LOOP INSIGHTS INC.

Consolidated Financial Statements

Restated and Amended

Years ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

manning elliott

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Loop Insights Inc.

Opinion

We have audited the consolidated financial statements of Loop Insights Inc. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at June 30, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in deficiency and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying Financial Statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Restatement of Comparative Information

We draw attention to Note 19 of the Financial Statements, which explains that certain comparative information presented for the year ended June 30, 2019 has been restated. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
October 28, 2020

LOOP INSIGHTS INC.
Consolidated Statements of Financial Position
As at June 30, 2020 and 2019
(Expressed in Canadian Dollars)

	Notes	**2020**	**2019** Restated (Note 19)
		$	**$**
	ASSETS		
Current assets			
Cash		174,252	227,678
Amounts receivable	8	1,076,526	587,583
Prepaid expenses		344,804	-
		1,595,582	815,261
Prepaid expenses		-	240,000
Equipment		37,430	4,915
Right-of-use asset		30,261	-
		1,663,273	**1,060,176**
	LIABILITIES & SHAREHOLDERS' DEFICIENCY		
Current liabilities			
Accounts payable and accrued liabilities		1,945,400	1,772,417
Convertible debenture	9	396,983	-
Current portion of lease liabilities	10	25,260	-
Due to related parties	11	479,100	479,100
Loans		20,000	20,000
		2,866,743	2,271,517
Convertible debentures	9	-	293,019
Non-current portion of lease liabilities	10	8,010	-
Total liabilities		2,874,753	2,564,536
Deficiency			
Share capital	12	23,464,437	19,383,689
Subscriptions receivable	12	(140,000)	(855,000)
Contributed surplus	13,14	3,458,791	2,710,638
Deficit		(27,994,708)	(22,743,687)
Total deficiency		(1,211,480)	(1,504,360)
		1,663,273	**1,060,176**

Nature of operations and continuance of business (Note 1)
Commitments and contingencies (Note 17)
Subsequent events (Note 20)

Approved and authorized for issuance on behalf of the Board of Directors on October 28, 2020:

/s/ "Robert Douglas Anson"	*/s/ "Peter Green"*
Robert Douglas Anson, Director	Dallas Pretty, Director

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

LOOP INSIGHTS INC.
Consolidated Statements of Comprehensive Loss
For the years ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

	Notes	**2020**	**2019**
		$	**$**
Operating expenses			
Advertising and marketing		282,732	21,619
Consulting fees		775,503	1,273,126
Depreciation		60,259	1,332
Insurance		13,680	-
Intellectual property acquisition fees	7	-	438,977
Interest and accretion expense	9,10	204,297	-
License and distribution fees	6	62,929	1,104,898
Management fees		-	647,083
Office and general		232,659	261,426
Professional fees		702,998	117,143
Rent		46,210	86,911
Research and development		63,818	561,214
Share-based compensation	13	467,700	1,950,530
Travel		225,836	151,534
Wages and benefits		2,505,410	520,754
Net loss from operations before other items		(5,644,031)	(7,136,547)
Other items			
Gain on write-off of debt		-	3,675
Listing expense	4	-	(6,153,452)
Loss on impairment of prepaid expenses		-	(126,686)
Other expenses		(7,918)	-
Other income	3(m)	400,928	-
Termination of license agreement	6	-	(250,000)
		393,010	(6,526,463)
Net loss and comprehensive loss for the year		**(5,251,021)**	**(13,663,010)**
Loss per share, basic and diluted		(0.08)	(0.30)
Weighted average shares outstanding		64,395,612	45,625,260

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

LOOP INSIGHTS INC.
Consolidated Statements of Changes in Deficiency
For the years ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

	Share Capital		Subscriptions receivable	Contributed surplus	Deficit	Total
	#	$	$	$	$	$
Balance, June 30, 2018	35,485,100	8,710,975	-	558,772	(7,080,677)	2,189,070
Issuance of common shares for cash	10,416,919	4,735,402	(855,000)	-	-	3,880,402
Issuance of common shares for future services (Note 19)	300,000	240,000	-	-	-	240,000
Share issuance costs	-	(472,575)	-	72,700	-	(399,875)
Deemed issuance of common shares and warrants upon completion of reverse takeover	6,337,358	5,069,886	-	86,855	-	5,156,741
Shares returned and cancelled pursuant to termination and release agreement	(13,700,000)	-	-	-	(2,000,000)	(2,000,000)
Issuance of common shares for license and distribution agreements	19,700,000	750,001	-	-	-	750,001
Issuance of common shares for purchase of intellectual property	350,000	350,000	-	-	-	350,000
Issuance of convertible debenture (Note 19)	-	-	-	41,781	-	41,781
Share-based compensation	-	-	-	1,950,530	-	1,950,530
Net loss for the year	-	-	-	-	(13,663,010)	(13,663,010)
Balance, June 30, 2019 - Restated (Note 19)	58,889,377	19,383,689	(855,000)	2,710,638	(22,743,687)	(1,504,360)
Issuance of common shares for cash	25,213,807	3,121,148		135,314	-	3,256,462
Share issuance costs	-	(338,525)	-	145,139	-	(193,386)
Issuance of common shares for liabilities	3,955,025	965,625	-	-	-	965,625
Issuance of common shares for warrants exercised	3,325,000	332,500	-	-	-	332,500
Subscriptions received	-	-	715,000	-	-	715,000
Share-based compensation	-	-	-	467,700	-	467,700
Net loss for the year	-	-	-	-	(5,251,021)	(5,251,021)
Balance, June 30, 2020	**91,383,209**	**23,464,437**	**(140,000)**	**3,458,791**	**(27,994,708)**	**(1,211,480)**

