutional investors and strategic investors. These groups may compete for the same investments as the Corporation, will have a longer operating history and may be better capitalized, have more personnel and have different return targets. As a result, the Corporation may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing, which may further limit the Corporation's ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to invest in or that such investments can be made within a reasonable period of time. There can also be no assurance that the Corporation will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that the Corporation is unable to find and make a sufficient number of investments.

Share Prices of Investments

Investments in securities of public companies are subject to volatility in the share prices of such companies. There can be no assurance that an active trading market for any of the subject shares comprising the Corporation's investment

portfolio is sustainable. The trading prices of such subject shares could be subject to wide fluctuations in response to various factors beyond the Corporation's control, including, but not limited to, quarterly variations in the subject companies' results of operations, changes in earnings, results of exploration and development activities, estimates by analysts, conditions in the resource industry and general market or economic conditions. In recent years, equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of the Corporation's investments.

Concentration of Investments

Other than as described herein, assuming completion of the Change of Business, there are no restrictions on the proportion of the Corporation's funds and no limit on the amount of funds that may be allocated to any particular investment. The Corporation may participate in a limited number of investments and, as a consequence, its financial results may be substantially adversely affected by the unfavourable performance of a single investment. Completion of one or more investments may result in a highly concentrated investment in a particular company or geographic area, resulting in the performance of the Corporation depending significantly on the performance of such company or geographic area.

Dependence on Management, Directors and Investment Committee

The Corporation will be dependent upon the efforts, skill and business contacts of key members of management and the Board for, among other things, the information and deal flow they generate during the normal course of their activities and the synergies that exist amongst their various fields of expertise and knowledge. Accordingly, the Corporation's success may depend upon the continued service of these individuals to the Corporation. The loss of the services of any of these individuals could have a material adverse effect on the Corporation's revenues, net income and cash flows and could harm its ability to maintain or grow assets and raise funds.

From time to time, the Corporation will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Corporation's success and there can be no assurance of its ability to attract and retain such personnel. If the Corporation is not successful in attracting and training qualified personnel, the Corporation's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Additional Financing Requirements

The Corporation may have ongoing requirements for funds to support its growth and may seek to obtain additional funds for these purposes through public or private equity, or debt financing. There are no assurances that additional funding will be available at all, on acceptable terms or at an acceptable level. Any limitations on the Corporation's ability to access the capital markets for additional funds could have a material adverse effect on its ability to grow its investment portfolio.

No Guaranteed Return

There is no guarantee that an investment in the securities of the Corporation will earn any positive return in the short-term or long-term. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments successfully. The past performance of management of the Corporation provides no assurance of its future success.

Due Diligence

The due diligence process undertaken by the Corporation in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, the Corporation will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment.

When conducting due diligence, the Corporation may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Corporation will rely on resources available, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that is carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Exchange Rate Fluctuations

Assuming completion of the Change of Business, it is anticipated that a proportion of the Corporation's investments will be made in Canadian dollars and the Corporation may also invest in securities denominated or quoted in U.S. dollars or other foreign currencies. Changes in the value of the foreign currencies in which the Corporation's investments are denominated could have a negative impact on the ultimate return on its investments and overall financial performance.

Non-Controlling Interests

The Corporation's investments are likely to consist only of debt instruments and equity securities of companies that it does not control. These investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Corporation does not agree or that the majority stakeholders or the management of the investee company may take risks or otherwise act in a manner that does not serve the Corporation's interests. If any of the foregoing were to occur, the values of the Corporation's investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

Potential Conflicts of Interest

Certain of the directors and officers of the Corporation are or may, from time to time, be involved in other financial investments and professional activities that may on occasion cause a conflict of interest with their duties to the Corporation. These include serving as directors, officers, advisors or agents of other public and private companies, including companies involved in similar businesses to the Corporation or companies in which the Corporation may invest, management of investment funds, purchases and sales of securities and investment and management counselling for other clients. Such conflicts of the Corporation's directors and officers may result in a material and adverse effect on the Corporation's results of operations and financial condition.

Potential Transaction and Legal Risks

The Corporation intends to manage transaction risks through allocating and monitoring its capital investments in circumstances where the risk to its capital is minimal, carefully screening transactions, and engaging qualified personnel to manage transactions, as necessary. Nevertheless, transaction risks may arise from the Corporation's investment activities. These risks include market and credit risks associated with its operations. An unsuccessful investment may result in the total loss of such an investment and may have a material adverse effect on the Corporation's business, results of operations, financial condition and cash flow.

The Corporation may also be exposed to legal risks in its business, including potential liability under securities or other laws and disputes over the terms and conditions of business arrangements. The Corporation also faces the possibility that counterparties in transactions will claim that it improperly failed to inform them of the risks involved or that they were not authorized or permitted to enter into such transactions with the Corporation and that their obligations to the Corporation are not enforceable. During a prolonged market downturn, the Corporation expects these types of claims to increase. These risks are often difficult to assess or quantify and their existence and magnitude often remains unknown for substantial periods of time. The Corporation may incur significant legal and other expenses in defending against litigation involved with any of these risks and may be required to pay substantial damages for

settlements and/or adverse judgments. Substantial legal liability or significant regulatory action against the Corporation could have a material adverse effect on its results of operations and financial condition.

INFORMATION REGARDING THE CORPORATION

Name and Incorporation

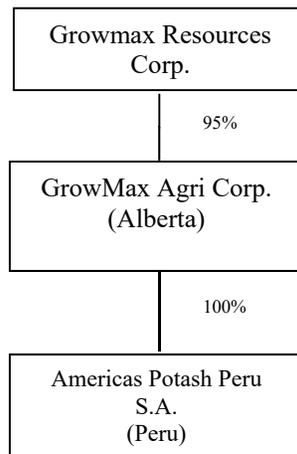
The Corporation was formed on August 22, 2008, pursuant to an amalgamation of Valverde Capital Corp. and Americas Petrogas Inc. under the *Business Corporations Act* (Alberta).

By articles of amendment filed on August 3, 2016, the Corporation changed its name from “Americas Petrogas Inc.” to “Growmax Resources Corp.”. On January 27, 2020, the Corporation continued from the *Business Corporations Act* (Alberta) to the *Business Corporations Act* (British Columbia).

The registered office of the Corporation is located at McMillan LLP, 1700 – 421 7th Avenue SW, Calgary, Alberta. The head office of the Corporation is located at 915 - 700 West Pender Street, Vancouver, BC V6C 1G8. The Corporation is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. The Common Shares are listed on the Exchange under the symbol “GRO”.

Intercorporate Relationships

The corporate structure of the Corporation is as follows and will not be directly impacted by the Change of Business.



Change of Business

After a thorough review of the Corporation’s resources and strategic options, and given the expertise and skill sets of the Corporation’s directors, the Board has determined that the optimal allocation of the Corporation’s working capital would be within the framework of an investment company. The Corporation announced its intention to proceed with the Change of Business on July 11, 2019. On August 7, 2019, the Corporation obtained approval from the shareholders of the Corporation for the Change of Business under the policies of the Canadian Securities Exchange and to voluntarily delist from the Exchange. In addition, the Corporation obtained approval from the shareholders to continue the Corporation under the *Business Corporations Act* (British Columbia), which the Corporation completed on January 27, 2020. On August 12, 2019, the Corporation announced that it has determined that it was in the best interest of the shareholders to maintain its listing on the Exchange until such time as full legalization of cannabis in the United States is implemented.

In light of the significant cash position of the Corporation, and after obtaining shareholders' approval, on August 16, 2019, the Corporation declared a return of capital in the amount of \$0.03 per common share of the Corporation to shareholders of record as of close of business on August 26, 2019. A total amount of \$6.4 million was paid in cash as a return on capital on September 5, 2019.

On or around March 28, 2019, the Corporation announced its intention to dispose of the Corporation's Peru based phosphate and potash assets. During the year ended December 31, 2019, the Corporation made certain investments in Quality Green Inc, Sweet Earth Holdings Corporation, Hempfusion Inc., Algernon Pharmaceuticals Inc. and First Responder. During the nine months ended September, 30, 2020 and to the date of this Filing Statement, the Corporation made certain investments in Pike Therapeutics Inc., HAVN Life Sciences Inc., Alpha Esports Inc., Telecure Technologies Inc., Manning Ventures Inc., Canaccord Genuity Group Inc., Rockshield Capital Corp., Optimi Health Corp., AuAg Exploration Inc. and Montana Silver Mines LLC. See "*Narrative Description of Business – Investments*".

Subject to receipt of all regulatory approvals, including approval of the TSXV of the Change of Business, the Corporation will become a Tier 1 Investment Issuer.

The Corporation is not a "non-redeemable investment fund" as it does not meet the definition of a non-redeemable investment fund contemplated under the *Securities Act (British Columbia)* or the *National Instrument 81-106 Investment Fund Continuous Disclosure* ("NI 81-106") as the Corporation does invest for the purpose of being actively involved in the management of many issuers in which it invests.

General Development of the Business

History

Since formation, efforts of the Corporation have been devoted to the acquisition, exploration and development of mineral properties. In recent years, the Corporation was focused on the exploration, evaluation and development of phosphate and potassium-rich brine resources on its Bayovar property, located in the Sechura Desert in northwestern Peru. The Corporation was also previously focused on becoming a leading producer of fertilizer products in Peru. The Corporation derecognized and wrote off its exploration and evaluation assets as at December 31, 2018.

After a thorough review of the Corporation's resources and strategic options, and given the expertise and skill sets of the Corporation's directors, the Board determined that optimal allocation of the Corporation's working capital would be within the framework of an investment company. As a result, on August 27, 2019, the Corporation announced a proposed change of business from mineral exploration to an investment issuer under the rules of the Exchange. The shareholders of the Corporation approved the Change of Business at its annual general and special meeting held on August 7, 2019. Subject to receipt of all regulatory approvals, including approval of the Exchange of the Change of Business, the Corporation will become a Tier 1 Investment Issuer.

For the fiscal year ended December 31, 2017

On January 20, 2017, the Corporation formally announced that it is no longer engaged, directly or indirectly, in acquisition, exploration and development of mineral properties.

Effective January 9, 2017, Mr. Stephen Keith was appointed President of the Corporation. Effective March 31, 2017, Mr. Douglas Yee resigned as the Chief Financial Officer of the Corporation. Effective April 1, 2017, Mr. Lloyd Wiggins became Chief Financial Officer of the Corporation.

During the first quarter of the year ended December 31, 2017, the Corporation was working with the local community and the Communal Foundation of San Martin de Sechura (the "**Foundation**") to reach an agreement that will both aid the community as well as create support for the Corporation's projects in the Bayovar area. On April 28, 2017, the Corporation entered into an agreement that grants community members free access to surface water, and excludes the use of surface water from the local La Nina lagoon and the existing Yerba Blanca well in the Corporation's mining

activities. In return, the local community and the Foundation agree to support the Corporation in carrying out all necessary activities to progress its projects without delay.

In May 2017, a two-year extension and modification to the Corporation's commitments pursuant to the transfer agreement for the Bayovar property was approved.

On November 10, 2016, the Corporation accepted an offer from Energy Operations Argentina LLC for the sale of all issued and outstanding common shares of Energicon S.A. The transaction closed on November 24, 2016. In October 2017, the Governor of the Province of Rio Negro approved the granting of the Vaca Mahuida Exploitation Concession and the contingent consideration of US\$3.0 million became payable by Energy Operations Argentina LLC to the Corporation.

In December 2017, Americas Potash Peru S.A. ("APPSA") entered into a phosphate rock offtake agreement with Kisan International Trading FZE ("Kisan"). Subject to the terms of the agreement, Kisan agreed to purchase not less than 50% of the phosphate rock produced from APPSA's Bayovar project, up to a total of 500,000 metric tonnes per annum.

For the fiscal year ended December 31, 2018

During the fiscal year ended December 31, 2018, the Corporation focused on consolidating its assets within the junior specialty fertilizer sector. The Corporation streamlined costs and reduced spending on its existing assets.

On January 8, 2018, the Corporation announced that it has entered into a phosphate rock offtake agreement with Kisan International Trading FZE, a wholly-owned subsidiary of the Indian Farmers Fertilizer Cooperative Limited.

On July 30, 2018, the Corporation announced that it has adopted an Advance Notice By-Law to provide shareholders, directors and management of the Corporation with guidance on the nomination of directors.

Effective June 30, 2018, Mr. Abdel Badwi retired as a Director and the non-executive Chairman of the Corporation. Mr. Ross C. McCutcheon was appointed Chairman of the Board, effective August 9, 2018.

On August 28, 2018, the Corporation announced that it entered into a share purchase agreement dated August 20, 2018 with Parsec Capital LP and Four Joses Holdings Limited for the acquisition of Fertimar Mineração e Navegação Ltda., an animal feed and plant nutrient producer in Brazil. The agreement expired on February 14, 2019.

For the fiscal year ended December 31, 2019

On March 8, 2019, the Corporation held its annual and special meeting of shareholders, in which Kulwant Malhi, Alfred Wong, Michael Sadhra and Bala Pratap Reddy Udumala were appointed to the Board of Directors replacing Ron Ho, Rakesh Kapur, Carlos Lau, Ross McCutcheon and Steven Paxton, the five incumbent members of the Corporation's previous Board who did not stand for re-election. The sixth member of the Corporation's previous Board, John Van Brunt, resigned three days before the meeting. At the meeting, the shareholders also approved the continuance of the Corporation from the Province of Alberta under the provisions of the *Business Corporations Act* (Alberta) into the Province of British Columbia under the provisions of the *Business Corporations Act* (British Columbia).

On March 28, 2019, the Corporation announced the termination of Stephen Keith as Chief Executive Officer and appointment of Kulwant Malhi, Chairman of the Board, as the new Chief Executive Officer, effective immediately. The Corporation also announced its intention to dispose of its Peru-based phosphate and potash assets and has hired a Peru-based consultant to provide an exit strategy.

After March 28, 2019, the Corporation completed a series of transactions constituting a Change of Business under the policies of the TSXV. See "*Change of Business*".

On April 1, 2019, Mr. Malana was appointed CFO and Corporate Secretary of the Corporation.

On September 6, 2019, the Corporation announced that Alfred Wong resigned as director and President of the Corporation.

For the fiscal year ended September 30, 2020 and up to the date of this Filing Statement

On April 29, 2020, the Corporation appointed Christopher Cooper and Desmond Balakrishnan to its Board of Directors.

On July 23, 2021, the Corporation completed a private placement of units of the Corporation (the “Units”) at \$0.065 for gross proceeds of approximately \$1,224,000 (the “Private Placement”). Each Unit consisted of one Common Share and one Common Share purchase warrant of the Corporation (each, a “Warrant”). Each Warrant entitles the holder thereof to acquire one additional Common Share at \$0.08 per Common Share for two years from the date of issuance. Kulwant Malhi, the Chief Executive Officer and Director of the Corporation, acquired 11,133,846 Units. Such participation is considered a “related party transaction” as defined under Multilateral Instrument 61-101 (“MI 61-101”). The transaction was exempted from the formal valuation and minority shareholder approval requirements of MI 61-101, as neither the fair market value of any securities issued to such insider nor the consideration that was paid by such person exceeded 25% of the Corporation’s market capitalization.

Narrative Description of the Business

Upon completion of the Change of Business, the Corporation’s primary focus will be to seek superior returns by making investments in equity, debt or other securities of publicly traded or private companies or other entities, providing financing in exchange for pre-determined royalties or distributions and the acquisition of all or part of one or more businesses, portfolios or other assets. In connection with the Change of Business, the Corporation has adopted the Investment Policy to govern its investment activities and investment strategy, a copy of which is attached hereto as Schedule “B”.

The Corporation will only conduct business and will only invest in entities in jurisdictions outside of Canada where such operations are legally permissible in accordance with all of the laws of the foreign jurisdiction, the laws of Canada, and upon completion of the Change of Business, the obligations of the Corporation pursuant to the policies of the Exchange.

If the Change of Business does not obtain regulatory approval, the Board will reconsider the strategic objectives of the Corporation and report back to the Shareholders.

Investment Strategy

In light of the number of investment opportunities available, investments shall be focused but not limited to legal cannabis, hemp and related companies with a focus on advance stage licensed producers in North America. Such investee companies may be private or public companies and there will be no bias to sector based on economic, financial and market conditions. This approach is demonstrated in the Corporation’s proposed investment strategy, as set out below.

The Corporation may invest in equity, debt and convertible securities, which the Corporation intends will be acquired and held both for long-term capital appreciation and shorter-term gains. The Corporation will try to identify companies that have potential, strong management teams and/or are involved with a segment of the market that is consistent with or otherwise complimentary to the Corporation’s macro position. A key aspect of the Corporation’s investment strategy will be seeking undervalued companies backed by strong management teams and solid business models that can benefit from macro-economic trends.

The Corporation will invest in concentrated, long-term positions in public companies. The Corporation may invest in securities of issuers in special situations, including event-driven situations such as assuming a controlling or joint-controlling interest in an invested company, which may also involve the provision of advice to management and/or board participation.

The Corporation's investment strategy will also include structuring and initiating deals focused on particular resources, themes, or regions as well as launching the development of businesses in select industries by providing assistance with the hiring of management teams, providing seed capital and facilitating the transition of such private companies to the public market.

All investments shall be made in full compliance with applicable laws in relevant jurisdictions, and shall be made in accordance with and governed by the rules and policies in effect in the regulatory environment. The Corporation will not invest in entities that are involved in U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352. In the event that an investee company engages in any U.S. cannabis-related activities the Corporation will divest of such investment.

Notwithstanding the foregoing, the Corporation's investment objective, investment strategy and investment restrictions may be amended from time to time as approved by the Board. Additionally, notwithstanding the Investment Policy, the Board may, from time to time, authorize such additional investments outside of the disciplines set forth in this Filing Statement as it sees fit for the benefit of the Corporation and its shareholders.

Nature of Involvement

In general, the Corporation invests with a view to having active control and or management representation. On a case by case basis (depending upon the level of investment) the Corporation will negotiate to have board representation. The Corporation may also structure an investment to assume a controlling or joint-controlling interest in a company, which may or may not involve the provision of advice to management and/or board participation. The Corporation may seek equity participation in situations to which the Corporation can potentially add value by its involvement, not only financially but also by the contribution of guidance and additional management expertise. In certain circumstances, the investment activities of the Corporation may be passive.

Implementation and Investment Evaluation Process

The management and Board will work jointly to uncover appropriate investment opportunities that meet the Corporation's investment strategy as outlined above and the Corporation's objective of enhancing Shareholder value over the long term on a per share basis. These individuals have a broad range of business and investing experience and networks through which potential investments are expected to be identified. All investments considered by the Corporation will be subject to rigorous analysis and evaluation, and all major prospective investments and dispositions will be channelled through the Investment Committee which is comprised of Michael Sadhra, Kulwant Malhi and Michael Malana.

Once a decision has been reached to invest in a particular situation, a short summary of the rationale behind the investment decision will be prepared by the Investment Committee and submitted to the Board. All investments shall be submitted to the Board for final approval. The Investment Committee will select all investments for submission to the Board and monitor the Corporation's investment portfolio on an ongoing basis, and will be subject to the direction of the Board.

In reaching an investment decision regarding an investment in any particular issuer, the Investment Committee will consider, among other things, the following factors:

- inherent value of its assets;
- proven management, clearly-defined management objectives and strong technical and professional support;
- future capital requirements to develop the full potential of its business and the expected ability to raise the necessary capital;
- anticipated rate of return and the level of risk;
- exit strategies and criteria; and
- financial performance, including consistency of positive cash flow.

All investment decisions will be made consistent with the objective of enhancing Shareholder value over the long term on a per share basis.

Conflicts of Interest

The Corporation has no restrictions with respect to investing in companies or other entities in which a member of the Corporation's management or Board may already have an interest or involvement. In the event that a conflict is determined to exist, the Corporation may only proceed after receiving approval from disinterested members of the Board. The Corporation is also subject to the "related party" transaction policies of the Exchange and MI 61-101.

Monitoring and Reporting

The Corporation's Chief Financial Officer shall be primarily responsible for the reporting process whereby the performance of each of the Corporation's investments is monitored. Quarterly financial and other progress reports shall be gathered from each investee entity, and these shall form the basis for a quarterly review of the Corporation's investment portfolio by the Investment Committee. Any deviations from expectation will be investigated by the Investment Committee and, if deemed to be significant, reported to the Board.

With public company investments, the Corporation is not likely to have any difficulty accessing financial information relevant to its investment. In the event the Corporation invests in private enterprises, it shall endeavour in each case to obtain a contractual right to be provided with timely access to all books and records it considers necessary to monitor and protect its investment in such private enterprises and to be informed of any material changes in the private enterprises.

A full report of the status and performance of the Corporation's investments is to be prepared by the Investment Committee and presented to the Board at the end of each fiscal year.

Investments

Consistent with the plans of the Corporation to complete the Change of Business, the Corporation completed the following equity investment:

- On May 6, 2019, the Corporation acquired 5,500,000 units of Quality Green Inc. at \$0.55 per unit for a total cost of \$3,025,000 pursuant to a seed round private placement of Quality Green Inc. Each unit comprised of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$1.00 per common share for up to one year from the date of issue. Quality Green Inc. is a licensed cultivator of marijuana based in Ontario, and is currently constructing a 100,000 square foot indoor facility at a cost of approximately \$15 million.
- On August 9, 2019, the Corporation acquired 1,250,000 shares in the capital of Sweet Earth Holdings Corporation at \$0.20 per share for a total cost of \$250,000 pursuant to a seed round private placement of Sweet Earth Holdings Corporation. Sweet Earth Holdings Corporation is a licensed cultivator of hemp having in excess of 1000 acres of hemp cultivation capacity with 100 acres currently seeded and growing. Sweet Earth Holdings Corporation currently has active cultivation in Oregon State, USA, and has agreement to acquire cultivation lands California, USA, Columbia, and Spain.
- On August 9, 2019, the Corporation acquired 3,000,000 units (the "**First Responder Units**") in the capital of First Responder at \$0.35 per unit for a total cost of \$1,050,000 (the "**First Responder Investment**") pursuant to a non-brokered private placement of \$2,442,164 units of First Responder. Each First Responder Unit is comprised of one common share of First Responder and one-half of one-common share purchase warrant (each full warrant a "**First Responder Warrant**"). Each First Responder Warrant entitles the holder thereof to purchase an additional share of First Responder for a period of twenty-four (24) months following the date of issuance at an exercise price of \$0.50 per share. The First Responder Investment was subject to MI 61-101 as Kulwant Malhi was the Chairman of First Responder at the time of the investment and Michael Malana is Chief Financial Officer of First Responder, respectively. They are also both directors of First Responder. Kulwant Malhi beneficially owns, directly or indirectly, 24.5% of issued and outstanding common shares of First Responder and Michael Malana beneficially owns, directly or indirectly, less than 1% of the issued and outstanding common shares of First Responder. The First Responder Investment was

exempted from the formal valuation and security holder approval requirements of MI 61-101 as the fair market value of the First Responder Units acquired and the consideration therefore is less than 25% of the Corporation's market capitalization. First Responder is a technology development company that commercializes academic research for use in the public safety market.

