



**Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2020**

(Unaudited)

(Expressed in Canadian dollars)

Exro Technologies Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars - Unaudited)

As at	September 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 8,322,251	\$ 496,636
Amounts receivable (note 4)	67,208	44,579
Prepaid expense	217,006	134,937
	8,606,465	676,152
Deposits	9,450	17,336
Investments	-	942
Intangibles (note 5)	-	63,049
Property, furniture and equipment (note 6)	1,008,488	130,620
TOTAL ASSETS	\$ 9,624,403	\$ 888,099
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 7)	\$ 982,787	\$ 214,192
Due to related parties (note 11)	8,609	60,519
Lease liability (note 9)	99,548	36,257
	1,090,944	310,968
Long Term Debt (note 8)	25,225	-
Lease Liability (note 9)	276,433	3,154
TOTAL LIABILITIES	1,392,602	314,122
SHAREHOLDERS' EQUITY		
Share capital (note 12)	36,993,282	24,048,395
Reserves	3,045,311	1,793,846
Deficit	(31,806,792)	(25,268,264)
TOTAL SHAREHOLDERS' EQUITY	8,231,801	573,977
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 9,624,403	\$ 888,099

These condensed consolidated Interim financial statements were authorized for issue by the Board of Directors on November 30, 2020. They are signed on the Company's behalf by:

"Mark Godsy"

Director

"Jill Bodkin"

Director

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

Exro Technologies Inc.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars – Unaudited)

	For the three months ended		For the nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
EXPENSES				
Advertising and marketing	\$ 53,180	\$ 60,245	\$ 180,200	\$ 181,960
Amortization expense	56,552	19,242	115,572	41,439
Investor relations	200,157	158	390,151	32,451
Office and rent	223,083	160,950	705,485	296,468
Payroll and consulting fees (note 11)	984,700	449,210	2,575,305	1,388,902
Professional fees	143,869	97,685	366,170	215,802
Research and development	241,023	174,747	717,035	441,403
Share based payments (note 12)	1,034,324	90,021	1,355,637	291,580
Regulatory fees	65,845	23,563	149,899	78,191
Travel	20,268	49,160	95,541	160,267
Interest expense	7,905	1,020	14,671	3,862
TOTAL EXPENSES	(3,030,906)	(1,126,001)	(6,665,666)	(3,132,325)
OTHER INCOME (EXPENSES)				
Interest Income	38	363	5,660	363
Foreign exchange losses	(17,063)	(5,793)	(33,819)	(25,031)
Gain on settlement of debt	16,104	-	16,104	-
Income from government grants (note 8)	15,575	-	15,575	-
Loss on disposition of subsidiary (note 10)	26,505	-	(99,052)	-
TOTAL OTHER INCOME (EXPENSES)	41,159	(5,430)	(95,532)	(24,668)
NET AND COMPREHENSIVE LOSS	\$ (2,989,747)	\$ (1,131,431)	\$ (6,761,198)	\$ (3,156,993)
Loss per share - basic and diluted	\$ (0.03)	\$ (0.02)	\$ (0.08)	\$ (0.05)
Weighted average number of common shares outstanding	95,441,272	63,124,910	84,986,407	60,465,953

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

Exro Technologies Inc.
Condensed Consolidated Interim Statements of Shareholders' Equity
(Expressed in Canadian dollars - Unaudited)