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

LOOP INSIGHTS INC.
Consolidated Statements of Cash Flows
For the years ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

	2020	2019 Restated (Note 19)
	$	$
OPERATING ACTIVITIES		
Net loss for the year	(5,251,021)	(13,663,010)
Items not affecting cash:		
Depreciation	60,259	1,332
Gain on write-off of debt	-	3,675
Intellectual property acquisition fees	-	350,000
Interest and accretion expense	114,085	-
License and distribution fees	-	750,001
Listing expense	-	5,606,668
Loss on impairment of prepaid expenses	-	126,686
Share-based compensation	467,700	1,950,530
Changes in non-cash working capital balances:		
Accounts payable and accrued liabilities	1,138,608	1,211,309
Amounts receivable	(488,943)	(130,820)
Due to related parties	-	73,612
Prepaid expenses	(104,804)	(361)
Cash used in operating activities	(4,064,116)	(3,720,378)
INVESTING ACTIVITIES		
Cash acquired upon reverse takeover	-	2,923
Purchase of property and equipment	(40,312)	(5,161)
Cash used in investing activities	(40,312)	(2,238)
FINANCING ACTIVITIES		
Lease payments	(59,574)	-
Loans	-	20,000
Proceeds from convertible debentures, net of costs	-	334,800
Share issuance cost	(193,386)	(399,875)
Shares issued for cash	4,303,962	3,880,402
Cash provided by financing activities	4,051,002	3,835,327
CHANGE IN CASH	(53,426)	112,711
CASH, BEGINNING OF THE YEAR	227,678	114,967
CASH, END OF THE YEAR	**174,252**	**227,678**
SUPPLEMENTAL CASH DISCLOSURES		
Cash paid for Income taxes	-	-
Cash paid for Interest	-	-
NON-CASH TRANSACTIONS		
See Note 12		

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

1. Nature of Operations and Continuance of Business

Loop Insights Inc. (the "Company") was incorporated under the laws of the province of British Columbia, Canada, on January 12, 1987, under the name 320092 British Columbia Ltd. On January 24, 2009, the Company continued into the province of Alberta. Effective August 11, 2016, the Company changed its name to AlkaLi3 Resources Inc. ("AlkaLi3") and began trading on the NEX board of the TSX Venture Exchange ("TSXV") under the symbol "ALK.H" on August 16, 2016.

As described in Note 4, the Company completed a reverse takeover transaction during the year ended June 30, 2019, pursuant to an amalgamation agreement between a non-reporting issuer, Loop Insights Inc. ("Loop") and AlkaLi3 to form the continuing entity, Loop Insights Inc. Loop was incorporated under the laws of the province of British Columbia, Canada, on January 2, 2018. On February 16, 2018, Loop changed its name from Cannabis Big Data Holdings Inc. to Loop Cannabis Insight Inc. On March 21, 2018, Loop changed its name from Loop Cannabis Insights Inc. to Loop Insights Inc.

Pursuant to the reverse takeover transaction, all issued and outstanding common shares of AlkaLi3 were acquired by shareholders of Loop in exchange for all issued and outstanding common shares of AlkaLi3. The historical operations, assets and liabilities of Loop are included as the comparative figures as at and for the period from incorporation to June 30, 2018, which is deemed to be the continuing entity for financial reporting purposes.

The Company operates in the technology industry and earns revenues from directly selling monthly software as a service ("SaaS"), reselling, referring and licensing its technology to licensors. The address of the Company's corporate office and principal place of business is Suite 2900 – 595 Burrard Street, Vancouver B.C., V7X 1J5.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company has incurred losses since inception and has an accumulated deficit of $27,994,708 as at June 30, 2020. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to June 30, 2020, is uncertain. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. These condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company's operations have not been drastically impacted by the pandemic. Management of the Company continues to monitor the situation and is following the protocols and rules set in place by the provincial and federal governments.

2. Basis of Preparation

a) Statement of Compliance

The consolidated financial statements of the Company have been prepared in accordance with IFRS as issued by the IASB.