- On August 13, 2019, the Corporation acquired 240,000 units of Hempfusion, Inc. at \$1.608333 (US\$1.25) per unit for a total cost of \$397,000 (US\$300,000) pursuant to a brokered private placement of Hempfusion, Inc. Each unit comprised of one common share and one-half (1/2) common share purchase warrant. Each full common share purchase warrant entitles the holder to purchase one additional common share at an exercise price of US\$7.00 per common share any time prior to the earlier of: (i) the date that is 36 months following the trading date (which has not yet been determined); and (ii) February 28, 2023 subject to adjustments in certain events. Hempfusion Inc. is engaged in the advancement of therapeutic benefits of industrial hemp extract while maintaining the highest level of compliance in the industry. It distribute to over 3400 retailers across 47 states in the United States.
- On November 1, 2019, the Corporation acquired 5,882,400 units of Algernon at \$0.085 per unit for a total cost of \$500,004. Each unit comprised of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.12 per common share until May 1, 2022. The investment in Algernon involved a non-arm's length party as Michael Sadhra, a director of the Corporation is also Algernon's CFO and director. He declared his interest and abstained from voting in connection to the investments in Algernon. The investments, however, do not fall within the definition of "related party transaction" under MI 61-101. Algernon is a Canada-based clinical stage drug development company focused on the areas of non-alcoholic steatohepatitis, chronic kidney disease and inflammatory bowel disease.
- During the month of February 2020, the Corporation sold a total of 2,000,000 common shares of Algernon at an average price of \$0.08 per share.
- On February 20, 2020, the Corporation acquired an additional 2,000,000 units of Algernon at \$0.085 per unit for a total cost of \$170,000 pursuant to a non-brokered private placement of units of Algernon. Each unit comprised of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.12 per common share until August 20, 2022.
- On March 13, 2020, the Corporation exercised 5,882,400 warrants of Algernon at a price of \$0.12 per share.
- On March 25, 2020, the Corporation purchased 1,000,000 common shares in the capital of Pike Therapeutics Inc. for a total cost of US\$100,000 (CAD\$133,000). Pike Therapeutics Inc. is a biotechnology corporation focused on developing FDA approved treatments for unmet medical needs, by formulating synthetic cannabinoids in combination with a superior, proprietary delivery platform (patch).
- During the month of March 2020, the Corporation sold a total of 2,350,000 common shares of Algernon at an average price of \$0.24 per share.
- On April 20, 2020, the Corporation purchased 4,000,000 units in the capital of HAVN Life Sciences Inc. ("HAVN") for \$0.25 per unit, each unit comprising one common share and one share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.50 per common share for up to two years from the date of issue. The Corporation also purchased 1,800,000 special warrants, which have been classified as shares, in the capital of HAVN for \$0.02 per special warrant. Each special warrant was converted into one common share in the capital of HAVN, without any additional consideration, on September 8, 2020 when HAVN became a publicly listed corporation. The total cost of the investment in HAVN was \$1,036,000. HAVN's vision is to provide a range of standardized, quality-controlled microdosing therapies to consumers and to provide cutting edge technology and intellectual property for mental health and human performance with a primary focus on psychedelic and natural healthcare products.

- During the month of April 2020, the Corporation sold a total of 375,000 common shares of Algernon at an average price of \$0.44 per share.
- During the month of May 2020, the Corporation sold a total of 266,000 common shares of Algernon at an average price of \$0.50 per share.
- On June 26, 2020, the Corporation purchased 500,000 membership units of Montana Silver Mines LLC for a total cost of \$10,000 at \$0.02 per membership unit. Montana Silver Mines LLC is a mineral exploration company focused on the exploration and development of the Christmas Gold Property located in the Eldorado Mining District in Lemhi County, Idaho.
- During the month of June 2020, the Corporation sold a total of 661,000 common shares of Algernon at an average price of \$0.31 per share.
- During the month of September 2020, the Corporation sold a total of 198,000 common shares of HAVN at an average price of \$0.78 per share.
- On September 9, 2020, the Corporation purchased 1,250,000 units of Canarc Resources Corp. (now Canagold Resources Ltd.) for a total cost of \$100,000 at \$0.08 per unit. Each unit consisted of one common share of Canarc Resources Corp. and one-half of one common share purchase of Canarc Resources Corp. Each whole warrant entitles the holder thereof to purchase one additional common share at an exercise price of \$0.13 per common share for up to two years from the date of issue. On December 7, 2020 Canarc Resources changed its name to Canagold Resources Ltd. and consolidated its shares on a 5 to 1 basis. Canagold Resources Ltd. is a Canadian mineral exploration firm engaged in the acquisition, exploration and development of mineral resource property interests.
- On October 7, 2020, the Corporation purchased 3,000,000 units of AuAg Exploration Inc. for a total cost of \$450,000 at \$0.15 per unit. Each unit consisted of one common share and one common share purchase warrant of AuAg Exploration Inc. Each warrant entitles the holder thereof to acquire one common share of AuAg Exploration Inc. at a price of \$0.30 per common share for two years following the date of the public listing of AuAg Exploration Inc. AuAg Exploration Inc.'s principal business is the acquisition, exploration and development of mineral resource properties. Its objective is to locate, define and ultimately develop economic mineral deposits. Currently, it is focused on the exploration and development of the Christmas Gold Property located in the Eldorado Mining District in Lemhi County, Idaho that it acquired when it acquired Montana Silver Mines LLC on September 11, 2020.
- During the month of October 2020, the Corporation sold a total of 114,000 common shares of HAVN at an average price of \$0.90 per share.
- During the month of November 2020, the Corporation sold a total of 260,000 common shares of HAVN at an average price of \$0.87 per share.
- On November 12, 2020, the Corporation purchased 2,857,143 units in the capital of Alpha Esports Inc. at a price of \$0.35 per unit for a total cost of \$1,000,000. Each unit consists of one common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at an exercise price of \$0.50 per common share for up to two years from the date of issue. Alpha Esports Inc. is technology company with a focus in esports, online gaming platforms and blockchain.
- During the month of December 2020, the Corporation sold a total of 1,154,000 common shares of Algernon and 1,228,000 common shares of HAVN at average prices of \$0.39 per share and \$1.15 per share respectively.
- On January 25, 2021, the Corporation purchased 1,400,000 common shares of Telecure Technologies Inc. for a total cost of \$490,000 at \$0.35 per share. Telecure Technologies Inc. is a U.S. focused health IT company that specializes in using technology to make healthcare more accessible and efficient.

- On January 25, 2021 the Corporation purchased 2,350,000 units of Manning Ventures Inc. for a total cost of \$352,500 per unit at \$0.15 per unit. Each unit consisted of one common share and one warrant of Manning Ventures Inc. Each warrant entitles the holder thereof to acquire one common share of Manning Ventures Inc. for two years from the date of issuance. Manning Ventures Inc. is led by a group of experienced exploration professionals that expose shareholders to multiple sectors designed to capitalize on ever changing “hot-cold” cycles in mineral exploration and to generate meaningful growth and return.
- During the month of January 2021, the Corporation sold a total of 502,500 common shares of HAVN at average prices of \$0.94 per share.
- In January and February 2021, the Corporation sold all of its investments in Sweet Earth Holdings Corporation for total gross proceeds of \$452,773 at an average price of \$0.36 per share.
- During the month of February 2021, the Corporation sold 259,500 common shares of Algernon and 435,400 common shares of HAVN at average prices of \$0.36 per share and \$0.96 per share, respectively.
- On February 3, 2021, the Corporation purchased 50,000 common shares of Canaccord Genuity Group Inc. for a total cost of \$606,000 at \$12.12 per common share. On February 12, 2021, the Corporation sold 15,000 common shares of Canaccord Genuity Group Inc. for total gross proceeds of \$195,007 at an average of \$13.00. Canaccord Genuity Group Inc., a TSX-listed company, is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets.
- On February 3, 2021, the Corporation purchased 215,500 common shares of Rockshield Capital Corp. for a total cost of \$107,750 at \$0.50 per share. On February 4, 2021, the Corporation purchased an additional 184,500 common shares of Rockshield Capital Corp. for a total cost of \$92,250 at \$0.50 per share. The Corporation’s total investment to date in Rockshield Capital Corp. totals \$200,000 at an average of \$0.50 per common share. Rockshield Capital Corp., a CSE-listed company, is an actively managed investment company focused on investing in high-growth companies and sectors.
- On February 24, 2021, the Corporation purchased 200,000 common shares of Optimi Health Corp. for a total cost of \$150,000 at \$0.75 per common share. Optimi Health Corp., a CSE-listed company, is developing a sophisticated mushroom brand that focuses on the health and wellness markets. With a vertically integrated approach, Optimi intends to cultivate, extract, process and distribute high quality functional mushroom products at its two facilities in Princeton, British Columbia.
- On February 25, 2021, the Corporation purchased 8,000,000 units of Beyond Medical Technologies Inc. for a total cost of \$1,000,000. On the same day, the Corporation purchased an additional 200,000 common shares of Beyond Medical Technologies Inc. for a total cost of \$40,000. On March 1, 2021, the Corporation purchased an additional 100,000 common shares of Beyond Medical Technologies Inc. for a total cost of \$24,000 and 200,000 common shares of Beyond Medical Technologies Inc. for a total cost of \$49,000. On June 28, 2021, the Corporation sold 1,500,000 common shares of Beyond Medical Technologies Inc. for gross proceeds of \$75,000. Beyond Medical Technologies Inc., a CSE-listed company, is an industrial/technology company with a manufacturing facility located in Delta, British Columbia. The acquisitions and sale of the common shares of Beyond Medical Technologies Inc. completed by the Corporation after February 25, 2021 are considered related party transactions as the Corporation is considered an insider of Beyond Medical Technologies Inc. However, such transactions are exempt from the formal valuation and minority shareholder approval requirements of MI 61-101, as neither the fair market value of any securities issued to the Corporation nor the consideration paid by the Corporation exceeded 25% of the Corporation’s market capitalization.
- During the month of March 2021, the Corporation sold 700,000 common shares of Algernon and 1,362,000 common shares of HAVN at average prices of \$0.35 per share and \$0.71 per share, respectively.

- During the month of April 2021, the Corporation sold a total of 1,300,000 common shares of Algernon and 97,000 common shares of HAVN at average prices of \$0.19 per share and \$0.72 per share, respectively.
- The Corporation intends to purchase 5,000,000 units of MoneyLine Sportsbook Inc. Each unit will consist of one common share and one-half of one warrant of MoneyLine Sportsbook Inc. Each warrant entitles the holder thereof to acquire one common share of MoneyLine Sportsbook Inc. for two years at \$0.75 per share from the date of issuance. MoneyLine Sportsbook Inc. was established to acquire and operate online legal sports-books in the United States where online betting is legal or will be legalized in the near term and in Canada when the anticipated legalization of sports-betting occurs. MoneyLine Sportsbook Inc. currently has an option to acquire the operating Elitesportbook entity which owns legal sports-book licences in Colorado and has market access rights to launch online sport-book in Iowa.

Available Funds and Composition of Investment Portfolio

As at June 30, 2021, the Corporation had working capital of \$21,755,059, which is comprised of current assets of \$22,242,478 less current liabilities of \$487,419. Current assets includes cash and cash equivalents of \$13,458,334, equity investments of \$7,864,426 and other current assets of \$919,718. Current liabilities includes accounts payable and accrued liabilities of \$147,080 and provisions and other current liabilities of \$340,339. The Corporation intends to use its available funds to invest in each of equity, debt instruments and other investments as part of its focus as an investment issuer and for general and administrative expenses. The Corporation's working capital has been and is expected to be allocated as follows:

| | Amount |
|---|-------------------|
| Use of Funds: | (\$) |
| New Investments in the next 18 months | 10,000,000 |
| General and administrative expenses ⁽¹⁾⁽²⁾ | 2,010,000 |
| Remaining Change of Business costs: Exchange, professional and other fees | 100,000 |
| Unallocated working capital | 9,645,059 |
| Total use of funds | 21,755,059 |

Notes:

- (1) represents an estimate of the general and administrative expenses for the 18 months following December 31, 2020.
- (2) General and administrative expenses comprise of: (i) employee benefit expenses (including director fees): \$600,900; (ii) management fees: \$270,000; (iii) professional and consulting fees: \$763,600; (iv) rent: \$139,800; (v) travel: \$27,300; (vi) other miscellaneous expenses: \$208,400.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Selected Consolidated Financial Information

The following information is summarized from the audited consolidated financial statements of the Corporation for the nine month period ended September 30, 2020, the year ended December 31, 2019 and the unaudited condensed interim consolidated financial statements of the Corporation as at and for the six months ended March 31, 2021, and should be read in conjunction with the consolidated financial statements attached as Schedule "B" hereto:

| | As at March 31, 2021 (\$) | As at September 30, 2020 (\$) | As at December 31, 2019 (\$) |
|----------------------|---|--|--|
| Current Assets | 24,859,000 | 27,542,000 | 22,967,000 |
| Total Assets | 24,859,000 | 27,542,000 | 22,967,000 |
| Current Liabilities | 433,000 | 1,038,000 | 3,115,000 |
| Total Liabilities | 433,000 | 1,038,000 | 3,115,000 |
| Shareholders' equity | 24,426,000 | 26,504,000 | 19,852,000 |
| | For the six months ended March 31, 2021 (\$) | For the nine months ended September 30, 2020 (\$) | For the year ended December 31, 2019 (\$) |
| Revenue | Nil | Nil | Nil |
| Total Expenses | 990,000 | 1,524,000 | 3,847,000 |
| Net Income (Loss) | (2,348,000) | 6,633,000 | (6,581,000) |

Management's Discussion and Analysis

Management's discussion and analysis of the financial position and results of operations of the Corporation for the six month period ended March 31, 2021, nine month ended September 30, 2020 and for the year ended December 31, 2019 are available on SEDAR at www.sedar.com and are incorporated by reference in this Filing Statement. Such management's discussion and analysis of the financial position and results of operations should be read in conjunction with the audited consolidated financial statements of the Corporation for the nine month period ended September 30, 2020 and for the year ended December 31, 2019 and the unaudited condensed interim consolidated financial statements of the Corporation for the six months ended March 31, 2021, which are each available on SEDAR at www.sedar.com and are incorporated by reference in this Filing Statement.

Description of Securities

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value. As at the date of this Filing Statement, 213,925,645 Common Shares were issued and outstanding as fully paid and non-assessable. The holders of Common Shares are entitled to: (i) receive notice of, and to one vote per Common Share at, meetings of Shareholders; (ii) dividends if, as and when declared by the Board, out of funds legally available therefor, subject to preferential rights of the Preferred Shares; and (iii) in the event of liquidation, receive all of the assets of the Corporation remaining after payment of the Corporation's liabilities, subject to the preferential rights of the Preferred Shares or any other shares which may rank prior to the Common Shares at the time.

Preferred Shares

The Corporation is authorized to issue an unlimited number of Preferred Shares in one or more series, without nominal or par value. As at the date of this Filing Statement, no Preferred Shares are issued and outstanding. Each series of Preferred Shares shall rank equally with every other series of Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation. Holders of Preferred Shares are not entitled to receive notice of, to be present at, or to vote at, any general meeting of the Shareholders.

Effect of the Change of Business on the Corporation’s Share/Security Structure

There will be no change in the existing share structure of the Corporation as a result of the Change of Business. See also “Options to Purchase Securities and RSUs”.

Fully Diluted Share Capital

As of the date of this Filing Statement, the Corporation had 213,925,645 Common Shares and 40,000 stock options issued and outstanding. The following table states the expected fully diluted share capital of the Corporation upon completion of the Change of Business.

| | Number of Securities |
|---|-----------------------------|
| Common Shares outstanding | 232,756,414 |
| Common Shares reserved pursuant to stock options of the Corporation | 40,000 |
| Common Shares reserved pursuant to Warrants of the Corporation | 18,830,769 |
| Total Fully Diluted | 251,627,183 |

Stock Option Plan

The Corporation’s current Option Plan was last approved and ratified at the annual general and special meeting of the Corporation held on August 7, 2019. The details of the Stock Option Plan are described under the heading “Executive Compensation – Stock Option Plan and Other Incentive Plans”.

Restricted Share Unit Plan

The Corporation’s also has a Restricted Share Unit Plan (the “**RSU Plan**”), which was approved and ratified at the annual general and special meeting of the Corporation held on August 7, 2019 and amended on April 24, 2020. The details of the RSU Plan are described under the heading “Share-Based Awards”.

Options to Purchase Securities

The following table sets out information on options to purchase Common Shares that will be held upon completion of the Change of Business:

| Holder | Number of Common Shares Issuable if Option is Fully Exercised |
|---|--|
| Officers of the Corporation as a group | nil |
| Directors of the Corporation as a group (excluding directors who are also officers) | nil |
| All other employees of the Corporation as a group | 40,000 |
| All other consultants of the Corporation as a group | nil |
| Total | 40,000 |

Dividend Record and Policy

Other than the Return of Capital, the Corporation has not declared or paid any dividends on the Common Shares since incorporation. Any decision to pay dividends on the Common Shares will be made by the Board on the basis of the Corporation’s earnings, financial requirements and other conditions existing at such future time.

Prior Sales

Other than as set out below, no securities of the Corporation were issued within the last 12 months:

- The Company issued 18,830,769 Units at \$0.065 per Unit pursuant to the Private Placement. See “*Information Regarding the Corporation – General Development of the Business*”.

See also “*Information Regarding the Corporation – Options to Purchase Securities and RSUs*”.

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSXV under the symbol “GRO”. The following table sets out the high and low trading prices and aggregate volume of trading of the Common Shares on the TSXV for the following periods (as reported by the TSXV).

| Period | High (\$) | Low (\$) | Volume |
|---|-----------|----------|------------|
| October 1 – December 31, 2020 ⁽¹⁾ | 0.085 | 0.085 | 0 |
| July 1 – September 30, 2020 ⁽¹⁾ | 0.085 | 0.085 | 0 |
| April 1 – June 30, 2020 ⁽¹⁾ | 0.085 | 0.085 | 0 |
| January 1 to March 31, 2020 ⁽¹⁾ | 0.085 | 0.085 | 0 |
| October 1 to December 31, 2019 ⁽¹⁾ | 0.085 | 0.085 | 0 |
| July 1 - September 30, 2019 ⁽¹⁾ | 0.10 | 0.075 | 8,598,996 |
| April 1 - June 30, 2019 | 0.13 | 0.085 | 31,969,926 |
| January 1 - March 31, 2019 | 0.11 | 0.075 | 5,456,408 |
| October 1 - December 31, 2018 | 0.115 | 0.07 | 6,750,601 |
| July 1 - September 30, 2018 | 0.155 | 0.085 | 26,837,710 |
| April 1 - June 30, 2018 | 0.13 | 0.09 | 30,077,947 |
| January 1 - March 31, 2018 | 0.19 | 0.10 | 50,171,198 |
| October 1 - December 31, 2017 | 0.13 | 0.085 | 43,536,759 |

Note:

(1) Trading in the Common Shares were halted on August 27, 2019 following the announcement of the Change of Business.

Directors and Officers

There will be no change to the management of the Corporation or the Board as a result of the Change of Business.

The following table sets out the name, municipality and province of residence, position with the Corporation, principal occupations during the last five years, period during which served as a director or officer, and the number and percentage of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of the directors and officers of the Corporation.

| Name, Municipality of Residence and Position with the Corporation | Principal Occupation During Last Five Years | Director/Officer Since | Number and Percentage of Common Shares owned or controlled as of the date of the Filing Statement |
|--|--|----------------------------|---|
| <p>Kulwant Malhi ⁽²⁾⁽³⁾⁽⁴⁾ Chairman, Chief Executive Officer and Director</p> <p>Vancouver, British Columbia, Canada</p> | <ul style="list-style-type: none"> • Founder and Chairman of BullRun Capital Inc., Vancouver BC (Present) • Chairman of First Responder since July 24, 2019 and Director of First Responder since March 13, 2018 • Chairman at Beyond Medical Technologies Inc. (formerly, Micron Waste Technologies Inc.) (Present) • President of Algernon Pharmaceuticals (2014 – 2015) • President of Cannabix Technologies Inc. (2014 – Present) | <p>Since March 8, 2019</p> | <p>18,445,846⁽⁵⁾</p> <p>(7.9%)</p> |
| <p>Michael Sadhra ⁽³⁾ Director</p> <p>Vancouver, British Columbia, Canada</p> | <ul style="list-style-type: none"> • CEO and Director of Karam Minerals Inc. (December 2016 – Present) • CFO of Beyond Medical Technologies Inc. (October 2016 - Present) • Director of Cypherpunk Holdings Inc. (May 2016 – May 2020) • CFO and director of Algernon Pharmaceuticals (October 2015 - Present) • Tax Partner at Sadhra & Chow LLP, Vancouver BC (May 2009 - Present) | <p>Since March 8, 2019</p> | <p>Nil</p> |
| <p>Bala Pratap Reddy Udumala ⁽²⁾⁽³⁾ Director</p> <p>Vancouver, British Columbia, Canada</p> | <ul style="list-style-type: none"> • Managing Director of Crust Resources Corp. (2005 to present) • Strategic Consultant for International Zeolite Corp. (TSXV) (July 2017 to Present) • Chief Executive Officer of Ichaana Indo-Can Zeolite Private Limited (2017 to Present) • Director of Precious Metal Procurement of Satyapal and Dharampal Group (2019 to present) | <p>Since March 8, 2019</p> | <p>Nil</p> |

| Name, Municipality of Residence and Position with the Corporation | Principal Occupation During Last Five Years | Director/Officer Since | Number and Percentage of Common Shares owned or controlled as of the date of the Filing Statement |
|--|--|------------------------|---|
| Michael Malana Chief Financial Officer and Corporate Secretary Richmond, British Columbia, Canada | <ul style="list-style-type: none"> • CFO and Director of First Responder since February 8, 2019 • CFO of Nortec Minerals Corp. since April 2018 • CFO of Karam Minerals Inc. since April 2018 • Corporate Secretary of Tesoro Minerals Corp. (2018-2019) • CFO of Patriot One Technologies Inc. (2016-2017) • Orca Touchscreen Technologies Inc. (2015-2016) | Since April 1, 2019 | Nil |
| Desmond Balakrishnan Director Vancouver, British Columbia, Canada | <ul style="list-style-type: none"> • Partner, McMillan LLP, a commercial and business law firm since January 2004 | Since April 29, 2020 | Nil |
| Christopher Cooper⁽²⁾ Director Vancouver, British Columbia, Canada | <ul style="list-style-type: none"> • Director of Plant Ventures Inc. since January 2016 • Director of Leocor Ventures Inc. since August 2018 • Director and CFO of StartMonday Technology Corp. since April 2019 • President, CEO and President of Bullion Gold Resources since August 2017 | Since April 29, 2020 | Nil |

Notes:

- (1) The information as to the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, is as of the date of the Filing Statement, and has been furnished to the Corporation by the respective directors.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) 1,500,000 Common Shares are held indirectly by Mr. Malhi through BullRun Capital Inc.
- (5) 11,133,846 Warrants are held directly by Mr. Malhi.