	Number of outstanding shares	Share capital	Share subscriptions received	Reserves	Deficit	Total shareholders' equity
Balance, December 31, 2018	54,601,594	\$ 20,345,930	\$ -	\$ 1,146,930	\$ (20,603,233)	\$ 889,627
Private placement, net of issuance cost	8,180,500	1,846,521	-	55,445	-	1,901,966
Shares issued on exercise of options	300,000	105,200	-	(45,200)	-	60,000
Shares issued on exercise of warrants	71,540	21,768	-	(7,460)	-	14,308
Share subscriptions received	-	-	50,000	-	-	50,000
Share-based payments	-	-	-	291,580	-	291,580
Net Loss	-	-	-	-	(3,156,993)	(3,156,993)
Balance, September 30, 2019	63,153,634	22,319,419	50,000	1,441,295	(23,760,226)	50,488
Private placement, net of issuance cost	6,723,110	1,728,976	(50,000)	18,664	-	1,697,640
Share-based payments	-	-	-	333,887	-	333,887
Net Loss	-	-	-	-	(1,508,038)	(1,508,038)
Balance, December 31, 2019	69,876,744	24,048,395	-	1,793,846	(25,268,264)	573,977
Private placement, net of issuance cost	24,572,044	10,436,213	-	688,095	-	11,124,308
Shares issued on exercise of warrants	2,436,348	1,709,861	-	(259,634)	-	1,450,227
Shares issued on exercise of options	1,425,500	798,813	-	(309,963)	-	488,850
Transfer fair value of expired options and warrants	-	-	-	(222,670)	222,670	-
Share-based payments	-	-	-	1,355,637	-	1,355,637
Net Loss	-	-	-	-	(6,761,198)	(6,761,198)
Balance, September 30, 2020	98,310,136	\$ 36,993,282	\$ -	\$ 3,045,311	\$ (31,806,792)	\$ 8,231,801

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

Exro Technologies Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended September 30, 2020 and 2019
(Expressed in Canadian dollars - Unaudited)

For the nine months ended September 30,	2020	2019
OPERATING ACTIVITIES		
Net loss for the period	\$ (6,761,198)	\$ (3,156,993)
Items not involving cash:		
Amortization	115,572	41,439
Share-based payments	1,355,637	291,580
Gain on settlement of debt	(16,104)	-
Income from Government grant	(15,575)	-
Accretion related to Government grant	800	-
Loss on sale of subsidiary	99,052	-
	(5,221,816)	(2,823,974)
Net changes in non-cash working capital items:		
Amounts receivable	(49,921)	(12,200)
Prepaid expenses	(82,069)	44,385
Accounts payable and accrued liabilities	786,561	286,994
Deposits	7,886	(5,750)
Due to related parties	(51,910)	(41,634)
Cash used in operating activities	(4,611,269)	(2,552,179)
INVESTING ACTIVITIES		
Acquisition of patents	-	(6,086)
Net cash on disposal of subsidiary	(9,631)	-
Purchase of equipment	(586,740)	(5,301)
Cash used in investing activities	(596,371)	(11,387)
FINANCING ACTIVITIES		
Proceeds from financings	12,414,589	2,045,125
Share issue cost	(1,290,281)	(143,158)
Subscriptions received	-	50,000
Proceeds from exercise of options	488,850	60,000
Proceeds from exercise of warrants	1,450,227	14,308
Proceeds from long term debt	40,000	-
Principal repayments of lease liability	(70,130)	(23,086)
Cash provided by financing activities	13,033,255	2,003,189
Change in cash	7,825,615	(560,377)
Cash, beginning of the period	496,636	751,928
Cash, end of the period	\$ 8,322,251	\$ 191,551

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

Exro Technologies Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2020
(Expressed in Canadian dollars - Unaudited)

1. NATURE OF OPERATIONS

Exro Technologies Inc. (“Exro” or the “Company”) is incorporated under the British Columbia Business Corporations Act.

The Company’s shares are listed on the Toronto Stock Exchange Venture and trades under the symbol “EXRO”.

The Company’s head office is located at 12–21 Highfield Circle S.E., Calgary, Alberta, T2G 5N6, relocated from 2820-200 Granville Street, Vancouver, British Columbia, V6C 1S4.

The Corporation is working towards commercializing its patented coil driver technology and proprietary system architecture for power electronics.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated Interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited annual financial statements of Exro for the fiscal year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual financial statements of Exro for the year ended December 31, 2019.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, DPM Technologies Inc. All inter-company balances and transactions have been eliminated on consolidation.