The consolidated financial statements have been prepared on a historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value. The functional and presentation currency of the Company is the Canadian dollar.

b) Basis of Consolidation and Functional Currency

These consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiaries	Country of incorporation	Functional currency	Percentage of ownership
Loop Insights (USA) Inc.	USA	Canadian Dollar	100%
AlkaLi3 Resources Inc.	Canada	Canadian Dollar	100%

Subsidiaries are entities that the Company controls directly. Control is defined as the exposure, or rights, or variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights and the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

The Company's functional currency is the Canadian Dollar and the functional currencies of its subsidiaries are outlined above.

c) Reclassifications

Certain reclassifications have been made to the prior period's consolidated financial statements to conform to the current year's presentation on the consolidated statements of financial position and comprehensive loss.

3. Significant Accounting Policies

a) Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the inputs used in the fair value calculation of share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements include the factors that are used in the determination of unrecognized deferred income tax assets and liabilities, discount rate applicable to calculate the fair values of certain liabilities and the application of the going concern assumption which requires management to take into account all available information about the future, which is at least but not limited to, 12 months from the year end of the reporting period.

b) Revenue Recognition

The Company earns revenue from selling its products directly to customers, distribution (reseller and referral) agreements and the licensing of its technologies to other parties and subsequent service contracts.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company enters into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations, if applicable.

Licenses for the Company's technologies provide the customer with a right to use the technologies as they exist when made available to the customer. The Company also, from time to time, enters into contracts that contain maintenance and support for its licenses. In accordance with IFRS 15, the Company evaluates these arrangements to determine the appropriate accounting treatment in order to recognize revenue based in whether the multiple products in the contract are distinct. A product is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the product or services is separately identifiable from other promises in the contract. Non-distinct products or services are combined with other products or services until they are distinct as a bundle and therefore form a single performance obligation. Where a contract consists of more than one performance obligation, revenue is allocated to each performance obligation based on their estimated standalone selling price. Cash received in advance of revenue being recognized is classified as unearned revenues. Typically revenue from licenses is recognized upfront at the point in time when the software is made available to the customer provided that the following criteria are met: the parties to the contract have approved the contract and are committed to perform their respective obligations; the Company can identify each party's rights regarding the goods or services to be transferred; the Company can identify the payment terms for the goods or services to be transferred; the contract has commercial substance; and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Typically, revenue for support and maintenance is recognized over the term of the maintenance contract.

3. Significant Accounting Policies (continued)

c) Impairment of Long-lived Assets

Long-lived assets, including property and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

d) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration.

Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs.

During the year ended June 30, 2019, the Company completed a transaction described in Note 4 and concluded that the transaction did not qualify as a business combination under IFRS 3, “Business Combinations”.

e) Property and Equipment

Property and equipment are measured at cost less accumulated amortization and impairment losses. The Company amortizes its office equipment on a straight-line basis over three years. Right-of-use assets are amortized over the lease term of the underlying asset.

3. Significant Accounting Policies (continued)

f) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

g) Leases

Effective July 1, 2019, the Company adopted IFRS 16 Leases using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. On adoption of IFRS 16, the Company recognized lease liabilities of $82,723 in relation to lease arrangements measured at the present value of the remaining lease payments, adjusted by commitments in relation to arrangements not containing leases, short-term and low-value leases, and discounted using the Company's incremental borrowing rate as of July 1, 2019. The incremental borrowing rate used to determine the lease liabilities at adoption was 18%. The associated right-of-use assets were measured at the amount equal to the lease liabilities on July 1, 2019, with no impact on retained earnings.

Upon the adoption of IFRS 16, the Company adopted the following significant accounting policy effective January 1, 2019:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

3. Significant Accounting Policies (continued)

h) Financial Instruments

Recognition and measurement

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is both to hold assets to collect contractual cash flows and to potentially sell financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

All financial assets not classified as and measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Company may irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets are not reclassified subsequent to their initial recognition. Should the Company change its business model for managing financial assets, all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at FVTPL, such as derivatives liabilities. The Company may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency.

3. Significant Accounting Policies (continued)

h) Financial Instruments (continued)

Fair value through profit or loss

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive loss in the period in which they occur.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Company uses the last traded market price for both financial assets and financial liabilities. In circumstances where there is no closing price, the average of the closing bid and the closing ask price on the valuation date is used. The Company's policy is to recognize transfers into and out of the fair value hierarchy levels described in Note 16 as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other methods commonly used by market participants and which make the maximum use of observable inputs. Where the value of a financial asset or liability is not readily available or where management is of the opinion that the value available is inaccurate or unreliable, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

For investments that are not publicly traded securities (i.e., those not traded in an active market), the Company uses valuation techniques in order to estimate fair value. The initial transaction price of such an investment is considered to be a reasonable approximation of its fair value on the date on which the investment is made. Thereafter, valuation techniques are used to consider various inputs which may indicate a change to that fair value. These techniques may include recent arm's length transactions between knowledgeable, willing parties, discounted cash flows, or multiple-based techniques where there is a track record of the relevant performance criteria used in such multiples.