The Board is comprised of the following five members: Kulwant Malhi, Michael Sadhra, Bala Pratap Reddy Udumala, Desmond Balakrishnan and Christopher Cooper; three of which (Messrs. Bala Pratap Reddy Udumala, Desmond Balakrishnan and Christopher Cooper) are independent. The definition of independence used by the Corporation is that which is set out in section 1.4 of NI 52-110. A director is independent if he or she has no direct or indirect material relationship to the Corporation. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. Certain types of relationships are by their very nature considered to be material relationships and are specified in section 1.4 of NI 52-110.

The following is a brief description of the background of the directors and officers of the Corporation, none of whom have entered into non-competition or non-disclosure agreements with the Corporation.

Kulwant Malhi, Director, Age 51

Kulwant Malhi is the Founder, Director and Chairman of Bullrun Capital Inc., a private venture firm that invests in novel technologies and solutions, and has been instrumental in raising capital for various projects totalling in excess of \$150 million since 2008. He is currently on the board of directors of First Responder Technologies Inc. (since March 13, 2018), Beyond Medical Technologies Inc. (formerly, Micron Waste Technologies Inc.) (since October 2017) and Cannabix Technologies Inc. (since June 2014). First Responder Technologies Inc. is a technology development company that commercializes academic and internally developed intellectual property for use in the public safety market. Beyond Medical Technologies Inc. focuses on developing solutions for organic waste and specialized waste streams including cannabis cultivation waste. Cannabix Technologies Inc. is a leader in marijuana breathalyser development for law enforcement and the workplace. Mr. Malhi has been the President of Cannabix Technologies Inc. since June 2014. Mr. Malhi specializes in working with academia and advances in technology and funded academic research that has potential for commercialization through private and public companies. He has experience in the biomedical, agriculture, and technology sectors. Mr. Malhi is also a retired member of the Royal Canadian Mounted Police.

Approximately 25% of his time is devoted to the affairs of the Corporation.

Michael Sadhra, Director, Age 52

Michael Sadhra serves as the Chief Executive Officer and Director of Karam Minerals Inc. since December 2016. Karam Minerals Inc. is a resource exploration company focused on the acquisition, evaluation and exploration of mineral resource properties. He is also the CFO and Director of Algernon Pharmaceuticals Inc. (formerly, Breathtec Biomedical Inc.) (since October 2015), CFO of Beyond Medical Technologies Inc. (formerly, Micron Waste Technologies Inc.) (since October 2016) and Director of Cairo Resources Inc. (since August 2011). Algernon Pharmaceuticals Inc. is a Canada-based clinical stage drug development company focused on the areas of non-alcoholic steatohepatitis, chronic kidney disease and inflammatory bowel disease. He was previously the Director of Beyond Medical Technologies Inc. (February 2017 to October 2017) and Cypherpunk Holdings Inc. (May 2016 to May 2020). In 2009, he became a partner of Sadhra & Chow LLP, a tax firm specializing in mining taxation. In his roles with public companies, Mr. Sadhra reviewed potential acquisitions and determine suitable investments. For example, when he was a Director of Cypherpunk Holdings Inc., Mr. Sadhra reviewed various industries to determine suitable investments which resulted in acquiring passive investments in various crypto currencies and crypto currency business. He is or was also involved with qualifying transactions of Cairo Resources Inc. (in 2019), Phoenix Coal Corporation (formerly Marimba Capital Corp.) (in 2008) and Orion Oil and Gas Ltd. (formerly Wintraysan Capital Corp.) (in 2009). He was employed at KPMG LLP Chartered Accountants from September 1999 and served as Senior Tax Manager from October 2003 to December 2006 specializing in Canadian and international taxation for mining companies. Mr. Sadhra holds a Bachelor of Commerce from the University of British Columbia in 1991 and is a Chartered Professional Accountant.

Approximately 25% of his time is devoted to the affairs of the Corporation.

Bala Pratap Reddy Udumala, Director, Age 59

Bala Pratap Reddy Udumala is a strategic consultant and sits on the Advisory Board of International Zeolite Corp. since July 2017. International Zeolite Corp. is an international marketer and distributor of zeolite products. He is currently the Managing Director of Crust Resources Corporation., a private British Columbia company focusing on gold mining in Africa, potash in India and Zeolite in India. He is also the Chief Executive Officer of Ichaana Indo-Can Zeolite Private Limited, an Indian company focused on introducing various products of natural zeolite to the Indian agriculture and farming sectors. Mr. Reddy is also a Director of Precious Metal Procurement of Satyapal and Dharampal Group, a conglomerate that operates in diverse industries. Under the procurement division, Mr. Reddy has developed a program in West and East Africa, and South America for procurement of gold dore bars as well as silver from South America.

Mr. Reddy was a Director and Secretary of African Gemstones Ltd., an international gemstone mining, development and marketing company from May 1995 to April 2000. Mr. Reddy has been working in the resource industry as a

geologist for over 20 years and has extensive knowledge in the global agriculture and farming sectors. He is currently involved in various potash projects in Canada and the United States.

Approximately 25% of his time is devoted to the affairs of the Corporation.

Michael Malana, Chief Financial Officer and Corporate Secretary, Age 54

Mr. Malana has over 15 years of experience in the administration, accounting and corporate reporting for public companies having served as CFO and Corporate Secretary with several publicly listed companies. Mr. Malana has been the CFO of First Responder since February 2019 and Nortec Minerals Corp., a company focused on mineral exploration and development in Guinea, Finland and Ecuador, and Karam Minerals Inc. since April 2018. Mr. Malana previously acted as CFO of Patriot One Technologies Inc. (2016-2017), a security systems developer, and Orca Touchscreen Technologies Inc. (2015-2016), previously a company specializing in touchscreen technology (now Biome Grow Inc.). Mr. Malana's experience in the investment industry includes working as a Treasury Analyst in the Treasury Department of McGill University. He was involved in the analysis of investments in McGill's Endowment Fund. He was also involved in developing and executing the University's short-term and long-term financing strategies to meet the University's liquidity needs in a cost efficient manner.

Mr. Malana is a Chartered Professional Accountant and holds a Bachelor of Commerce degree in Accounting from Concordia University. Mr. Malana has also completed the Canadian Securities Course.

Approximately 25% of his time is devoted to the affairs of the Corporation.

Desmond Balakrishnan – Director, Age 47

Mr. Balakrishnan is a Vancouver lawyer and has practiced law as a partner at McMillan LLP since January 2004. His areas of practice focus on mergers, acquisitions, international public listings, cannabis law, gaming and entertainment law. He acted as counsel to cannabis companies with respect to corporate governance, regulatory compliance, public listing on the Canadian Securities Exchange, the TSX Venture Exchange, the Toronto Stock Exchange, Nasdaq or the New York Stock Exchange, debt or equity financings and strategic acquisitions.

He graduated from the University of Alberta in 1997 with an LL.B (with distinction) and was called to the bar in British Columbia in 1998.

Approximately 10% of his time is devoted to the affairs of the Corporation.

Christopher R. Cooper. – Director, Age 50

Mr. Cooper has over 22 years of experience in management and finance in the oil and gas, mining and technology industries. Mr. Cooper has extensive experience in senior management of both public and private companies. He has founded several resource companies active internationally, as well as domestically. Mr. Cooper received his Bachelor of Business Administration from Hofstra University in Hempstead, N.Y., and his Masters of Business Administration from Dowling College in Oakdale, N.Y. Mr. Cooper also sits on the board of other junior public companies, including: Leocor Ventures Inc. (August 2018 to present), a company involved in the acquisition and exploration of precious metal projects, with a focus in Canada, Planet Ventures Inc. (January 2016 to present), an investment issuer listed on the TSXV that is focused on investing in disruptive companies and industries that have high growth potential and Counterpath Corporation (August 2005 to present), a provider of VoIP technology that empowers people to connect, communicate and collaborate using voice, video, messaging and presence - on multiple devices, across multiple platforms and over fixed and mobile networks. He has sat on the audit committee of many public companies in several different industry sectors and has a broad comprehensive knowledge of financial reports.

Approximately 10% of his time is devoted to the affairs of the Corporation.

Interests of Insiders

The directors and officers of the Corporation and their associates and affiliates, as a group, beneficially own, or control or direct, directly or indirectly, an aggregate of 18,445,846 Common Shares, representing approximately 7.9% of the outstanding Common Shares.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, no director or officer of the Corporation or, to the knowledge of the Corporation, any securityholder anticipated to hold sufficient securities of the Corporation to affect materially the control of the Corporation has, within the 10 years prior to the date hereof, been a director, officer or promoter of any person or company that, while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemptions under applicable securities laws for a period of more than 30 consecutive days, or was declared 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.

Christopher Cooper is the President and Chief Executive Officer of Reparo Energy Partners Corp., formerly Northern Sun Exploration Company Inc., a company previously traded on the NEX and the TSXV. On December 23, 2008, trading in the common shares of this company was halted for failure to maintain a transfer agent but trading of shares on the TSXV resumed on December 23, 2008. The British Columbia Securities Commission issued an order on March 11, 2009 and the Alberta Securities Commission issued an order on March 6, 2009 that Reparo Energy Partners Corp. be cease traded due to failure to file certain financial information and it remains under the cease trade orders as at the date of this Filing Statement. Reparo Energy Partners Corp. was delisted from the NEX in October 2016 for failing to maintain NEX requirements. Reparo Energy Partners Corp. is no longer listed on the NEX or the TSXV.

Christopher Cooper is also the President and Chief Executive Officer of Aroway Energy Inc., a company previously traded on the NEX. A cease trade order has been issued by the British Columbia Securities Commission on January 4, 2016 against Aroway Energy Inc. for failing to file its annual audited financial statements, interim financial report and related management's discussion and analysis. Aroway Energy Inc. remains under the cease trade order as at the date of this Filing Statement. Aroway Energy Inc. was delisted from NEX in June 2018 for failing to maintain NEX requirements. Aroway Energy Inc. is no longer listed on the NEX or the TSXV.

Penalties or Sanctions

No director or officer of the Corporation or, to the knowledge of the Corporation, any securityholder anticipated to hold sufficient securities of the Corporation to affect materially the control of the Corporation, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body.

Personal Bankruptcies

No director of the Corporation is, as at the date of this Filing Statement, or has been within 10 years before the date of this Filing Statement, a director or executive officer of any company that, while that person was acting in that capacity, or 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.

No director of the Corporation has, within 10 years before the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Conflicts of Interest

There are potential conflicts of interest to which some of the directors, officers, insiders and promoters of the Corporation will be subject in connection with the operations of the Corporation. All of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the business of the Corporation. Accordingly, situations may arise where some or all of the directors, officers, insiders and promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the ABCA.

Other Reporting Issuer Experience

The following table sets out the directors of the Corporation that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

| Name of Director, Officer or Promoter | Name and Jurisdiction of Reporting Issuer | Name of Trading Market | Position | From | To |
|--|---|-------------------------------|-----------------------------|----------------|--------------|
| Kulwant Malhi | Revival Gold Inc. | TSXV, OTC | Director | April 2014 | May 2015 |
| | Cypherpunk Holdings Inc. | CSE | Director | May 2017 | June 2018 |
| | Cannabix Technologies | CSE | President and Director | June 2014 | present |
| | Algernon Pharmaceuticals Inc. | CSE | President and Director | October 2015 | May 2017 |
| | Beyond Medical Technologies Inc. (formerly, Micron Waste Technologies Inc.) | CSE | Chairman and Director | October 2017 | present |
| | First Responder Technologies Inc. | N/A | Director | March 13, 2018 | present |
| Michael Sadhra | Algernon Pharmaceuticals Inc. | CSE | CFO and Director | October 2015 | present |
| | Karam Minerals Inc. | CSE | President, CEO and Director | December 2016 | present |
| | Cairo Resources Inc. | TSXV | Director | August 2011 | present |
| | Cypherpunk Holdings Inc. | CSE | Interim CFO | May 2017 | August 2018 |
| | | | Director | May 2016 | May 2020 |
| | Beyond Medical Technologies Inc. (formerly, Micron Waste Technologies Inc.) | CSE | CFO | October 2016 | present |
| | | | Director | February 2017 | October 2017 |
| Michael Malana | First Responder Technologies Inc. | CSE | CFO | February 2019 | present |

| | | | | | |
|-------------------------|--|------|---------------------------------------|---------------|----------------|
| | Karam Minerals Inc. | CSE | CFO | April 2018 | present |
| | Tesoro Minerals Corp. | TSXV | Corporate Secretary | June 2018 | June 2019 |
| | Nortec Minerals Corp. | TSXV | CFO | August 2019 | present |
| | Nortec Minerals Corp. | TSXV | CFO | February 2017 | May 2019 |
| | Patriot One Technologies Inc. | TSXV | CFO | February 2016 | February 2017 |
| | Orca Touchscreen Technologies Inc. | CSE | CFO | August 2015 | August 2016 |
| Desmond M. Balakrishnan | Pure Extracts Technologies Corp. (formerly, Big Sky Petroleum Corporation) | CSE | Director | November 2011 | present |
| | Isracann Biosciences Inc. | CSE | Director | July 2019 | present |
| | Planet Ventures Inc. | TSXV | Director | July 2015 | present |
| | Contagious Gaming Inc. | TSXV | Director | August 2014 | present |
| | Netcoins Holdings Inc. (formerly GAR Limited) | CSE | Director | March 2018 | present |
| | Northern Dynasty Minerals Ltd. | TSX | Director | December 2015 | present |
| | Solution Financial Inc. (formerly Shelby Ventures Inc.) | TSXV | Director | December 2010 | present |
| Christopher R. Cooper | Fusion Gold Ltd. | NEX | Director | July 2018 | present |
| | Alpha Lithium Corporation (formerly Voltaic Minerals Corp.) | TSXV | Director | April 2018 | present |
| | Leocor Ventures Inc., | CSE | Director | August 2018 | present |
| | Counterpath Corporation | TSX | Director | August 2005 | present |
| | Magnitude Mining Ltd. | TSXV | Director | May 2018 | September 2020 |
| | Planet Ventures Inc. | TSXV | Director | January 2016 | present |
| | Aroway Energy Inc. | N/A | President and Chief Executive Officer | October 2010 | present |
| | Manning Ventures Inc. | CSE | Director | October 2019 | present |
| | Reparo Energy Partners Corp. | N/A | President and CEO | April 2003 | present |

| | | | | | |
|--|------------------------------|------|-----------------------------|----------------|---------------|
| | StartMonday Technology Corp. | CSE | Director and CFO | April 2019 | present |
| | Bullion Gold Resources Corp. | TSXV | President, CEO and Director | August 2017 | present |
| | Edge Resources Inc. | NEX | Director | August 2008 | April 2016 |
| | Valens Groworks Corp. | TSXV | Director | September 2012 | November 2016 |
| | Harrys Manufacturing Inc. | CSE | Director | November 2015 | October 2018 |

Executive Compensation Following the Change of Business

Following the completion of the Change of Business, the Corporation's executive compensation amounts, objectives and policies will remain the same. Please see "EXECUTIVE COMPENSATION" and "DIRECTOR COMPENSATION" for disclosure with respect to the Corporation's executive and director compensation.

Principal Securityholders

Following the completion of the Change of Business, to the knowledge of the directors and executive officers of the Corporation, it anticipates that the following person will beneficially own, directly or indirectly, or exercise control or direction over, voting securities of the Corporation carrying 10% or more of the voting rights attached to the Common Shares:

| Shareholder | Number of Common Shares | Percentage of Common Shares owned or controlled as of the date of the Filing Statement ⁽¹⁾ |
|---------------|-------------------------|---|
| Kulwant Malhi | 18,445,846 | 7.9% |
| Rauni Malhi | 28,188,423 | 12.11% |

Note:

(1) Percentage references to outstanding common shares and is based on 232,756,414 Common Shares outstanding.

Escrow Arrangements

Pursuant to the Policy, upon completion of the Change of Business, the Common Shares set opposite the names of the individuals indicated in the table below will be escrowed pursuant to the Escrow Agreement.

The following table sets forth the relevant particulars of Common Shares to be held in escrow following the completion of the Change of Business:

| Name and Municipality of Residence of Shareholder | Designation of Class | Upon Completion of the Change of Business | |
|--|----------------------|---|---------------------|
| | | Number of Securities held in Escrow | Percentage of Class |
| Kulwant Malhi Vancouver, British Columbia, Canada | Common Shares | 18,445,846 | 7.9% |
| | Warrants | 11,133,846 | 59.1% |

| | | | |
|--|---------------|------------|--------|
| Rauni Malhi Vancouver, British Columbia, Canada | Common Shares | 28,188,423 | 12.11% |
| | Warrants | 7,696,923 | 40.9% |

The Escrow Agreement provides for a 18-month escrow release mechanism with 25% of the Escrow Shares being releasable at the time of the Final Exchange Bulletin, and 25% of the Escrow Shares being releasable every 6 months thereafter, on each of the 6, 12, and 18 month anniversaries of the Final Exchange Bulletin. The Escrow Agreement provides that all voting rights attached to the Escrow Shares shall be exercised by the registered holder of such securities.

Indebtedness of Directors and Senior Officers

None of the directors or senior officers of the Corporation, or any associates or affiliates of such persons, have been indebted to the Corporation at any time during or since the financial year ended September 30, 2020.

Legal Proceedings

Other than as disclosed below, Management knows of no legal proceedings, contemplated or actual, involving the Corporation, which could materially affect the Corporation.

On August 27, 2019, the Corporation announced that a claim had been made in the Alberta Court of Queen’s Bench against the Corporation by Jorge Lau Yook for payments purportedly owing under a rights transfer agreement made between the Corporation, its Peruvian subsidiary, and Mr. Yook. The claim is for US \$1.5 million in relation to a property payment. The Corporation has filed both a statement of defense and a counter-claim. In its statement of defense, the Corporation denies any indebtedness to Mr. Yook. In its counter-claim, the Corporation sought damages against Mr. Yook for money, assets and resources wrongfully taken, used or misappropriated and damages for loss of corporate opportunities.

During the nine months ended September 30, 2020, the Corporation made a payment of US\$700,000 (CAD \$954,000) and transferred equipment with a carrying value of \$nil to settle the claim with Mr. Yook.

Material Contracts

There are no contracts of the Corporation (other than contracts entered into in the ordinary course of business) that are material to the Corporation and that were entered into by the Corporation within the most recently completed financial year or were entered into since incorporation and are still in effect.

Non-Arm’s Length Party Transactions

Other than as otherwise disclosed in the management’s discussion and analysis of the financial position and results of operations of the Corporation incorporated by reference herein, the Corporation has not acquired any assets or services from any director or officer of the Corporation, or any shareholder who beneficially owns more than 10% of the Common Shares.

Investor Relations Arrangements

The Corporation has not entered into (and does not presently intend to enter into) any written or oral agreement or understanding with any person or company to provide any promotional or investor relation services for the Corporation or its securities.

EXECUTIVE COMPENSATION

General

The following compensation information is provided as required under Form 51-102F6V for venture issuers as such term is defined in NI 51-102.

For the purposes of this Statement of Executive Compensation:

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries; and

“**NEO**” or “**named executive officer**” means each of the following individuals:

- each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer (“CEO”), including an individual performing functions similar to a CEO;
- each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer (“CFO”), including an individual performing functions similar to a CFO;
- in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5), for that financial year; and
- each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, requirements and was not acting in a similar capacity, at the end of that financial year.

During the financial years ended September 30, 2020 and December 31, 2019, based on the definitions above, the NEOs of the Corporation were: (i) Kulwant Malhi, CEO; (ii) Michael Malana, CFO; (iii) Stephen Keith, former President and CEO; (iv) Lloyd Wiggins, former CFO; (v) Carlos Lau, former Senior Advisor (South America); and (vi) Jamie Somerville, former Executive Vice President and former consultant of the Corporation.

The following statement of executive compensation also includes disclosure in respect of each person who served as a director of the Corporation in the financial years ended September 30, 2020 and December 31, 2019. The Board members who were not also NEOs during the financial years ended September 30, 2020 and December 31, 2019 were Michael Sadhra, Bala Pratap Udumala, Desmond Balakrishnan, Christopher Cooper, Alfred Wong, Carlos Lau, Ross C. McCutcheon, Rakesh Kapur, Ron Ho, John Van Brunt and Steven Paxton.