(b) Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these condensed consolidated Interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Going concern of operation

These condensed consolidated Interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company’s ability to continue as a going concern and realize the carrying value of its assets is dependent on its ability to raise capital through equity and debt financing, the outcome of which cannot be predicted at this time. These matters indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These condensed consolidated Interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(d) Functional and presentation currency

These condensed consolidated Interim financial statements are presented in Canadian dollars, which is the Company’s functional and reporting currency.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Significant accounting policies

These consolidated condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended December 31, 2019.

(b) Estimates and judgments

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

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

Critical accounting estimates

- i. The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.
- ii. Equipment and intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is calculated using management's best estimate on the useful life of the assets. Determination of impairment loss is subject to management's assessment if there is any indication of a possible write-down; and if so, the determination of recoverable value based on discounted future cash flows of the intangible assets. The carrying amount of nil for intangible does not necessarily reflect present or future value and the ultimate amount recoverable will be dependent upon the successful commercialization of products based on these underlying technologies.
- iii. The inputs used in valuing share-based payments.

Critical accounting judgments

- i. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.
- ii. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- iii. Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

Exro Technologies Inc.
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Significant accounting estimates and judgments (continued)

Critical accounting judgments (continued)

- iv. Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as current working capital balance and future commitments of the Company.

4. AMOUNTS RECEIVABLE

	September 30, 2020	December 31, 2019
GST and other sales tax receivable	\$ 67,208	\$ 44,579

5. INTANGIBLE ASSETS

	September 30, 2020	December 31, 2019
Cost		
Patents and intellectual property		
Balance December 31, 2019	\$ 63,049	\$ 63,049
Disposition of subsidiary's intellectual property	(63,049)	-
Balance September 30, 2020	\$ -	\$ 63,049

6. PROPERTY, FURNITURE AND EQUIPMENT

	Right-of-Use Asset	Leasehold improvements	Research and Development Equipment	Furniture and Office Equipment	Total
Cost					
December 31, 2019	\$ 71,119	\$ -	\$ 101,985	\$ 26,905	\$ 200,009
Additions	406,700	97,304	423,249	65,873	993,126
September 30, 2020	\$ 477,819	\$ 97,304	\$ 525,234	\$ 92,778	\$ 1,193,135
Accumulated amortization					
December 31, 2019	\$ 29,633	\$ -	\$ 31,562	\$ 8,194	\$ 69,389
Amortization for the period	65,203	-	42,307	7,748	115,258
September 30, 2020	\$ 94,856	\$ -	\$ 73,869	\$ 15,942	\$ 184,647
Carrying amounts					
At December 31, 2019	\$ 41,486	\$ -	\$ 70,423	\$ 18,711	\$ 130,620
At September 30, 2020	\$ 382,983	\$ 97,304	\$ 451,365	\$ 76,836	\$ 1,008,488

Exro Technologies Inc.
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6. PROPERTY, FURNITURE AND EQUIPMENT (CONTINUED)

The Company's right-of-use asset relates to the lease of the office space and the testing facility.

During the period ended September 30, 2020 the Company entered into an additional lease agreement for its Calgary Innovation Centre which meets the definition of a lease under IFRS 16. The liability has measured at the present value of the lease payments, discounted using the lessee's incremental borrowing rate as of the date of the agreement, which was 8%.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2020	December 31, 2019
Accounts payable	\$ 617,144	\$ 148,007
Accrued liabilities	365,643	66,185
	\$ 982,787	\$ 214,192

8. LONG TERM DEBT

On April 30, 2020, The Company received the \$40,000 Canada Emergency Business Account ("CEBA") which is an interest-free loan to cover operating costs. Repaying the balance of the loan on or before December 31, 2022 will result in a loan forgiveness of \$10,000. On issuance the Company recognized the loan at its estimated fair value of \$24,425 with the difference of \$15,575 recorded as other income.