The process of estimating the fair value of investments for which there is no active market is based on inherent measurement uncertainties and it is reasonably possible that the resulting values may differ from values that would have been used had a ready market existed for the investments. These differences could be material.

Amortized cost

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequently measurement is at amortized cost using the effective interest method, less any impairment losses.

3. Significant Accounting Policies (continued)

h) Financial Instruments (continued)

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Classification of financial instruments

Cash and cash equivalents	FVTPL
Accounts payable	Amortized cost
Loans	Amortized cost
Convertible Debentures	Amortized cost
Due to related parties	Amortized cost
Lease liabilities	Amortized cost

i) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued. The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as equity units.

j) Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. 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. Basic and diluted loss per share is the same for the periods presented.

k) Provisions

The Company recognizes a provision when all of these conditions are met:

a. an entity has present obligation (legal or constructive) as a result of a past event;
b. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
c. a reliable estimate can be made of the amount of the obligation.

In certain asset acquisitions, the Company provides consideration that is contingent on uncertain future events of which the existence will be confirmed only by the occurrence or non-occurrence of one or more future events. These events are typically in control of management and as a result do not meet the definition of a financial liability until the events have occurred. As a result, a contingent consideration in these situations is not measured until the event occurs.

3. Significant Accounting Policies (continued)

l) Share-Based Payments

The fair value of stock options granted is measured at the grant date using the Black-Scholes option pricing model. Where options are granted to consultants for goods or services rendered, the options are measured at the fair value of the goods or services received by the Company. If the fair value of the goods and services received cannot be reliably measured, the fair value of the stock option granted is used instead. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards expected to ultimately vest is computed. The movement in cumulative expense is recognized in the statement of loss with a corresponding entry within equity, against share based compensation reserve. No expense is recognized for awards that do not ultimately vest. When options are exercised, the proceeds received together with any related amount in share-based compensation reserve is credited to share capital.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

m) Government Grants

In accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance,* the Company recognizes government grants only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. Grants receivable as compensation for costs already incurred or for immediate financial support, with no future related costs are recognized as income in the period in which it is receivable. During the year ended June 30, 2020, the Company recognized other income in the amount of $400,930 receivable pursuant to the Government of Canada's Scientific Research and Experimental Development ("SR&ED") Program. The Company's SR&ED application was approved subsequent to June 30, 2020 and the balance of $400,930 was applied against certain payroll remittance liabilities.

n) Accounting pronouncements not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. The Company did not identify any standards that may have any impact on the Company's consolidated financial statements during the year.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars) Restated and Amended

4. Reverse Takeover Transaction

On February 5, 2019, Loop and AlkaLi3 entered into an amalgamation agreement (the “Amalgamation Agreement”) pursuant to which Loop and AlkaLi3 amalgamated to form an amalgamated corporation named "Loop Insights Inc." (the "Transaction"). Pursuant to the Transaction, AlkaLi3 effected a consolidation of its issued and outstanding common shares ("AlkaLi3 Common Shares") on the basis of ten current AlkaLi3 Common Shares for one new AlkaLi3 Common Share, and a continuance of its business from the Province of Alberta to the Province of British Columbia. Furthermore, in connection with the Transaction, AlkaLi3 and Loop amalgamated to form the Loop Insights Inc. whereby all of the issued and outstanding common shares of Loop and AlkaLi3 were exchanged for common shares of Loop Insights Inc. at a ratio of one common share of Loop Insights Inc. for each common share of Loop and AlkaLi3.

The Transaction, for accounting purposes, is considered to be outside the scope of IFRS 3 - *Business Combinations* since the AlkaLi3 had limited inputs, processes, and outputs – as defined by IFRS 3 - prior to the Transaction. Activities were limited to the management of cash resources and the maintenance of its stock exchange listing and did not constitute a business for accounting purposes. As a result, the transaction is accounted for in accordance with IFRS 2 - *Share-based Payment* whereby the Company is deemed to have issued shares in exchange for the net assets or liabilities together with its listing status at the fair value of the consideration received.

Since the issuance of common shares of the Company to the former shareholders of AlkaLi3 on closing the acquisition is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations plus liabilities assumed by the Company acquired on closing was expensed in the consolidated statements of loss and comprehensive loss as a listing expense.

The listing expense is summarized as follows:

	$
Fair value of share based consideration allocated:	
Deemed issuance of 6,337,358 common shares	5,069,886
Fair value of stock options outstanding	86,855
	5,156,741
Identifiable net liabilities acquired:	
Cash and cash equivalent	(2,923)
Liabilities	452,850
	449,927
Legal fees and other cash costs	546,784
Total listing expense	**6,153,452**

5. License Agreement

During the year ended June 30, 2019, the Company entered into a license agreement wherein the Company licensed its technology to Kinect Technology, Inc. ("Kinect") for a fee of $5,000,000 USD, of which $3,000,000 USD was to be settled by the issuance of 12,000,000 common shares of Kinect and the remaining $2,000,000 USD is receivable in cash over a period of four years. As at June 30, 2020, the Company had not received the common shares of Kinect. As a result, no revenue has been recognized as at June 30, 2020 related to this transaction with Kinect.