Director and Named Executive Officer Compensation

The following compensation table, excluding options and compensation securities, provides a summary of the compensation paid by the Corporation to NEOs and members of the board of directors of the Corporation (the “Board”) for the two most recently completed financial years ended September 30, 2020 and December 31, 2019. Options and compensation securities are disclosed under the heading “Stock Options and Other Compensation Securities” below.

| Table of Compensation 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 (\$) |
| Kulwant Malhi ⁽¹⁾ CEO, President and Director | 2020 | 70,000 ⁽²⁾ | - | - | - | - | 70,000 |
| | 2019 | 63,000 ⁽²⁾ | - | - | - | - | 63,000 |
| Michael Sadhra ⁽³⁾ Director | 2020 | 54,000 ⁽⁴⁾ | - | - | - | - | 54,000 |
| | 2019 | 60,000 ⁽⁴⁾ | - | - | - | - | 60,000 |
| Bala Pratap Reddy Udumala ⁽⁵⁾ Director | 2020 | 18,000 | - | - | - | - | 18,000 |
| | 2019 | 20,000 | - | - | - | - | 20,000 |
| Desmond Balakrishnan ⁽⁶⁾ Director | 2020 | - | - | - | - | - | - |
| | 2019 | - | - | - | - | - | - |
| Christopher Cooper ⁽⁷⁾ Director | 2020 | 10,000 | - | - | - | - | 10,000 |
| | 2019 | - | - | - | - | - | - |
| Michael Malana ⁽⁸⁾ CFO and Corporate Secretary | 2020 | 72,000 | - | - | - | - | 72,000 |
| | 2019 | 80,000 | - | - | - | - | 80,000 |
| Alfred Wong ⁽⁹⁾ former Director | 2020 | - | - | - | - | - | - |
| | 2019 | 36,000 ⁽¹⁰⁾ | - | - | - | - | 36,000 |
| Stephen Keith ⁽¹¹⁾ former President and CEO | 2020 | - | - | - | - | - | - |
| | 2019 | 81,250 | - | - | - | 113,073 ⁽¹²⁾ | 194,323 |
| Lloyd Wiggins ⁽¹³⁾ former CFO | 2020 | - | - | - | - | - | - |
| | 2019 | 80,000 | - | - | - | 60,000 ⁽¹⁴⁾ | 140,000 |
| Carlos Lau ⁽¹⁵⁾ ⁽¹⁷⁾ former Director and former Senior Advisor (South America) | 2020 | - | - | - | - | - | - |
| | 2019 | 6,000 | - | 7,125 | - | - | 13,125 |
| Ross McCutcheon ⁽¹⁶⁾ ⁽¹⁷⁾ former Director | 2020 | - | - | - | - | - | - |
| | 2019 | 31,000 | - | 10,875 | - | - | 41,875 |
| Rakesh Kapur ⁽¹⁷⁾ former Director | 2020 | - | - | - | - | - | - |
| | 2019 | 6,000 | - | 9,958 | - | - | 15,958 |
| Ron Ho former Director ⁽¹⁷⁾ | 2020 | - | - | - | - | - | - |
| | 2019 | 6,000 | - | 10,542 | - | - | 15,958 |
| John Van Brunt former Director ⁽¹⁷⁾ | 2020 | - | - | - | - | - | - |
| | 2019 | 6,000 | - | 5,167 | - | - | 11,167 |
| Steven Paxton former Director ⁽¹⁷⁾ | 2020 | - | - | - | - | - | - |
| | 2019 | 6,000 | - | 9,958 | - | - | 15,958 |

Notes:

- (1) Mr. Malhi was appointed CEO, President and a Director of the Corporation on March 8, 2019.
- (2) Fees were paid or accrued to Bullrun Capital Inc., a private company controlled by Mr. Malhi.
- (3) Mr. Sadhra was appointed a Director of the Corporation on March 8, 2019 and is Chair of the Audit and Compensation Committees.
- (4) Fees were paid or accrued to Michael Sadhra Ltd., a private company controlled by Mr. Sadhra.
- (5) Mr. Udumala was appointed a Director of the Corporation on March 8, 2019.
- (6) Mr. Balakrishnan was appointed a Director of the Corporation on April 29, 2020.
- (7) Mr. Cooper was appointed a Director of the Corporation on April 29, 2020.
- (8) Mr. Malana was appointed CFO and Corporate Secretary of the Corporation on April 1, 2019.

- (9) Mr. Wong was appointed President and a Director of the Corporation on March 8, 2019. Mr. Wong resigned as President and a Director of the Corporation on August 31, 2019.
- (10) Fees were paid or accrued to Alfred & Company Advisors Inc., a private company controlled by Mr. Wong.
- (11) Mr. Keith was appointed President effective January 9, 2017 and Chief Executive Officer effective September 1, 2017. Compensation disclosed in 2017 for Mr. Keith is combined for both positions. Mr. Keith ceased to be Chief Executive Officer of the Corporation effective March 28, 2019.
- (12) Other compensation includes severance payments paid to Mr. Keith.
- (13) Mr. Wiggins was appointed Chief Financial Officer effective April 1, 2017. Mr. Wiggins ceased to be Chief Financial Officer of the Corporation effective April 30, 2019.
- (14) Other compensation includes severance payments paid to Mr. Wiggins.
- (15) Mr. Lau was appointed as Senior Advisor (South America) effective November 1, 2015. Mr. Lau ceased to be Senior Advisor (South America) effective September 30, 2017 but has continued as a director of the Corporation. Compensation paid to Mr. Lau as Senior Advisor was in lieu of a single, lump sum severance payment due on November 1, 2015 following the termination of his employment agreement with the Corporation. During 2016 and up to September 2017, Mr. Lau was compensated for his position as Senior Advisor (South America) and was not paid directors fees. During the final three months of 2017 and the year ended December 31, 2018, Mr. Lau was compensated for his position as a director.
- (16) Mr. McCutcheon was appointed Chairman of the Board of Directors on effective August 9, 2018.
- (17) Mr. Lau, Mr. McCutcheon, Mr. Kapur, Mr. Ho, Mr. Van Brunt and Mr. Paxton ceased to be Directors of the Corporation effective March 8, 2019.

Stock Options and Other Compensation Securities

As at September 30, 2020 and December 31, 2019, there were 213,925,645 Common Shares of the Corporation issued and outstanding. As at September 30, 2020, the Corporation had a rolling stock option plan, which allowed the Corporation to grant options to a maximum of 10% of the issued and outstanding Common Shares, from time to time.

There were no compensation securities outstanding to the NEOs and Directors who were not NEOs of the Corporation as at September 30, 2020 and December 31, 2019.

Exercise of Compensation Securities by NEOs and Directors

During each of the financial years ended September 30, 2020 and December 31, 2019, there was no compensation securities granted to or exercised by any of the NEOs or directors of the Corporation during the same financial years.

During the financial year ended December 31, 2019, there were 4,465,000 stock options that expired unexercised.

Stock Option Plan and Other Incentive Plans

The Corporation's long-term incentive program consists of the granting of stock options ("**Options**") to the Corporation's directors, officers, employees, contractors and other eligible service providers pursuant to the Corporation's stock option plan (the "**Option Plan**"). A copy of the Corporation's Option Plan was attached as Schedule "C" to the Corporation's information circular dated July 2, 2019.

The Option Plan provides a long term incentive designed to focus and reward eligible participants for enhancing total shareholder return over the long term both on an absolute and relative basis. The Option Plan promotes an ownership perspective among the executives, encourages the retention of key executives and provides an incentive to enhance shareholder value by furthering the Corporation's growth and profitability. Options form an integral component of the total compensation package provided to the Corporation's executive officers. In addition, the Option Plan enables executives to develop and maintain a significant ownership position in the Corporation.

Option grants are normally recommended by management and approved by the Compensation Committee upon the commencement of an individual's employment with the Corporation or its subsidiaries based on the level of their respective responsibility. Additional Option grants may be made periodically, generally on an annual basis, to ensure that the number of Options granted to any particular eligible participant is commensurate with the individual's level of ongoing responsibility within the Corporation. In considering additional grants, a number of factors are considered including the number of Options held by such eligible participant, the exercise price and implied value of the Options, the term remaining on those Options and the total number of Options the Corporation has available for grant under the Option Plan. All Option grants are subject to approval and ratification by the Board.

Stock Option Plan

The Option Plan was initially approved by the shareholders of the Corporation on August 22, 2008 in conjunction with the approval of the plan of arrangement involving the securityholders of GrowMax Resources Corp. and Valverde Capital Corp. The shareholders of the Corporation approved certain amendments to the Option Plan at the annual and special meeting of the shareholders of the Corporation which was held on December 17, 2013. The Option Plan was most recently approved at the annual and special meeting of shareholders held on August 7, 2019.

The Option Plan has been prepared in compliance with TSXV Policy 4.4 pursuant to which the Corporation is permitted to maintain a rolling stock option plan reserving a percentage of the issued and outstanding Common Shares for issuance pursuant to Options. The purpose of the Option Plan is to afford eligible participants an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase Common Shares of the Corporation and to aid in attracting, as well as retaining and encouraging, the continued involvement of such persons with the Corporation.

Share-Based Awards

On July 1, 2019, the Board approved the adoption by the Corporation of a fixed restricted share unit plan (the “**RSU Plan**”). The RSU Plan is designed to provide certain directors, officers, employees, consultants and advisors of the Corporation and its related entities with the opportunity to acquire restricted stock units (“**RSUs**”) of the Corporation in order to enable them to participate in the long-term success of the Corporation. The purpose of the RSU Plan is to further promote a greater alignment of the interests of directors, officers, employees and consultants of the Corporation with the interests of the Shareholders. The Board (or such other committee the Board may appoint) is responsible for administering the RSU Plan.

RSUs will vest on terms established by the Board, or any Board committee appointed for such purpose.

The RSU was approved by shareholders at the annual and special meeting of shareholders held on August 7, 2019.

Maximum Number of Common Shares Issuable under RSU Plan

The RSU Plan allows the Corporation to grant RSUs, under and subject to the terms and conditions of the RSU Plan, which may be exercised to purchase up to a fixed maximum number of 10,000,000 Common Shares.

The RSU Plan provides that the maximum number of Common Shares issuable pursuant to the RSU Plan, together with any common shares issuable pursuant to any other Security Based Compensation Arrangement outside of the RSU Plan (namely the Option Plan described above), will not exceed an aggregate of 10% of the total number of issued and outstanding Common Shares at any time. RSUs to a maximum of 10% of the outstanding Common Shares of the Corporation may be granted to any one Eligible Person under the RSU Plan; and, in aggregate, a maximum of 5% of the outstanding Common Shares of the Corporation may be granted to any one Eligible Person in any 12 month period calculated on the grant date.

Capitalized terms used below are not defined below and shall have the meanings ascribed thereto in the RSU Plan.

Benefits of the RSU Plan

The RSU Plan is designed to be a long-term incentive for the directors, officers, employees, consultants and advisors of the Corporation. RSUs provide the Board (or a Board committee) with an additional compensation tool that can be used to help retain and attract highly qualified directors, officers and employees and further align the interests of directors, officers, employees and consultants of the Corporation with the interest of the Shareholders. It is intended to promote a greater alignment of interests between the Shareholders of the Corporation and the directors, officers, employees and consultants of the Corporation by providing an opportunity to participate in any increases to the value of the Corporation.

The Board may engage such consultants and advisors as it considers appropriate, including compensation or human resources consultants or advisors, to provide advice and assistance in determining the amounts to be paid under this

Plan and other amounts and values to be determined hereunder or in respect of this Plan including, without limitation, those related to a particular Fair Market Value.

Nature and Administration of the RSU Plan

All Directors, Officers, Employees, Consultants and Advisors (as defined in the RSU Plan) of the Corporation and its related entities (“**Eligible Persons**”) are eligible to participate in the RSU Plan (as “**RSU Plan Recipients**”), though the Corporation reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation in the RSU Plan at any time. Eligibility to participate in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Board (or a Committee delegated by the Board), may, from time to time, award RSUs to Eligible Persons. All RSUs awarded will be credited to an account maintained for each RSU Plan Recipient on the books of the Corporation as of each award date. The number of RSUs to be credited to each RSU Plan Recipient’s account shall be determined at the discretion of the Board and pursuant to the terms of the RSU Plan.

Each award of RSUs vests on the date(s) (each a “**Vesting Date**”) that is the later of the Trigger Date (defined below) and the date upon which the relevant performance condition or other vesting condition set out in the award has been satisfied, subject to the requirements of the RSU Plan. Rights and obligations under the RSU Plan can be assigned by the Corporation to a successor in the business of the Corporation, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Corporation, or any corporation acquiring all or substantially all of the assets or business of the Corporation.

Payment of RSUs

Under the RSU Plan, the Corporation, in its discretion and as may be determined by the Board, will pay out vested RSU’s by paying or issuing (net of any applicable withholding taxes) to a RSU Plan Recipient, on or subsequent to the Trigger Date and before the Expiry Date (as defined below) an award payout of either: (a) one Common Share for each whole vested RSU; and (b) a cash amount equal the fair market value of one Common Share (as determined in accordance with the RSU Plan) as at the Trigger Date (the “**Vesting Date Value**”) of each whole vested RSU.

Fractional Common Shares will not be issued pursuant to the RSU Plan, and where a RSU Plan Recipient would be entitled to receive a fractional Common Share in respect of a fractional vested RSU, the Corporation shall pay to such RSU Plan Recipient, in lieu of such fractional Common Share, cash value equal to the Vesting Date Value of such fractional Common Share.

Cancellation on Termination for Cause

Unless the Board at any time otherwise determines, all unvested RSUs held by any Recipient and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of a Termination arising from the termination of employment or removal from service by the Corporation or a Related Entity for cause.

Retirement, Total Disability, Death and Termination without Cause

Generally, if an RSU Plan Recipient ceases to be an Eligible Person for any of the following reasons, unvested Restricted Share Units will immediately vest on the date the Recipient ceases to be an Eligible Person:

- Retirement of a Recipient;
- death or Total Disability of a Recipient; and
- the Termination of employment or removal from service by the Corporation or a Related Entity without cause.

The number of Common Shares available for reserve under the RSU Plan is a fixed number. Any Share subject to a Restricted Share Unit, which has been cancelled or terminated in accordance with the terms of the Plan without being paid out as provided for in the RSU Plan, shall again be available under the Plan.

Change of Control

In the event of a Change of Control (as defined in the RSU Plan), all RSUs credited to an RSU Plan Recipient vest on the date on which the Change of Control occurs. Within thirty (30) days after the date on which the Change of Control Occurs, the RSU Plan Recipient must receive a cash payment equal to (a) the number of Restricted Share Units that vested on the Change of Control Date; multiplied by (b) the Fair Market Value on the Change of Control Date, net of any withholding taxes and other source deducted required by law to be withheld by the Corporation.

Adjustments

In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Corporation assets to shareholders, or any other change in the capital of the Corporation affecting Shares, the Board, in its sole and absolute discretion, will make, with respect to the number of Restricted Share Units outstanding under this Plan, any proportionate adjustments as it considers appropriate to reflect that change.

Vesting

The Board has the discretion to grant RSUs to Eligible Persons as the Board determines is appropriate, and can impose conditions on vesting as it sees fit in addition to the Performance Conditions (as defined in the RSU Plan) if any. RSUs vest on the date that is the later of (a) the date set by the Board at the time of the grant or if no date is set then December 1 of the third calendar year following the date of the grant (the “**Trigger Date**”), and (b) the date upon which the relevant Performance Condition or other vesting condition has been satisfied, subject to the limitations of the RSU Plan.

RSUs only vest on the Trigger Date to the extent that the Performance Conditions have been satisfied on or before the Trigger Date, and no RSU will remain outstanding for any period which exceeds the expiry date (which shall be December 31 of the third calendar year after the date of grant, or such earlier date as may be established by the Board (the “**Expiry Date**”).

The Board may accelerate the Trigger Date of any RSU at its election.

Limitations under the RSU Plan

Unless disinterested Shareholder Approval is obtained, or unless permitted otherwise by the policies of the Canadian Securities Exchange:

- a) the maximum number of Common Shares which may be reserved for issuance to Insiders, as a group, under the RSU Plan together with any other Share Compensation Arrangement (as defined in the RSU Plan), may not exceed 10% of the outstanding Common Shares;
- b) the maximum number of RSUs that may be granted to Insiders, as a group, under the Plan together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 10% of the outstanding Common Shares calculated on the date of the grant of the RSUs; and
- c) the maximum number of RSUs that can be granted to any one Eligible Person under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 5% of the outstanding Common Shares calculated on the date of the grant of the RSUs.

Amendment or Termination of RSU Plan

Subject to the requirements of applicable laws, the Board may amend or terminate the RSU Plan at any time, but the consent of the RSU Plan Recipient is required for any such amendment that adversely affects the rights of the RSU Plan Recipient, unless the amendment or termination is required by law. A termination of the RSU Plan will not

accelerate the vesting of RSUs or the time in which a RSU Plan Recipient would otherwise be entitled to receive payment in respect of the RSUs. The RSU Plan herein shall become effective on the date on which it is approved by the shareholders.

There were no RSUs granted during the financial year ended September 30, 2020. As indicated above, the Board adopted and shareholders approved a 10% “rolling” share option plan under which convertible securities can be issued as an additional mechanism to encourage equity participation in the Corporation by directors, officers, employees and other service providers, which for the purposes of the RSU Plan is considered a Share Compensation Arrangement. Any grants under the Option Plan would be considered in the limitations under the RSU Plan.

Employment, Consulting and Management Agreements

Management of the Corporation is performed by the directors and officers of the Corporation and not by any other person.

There are no plans in place with respect to compensation of the Named Executive Officers in the event of a termination of employment without cause or upon the occurrence of a change of control.

Oversight and Description of Director and NEO Compensation

The Board has established a compensation committee (the “**Compensation Committee**”) whose mandate is to assist the Board in the review and approval of executive compensation matters. The Compensation Committee is responsible for (1) reviewing and recommending to the Board the compensation of the Executive Chairman, Chief Executive Officer and senior management members of the Corporation, including salary, short term and long term incentives and other direct and indirect benefits; (2) reviewing the compensation of directors; (3) overseeing the administration of the Corporation’s compensation plans; and (4) approving the employment contracts of the Executive Chairman, Chief Executive Officer and senior management members. Final approval of all compensation matters relating to the Executive Chairman, Chief Executive Officer and senior management members of the Corporation rests with the full Board.

When determining compensation, and evaluating the competitiveness of the Corporation’s compensation program, the Corporation periodically obtains industry reports and general compensation surveys conducted by independent consultants which provide comparative information. The Compensation Committee also reviews the compensation practices and levels of executive compensation for other peer group companies (as determined by the Compensation Committee). The Compensation Committee reviews this comparative data, in conjunction with its own review of the Corporation’s performance and executive performance, and thereafter recommends to the Board the compensation package payable to the Corporation’s executive officers for the Board’s review and approval.

The Compensation Committee does not set specific performance objectives in assessing the performance of the Executive Chairman, Chief Executive Officer and the Chief Financial Officer; rather the Compensation Committee uses its experience and judgment in determining an overall compensation package for such executive officers.

Compensation awards to senior management of the Corporation’s foreign subsidiaries has been determined by senior management of the Corporation having regard to executive compensation practices and levels in the applicable foreign jurisdiction. The Board periodically reviews the mandate of all committees including the Compensation Committee.

As at the date of this Filing Statement, the Compensation Committee was comprised of Michael Sadhra, Kulwant Malhi and Bala Pratap Reddy Udumala of which Mr. Udumala is independent and Mr. Malhi and Mr. Sadhra are not independent. By virtue of education, professional designation and experience in other publicly listed companies, the Compensation Committee members collectively have the skills and experience that enable the Compensation Committee to make decisions on the suitability of the Corporation’s compensation policies and practices.

Pension Plan

The Corporation does not have a pension plan or provide any benefits following or in connection with retirement. In addition, the Corporation does not have a deferred compensation plan. The Corporation does make matching

contributions to registered retirement saving plans on behalf of certain NEOs in Canada. These payments are disclosed under the “*Pension Value*” column of the Compensation Table for NEOs above.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Option Plan is operated in accordance with the policies of the TSXV and permits the Board to grant incentive stock options to directors, officers, employees and consultants of the Corporation and its affiliates.

The following table sets forth information with respect to the Option Plan as at the Corporation’s most recently completed financial year ended September 30, 2020. All stock options were granted pursuant to a previously approved equity compensation plan. Reference should be made to the Corporation’s audited annual consolidated financial statements for the nine month period ended September 30, 2020 for more detailed disclosure relating to the stock options granted, exercised and outstanding.

| Equity Compensation Plan Information | | | |
|--|---|---|---|
| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
| | (a) | (b) | (c) |
| Equity compensation plans approved by shareholders | 40,000 | N/A | 21,352,564 |
| Equity Compensation plans not approved by shareholders | Nil | N/A | Nil |
| Totals | 40,000 | N/A | 21,352,564 |

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former director, executive officer, employee, or proposed nominee for election as a director, or associate of such person is, or at any time during the most recently completed financial year has been, indebted to the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set out below, no (a) director, proposed director or executive officer of the Corporation; (b) person or company who beneficially owns, directly or indirectly, Common Shares or who exercises control or direction over Common Shares, or combination of both carrying more than ten percent of the voting rights attached to the Common Shares outstanding (an “Insider”); (c) director or executive officer of an Insider; or (d) associate or affiliate of any of the directors, executive officers or Insiders, has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation’s two most recently completed financial years, or in any proposed transaction, which has materially affected or would materially affect the Corporation, except with an interest arising from the ownership of Common Shares where such person will receive no extra or special benefit or advantage not shared on a pro rata basis by all Shareholders other than as set out under “Employment, Consulting and Management Agreements” and herein below.

In 2019 and 2018, in addition to key management personnel, related parties consisted of a private Peruvian Corporation controlled by a close family member of Carlos Lau (a former director of the Corporation).

The Corporation did not incur any fees and expenses in connection with related parties (other than compensation of key management personnel, which is shown in the next section).

Compensation of Key Management Personnel

During the financial years ended September 30, 2020 and December 31, 2019, key management personnel consisted of the President/Chief Executive Officer, the Chief Financial Officer, the former President/Chief Executive Officer, the former Chief Financial Officer, the former Non-Executive Chairman and the Board of Directors. The remuneration of key management personnel during the financial years ended September 30, 2020 and December 31, 2019 was as follows:

| | Nine months ended September 30, 2020 | Year ended December 31, 2019 |
|---|---|-------------------------------------|
| Short-term employee benefits ⁽¹⁾ | \$224,000 | \$709,000 |

Note:

(1) Includes directors' fees, consulting fees, salaries, bonuses, and medical benefits.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

There is no material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or Named Executive Officer of the Corporation or any associate or affiliate of such persons, in any matter to be acted on.

AUDITOR AND TRANSFER AGENT

The auditor of the Corporation is Smythe LLP, Chartered Professional Accountants, located at 1700 – 475 Howe Street, Vancouver, British Columbia V6C 2B3.

The Transfer Agent of the Corporation is Computershare Trust Company of Canada, located at 530 8 Ave SW, Calgary, Alberta, T2P 3S8, is the transfer agent for the Common Shares.

GENERAL MATTERS

Sponsorship

The Exchange has provided the Corporation with a waiver from the requirement to obtain a Sponsor in connection with the Change of Business contemplated herein.

Experts

The following is a list of persons or companies whose profession or business gives authority to a statement made by a person or company named in this Filing Statement as having prepared or certified a part of that document or report described in the Filing Statement:

- (a) PricewaterhouseCoopers LLP, Chartered Accountants, former auditors of the Corporation;
- (b) Smythe LLP, Chartered Professional Accountants, successor auditors of the Corporation.