9. LEASE LIABILITY

	September 30, 2020
December 31, 2019	\$ 39,411
Additions	406,700
Deduct:	
Lease payments	(82,100)
Add:	
Interest	11,970
September 30, 2020	\$ 375,981
Which consist of:	
Current portion of lease liability	\$ 99,548
Long-term portion of lease liability	276,433
	\$ 375,981

On February 1, 2020, the Company entered into an additional lease agreement for its Calgary Innovation Centre premise for two and a half years expiring August 30, 2022. On July, 2020, the Company increased the leased area and agreed to the 5 year extension of the premises to August 30, 2027. Pursuant to this lease agreement, the Company is obligated to pay basic monthly rent of \$6,000 for the first 7 months without the additional space, \$10,043 for the following 12 months and \$10,543 for the next 12 months and \$10,497 for the remaining of the term. The Company is responsible for operating costs including utilities and related taxes.

10. DISPOSITION OF EXRO EUROPE AS

On June 21, 2020, the Company sold 100% of Exro Europe AS for total proceeds of \$79,750 including the additional sales tax refund from Norwegian tax authority. The cash proceeds received, offset by the net assets on the date of disposition of \$178,302 resulted in a loss of \$99,052.

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11. RELATED PARTY TRANSACTIONS

Key management compensation

Key management consists of the Officers and Directors who are responsible for planning, directing and controlling the activities of the Company. For the nine months ended September 30, 2020 and 2019, the following expenses were incurred to the Company's key management:

	Three months ended		Nine months ended	
	September	September	September	September
	30, 2020	30, 2019	30, 2020	30, 2019
Management and consulting fees	\$ 160,589	\$ 89,500	\$ 824,146	\$ 432,152
Share based compensation	33,617	42,021	140,539	156,621
	\$ 194,206	\$ 131,521	\$ 964,685	\$ 588,773

As of September 30, 2020, the Company was indebted to a director and former CEO of the Company for management services in the amount of \$8,609 (December 31, 2019 – \$10,500).

All due to related party payables consist of amounts resulting from unpaid fees and expense reimbursements and are unsecured, non-interest bearing, and due on demand.

12. SHARE CAPITAL

(a) Authorized common shares

There are an unlimited number of common shares without par value authorized for issue.

(b) Issued

At September 30, 2020, the Company had 98,310,136 common shares issued and outstanding (December 31, 2019 – 69,876,744).

During the nine months ended September 30, 2020, the Company:

- On February 14, 2020 the Company completed the first tranche of a non-brokered private placement of 10,030,648 shares at a price of \$0.35 per share for proceeds of \$3,510,727.
- On February 27, 2020 the Company completed the second tranche of a non-brokered private placement of 2,253,897 shares at a price of \$0.35 per share for proceeds of \$788,863.
- Paid Finder's fee consisting of \$289,961 cash and has issued 828,463 compensation warrants in connection with the February private placements. Each Compensation Warrant is exercisable to acquire one common share for a period of 12 months from the closing at an exercise price of \$0.42 per share.
- On June 23 the completed a non-brokered private placement of 287,500 shares at a price of \$0.40 per share for total proceeds of \$115,000.
- On July 10, 2020 the company completed a short form prospectus offering of 11,428,571 units at a price of \$0.70 per unit for gross proceeds of \$8,000,000. Each unit consisting of one common share and one-half share purchase warrant. Each whole warrant is exercisable into one common shares at a price of \$0.90 for a period of 24 months from the date of issuance. In connection with the share offering, the Corporation incurred share issuance costs of \$890,000 commission paid in cash, incurred legal fees of \$110,319 in connection to the offering, issued 571,428 common shares, and 914,285 broker warrants exercisable at \$0.70 per common share for a period of 24 months from the date of issuance.
- Issued 1,425,000 shares on exercise of options for total proceeds of \$488,850.
- Issued 2,436,348 shares on exercise of warrants for total proceeds of \$1,450,227.

(c) Stock options

The Company's incentive stock option plan (the "Option Plan") provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. The Option Plan is a 20% fixed plan.

Under the Option Plan, the maximum number of common shares that may be optioned in favor of any single individual will not exceed 5% of the issued and outstanding common shares at the date of grant. The maximum number of common shares that may be optioned in favor of directors and senior officers under the Option Plan is 10% of the issued and outstanding common shares at the date of grant.