6. License and Distribution Fees

(a) On February 9, 2018, the Company entered into a License Agreement with Fobisuite Technologies Inc. ("Fobisuite"), a significant shareholder of the Company, whereby the Company was granted a worldwide, royalty free, non-exclusive license to use the receipt intercept technology and social wifi mining technology (the "Fobisuite technology") to make, market and commercialize a mobile payment application in the medicinal marijuana industry. As consideration for the Fobisuite technology granted to the Company, the Company agreed to pay $4,000,000, comprised of a cash payment of $200,000 (paid) and $3,800,000 payable in common shares of the Company (issued). The term of the agreement is 10 years, and is renewable at an annual fee of $10,000 per year. As at June 30, 2018, management determined that the future economic benefits of the license acquired were not probable upon acquisition and the Company recorded the acquisition fee of $4,000,000 as license and distribution fees in the consolidated statement of comprehensive loss for the period from incorporation to June 30, 2018.

On November 15, 2018, the Company signed an Amended and Restated License Agreement with Fobisuite. The Amended and Restated License Agreement grants the Company a worldwide, royalty-free, perpetual and exclusive license, and resulted in the issuance of an additional 18,700,000 common shares to Fobisuite. As Fobisuite was a related party, the Company allocated a nominal value to the common shares issued to Fobisuite as consideration for the Amended and Restated License Agreement and recorded an expense of $1 in license and distribution fees in the consolidated statement of comprehensive loss for the year ended June 30, 2019.

(b) On February 9, 2018, the Company entered into a Manufacturing and Distribution Agreement with Juve Wellness Inc. ("Juve"). Pursuant to the Manufacturing and Distribution Agreement, Juve, which owns the rights to a line of cosmetic and wellness products (the "Products"), will appoint the Company as the non-exclusive distributor of the Products in Canada and the United States. The Company was also allowed to use the Products as a base to create Cannabis Products in compliance with applicable law. Cannabis Products are new products created by using any of the Products as a base and adding either THC, CBD or both as an active ingredient. In addition, the Company was granted the right to use the Products, the Cannabis Products and any of the Know-how to directly manufacture the Products and to enter into partnerships with locally licensed growers and suppliers. As consideration for the appointment, the Company agreed to: (i) place an initial order for $200,000 (before taxes) of Products at wholesale prices, payable by the Company upon delivery of the Products; and (ii) pay an appointment fee of $1,800,000 in shares of the Company (issued). Management determined that the future economic benefits of the manufacturing and distribution agreement are not probable upon acquisition and the Company recorded the acquisition cost of $1,800,000 as license and distribution fees in the consolidated statement of comprehensive loss for the period from incorporation to June 30, 2018.

On October 30, 2018, the Company signed a Termination and Release Agreement, wherein the above Manufacturing and Distribution Agreement was terminated. Pursuant to the Termination and Release Agreement, 5,700,000 of the 7,200,000 common shares issued to Juve were returned to the Company.

6. License and Distribution Fees (continued)

(c) On May 30, 2018, the Company entered into a Distribution Agreement with Medea, Inc. ("Medea"). Pursuant to the Distribution Agreement, Medea, which owns the rights to technology allowing to display customers' customized messages in LED, OLED, LCD and E-paper electronic displays that are adhered to objects and allowing to collect customer data when using such technology (the "LED Display Technology"), will appoint the Company as the distributor of the LED Display Technology in Canada, United Kingdom, Australia, Japan and India. In addition, the Company was granted the exclusive right for a three year period to commercially exploit any data collected in connection with the use by customers of the LED Display Technology.

As consideration for the appointment, the Company agreed to pay a non-cancellable, non-refundable technology license fee of $500,000 USD per year. During the period from incorporation to June 30, 2018, the Company paid the supplier $150,000 USD. The Company paid the supplier $100,000 USD on July 2, 2018 and $125,000 USD on October 1, 2018. The Company determined that the LED Display Technology did not meet its expectations, and on April 24, 2019, the Company and Medea mutually terminated the Distribution Agreement.

(d) On November 5, 2018, the Company entered into a License Agreement with Glance Pay Inc., whereby the Company was granted a worldwide, non-exclusive license to white label a mobile payment processing platform and anti-fraud technology for business-to-business and business-to-consumer mobile payments, which is the same technology that was sublicensed under the previous Sublicense Agreement with The Yield Growth Corp. (see Note 5). In consideration for the license, the Company agreed to issue 1,000,000 common shares at a price of $0.75 per share. Management determined that the future economic benefits of the license agreement are not probable upon acquisition and the Company recorded the acquisition cost of $750,000 as license and distribution fees in the consolidated statement of comprehensive loss for the year ended June 30, 2019.