PricewaterhouseCoopers LLP, Chartered Accountants, are independent of the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

Smythe LLP, Chartered Professional Accountants, are independent of the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

To the knowledge of management of the Corporation, as of the date hereof, no expert, nor any Associate or Affiliate of such person has any beneficial interest, direct or indirect, in the securities or property of the Corporation, or of an Associate or Affiliate of it, and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate thereof.

Other Material Facts

To management's knowledge, there are no other material facts relating to the Change of Business that are not otherwise disclosed in this Filing Statement or are necessary for the Filing Statement to contain full, true and plain disclosure of all material facts relating to the Change of Business.

Board Approval

The Board of the Corporation has approved the contents of this Filing Statement.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Additional financial information is contained in the Corporation's comparative consolidated financial statements and in the audited consolidated financial statements and accompanying management discussion and analysis for the most recently completed financial year ended September 30, 2020. Copies of additional information and the Corporation's consolidated financial statements and management discussion & analysis may be obtained upon written request made to the Corporation at its principal office in Vancouver, British Columbia at 915 – 700 West Pender Street, Vancouver, British Columbia V6C 1G8, by facsimile to the Corporation at (604) 565-3332 or by email to info@growmaxcorp.com. The Corporation may require payment of a reasonable charge if the request for information is made by a person or company that is not a securityholder of the Corporation.

CERTIFICATE OF THE CORPORATION

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities of GrowMax Resources Corp. assuming completion of the Change of Business.

DATED July 29, 2021

GROWMAX RESOURCES CORP.

"Kulwant Malhi"

Kulwant Malhi
Chairman, Chief Executive Officer and
Director

"Michael Malana"

Michael Malana
Chief Financial Officer

On behalf of the Board of GrowMax Resources Corp.

"Christopher Cooper"

Christopher Cooper
Director

"Bala Pratap Reddy Udumala"

Bala Pratap Reddy Udumala
Director

ACKNOWLEDGMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in any items in the attached filing statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of Exchange Form 3B1/3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B1/3B2; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: July 29, 2021

GROWMAX RESOURCES CORP.

"Kulwant Malhi"

Kulwant Malhi
Chairman, Chief Executive Officer and Director

A-1

Schedule "A"

[See attached]

GROWMAX RESOURCES CORP.

INVESTMENT POLICY

Investment Objective

The investment objective of GrowMax Resources Corp. (the “**Corporation**”) is to provide investors with long-term capital growth by investing in a portfolio of early stage or undervalued companies. It is planned that the Corporation will “unlock” value or “accelerate” growth of investee company as a partner. The Corporation will not operate their business; rather the Corporation will strive to complement management as an active participant generally assisting in every aspect of the business.

Investment Strategy

The following shall be the guidelines for the Corporation’s investment strategy:

1. Investments shall be focused but not limited to legal cannabis, hemp and related companies with a focus on advance stage licensed producers in North America. Such investee companies may be private or public companies and there will be no bias to sector based on economic, financial and market conditions.
2. Target investments shall encompass companies at all stages of development, including pre-IPO and/or early stage companies with undeveloped and undervalued high-quality assets requiring start-up or development capital, as well as intermediate and senior companies.
3. Initial investments of debt, equity or a combination thereof may be made through a variety of financial instruments including, but not limited to, private placements, participation in initial public offerings, bridge loans, secured loans, unsecured loans, convertible debentures, warrants and options, royalties, net profit interests and other hybrid instruments, which will be acquired and held both for long-term capital appreciation and shorter-term gains.
4. The nature and timing of the Corporation’s investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Corporation.
5. A key aspect of the investment strategy shall be seeking undervalued companies backed by strong management teams and solid business models that can benefit from macro-economic trends. In addition, the primary investment focus is companies that are listed issuers or issuers that are to be listed. Notwithstanding this requirement, consideration will be given to opportunities where existing management may need the infusion of high level guidance, direction and expertise from the Corporation. In such situations, the Corporation intends to work closely with an investee company’s management and board of directors to structure and deliver the strategic and financial resources to help such company best take advantage of its prospective or estimated resources and to mature into a successful commercial enterprise.
6. In general, the Corporation invests with a view to having active control and or management representation. On a case by case basis (depending upon the level of investment) the Corporation will negotiate to have board representation. The Corporation may seek equity participation in situations to which the Corporation can potentially add value by its involvement, not only financially but also by the contribution of guidance and additional management expertise. In certain circumstances, the investment activities of the Corporation may be passive.
7. Immediate liquidity shall not be a requirement, but each investment shall be evaluated in terms of a clear exit strategy designed to maximize the relative return in light of changing fundamentals and opportunities.
8. Subject to applicable laws, there are no restrictions on the size or market capitalization with respect to the Corporation’s investments in the equity securities of public or private issuers.

9. Cash reserves may, from time to time as appropriate, be placed into high quality money market investments, including Canadian Treasury Bills or corporate notes rated at least R-1 by DBRS Limited, each with a term to maturity of less than one year.
10. The Corporation will not purchase or sell commodities, purchase the securities of any mutual fund, purchase or sell real estate (except insofar as comprised in a mineral property), purchase mortgages or sell mortgages or purchase or sell derivatives (except that the Corporation may sell call options to purchase securities owned by the Corporation as a means of locking in gains or avoiding future losses).
11. Subject to the full approval of the Board, the Investment Committee may consider certain special investment situations, including assuming a controlling or joint-controlling interest in an invested company, which may also involve the provision of advice to management and/or board participation.
12. All investments shall be made in full compliance with applicable laws in relevant jurisdictions, and shall be made in accordance with and governed by the rules and policies in effect in the regulatory environment.

From time to time, the Board may authorize such additional investments outside of the guidelines described herein as it sees fit for the benefit of the Corporation and its shareholders.

Asset Allocation

In determining the sector weighting of the investment portfolio, an investment committee (the “**Investment Committee**”) established by the Corporation shall analyze the current economic conditions and trends in North American and global economies and shall seek to respond quickly to such changes. The investment portfolio shall be positioned in accordance with the market view of the Investment Committee from time to time. Sector allocations may vary significantly over time.

Rebalancing

Asset allocations will be reviewed by the Investment Committee on a monthly basis. Reallocations are anticipated to be required infrequently except during extremely volatile market periods.

Implementation

The officers, directors and management of the Corporation shall work jointly and severally to uncover appropriate investment opportunities. These individuals have a broad range of business experience and their own networks of business partners, financiers, venture capitalists and finders through whom potential investments may be identified.

Prospective investments will be channelled through the Investment Committee. The Investment Committee shall make an assessment of whether the proposal fits with the investment and corporate strategy of the Corporation in accordance with the investment evaluation process below, and then proceed with preliminary due diligence, leading to a decision to reject or move the proposal to the next stage of detailed due diligence. This process may involve the participation of outside professional consultants.

Once a decision has been reached to invest in a particular situation, a short summary of the rationale behind the investment decision should be prepared by the Investment Committee and submitted to the Board. This summary should include guidelines against which future progress can be measured. The summary should also highlight any finder’s or agents’ fees payable.

All investments shall be submitted to the Board for final approval. The Investment Committee will select all investments for submission to the Board and monitor the Corporation's investment portfolio on an ongoing basis, and will be subject to the direction of the Board. One member of the Investment Committee may be designated and authorized to handle the day-to-day trading decisions in keeping with the directions of the Board and the Investment Committee.

Negotiation of terms of participation is a key determinant of the ultimate value of any opportunity to the Corporation. Negotiations may be on-going before and after the performance of due diligence. The representative(s) of the Corporation involved in these negotiations will be determined in each case by the circumstances.

Investment Evaluation Process

The Investment Committee shall use both a top-down and bottom-up approach in identifying and submitting investments to the Board for approval. The investment approach will be to develop a macro view of a sector, build a position consistent with such view by identifying micro-cap opportunities within that sector, and devise an exit strategy designed to maximize the relative return in light of changing fundamentals and opportunities.

In selecting securities for the investment portfolio of the Corporation, the Investment Committee will consider various factors in relation to any particular issuer, including:

- (a) inherent value of its resource assets or other assets (in the case of a non-resource issuer);
- (b) proven management, clearly-defined management objectives and strong technical and professional support;
- (c) future capital requirements to develop the full potential of its business and the expected ability to raise the necessary capital;
- (d) anticipated rate of return and the level of risk;
- (e) financial performance; and
- (f) exit strategies and criteria.

Conflicts of Interest

The Corporation has assembled a strong Board and management team, with diverse backgrounds and significant business expertise and experience. In assembling a Board with these characteristics, the Corporation has two primary goals:

- (a) to gain exposure to a wide variety of potential investments, including investments that Board members may already be familiar with or that come to their attention through other business dealings; and
- (b) where a Board member has a personal interest in a potential investment, to ensure that the Corporation has independent, qualified directors available to conduct an independent assessment.

The Corporation has no restrictions with respect to investing in companies in which a Board member may already have an interest. Any potential investments where there is a material conflict of interest involving an employee, officer or director of the Corporation may only proceed after receiving approval from disinterested directors of the Board. The Corporation is also subject to the "related party" transaction policies of the Canadian Securities Exchange, which mandates disinterested shareholder approval to certain transactions.

Management Participation

The Corporation may, from time to time, seek a more active role in the companies in which it invests, and provide such companies with financial and personnel resources, as well as strategic counsel. The Corporation may also ask for board representation in cases where it makes a significant investment in the business of an investee company. The Corporation's nominee(s) shall be determined by the Board as appropriate in such circumstances.

Monitoring and Reporting

The Corporation's Chief Financial Officer shall be primarily responsible for the reporting process whereby the performance of each of the Corporation's investments is monitored. Quarterly financial and other progress reports shall be gathered from each corporate entity, and these shall form the basis for a quarterly review of the Corporation's investment portfolio by the Investment Committee. Furthermore, the Corporation's Chief Financial Officer will monitor any material changes of each of the Corporation's investments and report the material changes to the Investment Committee. Any deviations from expectation are to be investigated by the Investment Committee, and if deemed to be significant, reported to the Board.

With public company investments, the Corporation is not likely to have any difficulty accessing financial information relevant to its investment. In the event the Corporation invests in private enterprises, it shall endeavour in each case to obtain a contractual right to be provided with timely access to all books and records it considers necessary to monitor and protect its investment in such private enterprises and to be informed of any material changes in private enterprises.

A full report of the status and performance of the Corporation's investments is to be prepared by the Investment Committee and presented to the Board at the end of each fiscal year.

Cannabis-Related Investments

The Corporation's Financial Officer will monitor any material changes of each of the Corporation's cannabis-related investments and report the material changes to the Investment Committee. Any deviations from expectation are to be investigated by the Investment Committee, and if deemed to be significant, reported to the Board.

With public company cannabis investments, the Corporation is not likely to have any difficulty accessing financial information relevant to its investment. In the event the Corporation invests in private cannabis enterprises, it shall endeavour in each case to obtain a contractual right to be provided with timely access to all books and records it considers necessary to monitor and protect its investment in such private cannabis enterprises and to be informed of any material changes in such private cannabis enterprises.

The Corporation will not invest in entities that are involved in U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352. In the event an investee company engages in any U.S. cannabis-related activities, the Corporation will divest its investment in such investee company and the Corporation shall include such contractual right in the investment agreement.

B-1

Schedule “B”

[See attached]



GROWMAX RESOURCES CORP.
Consolidated Financial Statements
For the nine month period ended September 30, 2020
and the year ended December 31, 2019

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GROWMAX RESOURCES CORP.

Opinion

We have audited the consolidated financial statements of GrowMax Resources Corp. (the "Company"), which comprise:

- the consolidated statements of financial position as at September 30, 2020 and December 31, 2019;
- the consolidated statements of comprehensive income (loss) for the nine-month period ended September 30, 2020 and the year ended December 31, 2019;
- the consolidated statements of changes in equity for the nine-month period ended September 30, 2020 and the year ended December 31, 2019;
- the consolidated statements of cash flows for the nine-month period ended September 30, 2020 and the year ended December 31, 2019; and
- the 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 position of the Company as at September 30, 2020 and December 31, 2019, and its consolidated financial performance and consolidated cash flows for the nine-month period ended September 30, 2020 and the year ended December 31, 2019 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 auditors' report is Sukhjot Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

January 28, 2021

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GrowMax Resources Corp.

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

| | Note | September 30, 2020 | December 31, 2019 |
|--|------|-----------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash | | \$ 13,506 | \$ 16,162 |
| Equity investments | 5 | 12,616 | 4,742 |
| Other current assets | 6 | 1,420 | 2,063 |
| Total assets | | \$ 27,542 | \$ 22,967 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 15 | \$ 128 | \$ 265 |
| Payable to Peruvian Group | 7 | - | 1,948 |
| Provisions and other current liabilities | 8 | 910 | 902 |
| Total liabilities | | 1,038 | 3,115 |
| Equity | | | |
| | 9 | | |
| Share capital | | 214,211 | 214,211 |
| Contributed surplus | | 39,195 | 39,195 |
| Accumulated other comprehensive income | | 3,463 | 3,445 |
| Deficit | | (233,220) | (239,854) |
| Equity attributable to owners of the Company | | 23,649 | 16,997 |
| Non-controlling interest | 10 | 2,855 | 2,855 |
| Total equity | | 26,504 | 19,852 |
| Total liabilities and equity | | \$ 27,542 | \$ 22,967 |
| Contingencies | 16 | | |

Approved by the Board of Directors on January 28, 2021:

Signed:

"Kulwant Malhi"

Director

Signed:

"Michael Sadhra"

Director

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

GrowMax Resources Corp.

Consolidated Statements of Comprehensive Income (Loss)

(Expressed in thousands of Canadian dollars, except share and per share amounts)

| | Note | For the nine months ended September 30, 2020 | For the twelve months ended December 31, 2019 |
|---|------|---|--|
| General and administrative expenses | | | |
| Depreciation | | \$ - | \$ (82) |
| Other general and administrative | 11 | (1,524) | (3,765) |
| | | (1,524) | (3,847) |
| Other income (expense) | 12 | 7,074 | (2,734) |
| Gain on debt settlement | 7 | 1,083 | - |
| Net income (loss) for the period | | \$ 6,633 | \$ (6,581) |
| Attributable to: | | | |
| Owners of the Company | | \$ 6,634 | \$ (6,509) |
| Non-controlling interest | | (1) | (72) |
| Net income (loss) for the period | | \$ 6,633 | \$ (6,581) |
| Earnings (loss) per share attributable to owners of the Company | | | |
| Basic and diluted | | 0.03 | (0.03) |
| Weighted average number of common shares outstanding | | | |
| Basic and diluted | | 213,925,645 | 213,925,645 |
| Net income (loss) for the period | | \$ 6,633 | \$ (6,581) |
| Other comprehensive income (loss), net of tax | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations | | 18 | 121 |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Exchange differences on translating non-controlling interest | | 1 | 7 |
| Comprehensive income (loss) for the period | | 6,652 | (6,453) |
| Attributable to: | | | |
| Owners of the Company | | 6,652 | (6,388) |
| Non-controlling interest | | - | (65) |
| Comprehensive income (loss) for the period | | \$ 6,652 | \$ (6,453) |

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

GrowMax Resources Corp.

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars)

| | Number of shares | Share capital \$ | Contributed surplus \$ | Accumulated other comprehensive income \$ | Deficit \$ | Equity attributable to owners of the Company \$ | Non- controlling interest \$ | Total equity \$ |
|-------------------------------------|------------------------|------------------------|------------------------------|---|------------------|--|---------------------------------------|-----------------------|
| Balance – December 31, 2018 | 213,925,645 | 220,628 | 39,220 | 3,324 | (233,370) | 29,802 | 2,920 | 32,722 |
| Net loss | - | - | - | - | (6,509) | (6,509) | (72) | (6,581) |
| Other comprehensive income | - | - | - | 121 | - | 121 | 7 | 128 |
| Total comprehensive income (loss) | - | - | - | 121 | (6,509) | (6,388) | (65) | (6,453) |
| Forfeiture of stock options | - | - | (25) | - | 25 | - | - | - |
| Return of capital | - | (6,417) | - | - | - | (6,417) | - | (6,417) |
| Balance – December 31, 2019 | 213,925,645 | 214,211 | 39,195 | 3,445 | (239,854) | 16,997 | 2,855 | 19,852 |
| Net income (loss) | - | - | - | - | 6,634 | 6,634 | (1) | 6,633 |
| Other comprehensive income | - | - | - | 18 | - | 18 | 1 | 19 |
| Total comprehensive income | - | - | - | 18 | 6,634 | 6,652 | - | 6,652 |
| Balance – September 30, 2020 | 213,925,645 | 214,211 | 39,195 | 3,463 | (233,220) | 23,649 | 2,855 | 26,504 |

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

GrowMax Resources Corp.

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

| Note | For the nine months ended September 30, 2020 | For the twelve months ended December 31, 2019 |
|---|---|--|
| Operating activities | | |
| Net income (loss) for the period | \$ 6,633 | \$ (6,581) |
| Adjustments to net income (loss) for non-operating items and non-cash items: | | |
| Depreciation | - | 82 |
| Unrealized and other foreign exchange (gain) loss | (423) | 1,293 |
| Fair value (gain) loss on equity investments | (6,644) | 480 |
| Gain on settlement of debt | (1,083) | - |
| Write-off of loan receivable | - | 1,946 |
| Cash used by operating activities, before changes in non-cash operating items | (1,517) | (2,780) |
| Net change in non-cash operating items: | | |
| Other current assets | 643 | 459 |
| Other non-current assets | - | (1,959) |
| Accounts payable and accrued liabilities | (137) | (1,713) |
| Payable to Peruvian Group | (865) | - |
| Provisions and other current liabilities | 8 | (4,058) |
| Net cash used in operating activities | (1,868) | (10,051) |
| Investing activities | | |
| Purchase of equity investments | (2,605) | (5,222) |
| Sale of equity investments | 1,385 | - |
| Withdrawal of restricted investments | - | 6,571 |
| Net cash generated by (used in) investing activities | (1,220) | 1,349 |
| Financing activity | | |
| Return of capital | - | (6,417) |
| Net cash used in financing activity | - | (6,417) |
| Net change in cash | (3,088) | (15,119) |
| Effect of foreign exchange rate on cash | 432 | (1,192) |
| Cash – beginning of period | 16,162 | 32,473 |
| Cash – end of period | \$ 13,506 | \$ 16,162 |
| Supplemental cash flow information | | |
| Interest paid | \$ - | \$ - |
| Taxes paid | \$ - | \$ - |

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

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

1. General information

GrowMax Resources Corp. (the “Company” or “GrowMax”) is a publicly traded company that was formed on August 22, 2008 by an amalgamation of two predecessor entities. The Company is incorporated and domiciled in Canada. The Company’s corporate head office is located at 915 – 700 West Pender Street, Vancouver, BC, V6C 1G8.

GrowMax has the following subsidiaries:

- (1) 95% ownership interest in GrowMax Agri Corp. (“GAC”), which was incorporated and registered in Alberta in 2009 and is a holding company for its 100% owned subsidiary, Americas Potash Peru S.A. (“APPSA”); and
- (2) APPSA, which was incorporated and registered in Peru in 2008, and holds the Company’s interests in phosphates, potash and other mineral concessions in Peru.

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

Since inception, efforts of the Company have been devoted to the acquisition, exploration and development of mineral properties. In recent years, the Company was focused on the exploration, evaluation, and development of phosphate and potassium-rich brine resources on its Bayovar property (the “Bayovar Property”), which is located in the Sechura Desert in northwestern Peru.

After a thorough review of the Company’s resources and strategic options, and given the expertise and skill sets of the Company’s management and directors, the GrowMax Board determined that the optimal allocation of the Company’s working capital would be within the framework of an investment company. As a result, on August 27, 2019, the Company announced a proposed change of business from mineral exploration to an investment issuer (the “Proposed COB”) under the rules of the TSX Venture Exchange (the “TSXV”). The shareholders of the Company approved the Proposed COB at its annual general and special meeting held on August 7, 2019. Subject to receipt of all regulatory approvals, including approval of the TSXV of the Proposed COB, the Company will become a Tier 1 Investment Issuer.

The Company expects to complete the Proposed COB in the near future. The future of the Company will depend upon the successful completion of its Proposed COB, future successful operations and earnings. In addition to its current cash resources, the Company may require additional financing, either through equity issuances or debt facilities, to complete its Proposed COB. However, there can be no assurance that the Company will be successful in these initiatives. During the nine months ended September 30, 2020, the Company received conditional approval from the TSXV for the Proposed COB.

All dollar figures stated herein are expressed in Canadian dollars (\$ or CAD), unless otherwise specified.

2. Basis of preparation

(a) Change in year end

During the nine months ended September 30, 2020, the Company changed its fiscal year end to September 30 from December 31. The new financial year is intended to expedite the Company’s application to the TSXV concerning its Proposed COB. Accordingly, these consolidated financial statements present the consolidated statement of financial position as at September 30, 2020 and December 31, 2019 and the consolidated statements of comprehensive income (loss), changes in shareholders’ equity and cash flows for the nine and twelve month periods then ended, respectively.

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

2. Basis of preparation (continued)

(b) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”).

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The accounting policies set out in Note 3 have been applied consistently by the Company and its subsidiaries to all periods presented.

3. Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

(a) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have also been prepared using the accrual basis of accounting, except for cash flow information.

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

3. Significant accounting policies (continued)

(b) Consolidation (continued)

(i) Subsidiaries (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in the consolidated statement of income (loss).

When necessary, amounts reported by subsidiaries have been adjusted to conform with the Company's accounting policies. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in change of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Company ceases to have control, any retained interest in a subsidiary is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated statement of income (loss). The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income (loss) ("OCI") in respect of that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities and are reclassified to the consolidated statement of income (loss) – see Note 3(c) for information on foreign currency translation.

(c) Foreign currency translation

(i) Functional and presentation currency

The Company's consolidated financial statements are presented in Canadian dollars unless otherwise stated. Each entity of the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The determination of functional currency is based on the primary economic environment in which an entity operates. The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. Factors that an entity considers when determining its functional currency include: (i) the currency that mainly influences sales prices for goods and services, (ii) the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, (iii) the currency that mainly influences labour, material and other costs of providing goods or services, (iv) the currency in which funds from financing activities are generated, and (v) the currency in which receipts from operating activities are usually retained. When the indicators are mixed, and the functional currency of an entity is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The functional currency of GrowMax is the Canadian dollar. The functional currency of GAC and APPSA is the U.S. dollar ("US").