Exro Technologies Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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(Expressed in Canadian dollars - Unaudited)

12. SHARE CAPITAL (CONTINUED)

(c) Stock options (continued)

During the nine months ended September 30, 2020 and 2019, the Company recorded share-based payments of \$1,355,637 and \$288,754, respectively. The expense recognized during these periods is as a result of the amortization of unvested options granted in the reported period as well as in prior periods. The fair values of share options granted were estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

Nine months ended September 30,	2020	2019
Risk-free interest rate	0.47%	N/A
Estimated annualized volatility based on comparable companies	105.71%	N/A
Expected life	4.94 years	N/A
Expected dividend yield	0%	N/A
Exercise price	\$ 0.81	N/A
Share price	\$ 0.95	\$0.30

The weighted average grant date fair value of options granted during the nine months ended September 30, 2020 was \$427,438 (2019 - \$879,661)

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

	Number	Weighted Average Exercise Price \$
Balance, December 31, 2019	9,056,317	0.27
Granted	2,427,000	0.81
Exercised	(1,425,000)	(0.34)
Expired/cancelled	(466,317)	(0.34)
Balance, September 30, 2020	9,592,000	0.39

Date of Expiry	Exercise Price	Number of Options Outstanding	Number of Options Exercisable
August 22, 2022	\$0.20	2,865,000	2,867,588
August 31, 2022	\$0.26	300,000	300,000
October 26, 2022	\$0.28	300,000	231,000
April 16, 2023	\$0.27	50,000	38,889
November 8, 2023	\$0.41	675,000	573,583
September 13, 2024	\$0.25	3,075,000	1,983,333
March 9, 2025	\$0.38	635,000	211,653
August 31, 2025	\$1.00	1,692,000	-
Total		9,592,000	6,206,046

As of September 30, 2020, the weighted average remaining life for outstanding options was 3.35 years.

Exro Technologies Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2020
(Expressed in Canadian dollars - Unaudited)

12. SHARE CAPITAL (CONTINUED)

(d) Warrants

During the nine months ended September 30, 2020 and 2019, the Company recorded share-based payments of \$nil and \$2,826 respectively, related to nil and 600,000 warrants issued. The warrants were issued for services and subject to performance conditions. The fair values of share options granted during the nine months ended September 30, 2020 and 2019 are estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

Nine months ended September 30,	2020	2019
Risk-free interest rate	N/A	1.51%
Estimated annualized volatility based on comparable companies	N/A	110%
Expected life	N/A	3.2 years
Expected dividend yield	N/A	0%
Exercise price	N/A	\$ 0.31
Share price	N/A	\$ 0.30

	Number	Weighted Average Exercise Price \$
Balance, December 31, 2019	715,000	0.31
Granted	5,714,285	0.90
Exercised	(993,500)	(0.86)
Expired	(290,000)	(0.30)
Balance, September 30, 2020	5,145,785	0.86

Expiry Date	Exercise Price	Number of Warrants	
		September 30, 2020	December 31, 2019
March 20, 2020	\$0.25	-	65,000
August 28, 2021	\$0.40	50,000	50,000
October 10, 2020	\$0.37	100,000	100,000
June 21, 2024	\$0.30	210,000	500,000
July 10, 2022	\$0.90	4,785,785	-
Total		5,145,785	715,000

(e) Brokers' warrants

During the nine months ended September 30, 2020 and 2019, the Company recorded share-based payments of \$636,004 and \$55,445, respectively related to 1,473,252 (2019 – 572,635) warrants issued. The fair values of share options granted during the nine months ended September 30, 2020 and 2019 are estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

Nine months ended September 30,	2020	2019
Risk-free interest rate	0.79%	1.51%
Estimated annualized volatility based on comparable companies	103.17%	110%
Expected life	1.5 year	1 years
Expected dividend yield	0%	0%
Exercise price	\$0.57	\$ 0.35
Share price	\$0.71	\$ 0.30