7. Intellectual Property Purchase Agreement

On June 4, 2018, the Company entered into an Intellectual Property Purchase Agreement (the "Agreement"), whereby it agreed to acquire the trade name "Uklipz" along with the associated registered URL domain names and other related intellectual property. In consideration for the intellectual property, the Company issued 350,000 common shares and agreed to assume certain accounts payable of the vendor in the amount of US$67,875. In connection with the Agreement, the Company agreed to loan the vendor US$32,875 pursuant to a Secured Loan Agreement dated June 4, 2018, which accrued interest at 12% per annum. Upon closing, the secured loan amount plus accrued interest to the date of closing of $43,660 (US$33,270) was deemed repaid in full because it was applied to partial satisfaction of the assumed accounts payable. The balance of the assumed accounts payable $45,317 (US$34,605) was paid to the respective persons on closing. Management determined that the future economic benefits of the intellectual property acquired are indeterminable upon acquisition and the Company recorded the acquisition fee of $438,977 as intellectual property acquisition fees in the consolidated statement of comprehensive loss for the year ended June 30, 2019.

(Expressed in Canadian Dollars) Restated and Amended

8. Amounts Receivable

Amounts receivable consist of the following:

	2020	2019
	$	$
GST receivable	675,596	587,583
SR&ED tax credits receivable	400,930	-
	1,076,526	**587,583**

9. Convertible Debentures

During the year ended June 30, 2019, the Company issued unsecured convertible debentures for gross proceeds of $360,000 (the "Debentures"). The Debentures accrue interest at a rate of 12%, payable semi-annually, and mature two years from issuance. At the option of the holders, the debentures, and any accrued and unpaid interest, may be converted to common shares of the Company at a price of $1.50 per common share.

The Company has estimated that a similar borrowing without a conversion feature would be available to the Company at an interest rate of 18% per annum. The Company has discounted the Debentures to recognize the value of the conversion feature as $33,719. The Company incurred other transaction costs of $25,200 and issued brokers' warrants valued at $11,500 which are being accreted over the term of the debentures.

	2020	2019
	$	$
Balance, beginning of year	293,019	-
Proceeds on issuance	-	360,000
Equity feature	-	(33,719)
Transaction costs allocated to liability portion	-	(33,262)
Interest expense	62,847	-
Finance expense	41,117	-
Balance, end of year	**396,983**	**293,019**

10. Lease Liabilities

	2020	2019
	$	$
Balance, beginning of year	-	-
Recognized at adoption of IFRS 16	82,723	-
Finance cost	10,121	-
Payments	(59,574)	-
	33,270	-
Current lease liabilities	25,260	-
Non-current lease liabilities	8,010	-

(Expressed in Canadian Dollars) Restated and Amended

11. Related Party Transactions and Balances

The Company has identified its directors and senior officers as its key management personnel. No post employment benefits, other long-terms benefits and termination benefits were made during the year ended June 30, 2020. Short-term key management compensation consists of the following:

	2020	2019
	$	$
Salaries, management and professional fees	1,050,019	647,083
Share-based payments	177,807	345,636
	1,227,826	992,719

As at June 30, 2020, the Company owed $479,100 (2019- $479,100) to the Company's CEO, a company controlled by the CEO, and significant shareholder. As at June 30, 2020, the Company also has a balance payable to other related parties totaling $74,901 which is included in accounts payable and accrued liabilities. The amounts due to related parties are unsecured, non-interest bearing and due on demand.

12. Share Capital

Authorized: Unlimited number of common shares without par value.

During the year ended June 30, 2020:

(a) On September 16, 2019, the Company completed a non-brokered private placement for 1,470,000 units at $0.28 per unit for proceeds of $411,600. Each unit consisted of one common share and one share purchase warrant exercisable at $0.35 per share for a period of three years from the date of issuance.

(b) On November 12, 2019, the Company completed a non-brokered private placement for 2,613,797 units at $0.28 per unit for proceeds of $731,861. Each unit consisted of one common share and one share purchase warrant exercisable at $0.35 per share for a period of three years from the date of issuance.

(c) On April 30, 2020, the Company completed a non-brokered private placement for 21,130,010 units at $0.10 per unit for proceeds of $2,113,001. Each unit consisted of one common share and one share purchase warrant exercisable at $0.15 per share for a period of two years from the date of issuance.

(d) The Company issued 3,955,025 common shares to settle outstanding liabilities of $965,625.

(e) The Company issued 3,325,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of $332,500.

(f) In connection with the private placements completed during the year ended June 30, 2020, the Company incurred $193,386 in share issuance costs paid in cash. The Company also issued 1,367,513 share purchase warrants to finders which are exercisable at prices ranging from $0.15 to $0.35 per share for a period of one to three years from the date of issuance. The fair value of the share purchase warrants was determined to be $145,139, calculated using the Black-Scholes option pricing model under the following assumptions: exercise price - $0.22; price on grant date – $0.20; risk-free interest rate – 0.76%; dividend yield – 0%; expected volatility – 150%; and expected life – one to three years.