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

3. Significant accounting policies (continued)

(c) Foreign currency translation (continued)

(i) Functional and presentation currency (continued)

On the disposal of a foreign operation (that is, a disposal of the Company's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation): (1) all of the exchange differences accumulated in equity in respect of that operation attributable to the Company are reclassified to the consolidated statement of income (loss) and (2) any cumulative amount of exchange differences relating to that foreign operation attributable to the non-controlling interests is derecognized but is not reclassified to the consolidated statement of income (loss). In the case of a partial disposal that does not result in the Company losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognized in the consolidated statement of income (loss).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (or using the average rate for the period when this is a reasonable approximation). Foreign exchange gains and losses resulting from the translation or settlement of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statement of income (loss) as a foreign exchange gain (loss).

Intercompany monetary items for which settlement is neither planned nor likely to occur in the foreseeable future are considered to be net investments in foreign operations. Exchange differences arising on such items are recognised initially in OCI and are reclassified from equity to the consolidated statement of income (loss) on disposal of the net investments or when borrowings forming part of the net investment are repaid. The designation of an intercompany monetary item as part of the net investment in a foreign operation is periodically reassessed. When, as a result of a change in circumstance, a previously designated 'net investment' monetary item is intended to be settled, the monetary item is de-designated as part of the net investment.

(d) Financial instruments

(i) Financial Assets

Under IFRS 9 *Financial Instruments* ("IFRS 9"), financial assets are classified into one of the following categories:

- those to be measured subsequently at fair value (either through OCI, or through the consolidated statement of income (loss)), or
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company measures financial assets (except for those classified as fair value through profit or loss) at its fair value plus transaction costs. Transaction costs of financial assets carried at fair value through profit or loss ("FVPL") are expensed in the consolidated statement of income (loss).

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

3. Significant accounting policies (continued)

(d) Financial instruments (continued)

(i) Financial Assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest method. Foreign exchange gains and losses as well as any gain or loss arising on derecognition are recognized in the consolidated statement of income (loss).
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are recorded through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the consolidated statement of income (loss). When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the consolidated statement of income (loss).
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in the consolidated statement of income (loss).

Equity instruments

Unless an election is made, the Company subsequently measures all equity investments at fair value. Where the Company has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of income (loss) following the derecognition of the investment.

Changes in the fair value of financial assets at FVPL are recognized in the consolidated statement of income (loss). Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. The Company measures all equity investment at FVPL.

Impairment

Under IFRS 9, the Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

3. Significant accounting policies (continued)

(d) Financial instruments (continued)

(ii) Financial Liabilities

Under IFRS 9, the Company's financial liabilities are classified into one of the two categories: at FVPL or at amortized cost.

- **FVPL:** Financial liabilities carried at FVPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial liabilities held at FVPL are recognized in the consolidated statement of income (loss) in the period in which they arise, except for changes in fair value resulting from an entity's own credit risk which are recognized in other comprehensive income (loss). The deferred payments liability has been classified as a FVPL financial liability. The Company has determined that changes in its credit risk has not materially impacted the fair value of the deferred payments liability.
- **Financial liabilities at amortized cost:** Financials liabilities carried at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

The following table shows the classification of the Company's financial instruments:

Financial assets

| | |
|----------------------|----------------|
| Cash | Amortized cost |
| Other current assets | Amortized cost |
| Equity investments | FVPL |

Financial liabilities

| | |
|--|----------------|
| Accounts payable and accrued liabilities | Amortized cost |
| Current payable to Peruvian Group | Amortized cost |
| Provisions and other current liabilities | Amortized cost |

(e) Stock-based compensation

The Company grants stock options to purchase common shares of the Company to directors, officers, employees and consultants.

(i) Employees and others providing similar services

The Board of Directors grants stock options to directors, officers, and employees for periods of up to five years, with vesting periods determined at its sole discretion.

Stock options granted to employees and others providing similar services are valued based on the fair value of the equity instruments granted. When stock options granted to employees vest in instalments over a vesting period, each instalment is treated as a separate grant. The fair value of stock options granted to employees is measured at grant date using the Black-Scholes option pricing model. The fair value is recognized as an expense over the vesting period with a corresponding increase in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of stock options expected to vest.

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

3. Significant accounting policies (continued)

(e) Stock-based compensation (continued)

(ii) Non-employees

Stock options granted to non-employees are valued based on the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case, the fair value of the goods and services received is measured, indirectly, by reference to the fair value of the equity instruments granted. The fair value is recognized as a cost when the Company obtains the goods or the counterparty renders the service, with a corresponding increase in contributed surplus. The fair value is recognized as a cost over the vesting period, if any. When applicable, the fair value of stock options granted to non-employees is measured using the Black-Scholes option pricing model. The fair value of identifiable goods and services is measured on the date the Company obtains the goods or the counterparty renders the services. The fair value of unidentifiable goods and services is measured at grant date.

(iii) Modifications

Modifications to the vesting periods of stock-based compensation are accounted for prospectively from the modification date to the revised vesting date.

(f) Provisions

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

Decommissioning liabilities

The Company records a liability for constructive or legal obligations to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailing dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the operating location.

When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related asset to the extent that it was incurred by the development/construction of that asset. The discount rate used to calculate the present value is the credit-adjusted risk-free rate. The periodic unwinding of the discount is recognized in the consolidated statement of income (loss) as a finance cost.

The Company's estimates of decommissioning, remediation and similar liabilities could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the decommissioning liability. The Company's estimates are reviewed at the end of each reporting period.

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

3. Significant accounting policies (continued)

(g) Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of income (loss) except to the extent that it relates to items recognized directly in OCI or directly in equity, in which case the income tax is also recognized directly in OCI or equity, respectively.

Current tax is the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of deferred tax consequences attributable to unused tax loss carry forwards, unused tax credits and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that do not affect accounting or taxable profit,
- goodwill; and
- investments in subsidiaries, branches and associates, and interests in joint arrangements where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred income tax is determined on a non-discounted basis. Deferred tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in the consolidated statement of income (loss) in the period that enactment or substantive enactment occurs.

A deferred tax asset, including that related to unused tax loss carry forwards, is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The Company's unused tax losses in Peru can be carried forward indefinitely but with an annual limit equivalent to 50% of APPSA's taxable income. The Company's unused non-capital tax losses in Canada can be carried forward for twenty years. The Company's capital tax losses in Canada do not expire.

Current tax assets and current tax liabilities are offset if, and only if, the Company has a legally enforceable right to set off the recognized amounts; and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are offset if, and only if, the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

(h) Share capital

Common shares are classified as equity. Costs directly attributable to the issuance of shares are recognized as a deduction from equity. Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated using the relative fair value method with the fair value of the warrants determined using the Black-Scholes option pricing model. Warrants issued with exercise prices in an entity's functional currency are accounted for as a form of contributed surplus within equity. Upon exercise of these warrants, consideration paid by the holders, together with the amount previously recognized as contributed surplus, is recorded as an increase to share capital.

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

3. Significant accounting policies (continued)

(i) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) for the period attributable to equity owners excluding the non-controlling interest ("NCI"), of the Company by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is computed by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method, which assumes any proceeds received by the Company upon exercise of the in-the-money instruments would be used to repurchase common shares at the average market price for the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. As at December 31, 2019, there are no options or warrants that have a dilutive effect.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding

(j) New standards, amendments and interpretation

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

4. Critical accounting estimates and judgements

(a) Critical accounting judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

(i) Determination of functional currency

See Note 3(c)(i).

(ii) Recoverability of receivables

The determination of when receivables are impaired requires significant judgment as to their collectability.

(b) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

(i) Income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future taxable income and the application of existing tax laws. To the extent that future taxable income differs significantly from estimates, the ability of the Company to realize deferred tax assets could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

(ii) Privately held equity investments

The fair value of privately held equity investments require management to make certain assumptions and estimates. Changes in assumptions used to estimate the fair value could result in materially different results.

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

4. Critical accounting estimates and judgements (continued)

(b) Critical accounting estimates (continued)

(iii) Stock-based compensation and derivative instruments

The fair value of share-based payments and warrants held as equity investments are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

(iv) Decommissioning liability

The cost of remediating sites following their useful lives is subject to significant management estimates, both in terms of the cost to remediate the sites as well as the timing of the costs, which impact the net present value of the decommissioning liability shown on the consolidated statement of financial position.

5. Equity investments

As at September 30, 2020, the Company's equity investments consist of:

| Description | Number of securities | | | Cost | Fair Value |
|--|----------------------|------------|-----------|-----------------|------------------|
| | Units in Advance | Shares | Warrants | | |
| Private equity investments: | | | | | |
| AuAg Exploration Inc. | 3,000,000 | - | - | \$ 450 | \$ 450 |
| Hempfusion Inc. ⁽¹⁾ | - | 240,000 | 120,000 | 397 | 385 |
| Montana Silver Mines, LLC | 500,000 | - | - | 10 | 10 |
| Pike Therapeutics Inc. ⁽²⁾ | - | 1,000,000 | - | 143 | 133 |
| Quality Green Inc. | - | 5,500,000 | 5,500,000 | 3,025 | 1,601 |
| | 3,500,000 | 6,740,000 | 5,620,000 | \$ 4,025 | \$ 2,579 |
| Public equity investments: | | | | | |
| Algernon Pharmaceuticals Inc. | - | 8,112,800 | 2,000,000 | \$ 867 | \$ 3,013 |
| First Responder Technologies Inc. | - | 3,000,000 | 1,500,000 | 1,050 | 353 |
| Sweet Earth Holdings Corp. | - | 1,250,000 | - | 250 | 200 |
| HAVN Life Sciences Inc. ⁽³⁾ | - | 5,602,000 | 4,000,000 | 1,032 | 6,371 |
| Canagold Resources Ltd. ⁽⁴⁾ | 1,250,000 | - | - | 100 | 100 |
| | 1,250,000 | 17,964,800 | 7,500,000 | \$ 3,299 | \$ 10,037 |
| Balance, September 30, 2020 | | | | \$ 7,324 | \$ 12,616 |

Note:

⁽¹⁾ Initial public offering completed subsequent to period-end

⁽²⁾ formerly 1219014 B.C. Ltd.

⁽³⁾ formerly 1246780 B.C. Ltd.

⁽⁴⁾ formerly Canarc Resource Corp.

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

5. Equity investments (continued)

During the nine months ended September 30, 2020, the Company completed the following transactions:

- i) Purchased 2,000,000 units in the capital of Algernon Pharmaceuticals Inc. ("Algernon") for \$0.085 per unit. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.12 for up to two years from the date of issue. On acquisition date, the estimated fair value of the Algernon warrants was determined to be \$78, using the Black-Scholes valuation model. The Company also exercised 5,882,400 share purchase warrants of Algernon at an average price of \$0.12. Additionally, the Company sold a total of 5,652,000 common shares of Algernon at an average price of \$0.22 per share for total proceeds of \$1,231. The Company recorded a gain on the sale of Algernon common shares of \$727. The Company and Algernon have one common director.
- ii) On March 25, 2020, the Company purchased 1,000,000 common shares in the capital of Pike Therapeutics Inc. for a total cost of US \$100 (CAD \$133).
- iii) On April 20, 2020, the Company purchased 4,000,000 units in the capital of HAVN Life Sciences Inc. ("HAVN") for \$0.25 per unit, each unit comprising one common share and one share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.50 per common share for a full warrant for up to two years from the date of issue. On acquisition date, the estimated fair value of the warrants was determined to be \$232, using the Black-Scholes valuation model. Additionally, the Company sold a total of 198,000 common shares of HAVN at an average price of \$0.78 per share for total proceeds of \$153.

On April 20, 2020, the Company also purchased 1,800,000 special warrants, which has been classified as shares, in the capital of HAVN for \$0.02 per special warrant. Each special warrant entitles the Company to receive one common share in the capital of HAVN, without any additional consideration, after September 8, 2020, the date HAVN became a publicly listed company and the special warrants were converted into common shares.

- iv) On June 25, 2020, the Company subscribed to 500,000 common shares in the capital of Montana Silver Mines, LLC for a total cost of \$10 pursuant to a private placement. Each unit consists of one common share and one share purchase warrant. As at September 30, 2020, the private placement had not closed and the investment was valued at cost. The Company and Montana Silver Mines, LLC have one common director.
- v) On July 3, 2020, the Company subscribed to 3,000,000 units in the capital of AuAg Exploration Inc. for a total cost of \$450 pursuant to a private placement. Each unit consists of one common share and one share purchase warrant. As at September 30, 2020, the private placement had not closed and the investment was valued at cost. The Company and AuAg Exploration Inc. have one common director.
- vi) On September 9, 2020, the Company purchased 1,250,000 units in the capital of Canarc Resource Corp. for a total cost of \$100 pursuant to a private placement. Each unit consists of one common share and one-half share purchase warrant. As at September 30, 2020, the private placement had not closed and the investment was valued at cost.

As at September 30, 2020, the Company estimated the fair value of the following derivative instruments using the Black-Scholes valuation model. For private equity investments, the fair value of the common shares is determined using the residual value method.

- i) The fair value of the common shares and warrants of Hempfusion, Inc. ("Hempfusion") was determined to be \$355 and \$30, respectively.
- ii) The fair value of the common shares and warrants of Quality Green Inc. ("Quality Green") was determined to be \$1,439 and \$162, respectively.
- iii) The fair value of the common shares and warrants of Algernon was determined to be \$2,556 and \$457, respectively.

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

5. Equity investments (continued)

- iv) The fair value of the common shares and warrants of First Responder Technologies Inc. ("First Responder") was determined to be \$345 and \$8, respectively. On January 13, 2020, First Responder became a publicly listed company.
- v) The fair value of the common shares and warrants of HAVN was determined to be \$4,481 and \$1,890, respectively.

The fair value of the derivative instruments as at acquisition and as of September 30, 2020 was determined using the Black-Scholes option pricing model with the following inputs:

| | Volatility factor | Risk-free interest rate | Expected life (years) | Expected dividend yield | Share price |
|------------------------------|-------------------|-------------------------|-----------------------|-------------------------|-------------|
| Hempfusion | 100% | 0.23% - 1.32% | 2.41 - 3.5 | 0% | US \$1.061 |
| Quality Green ⁽¹⁾ | 100% | 0.23% - 1.62% | 0.60 - 1 | 0% | \$0.498 |
| Algernon | 100% | 0.23% - 1.48% | 1.89 - 2.5 | 0% | \$0.315 |
| First Responder | 100% | 0.23%- 1.40% | 0.88 - 2 | 0% | \$0.115 |
| HAVN | 100% | 0.23% - 1.40% | 1.55 - 2 | 0% | \$0.800 |

Note:

⁽¹⁾ During the nine months ended September 30, 2020, these warrants were amended to extend the expiration date from May 6, 2020 to May 6, 2021.

As at December 31, 2019, the Company's equity investments consist of:

| Description | Number of securities | | Cost | Fair Value |
|-----------------------------------|----------------------|-----------|-----------------|-----------------|
| | Shares | Warrants | | |
| Private equity investments | | | | |
| Quality Green Inc. | 5,500,000 | 5,500,000 | \$ 3,025 | \$ 2,666 |
| Sweet Earth Holdings Corp. | 1,250,000 | - | 250 | 250 |
| First Responder Technologies Inc. | 3,000,000 | 1,500,000 | 1,050 | 1,029 |
| Hempfusion Inc. | 240,000 | 120,000 | 397 | 385 |
| | 9,990,000 | 7,120,000 | \$ 4,722 | \$ 4,330 |
| Public equity investments | | | | |
| Algernon Pharmaceuticals Inc. | 5,882,400 | 5,882,400 | \$ 500 | \$ 412 |
| | 5,882,400 | 5,882,400 | \$ 500 | \$ 412 |
| Balance, December 31, 2019 | | | \$ 5,222 | \$ 4,742 |

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Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

5. Equity investments (continued)

During the year ended December 31, 2019, the Company completed the following transactions:

- i) Purchased 5,500,000 units in the capital of Quality Green. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$1.00 per common share for a full warrant for up to one year from the date of issue. On acquisition date, the estimated fair value of \$460 of the Quality Green warrants, was determined using the Black-Scholes valuation model, and remaining \$2,565 was allocated to the common shares. The fair value of the common shares and warrants at December 31, 2019 is \$2,565 and \$101, respectively.
- ii) Purchased 1,250,000 common shares of Sweet Earth Holdings Corp. for a fair value of \$250.
- iii) Purchased 3,000,000 units in the capital of First Responder. Each unit consists of one common share and one-half (1/2) common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at an exercise price of \$0.50 per common share for a full warrant for up to two years from the date of issue. On acquisition date, the estimated fair value of \$141 of the First Responder warrants, was determined using the Black-Scholes valuation model, and remaining \$909 was allocated to the common shares. The fair value of the common shares and warrants at December 31, 2019 is \$909 and \$120, respectively. The Company and First Responder have two common directors.
- iv) Purchased 240,000 units in the capital of Hempfusion. Each unit consists of one common share and one-half (1/2) common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of US\$7.00 per common share for a full warrant any time prior to the earlier of: (i) the date that is 36 months following the trading date (which has not yet been determined); and (ii) February 28, 2023 subject to adjustments in certain events; provided the exercise price shall also be adjusted based on the Hempfusion initial public offering price (which has not yet been determined) such that: (a) if the IPO price is US\$7.00 or greater, the exercise price shall be equal to the IPO price; and (b) if the IPO price is less than US\$7.00, the exercise price shall be equal to a 15% discount to the IPO price. On acquisition date, the estimated fair value of \$46 of the warrants, was determined using the Black-Scholes valuation model, and remaining \$351 was allocated to the common shares. The fair value of warrants at December 31, 2019 is \$34.
- v) Purchased 5,882,000 units in the capital of Algernon. Each unit consists of one common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at an exercise price of \$0.12 per common share for a full warrant for a period of 30 months following the date of issue. On acquisition date, the fair value of warrants was determined to be \$59 and remaining \$441 was allocated to common shares. As at December 31, 2019, the fair value of common shares is \$323 and the fair value of the warrants is \$89. The estimated fair value of the warrants are based on exchange market prices. The Company and Algernon have one common director.

The fair value of the derivative instruments as at acquisition date and as of December 31, 2019 was determined using the Black-Scholes option pricing model with the following inputs:

| | Volatility factor | Risk-free interest rate | Expected life (years) | Expected dividend yield | Share price |
|-----------------|-------------------|-------------------------|-----------------------|-------------------------|-------------|
| Quality Green | 100% | 1.62% - 1.71% | 0.35 – 1 | 0% | \$0.470 |
| First Responder | 100% | 1.41% - 1.71% | 1.63 – 2 | 0% | \$0.256 |
| Hempfusion | 100% | 1.32% - 1.69% | 3.16 – 3.5 | 0% | US \$0.965 |

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

6. Other current assets

| | September 30, 2020 | | December 31, 2019 | |
|---|-----------------------|-------|----------------------|-------|
| Receivable from a Peruvian state-owned company ⁽¹⁾ | \$ | 1,317 | \$ | 1,959 |
| Other | | 103 | | 104 |
| | \$ | 1,420 | \$ | 2,063 |

Note:

⁽¹⁾ In June 2019, the Peruvian state-owned company declared that the Company was in default of its obligations with respect to the Bayovar Property which triggered a penalty of \$3.5M USD payable within 90 days. The performance bond of \$5M USD previously held in restricted funds was redeemed in October 2019 the full amount of which was paid to the Peruvian state-owned company. The difference of \$1.5M USD between the funds sent of \$5M USD and the penalty of \$3.5M USD has been recorded as a receivable from the Peruvian state-owned company. During the period ended September 30, 2020, the balance has partially been used to pay property taxes related to the Bayovar Property (Note 8).

7. Payable to Peruvian Group

On January 25, 2016, APPSA, acquired the remaining 30% beneficial interest in the Bayovar Property from a Peruvian Group, a former related party to the Company. As at December 31, 2019, the Company classified US \$1,500 (CAD \$1,948) of the payable as a current liability. The payable to the Peruvian Group has been classified as a financial liability carried at amortized cost.

During the year ended December 31, 2019, the Company received a notice of a claim filed against the Company by the Peruvian Group for payments owing from the remaining obligation under the terms of the acquisition agreement.

During the nine months ended September 30, 2020, the Company made a payment of US \$700 (CAD \$954) and transferred equipment with a carrying value of \$nil to settle the claim with the Peruvian Group and recognized a gain on debt settlement of US \$800 (CAD \$1,083) which was recorded in other income (expense).

8. Provisions and other current liabilities

| | September 30, 2020 | | December 31, 2019 | |
|--|-----------------------|-----|----------------------|-----|
| Provisions related to the Bayovar Property write-off | \$ | 807 | \$ | 785 |
| Other | | 103 | | 117 |
| | \$ | 910 | \$ | 902 |

As at September 30, 2020 and December 31, 2019, the Company recorded provisions related to the write-off of the Bayovar Property in Peru. These provisions will be paid from the receivable due from a Peruvian state-owned company once settled (see Note 6). The provisions are as follows:

| | September 30, 2020 | | December 31, 2019 | |
|-------------------------------|-----------------------|-----|----------------------|-----|
| Land use | \$ | 333 | \$ | 325 |
| Property taxes ⁽¹⁾ | | - | | 320 |
| Reclamation | | 474 | | 140 |
| | \$ | 807 | \$ | 785 |

Note:

⁽¹⁾ During the period ended September 30, 2020, the Peruvian state-owned company paid property taxes on behalf of the Company amounting to \$658, which was offset against the receivable due from the Peruvian state-owned company (Note 6).

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

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9. Equity

(a) Common shares

Authorized shares: unlimited number of common shares and unlimited number of preferred shares. No preferred shares have been issued.

No shares were issued during the nine month period ended September 30, 2020 and the year ended December 31, 2019.

On September 5, 2019, the Company returned capital to its shareholders of record as of close of business on August 26, 2019, a cash amount of \$0.03 per common share for a total aggregate disbursement of \$6,417.

(b) Options to purchase common shares

(i) Stock option plan

The Company has a stock option plan under which the Board of Directors may from time to time grant to directors, senior officers, consultants and employees options to acquire common shares, exercisable for a period of up to ten years from the date of grant. The stock option plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance for all purposes under the stock option plan shall not exceed 10% of the total issued and outstanding common shares. The maximum number of common shares that may be reserved for issuance to any individual pursuant to stock options may not exceed 5% of the common shares issued and outstanding at the time of grant, and the number of common shares that may be reserved for issuance to all investor relations consultants pursuant to stock options may not exceed 2% of the common shares issued and outstanding at the time of grant. Options become exercisable as long as the optionee holds office or continues to be employed by the Company and 90 days following the cessation of an optionee's position with the Company.