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For the nine months ended September 30, 2020
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12. SHARE CAPITAL (CONTINUED)

(e) Brokers' warrants (continued)

	Number	Weighted Average Exercise Price \$
Balance, December 31, 2019	823,003	0.37
Issued	1,742,748	0.57
Exercised	(1,442,398)	(0.42)
Expired	(46,175)	(0.35)
Balance, September 30, 2020	1,077,178	0.63

Expiry Date	Exercise Price	Number of Warrants	
		September 30, 2020	December 31, 2019
March 22, 2020	\$0.35	-	572,635
October 21, 2020	\$0.40	-	230,768
October 30, 2020	\$0.40	-	19,600
February 14, 2021	\$0.42	287,653	-
July 10, 2022	\$0.90	789,525	-
Balance, September 30, 2020		1,077,178	823,003

(f) Shares in escrow

During the year ended December 31, 2017, the Company entered into an escrow agreement with certain insiders and shareholders. Pursuant to the escrow agreement, 7,576,556 common shares were to be held in escrow, of which 10% were released on August 29, 2017, which was the date the common shares of the Company were listed and posted for trading on the exchange, and 15% will be released every six months thereafter to August 29, 2020. During the three months ended September 30, 2020, the final tranche of shares held in escrow were released.

13. FINANCIAL INSTRUMENTS

The Company has designated its cash as fair value through profit or loss, finders' fees receivable as loans and receivables and accounts payable and accrued liabilities, related party payable and notes payable as other financial liabilities.

(a) Fair value

At September 30, 2020 and December 31, 2019, the carrying values of amounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the relatively short period to maturity of those financial instruments. The Company measures its cash and investments at fair value.

The Company uses a fair value hierarchy to reflect the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data.

The fair value of cash has been determined using Level 1 inputs. The fair value of the investments has been determined using cost which is a level 3 input.

(b) Financial risk management

The Company's activities potentially expose it to a variety of financial risks, including credit risk, liquidity risk, and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at September 30, 2020, the Company's exposure to credit risk is the carrying value of cash. The Company reduces its credit risk by holding its cash at a major Canadian financial institution.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

On September 30, 2020, the Company had cash of \$8,322,251, accounts payable and accrued liabilities of \$982,787, and related party payable of \$8,609. All accounts payable and accrued liabilities are due within 90 days. The Company assesses the liquidity risk as low.

Market risk

Market risk consists of currency risk, interest rate risk and other price risk. These are discussed further below.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates. The Company has financial assets and financial liabilities denoted in US dollars and is therefore exposed to exchange rate fluctuations. At September 30, 2020, the value of the Company's financial assets denominated in US dollars is not significant.

Interest rate risk

Interest rate risk consists of two components:

- i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

13. FINANCIAL INSTRUMENTS (CONTINUED)

- ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

14. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to ensure its ability to continue as a going concern in order to pursue the acquisition and development technology. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financings to fund activities. In order to carry out planned development and pay for administrative costs, the Company will spend its existing working and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes to the Company's approach to capital management during the nine months ended September 30, 2020. The Company is not subject to externally imposed capital restrictions.

15. SUBSEQUENT EVENTS

- a) Subsequent to September 30, 2020, the Company announced that it has filed a preliminary short form prospectus with the securities regulatory authorities in each of the provinces of Canada, other than the Province of Quebec, in connection with a marketed public offering (the "Offering") of common shares (the "Shares") of the Company. Final pricing and the determination of the maximum number of Common Shares to be sold pursuant to the Offering will be determined in the context of the market prior to the filing of the final short form prospectus in respect of the Offering.
- b) Subsequent to September 30, 2020, the Company issued 4,018,257 shares on exercise of warrants for total proceeds of \$3,311,113.
- c) Subsequent to September 30, 2020, the Company granted 2,618,000 incentive stock options to certain directors, officers, employees and consultants exercisable for a five-year period at an exercise price of \$3.15 per share.
- d) The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activities. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.