During the period ended June 30, 2019:

(a) On July 9, 2018, the Company issued 350,000 common shares with a fair value of $350,000 pursuant to an Intellectual Property Purchase Agreement. Refer to Note 7.

(b) On July 13, 2018, the Company issued 5,000,000 units at $0.10 per unit for gross proceeds of $500,000. Each unit consists of one common share and one share purchase warrant exercisable at $0.10 per common share for a period of 2 years from the date of issuance.

12. Share Capital (continued)

(c) On July 27, 2018, the Company completed a private placement of 1,429,335 units at $0.75 per unit for proceeds of $1,072,001. Each unit consisted of one common share and one share purchase warrant exercisable at $2.00 per share for a period of two years from the date of issuance.

(d) On October 30, 2018, the Company signed a Termination and Release Agreement with Juve and Yield, wherein the following agreements were terminated:

i. Sublicense agreement (dated February 9, 2018) between the Company and Yield for the Company to use intellectual property in exchange for 8,000,000 of the Company's common shares.
ii. Manufacturing and Distribution Agreement (dated February 9, 2018) between the Company and Juve for the Company to have certain non-exclusive product distribution rights in exchange for 7,200,000 of the Company's common shares.

Pursuant to the Termination and Release Agreement, the 8,000,000 common shares issued to Yield and 5,700,000 of the 7,200,000 common shares issued to Juve were returned to the Company. These common shares were cancelled and returned to the Company's authorized and unissued capital. In addition, the Company paid $250,000 to Yield upon settlement.

(e) On November 5, 2018, the Company entered into a License Agreement with Glance Pay Inc., whereby the Company was granted a worldwide, non-exclusive license to white label a mobile payment processing platform and anti-fraud technology for business-to-business and business-to-consumer mobile payments, which is the same technology that was sublicensed under the previous Sublicense Agreement with Yield. In consideration for the license, the Company issued 1,000,000 common shares. See Note 6(d) for additional information.

(f) On November 15, 2018, the Company signed an Amended and Restated License Agreement with Fobisuite Technologies Inc. The original agreement, dated February 9, 2018 (see Note 6(a)), between the parties granted the Company a worldwide, royalty free, non-exclusive license to use the Fobisuite Technology. The Amended and Restated License Agreement increased the consideration payable to Fobisuite from the original agreement by the issuance of 18,700,000 common shares. See Note 6(a) for additional information.

(g) On November 30, 2018, the Company completed a private placement of 533,334 units at $0.75 per unit for proceeds of $400,001. Each unit consists of one common share and one share purchase warrant exercisable at $2.00 per common share for a period of two years from the date of issuance.

(h) On June 12, 2019, the Company completed a private placement of 3,454,250 units at $0.80 per unit for proceeds of $2,763,400. Each unit consists of one common share and one share purchase warrant exercisable at $1.50 per common share for a period of two years from the date of issuance. Of the total proceeds, $855,000 were recorded as subscriptions receivable, of which $715,000 were received during the year ended June 30, 2020.

(i) On June 12, 2019, the Company issued 300,000 units to a consultant in exchange for corporate advertising and promotional services to be provided over the course of two years from June 1, 2019. Each unit consists of one common share and one share purchase warrant exercisable at $1.50 per common share for a period of two years from the date of issuance. The fair value of the units issued was determined to be $240,000 and has been recorded as a prepaid expense as at June 30, 2019.

(j) In connection with the private placements completed during the year ended June 30, 2019, the Company incurred $399,875 in share issuance costs paid in cash. The Company also issued 227,967 share purchase warrants to finders which are exercisable at $1.50 per share for a period of one year to two years from the date of issuance. The fair value of the share purchase warrants was determined to be $72,700, calculated using the Black-Scholes option pricing model under the following assumptions: exercise price - $1.50; price on grant date – $0.75 - $0.80; risk-free interest rate – 1.67%; dividend yield – 0%; expected volatility – 150%; and expected life – one to two years.

(Expressed in Canadian Dollars) Restated and Amended

13. Stock Options

During the year ended June 30, 2020, the Company granted a total of 1,430,000 stock options to certain directors, officers and consultants of the Company. The total grant date fair value of the stock options was determined to be $217,092 or $0.15 per option using the Black-Scholes option pricing model, which requires management to make estimates that are subjective and may not be representative of the actual results. Changes in assumptions can materially affect estimates of fair value. The following weighted average assumptions were used for the calculation:

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price
		$
Outstanding, June 30, 2018	3,321,500	0.25
Granted	5,560,000	0.57
Cancelled	(737,500)	0.39
Outstanding, June 30, 2019	8,144,000	0.25
Exercisable, June 30, 2019	6,660,250	0.31
Outstanding, June 30, 2019	8,144,000	0.25
Granted	1,430,000	0.20
Cancelled	(2,455,000)	0.51
Expired	(250,000)	0.75
Outstanding, June 30, 2020	6,869,000	0.49
Exercisable, June 30, 2020	6,866,500	0.49