(ii) Movement in share options

The changes in share options during the nine month period ended September 30, 2020 and year ended December 31, 2019 were as follows:

| | September 30, 2020 | | December 31, 2019 | |
|--|--------------------|---------------------------------|-------------------|---------------------------------|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance outstanding, beginning of the period | 40,000 | \$0.20 | 4,505,000 | \$0.21 |
| Options forfeited | - | - | (4,465,000) | \$0.21 |
| Balance outstanding, end of the period | 40,000 | \$0.20 | 40,000 | \$0.20 |

(iii) Outstanding share options

The following table summarizes information concerning outstanding and exercisable options of the Company as at September 30, 2020:

| Options outstanding | Options exercisable | Exercise price | Remaining contractual life (years) |
|---------------------|---------------------|----------------|------------------------------------|
| 40,000 | 40,000 | \$0.20 | 1.16 |

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

9. Equity (continued)

(b) Options to purchase common shares (continued)

(iii) Outstanding share options (continued)

The following table summarized information concerning outstanding and exercisable options of the Company as at December 31, 2019:

| Options outstanding | Options exercisable | Exercise price | Remaining contractual life (years) |
|---------------------|---------------------|----------------|------------------------------------|
| 40,000 | 40,000 | \$0.20 | 1.91 |

(c) Warrants

As at September 30, 2020 and December 31, 2019, the Company had no warrants outstanding.

10. Non-controlling interest

As at September 30, 2020 and December 31, 2019, the Company held a 95% interest in GAC with the remaining 5% interest in GAC held by non-controlling interests. The accumulated non-controlling interest of GAC at September 30, 2020 was \$2,855 (December 31, 2019 – \$2,855). As at September 30, 2020, GAC and its Peruvian subsidiary, APPSA, held \$587 (December 31, 2019 – \$1,010) of cash.

The following table summarizes financial information related to GAC, before inter-company eliminations:

| | September 30, 2020 | December 31, 2019 |
|------------------------------------|-----------------------|----------------------|
| Current assets | \$ 1,538 | \$ 2,969 |
| Current liabilities ⁽¹⁾ | 10,954 | 12,379 |
| Net loss | (27) | (1,305) |
| Comprehensive income | \$ 19 | \$ 127 |

Notes:

⁽¹⁾ Includes intercompany monetary items that are repayable on demand, but which are not expected to be repaid in the foreseeable future.

11. Other general and administrative expenses

| | Note | For the nine months ended September 30, 2020 | For the twelve months ended December 31, 2019 |
|---|------|---|--|
| Employee benefits (including termination costs) | 15 | \$ 297 | \$ 1,146 |
| Insurance | | - | 107 |
| Management fees | 15 | 142 | 155 |
| Professional and consulting | 15 | 210 | 1,135 |
| Rent | 15 | 27 | 79 |
| Travel | | 62 | 129 |
| Provisions related to Bayovar property | | 672 | 327 |
| Proxy advisor fees | | - | 251 |
| Other | | 114 | 436 |
| | | \$ 1,524 | \$ 3,765 |

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(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

12. Other income (expense)

| | For the nine months ended September 30, 2020 | | For the twelve months ended December 31, 2019 | |
|--|--|-------|---|---------|
| Foreign exchange gain (loss) | \$ | 400 | \$ | (1,063) |
| Fair value gain (loss) on equity investments | | 6,644 | | (480) |
| Interest income | | 50 | | 508 |
| Other income (expense) | | (20) | | 247 |
| Loss on write-off of loan ⁽¹⁾ | | - | | (1,946) |
| | \$ | 7,074 | \$ | (2,734) |

Notes:

GrowMax entered into a Share Purchase Agreement (the "SPA") with the controlling shareholders of Fertimar Mineração e Navegação Ltda. ("Fertimar") in which a loan was made to Fertimar with interest calculated using the Certificado de Depósito Interbancário ("CDI") rate in Brazil, currently set at 6.05% per annum. The bridge facility is secured by a personal guarantee from Mr. Eduardo Marinho Christoph. On March 4, 2019 GrowMax announced that the SPA had been terminated following which a notice to repay the loan was issued by GrowMax to Fertimar. The loan principal and accrued interest was due on September 23, 2019. During the year ended, December 31, 2019, the full balance of the loan of \$1,946 (principal plus accrued interest) was determined to be uncollectible and thus written off.

13. Income taxes

Reported income tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to loss before income tax due to the following:

| | September 30, 2020 | | December 31, 2019 | |
|--|-----------------------|---------|----------------------|---------|
| Income (loss) before income tax | \$ | 6,633 | \$ | (6,581) |
| Canadian statutory income tax rate | | 27% | | 27% |
| Expected income tax recovery on loss before tax | | 1,791 | | (1,777) |
| Tax effect of items not deductible for income tax purposes | | (1) | | 264 |
| Difference in tax rates between foreign jurisdictions and Canada | | (1) | | (32) |
| Change in corporate tax rate | | - | | (43) |
| Change in unrecognized deferred tax assets and other | | (1,789) | | 1,588 |
| Income tax expense (recovery) | \$ | - | \$ | - |

As at September 30, 2020 and December 31, 2019, the Company has unrecognized deferred tax assets related to its operations in Canada and Peru. These deferred tax assets have not been recognized in the consolidated statements of financial position because of the significant uncertainty regarding whether such benefits will be realized.

The following table summarizes these items at September 30, 2020 and December 31, 2019 (in Canadian dollars after applying the applicable tax rates):

| | September 30, 2020 | | December 31, 2019 | |
|---|-----------------------|--------|----------------------|--------|
| Loss carry forwards (capital and non-capital) | \$ | 33,374 | \$ | 33,010 |
| Deductible temporary differences | | 12,038 | | 13,391 |
| | \$ | 45,412 | \$ | 46,401 |

The Company's non-capital loss carry forwards in Canada expire as follows (in Canadian dollars before applying the applicable tax rates):

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13. Income taxes (continued)

| Expiry date | | | Canada |
|-------------|----|--------|-----------|
| 2029 | \$ | 2,132 | \$ 2,669 |
| 2030 | | 2,825 | 2,825 |
| 2031 | | 4,142 | 4,142 |
| 2032 | | 6,878 | 6,878 |
| 2033 | | 2,475 | 2,475 |
| 2035 | | 5,857 | 5,857 |
| 2036 | | 18,758 | 18,758 |
| 2037 | | 5,118 | 5,139 |
| 2038 | | 6,091 | 6,091 |
| 2039 | | 3,214 | 3,215 |
| 2040 | | 1,999 | 2,003 |
| | \$ | 59,489 | \$ 60,052 |

As at September 30, 2020, the Company has capital losses in Canada totaling \$124,922 (December 31, 2019 – \$121,078), which can be carried forward indefinitely.

As at September 30, 2020, the Company has \$1,517 (December 31, 2019 – \$1,527) of tax losses in Peru, which can be carried forward indefinitely, but which have a limitation on their use. These carry forward losses may be deducted up to an annual limit of 50% of APPSA's taxable income in the applicable year.

14. Financial instruments and financial risk management

(a) Categories of financial instruments

The following table summarizes the carrying amounts of the Company's financial instruments:

| | September 30, 2020 | December 31, 2019 |
|--|-----------------------|----------------------|
| Financial assets | | |
| Amortized cost | | |
| Cash | \$ 13,506 | \$ 16,162 |
| Other current assets | 1,420 | 2,063 |
| Fair value through profit or loss | | |
| Equity investments | 12,616 | 4,742 |
| | \$ 27,542 | \$ 22,967 |
| Financial liabilities | | |
| Amortized cost | | |
| Accounts payable and accrued liabilities | \$ 128 | \$ 265 |
| Payable to Peruvian Group | - | 1,948 |
| Provisions and other current liabilities | 910 | 902 |
| | \$ 1,038 | \$ 3,115 |

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14. Financial instruments and financial risk management (continued)

(b) Fair value of financial instruments

(i) Fair value estimation of financial instruments

The fair value of cash, various receivables included in other current assets, accounts payable and accrued liabilities, the payable to the Peruvian Group, and various liabilities included in other current liabilities approximate their carrying values due to the short-term nature of the financial instruments.

(ii) Financial instruments measured at fair value

Financial instruments that are measured at fair value subsequent to initial recognition are grouped in a hierarchy based on the degree to which the fair value is observable. The levels in the hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following is a summary of the Company's equity investments categorized in the fair value hierarchy as at September 30, 2020:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|------------------|-------------|-----------------|------------------|
| Private equity investments | \$ - | \$ - | \$ 2,387 | \$ 2,387 |
| Public equity investments | 7,682 | - | - | 7,682 |
| Derivative instruments | 2,355 | - | 192 | 2,547 |
| Balance, September 30, 2020 | \$ 10,037 | \$ - | \$ 2,579 | \$ 12,616 |

The following is a summary of the Company's equity investments categorized in the fair value hierarchy as at December 31, 2019:

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|---------------|-------------|-----------------|-----------------|
| Private equity investments | \$ - | \$ - | \$ 4,075 | \$ 4,075 |
| Public equity investments | 323 | - | - | 323 |
| Derivative instruments | 89 | - | 255 | 344 |
| Balance, December 31, 2019 | \$ 412 | \$ - | \$ 4,330 | \$ 4,742 |

The Company is responsible for performing the valuation of fair value measurements included in the consolidated financial statements, including Level 3 fair values. The valuation processes and results for recurring measurements are reviewed at least once every quarter, in line with the Company's quarterly reporting dates.

The private equity investments are based on inputs other than quoted prices and are therefore considered to be Level 3. The derivative instruments are based on inputs other than quoted prices and therefore considered to be Level 3. There were no transfers to or from Level 3 for the nine month period ending September 30, 2020.

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(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

14. Financial instruments and financial risk management (continued)

(c) Financial risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, interest rate risk, credit risk, liquidity risk, and equity price risk. Except as disclosed below, the Company's exposure to these risks and its methods of managing the risks remain consistent.

(i) Currency risk

The Company is exposed to financial risk related to fluctuations in foreign exchange rates. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at September 30, 2020, the Company's head office held US \$8,780 (December 31, 2019 – US \$10,656) of U.S. dollar cash.

The Company estimates that a 5% weakening of the Canadian dollar at September 30, 2020 would have decreased the Company's reported net income (loss) for the nine months ended September 30, 2020 by approximately \$586 (December 31, 2019 – \$692) (relates to U.S. dollar financial instruments held at head office). A 5% strengthening of the Canadian dollar at September 30, 2020 would have had an equal but opposite effect.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. When investments are made, the Company's strategy is to stagger the maturity dates over different time periods to minimize exposure to interest rate changes. The Company monitors its exposure to interest rates but has not entered into any derivative financial instruments to manage this risk.

(iii) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligation. Credit risk arises from the Company's financial assets. The carrying value of the financial assets represents the maximum exposure to credit risk. The Company's exposure to credit risk is considered to be low-moderate, given the size and nature of the various counterparties involved and their history of performance.

As at September 30, 2020, the majority of the Company's cash is held with a financial institution in Canada that was assigned a long-term issuer default rating of AAA (Fitch Ratings).

The Company is exposed to credit risk arising from receivables from a Peruvian state-owned company. The carrying amount of the receivables from Peruvian state-owned company represent the maximum credit exposure.

(iv) 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 attempts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its holdings of cash. All of the Company's financial liabilities are without fixed terms of repayment.

To date, the Company has relied on cash flows from operations, equity and debt financing, and sale of assets to fund its operations and capital expenditures.

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

14. Financial instruments and financial risk management (continued)

(c) Financial risk management (continued)

(v) Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's equity investments consisting of common shares and derivative investments consisting of share purchase warrants are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the investments are held. The Company's equity investments are monitored by the Board with decisions on sale or exercise taken by Management. An 18% decrease in fair value of the shares and warrants would result in an approximate \$2,271 (December 31, 2019 – 854) decrease in net income (loss) and comprehensive income (loss).

15. Related party transactions

The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel.

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

Remuneration to the Company's related parties was as follows:

| | For the nine months ended September 30, 2020 | For the twelve months ended December 31, 2019 |
|---|---|--|
| Short-term employee benefits ⁽¹⁾ | \$ 224 | \$ 709 |
| Rent | 27 | 30 |
| Professional and consulting fees | 31 | 11 |
| | \$ 282 | \$ 750 |

Notes:

⁽¹⁾ Includes directors' fees, consulting fees, management fees, termination benefits, salaries and bonuses and amounts for former directors, the former CEO and the former CFO.

As at September 30, 2020, accounts payable and accrued liabilities include \$59 (December 31, 2019 – \$nil) payable to key management personnel and companies owned directly or indirectly by key management personnel.

Amounts due to related parties included in accounts payable and accrued liabilities are unsecured, non-interest-bearing and are without fixed terms of repayment.

16. Contingencies

As at September 30, 2020, the Company has one notice of a claim filed against it by a former consultant for payments owing for unpaid salaries and other labour benefits. The Company is defending the claim vigorously. Management considers any claims against the Company to be without merit and accordingly no amounts have been accrued.

GrowMax Resources Corp.

Notes to the Consolidated Financial Statements

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

17. Capital management

Due to the proposed change of business, the Company's new objectives in managing liquidity and capital are to safeguard the Company's ability to continue as a going concern and provide the financial capacity to meet its strategic objectives. The Company defines its capital as equity attributable to owners of the Company, excluding accumulated OCI. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and/or acquire or dispose of assets to facilitate the management of its capital requirements. The Company's investment policy is to hold cash in interest bearing bank accounts. The Company prepares annual expenditure budgets that are updated as necessary depending upon various factors, including successful capital deployment and general industry conditions. The Company's board of directors approves the annual and updated budgets.

The Company is not subject to any external imposed capital requirements during the nine months ended September 30, 2020.

18. Segment disclosure

The Company has one operating segment, being mineral exploration. However, the Company is in the process of changing its business to the acquisition and sale of investments in other companies.

19. COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness.

The duration and impact of the COVID-19 outbreak is unknown at this time, including how it would impact the Company's investments, as is the efficacy of the government and central bank interventions. However, the Company believe that the COVID-19 Pandemic will likely have only a minimal impact on the Company's activities, most notably in curtailment of travel. There is no material disruption to the Company's operations.

20. Subsequent events

Subsequent to September 30, 2020, the Company sold a total of 1,154,000 common shares of Algernon at an average price of \$0.39 per share and a total of 1,695,000 common shares of HAVN at an average price of \$1.08 per share.

On November 12, 2020, the Company purchased 2,857,143 units in the capital of Alpha Esports Inc. for a total cost of \$1,000. Each unit consists of one common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at an exercise price of \$0.50 per common share for a full warrant for up to two years from the date of issue.



**Condensed Consolidated Interim Financial Statements
March 31, 2021**

(Unaudited – Prepared by Management)

NOTICE TO READER

Under National Instrument 51-102 “Continuous Disclosure Requirements”, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited interim financial statements, they must be accompanied by a notice indicating that the unaudited interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

GrowMax Resources Corp.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in thousands of Canadian dollars)

Unaudited

| As at | Note | March 31, 2021 | September 30, 2020 |
|--|------|---------------------------|-------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash | | \$ 12,907 | \$ 13,506 |
| Equity investments | 5 | 11,044 | 12,616 |
| Other current assets | 6 | 908 | 1,420 |
| Total assets | | \$ 24,859 | \$ 27,542 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 13 | \$ 93 | \$ 128 |
| Provisions and other current liabilities | 7 | 340 | 910 |
| Total liabilities | | 433 | 1,038 |
| Equity | | | |
| | 8 | | |
| Share capital | | 214,211 | 214,211 |
| Contributed surplus | | 39,195 | 39,195 |
| Accumulated other comprehensive income | | 3,718 | 3,463 |
| Deficit | | (235,536) | (233,220) |
| Equity attributable to owners of the Company | | 21,588 | 23,649 |
| Non-controlling interest | 9 | 2,838 | 2,855 |
| Total equity | | 24,426 | 26,504 |
| Total liabilities and equity | | \$ 24,859 | \$ 27,542 |
| Contingencies | 14 | | |

Approved by the Board of Directors on May 30, 2021.

Signed:
"Kulwant Malhi"

Director

Signed:
"Michael Sadhra"

Director

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

GrowMax Resources Corp.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in thousands of Canadian dollars, except per share amounts and number of shares outstanding)
Unaudited

| | Note | Three months ended | | Six months ended | |
|---|------|--------------------|-------------------|-------------------|-------------------|
| | | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| General and administrative expenses | | | | | |
| Depreciation | | \$ - | - | \$ - | (75) |
| Other general and administrative | 10 | (628) | (366) | (990) | (1,040) |
| | | (628) | (366) | (990) | (1,115) |
| Other income (expense) | 11 | 526 | 2,337 | (1,358) | 244 |
| Net income (loss) for the period | | \$ (102) | 1,971 | \$ (2,348) | \$ (871) |
| Attributable to: | | | | | |
| Owners of the Company | | \$ (78) | 1,984 | \$ (2,316) | \$ (831) |
| Non-controlling interest | | (24) | (13) | (32) | (40) |
| Net income (loss) for the period | | \$ (102) | 1,971 | \$ (2,348) | \$ (871) |
| Earnings (loss) per share attributable to owners of the Company | | | | | |
| Basic and diluted | | (0.00) | 0.01 | (0.01) | (0.00) |
| Weighted average number of common shares outstanding | | | | | |
| Basic and diluted | | 213,925,645 | 213,925,645 | 213,925,645 | 213,925,645 |
| Net income (loss) for the period | | \$ (102) | 1,971 | \$ (2,348) | \$ (871) |
| Other comprehensive income (loss), net of tax | | | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | | | |
| Exchange differences on translating foreign operations | | 295 | (7) | 255 | (28) |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | | |
| Exchange differences on translating non-controlling interest | | 17 | - | 15 | (1) |
| Comprehensive income (loss) for the period | | 210 | 1,964 | (2,078) | (900) |
| Attributable to: | | | | | |
| Owners of the Company | | 217 | 1,977 | (2,061) | (859) |
| Non-controlling interest | | (7) | (13) | (17) | (41) |
| Comprehensive income (loss) for the period | | \$ 210 | 1,964 | \$ (2,078) | \$ (900) |

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

GrowMax Resources Corp.Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in thousands of Canadian dollars)*Unaudited*

| | Number of Shares | Share Capital \$ | Contributed surplus \$ | Accumulated other comprehensive income (loss) \$ | Deficit \$ | Equity attributable to owners of the Company \$ | Non- controlling interest \$ | Total equity \$ |
|-------------------------------------|------------------------|------------------------|------------------------------|--|------------------|---|---------------------------------------|-----------------------|
| Balance – September 30, 2019 | 213,925,645 | 214,211 | 39,220 | 3,466 | (237,064) | 19,833 | 2,883 | 22,716 |
| Forfeiture of stock options | - | - | (25) | - | 25 | - | - | - |
| Net loss | - | - | - | - | (831) | (831) | (40) | (871) |
| Other comprehensive income | - | - | - | (28) | - | (28) | (1) | (29) |
| Total comprehensive income (loss) | - | - | - | (28) | (806) | (859) | (41) | (900) |
| Balance – March 31, 2020 | 213,925,645 | 214,211 | 39,195 | 3,438 | (237,870) | 18,974 | 2,842 | 21,816 |
| Balance – September 30, 2020 | 213,925,645 | 214,211 | 39,195 | 3,463 | (233,220) | 23,649 | 2,855 | 26,504 |
| Net income (loss) | - | - | - | - | (2,316) | (2,316) | (32) | (2,348) |
| Other comprehensive loss | - | - | - | 255 | - | 255 | 15 | 270 |
| Total comprehensive income (loss) | - | - | - | 255 | (2,316) | (2,061) | (17) | (2,078) |
| Balance – March 31, 2021 | 213,925,645 | 214,211 | 39,195 | 3,718 | (235,536) | 21,588 | 2,838 | 24,426 |

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

GrowMax Resources Corp.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

Unaudited

| | Note | Six months ended March 31, | |
|---|------|----------------------------|------------------|
| | | 2021 | 2020 |
| Operating activities | | | |
| Net income (loss) for the period | | \$ (2,348) | \$ (871) |
| Adjustments to net income (loss) for non-operating items and non-cash items: | | | |
| Depreciation | | - | 75 |
| Unrealized and other foreign exchange (gain) loss | | 892 | (814) |
| Fair value (gain) loss on equity investments | | 4,486 | (403) |
| (Gain) loss on sale of equity investment | 5 | (3,737) | (360) |
| Other (income) expense | | - | 20 |
| Write-off of loan receivable | | - | 1,946 |
| <hr/> | | | |
| Cash used in operating activities, before changes in non-cash operating items | | (707) | (407) |
| Net change in non-cash operating items: | | | |
| Other current assets | | 512 | (239) |
| Other non-current assets | | - | (1,959) |
| Accounts payable and accrued liabilities | | (34) | 26 |
| Provisions and other current liabilities | | (570) | (4,330) |
| <hr/> | | | |
| Net cash used in operating activities | | (799) | (6,909) |
| <hr/> | | | |
| Investing activities | | | |
| Capital expenditures, net | | - | 3 |
| Withdrawal of restricted investments | | - | 6,571 |
| Purchase of equity investments | 5 | (4,278) | (1,520) |
| Sale of equity investments | 5 | 5,100 | 727 |
| <hr/> | | | |
| Net cash generated by investing activities | | 822 | 5,781 |
| <hr/> | | | |
| Net change in cash | | 23 | (1,128) |
| <hr/> | | | |
| Effect of foreign exchange rate on cash | | (622) | 777 |
| Cash – beginning of period | | 13,506 | 17,176 |
| <hr/> | | | |
| Cash – end of period | | \$ 12,907 | \$ 16,825 |

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

GrowMax Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended March 31, 2021 and 2020

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

Unaudited

1. General information

GrowMax Resources Corp. (the “Company” or “GrowMax”) is a publicly traded company that was formed on August 22, 2008 by an amalgamation of two predecessor entities. The Company is incorporated and domiciled in Canada. The Company’s corporate head office is located at 915 – 700 West Pender Street, Vancouver, BC, V6C 1G8.

GrowMax has the following subsidiaries:

- (1) 95% ownership interest in GrowMax Agri Corp. (“GAC”), which was incorporated and registered in Alberta in 2009 and is a holding company for its 100% owned subsidiary, Americas Potash Peru S.A. (“APPSA”); and
- (2) APPSA, which was incorporated and registered in Peru in 2008, and holds the Company’s interests in phosphates, potash and other mineral concessions in Peru.

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

All dollar figures stated herein are expressed in Canadian dollars (\$) or CAD, unless otherwise specified.

Since inception, efforts of the Company have been devoted to the acquisition, exploration and development of mineral properties. In recent years, the Company was focused on the exploration, evaluation, and development of phosphate and potassium-rich brine resources on its Bayovar property (the “Bayovar Property”), which is located in the Sechura Desert in northwestern Peru.

After a thorough review of the Company’s resources and strategic options, and given the expertise and skill sets of the Company’s management and directors, the GrowMax Board determined that the optimal allocation of the Company’s working capital would be within the framework of an investment company. As a result, on August 27, 2019, the Company announced a proposed change of business from mineral exploration to an investment issuer (the “Proposed COB”) under the rules of the TSX Venture Exchange (the “TSXV”). The shareholders of the Company approved the Proposed COB at its annual general and special meeting held on August 7, 2019. Subject to receipt of all regulatory approvals, including approval of the TSXV of the Proposed COB, the Company will become a Tier 1 Investment Issuer.

The Company expects to complete the Proposed COB in the near future. The future of the Company will depend upon the successful completion of its Proposed COB, future successful operations and earnings. In addition to its current cash resources, the Company may require additional financing, either through equity issuances or debt facilities, to complete its Proposed COB. However, there can be no assurance that the Company will be successful in these initiatives.

2. Basis for presentation

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. They do not include all the information required for full annual financial statements. These Financial Statements should be read in conjunction with the audited annual consolidated financial statements for the nine months ended September 30, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

3. Significant accounting policies

The preparation of these Financial Statements is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements for the nine months ended September 30, 2020.

4. Critical accounting estimates and judgements

The preparation of these Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

GrowMax Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended March 31, 2021 and 2020

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

Unaudited

Actual results may differ from these estimates. In preparing these Financial Statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the audited annual consolidated financial statements for the nine months ended September 30, 2020.

5. Equity investments

As at March 31, 2021, the Company's equity investments consist of:

| Description | Number of securities | | | Cost | Fair Value |
|--|----------------------|-------------------|-------------------|------------------|------------------|
| | Units in Advance | Shares | Warrants | | |
| Private equity investments: | | | | | |
| Alpha Esports Inc. | 2,857,143 | - | - | \$ 1,000 | \$ 1,000 |
| AuAg Exploration Inc. | 3,000,000 | - | - | 450 | 450 |
| Manning Ventures Inc. | - | 2,350,000 | 2,350,000 | 353 | 322 |
| Montana Silver Mines, LLC | 500,000 | - | - | 10 | 10 |
| Pike Therapeutics Inc. | - | 1,000,000 | - | 143 | 126 |
| Quality Green Inc. | - | 5,500,000 | 5,500,000 | 3,025 | 1,313 |
| Telecure Technologies Inc. | 1,400,000 | - | - | 490 | 490 |
| | 7,757,143 | 8,850,000 | 7,850,000 | \$ 5,471 | \$ 3,711 |
| Public equity investments: | | | | | |
| Algernon Pharmaceuticals Inc. | - | 6,999,300 | 3,000,000 | \$ 891 | \$ 2,122 |
| Beyond Medical Tech Inc. | - | 8,500,000 | 8,000,000 | 1,113 | 1,925 |
| Canaccord Genuity Group Inc. | - | 35,000 | - | 424 | 403 |
| Canagold Resources Ltd. ⁽¹⁾ | - | 250,000 | 125,000 | 100 | 165 |
| First Responder Technologies Inc. | - | 3,000,000 | 1,500,000 | 1,050 | 300 |
| HAVN Life Sciences Inc. | - | 1,700,100 | - | 326 | 1,122 |
| Hempfusion Inc. | - | 330,000 | 165,000 | 513 | 972 |
| Optimi Health Corp. | - | 200,000 | - | 150 | 140 |
| Rockshield Capital Corp. | - | 400,000 | - | 200 | 184 |
| | - | 21,414,400 | 12,790,000 | \$ 4,767 | \$ 7,333 |
| Balance, March 31, 2021 | 7,757,143 | 30,264,400 | 20,640,000 | \$ 10,238 | \$ 11,044 |

Note:

⁽¹⁾ On December 8, 2020, Canagold Resources Ltd. consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every five (5) pre-consolidation common shares

During the six months ended March 31, 2021, the Company completed the following transactions:

- The Company purchased 2,857,143 units in advance in the capital of Alpha Esports Inc. for \$0.350 per unit in advance. Each unit in advance consists of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.50 for up to two year after the yet to be determined listing date.
- The Company purchased 2,350,000 units in the capital of Manning Ventures Inc. for \$0.15 per unit. Each unit consists of one common share and one-half common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.20 up to February 11, 2023.
- The Company purchased 1,400,000 units in advance in the capital of Telecure Technologies Inc. for \$0.350 per unit in advance. Each unit in advance consists of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at an exercise price to be determined at a yet to be determined date.

GrowMax Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended March 31, 2021 and 2020

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

Unaudited

- iv) The Company sold a total of 2,113,500 common shares of Algernon Pharmaceuticals Inc. (“Algernon”) at an average price of \$0.37 per share for total proceeds of \$781. The Company recorded a gain on the sale of Algernon common shares of \$556. The Company purchased 1,000,000 units in the capital of Algernon for \$0.25 per unit. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.50 up to March 5, 2023. The Company and Algernon have one common director.
- v) The Company purchased 500,000 shares in the capital of Beyond Medical Tech Inc. (“Beyond Medical”) for an average of \$0.226 per share. The Company also purchased 8,000,000 units in the capital of Beyond Medical for \$0.125 per unit. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$7.20 up to February 5, 2023.
- vi) The Company purchased 50,000 shares in the capital of Canaccord Genuity Group Inc. (“Canaccord”) for \$12.12 per share. The Company sold 15,000 shares in the capital of Canaccord at an average price of \$13.00 for total proceeds of \$195. The Company recorded a gain on the sale of Canaccord common shares of \$13.
- vii) The Company sold a total of 3,901,900 common shares of HAVN Life Sciences Inc. (“HAVN”) at an average price of \$0.93 per share for total proceeds of \$3,611. The Company recorded a gain on the sale of HAVN common shares of \$3,138. Additionally, The Company sold a total of 2,000,000 warrants of HAVN at an average price of \$1.030 per share for total proceeds of \$60. The Company recorded a loss on the sale of HAVN warrants of \$56. Also, 2,000,000 HAVN warrants expired unexercised. The Company recorded a loss on the expiry of warrants of \$116.
- viii) The Company purchased 90,000 units in the capital of Hempfusion Inc. for US \$1.00 per unit. Each unit consists of one common share and one-half common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of US \$7.00 up to February 28, 2023.
- ix) The Company purchased 200,000 shares in the capital of Optimi Health Corp. for \$0.75 per share.
- x) The Company purchased 400,000 shares in the capital of Rockshield Capital Corp. for \$0.50 per share.
- xi) The Company sold a total of 1,250,000 common shares of Sweet Earth Holdings Corp. (“Sweet Earth”) at an average price of \$0.36 per share for total proceeds of \$453. The Company recorded a gain on the sale of Sweet Earth common shares of \$203.

The fair value of the derivative instruments as at March 31, 2021 was determined using the Black-Scholes option pricing model with the following inputs:

| | Volatility factor | Risk-free interest rate | Expected life (years) | Expected dividend yield | Share price |
|--------------------------|-------------------|-------------------------|-----------------------|-------------------------|-------------|
| Hempfusion | 100% | 0.23% - 1.32% | 1.92 - 3.50 | 0% | US \$1.061 |
| Quality Green | 100% | 0.20% - 1.62% | 0.10 – 1.00 | 0% | \$0.239 |
| Algernon | 100% | 0.18% - 1.48% | 1.39 - 2.50 | 0% | \$0.245 |
| First Responder | 100% | 0.18% - 1.40% | 0.38 – 2.00 | 0% | \$0.100 |
| Canagold Resources Ltd. | 100% | 0.18% - 0.23% | 1.62 – 1.87 | 0% | \$0.475 |
| Manning Ventures Inc. | 100% | 0.23% | 1.87 | 0% | \$0.102 |
| Beyond Medical Tech Inc. | 100% | 0.23% | 1.79 | 0% | \$0.160 |

GrowMax Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended March 31, 2021 and 2020

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

Unaudited

As at September 30, 2020, the Company's equity investments consist of:

| Description | Number of securities | | | Cost | Fair Value |
|------------------------------------|----------------------|------------|-----------|-----------------|------------------|
| | Units in Advance | Shares | Warrants | | |
| Private equity investments: | | | | | |
| AuAg Exploration Inc. | 3,000,000 | - | - | \$ 450 | \$ 450 |
| Hempfusion Inc. | - | 240,000 | 120,000 | 397 | 385 |
| Montana Silver Mines, LLC | 500,000 | - | - | 10 | 10 |
| Pike Therapeutics Inc. | - | 1,000,000 | - | 143 | 133 |
| Quality Green Inc. | - | 5,500,000 | 5,500,000 | 3,025 | 1,601 |
| | 3,500,000 | 6,740,000 | 5,620,000 | \$ 4,025 | \$ 2,579 |
| Public equity investments: | | | | | |
| Algernon Pharmaceuticals Inc. | - | 8,112,800 | 2,000,000 | \$ 867 | \$ 3,013 |
| First Responder Technologies Inc. | - | 3,000,000 | 1,500,000 | 1,050 | 353 |
| Sweet Earth Holdings Corp. | - | 1,250,000 | - | 250 | 200 |
| HAVN Life Sciences Inc. | - | 5,602,000 | 4,000,000 | 1,032 | 6,371 |
| Canagold Resources Ltd. | 1,250,000 | - | - | 100 | 100 |
| | 1,250,000 | 17,964,800 | 7,500,000 | \$ 3,299 | \$ 10,037 |
| Balance, September 30, 2020 | | | | \$ 7,324 | \$ 12,616 |

The fair value of the derivative instruments as at September 30, 2020 was determined using the Black-Scholes option pricing model with the following inputs:

| | Volatility factor | Risk-free interest rate | Expected life (years) | Expected dividend yield | Share price |
|-----------------|-------------------|-------------------------|-----------------------|-------------------------|-------------|
| Hempfusion | 100% | 0.23% - 1.32% | 2.41 - 3.5 | 0% | US \$1.061 |
| Quality Green | 100% | 0.23% - 1.62% | 0.60 - 1 | 0% | \$0.498 |
| Algernon | 100% | 0.23% - 1.48% | 1.89 - 2.5 | 0% | \$0.315 |
| First Responder | 100% | 0.23% - 1.40% | 0.88 - 2 | 0% | \$0.115 |
| HAVN | 100% | 0.23% - 1.40% | 1.55 - 2 | 0% | \$0.800 |

6. Other current assets

| | March 31, 2021 | September 30, 2020 |
|--|----------------|--------------------|
| Receivable from a Peruvian state-owned company | \$ 793 | \$ 1,317 |
| Other | 115 | 103 |
| | \$ 908 | \$ 1,420 |

7. Provisions and other current liabilities

| | March 31, 2021 | September 30, 2020 |
|--|----------------|--------------------|
| Provisions related to the Bayovar Property write-off | \$ 314 | \$ 807 |
| Other | 26 | 103 |
| | \$ 340 | \$ 910 |

GrowMax Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended March 31, 2021 and 2020

(Currency amounts are expressed in thousands of Canadian dollars, except per share amounts and prices)

Unaudited

At March 31, 2021, the Company recorded provisions related to the write-off of the Bayovar Property in Peru. These provisions will be paid from the receivable due from a Peruvian state-owned company once settled (see Note 6). The provisions are as follows:

| | March 31, 2021 | | September 30, 2020 | |
|-------------|----------------|-----|--------------------|-----|
| Land use | \$ | 314 | \$ | 333 |
| Reclamation | | - | | 474 |
| | \$ | 314 | \$ | 807 |

8. Equity

(a) Common shares

Authorized shares: unlimited number of common shares and unlimited number of preferred shares. No preferred shares have ever been issued.

No shares were issued during the six months ended March 31, 2021 and 2020.

(b) Options to purchase common shares

(i) Movement in share options

Share option activity during the six months ended March 31, 2021 and the nine months ended September 30, 2020 were as follows:

| | March 31, 2021 | | September 30, 2020 | |
|--|-------------------|---------------------------------|--------------------|---------------------------------|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance outstanding, beginning of the period | 40,000 | \$0.20 | 40,000 | \$0.20 |
| Options forfeited | - | - | - | - |
| Balance outstanding, end of the period | 40,000 | \$0.20 | 40,000 | \$0.20 |

(ii) Share options outstanding

The following table summarizes information concerning outstanding and exercisable options of the Company at March 31, 2021:

| Options outstanding | Options exercisable | Exercise price | Remaining contractual life (years) |
|---------------------|---------------------|----------------|------------------------------------|
| 40,000 | 40,000 | \$0.20 | 1.41 |

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The following table summarizes information concerning outstanding and exercisable options of the Company at September 30, 2020:

| Options outstanding | Options exercisable | Exercise price | Remaining contractual life (years) |
|---------------------|---------------------|----------------|------------------------------------|
| 40,000 | 40,000 | \$0.20 | 0.66 |

For the six months ended March 31, 2021 and 2020, no share options were granted.

(c) Warrants

As at March 31, 2021 and September 30, 2020 the Company had no warrants outstanding.

9. Non-controlling interest

As at March 31, 2021 and September 30, 2020, GrowMax Resources held a 95% interest in GAC with the remaining 5% interest in GAC held by non-controlling interests. The accumulated non-controlling interest of GAC at March 31, 2021 was \$2,838 (September 30, 2020 – \$2,855). As at March 31, 2021, GAC and its Peruvian subsidiary, APPSA, held \$226 (September 30, 2020 – \$1,010) of cash.

The following table summarizes financial information related to GAC, before inter-company eliminations:

| | March 31, 2021 | September 30, 2020 |
|------------------------------------|-------------------|-----------------------|
| Current assets | \$ 653 | \$ 1,538 |
| Current liabilities ⁽¹⁾ | 10,384 | 10,954 |
| Net loss | (585) | (27) |
| Comprehensive income (loss) | \$ 270 | \$ 19 |

Notes:

⁽¹⁾ Includes intercompany monetary items that are repayable on demand, but which are not expected to be repaid in the foreseeable future.

10. Other general and administrative expenses

| | Note | Six months ended March 31, 2021 | 2020 |
|---|------|------------------------------------|----------|
| Employee benefits (including termination costs) | 14 | \$ 257 | \$ 220 |
| Management fees | 14 | 138 | 97 |
| Professional and consulting | | 197 | 254 |
| Rent | 14 | 18 | 17 |
| Travel | | 17 | 66 |
| Provisions related to Bayovar Property | | - | 327 |
| Other | | 363 | 59 |
| | | \$ 990 | \$ 1,040 |

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Unaudited

11. Other income (expense)

| | Six months ended March 31, | |
|--|----------------------------|----------|
| | 2021 | 2020 |
| Foreign exchange gain (loss) | \$ (622) | \$ 1,220 |
| Fair value gain (loss) on equity investments | (749) | 403 |
| Interest income | 13 | 209 |
| Other income (expense) | - | (2) |
| Write-off of loan receivable | - | (1,586) |
| | \$ (1,358) | \$ 244 |

12. Financial instruments and financial risk management

(a) Categories of financial instruments

The following table summarizes the carrying amounts of the Company's financial instruments:

| | March 31, 2021 | September 30, 2020 |
|--|-------------------|-----------------------|
| Financial assets | | |
| <i>Amortized cost</i> | | |
| Cash | \$ 12,907 | \$ 13,506 |
| Other current assets | 908 | 1,420 |
| <i>Fair value through profit or loss</i> | | |
| Equity investments | 11,044 | 12,616 |
| | \$ 24,859 | \$ 27,542 |
| Financial liabilities | | |
| <i>Amortized cost</i> | | |
| Accounts payable and accrued liabilities | \$ 93 | \$ 128 |
| Provisions and other current liabilities | 340 | 910 |
| | \$ 433 | \$ 1,038 |

(b) Fair value of financial instruments

(i) Fair value estimation of financial instruments

The fair value of cash and various receivables included in other current assets, accounts payable and accrued liabilities, the payable to the Peruvian Group, and various liabilities included in other current liabilities approximate their carrying values due to the short-term maturity of the financial instruments.

(ii) Financial instruments measured at fair value

Financial instruments that are measured at fair value subsequent to initial recognition are grouped in a hierarchy based on the degree to which the fair value is observable. The levels in the hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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The following is a summary of the Company's equity investments categorized in the fair value hierarchy as at March 31, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|-----------------|-------------|-----------------|------------------|
| Private equity investments | \$ - | \$ - | \$ 3,629 | \$ 3,629 |
| Public equity investments | 6,223 | - | - | 6,223 |
| Derivative instruments | 1,110 | - | 82 | 1,192 |
| Balance, March 31, 2021 | \$ 7,333 | \$ - | \$ 3,711 | \$ 11,044 |

The following is a summary of the Company's equity investments categorized in the fair value hierarchy as at September 30, 2020:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|------------------|-------------|-----------------|------------------|
| Private equity investments | \$ - | \$ - | \$ 2,387 | \$ 2,387 |
| Public equity investments | 7,682 | - | - | 7,682 |
| Derivative instruments | 2,355 | - | 192 | 2,547 |
| Balance, September 30, 2020 | \$ 10,037 | \$ - | \$ 2,579 | \$ 12,616 |

The Company is responsible for performing the valuation of fair value measurements included in the consolidated financial statements, including Level 3 fair values. The valuation processes and results for recurring measurements are reviewed at least once every quarter, in line with the Company's quarterly reporting dates.

The private equity investments are based on inputs other than quoted prices and are therefore considered to be Level 3. The derivative instruments are based on inputs other than quoted prices and therefore considered to be Level 3.

(c) Financial risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, interest rate risk, credit risk and liquidity risk. Except as disclosed below, the Company's exposure to these risks and its methods of managing the risks remain consistent.

(i) Currency risk

The Company is exposed to financial risk related to fluctuations in foreign exchange rates. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at March 31, 2021, the Company's head office held US\$10,348 (September 30, 2020 – US\$10,656) of U.S. dollar cash.

The Company estimates that a 5% weakening of the Canadian dollar at March 31, 2021 would have decreased the Company's reported net loss for the six months ended March 31, 2021 by approximately US\$517 (relates to U.S. dollar financial instruments held at head office). A 5% strengthening of the Canadian dollar at March 31, 2021 would have had an equal but opposite effect.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. When investments are made, the Company's strategy is to stagger the maturity dates over different time periods to minimize exposure to interest rate changes. The Company monitors its exposure to interest rates but has not entered into any derivative financial instruments to manage this risk.

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(iii) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligation. Credit risk arises from the Company's financial assets. The carrying value of the financial assets represents the maximum exposure to credit risk. The Company's exposure to credit risk is considered to be low-moderate, given the size and nature of the various counterparties involved and their history of performance.

As at March 31, 2021, the majority of the Company's cash is held with a financial institution in Canada that was assigned a long-term issuer default rating of AAA (Fitch Ratings).

The Company is exposed to credit risk arising from receivables from a Peruvian state-owned company. The carrying amount of the receivables from Peruvian state-owned company represent the maximum credit exposure.

(iv) 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 attempts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its holdings of cash. All of the Company's financial liabilities are short-term and without fixed terms of repayment.

To date, the Company has relied on cash flows from operations, equity and debt financing, and sale of assets to fund its operations and capital expenditures.

(v) Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's equity investments consisting of common shares and derivative investments consisting of share purchase warrants are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the investments are held. The Company's equity investments are monitored by the Board with decisions on sale or exercise taken by Management. A 10% decrease in fair value of the shares and warrants would result in an approximate \$710 decrease in net income and comprehensive income for the six months ended March 31, 2021.

13. Related party transactions

The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel.

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

Remuneration to the Company's related parties was as follows:

| | Six months ended March 31, | | | |
|---|----------------------------|------|----|------|
| | | 2021 | | 2020 |
| Short-term employee benefits ⁽¹⁾ | \$ | 183 | \$ | 183 |
| Professional fees | | 60 | | - |
| Rent | | 18 | | 18 |
| | \$ | 261 | \$ | 201 |

Notes:

⁽¹⁾ Includes directors' fees, management fees, termination benefits, salaries and bonuses.

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As at March 31, 2021, accounts payable and accrued liabilities includes \$nil (September 30, 2020 – \$nil) payable to key management personnel and/or companies owned directly or indirectly by key management personnel.

Amounts due to related parties included in accounts payable and accrued liabilities are unsecured, non-interest-bearing and are without fixed terms of repayment.

14. Contingencies

During the nine months ended September 30, 2020, the Company receive two notice of a claims filed against the Company by former consultants for payments owing for unpaid salaries and other labour benefits. The Company is defending the claims vigorously. Management considers any claims against the Company to be without merit and accordingly no amounts have been accrued.

During the six months ended March 31, 2021, the Company received a claim filed against the Company from a third party for penalties in regards to the Bayovar Project. The Company is defending this claim and considers the claim to be without merit and accordingly no amounts have been accrued.

15. Capital management

The Company's objectives in managing liquidity and capital are to safeguard the Company's ability to continue as a going concern and provide the financial capacity to meet its strategic objectives. The Company defines its capital as equity attributable to owners of the Company, excluding accumulated OCI. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and/or acquire or dispose of assets to facilitate the management of its capital requirements. The Company's investment policy is to invest in equity, debt and/or convertible securities, with the intention to hold both for long-term capital appreciation and shorter-term gains. The Company prepares annual expenditure budgets that are updated as necessary depending upon various factors, including successful capital deployment and general industry conditions. The Company's board of directors approves the annual and updated budgets.

The Company is not subject to any external imposed capital requirements and there were not changes in the Company's capital management during the six months ended March 31, 2021.

16. Segment disclosure

The Company has one operating segment, being mineral exploration. However, the Company is in the process of changing its business to the acquisition and sale of investments in other companies.

17. COVID-19

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness.

At the time these condensed consolidated interim financial statements were prepared, the COVID-19 pandemic has caused significant disruptions to the global economy and increased volatility in the global financial markets. The extent to which COVID-19 may adversely impact the Company's business and financing opportunities will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these condensed consolidated interim financial statements, there may be further significantly adverse impact on the Company's financial position and results of operations for future periods if the pandemic is not successfully contained or the effects of which are not mitigated.