Additional information regarding stock options outstanding as at June 30, 2020, is as follows:

Exercise price	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
$			
0.25	4,399,000	4,399,000	
0.75	1,550,000	1,550,000	
0.35	10,000	7,500	
0.15	910,000	910,000	
	6,869,000	6,866,500	4.53

(Expressed in Canadian Dollars) Restated and Amended

13. Stock Options (continued)

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the year ended June 30, 2020, the Company recognized share-based compensation expense of $467,700 (2019 - $1,950,530) in share-based payment reserve, of which $177,807 (2019 - $345,636) pertains to directors and officers of the Company. The weighted average fair value of each option granted during the year ended June 30, 2020, was $0.15 per option. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2020	2019
Exercise price	$0.20	$0.47
Risk-free interest rate	1.13%	2.25%
Dividend yield	0%	0%
Expected volatility	152%	154%
Expected life (years)	5.00	4.85

14. Warrants

The following table summarizes the continuity of the Company's warrants:

	Number of warrants	Weighted average exercise price
		$
Outstanding, June 30, 2018	–	–
Issued	10,970,086	0.95
Outstanding, June 30, 2019	10,970,086	0.95
Issued	26,581,314	0.18
Exercised	(3,325,000)	(0.10)
Expired	(42,667)	(1.50)
Outstanding, June 30, 2020	34,183,733	0.28

Additional information regarding warrants outstanding as at June 30, 2020, is as follows:

Exercise price	Warrants outstanding	Weighted average remaining contracted life (years)
$		
0.10	1,675,000	
0.15	22,036,810	
0.35	4,544,504	
1.50	3,964,750	
2.00	1,962,669	
	34,183,733	1.83

15. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of its operations. 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 defines capital to include share capital and share-based payment reserve.

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 in the Company's approach to capital management during year ended June 30, 2020. The Company is not subject to externally imposed capital requirements.

16. Financial Instruments

The Company's financial instruments are comprised of cash, accounts payable, convertible debentures, due to related parties, lease liabilities and loans payable. The carrying value of cash and cash equivalents as presented in the statement of financial position is a reasonable estimate of its fair value.

Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value financial assets and liabilities are described below.

Level 1 - Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash is valued using quoted market prices in active markets. Accordingly, it is included in Level 1 of the fair value hierarchy.

Level 2 - Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. There are no items in Level 2 of the fair value hierarchy.

Level 3 - Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	**June 30, 2020**
	$	$	$	**$**
Cash	174,252	-	-	**174,252**

There were no transfers between Levels 1, 2, or 3 in these consolidated financial statements.

16. Financial Instruments (continued)

Except as described in the following paragraphs, in management's opinion, the Company is not exposed to financial instrument risks including credit risk, foreign exchange rate risk or interest rate risk.

The Company will be exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, interest rate risk, liquidity risk, credit risk and foreign currency risk. These risks and related risk management practices employed by the Company are discussed below:

(a) Market risk

The Company's equities are susceptible to market price risk arising from uncertainties about future prices of the instruments.

As at June 30, 2020, the Company does not have any investments susceptible to market price risk.

(b) Interest rate risk

Interest rate risk refers to the effect on the fair value of the Company's assets and liabilities due to fluctuations in interest rates.

As at June 30, 2020 and 2019, the Company does not have investments in any variable interest bearing securities and therefore is not subject to interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

As at June 30, 2020, the Company does not have significant exposure to liquidity risk.

(d) Currency risk

As at June 30, 2020 and 2019, the Company does not have any significant assets held in currencies other than the USD cash of $46. As a result, a fluctuation in the CAD-USD foreign exchange rate would not have a significant impact on the financial position of the Company.

(Expressed in Canadian Dollars) Restated and Amended

17. Commitments and Contingencies

a) From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believe that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.

b) The Company has entered into employment agreements with its COO and CEO wherein the Company has agreed to pay annual salaries to these individuals. Should the employment of these individuals be terminated for any reason other than for-cause termination or resignation, the individuals will be eligible for compensation equivalent to an aggregate of one year's salary and any performance bonus equivalent to one-half of any of the average of the two highest performance bonuses paid in the previous five fiscal years.

c) From time to time, the Company enters into contracts for services in the normal course of operations. The Company's current contractual commitments vary in terms and can be terminated upon sufficient notice.

18. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2020	2019
	$	$
Canadian statutory income tax rate	27%	27%
Income tax (recovery) at statutory rate	(1,426,000)	(4,229,000)
Permanent differences and others	1,683,000	(2,016,000)
Change in unrecognized deductible temporary differences	(257,000)	6,245,000
Deferred income tax recovery	-	-

The significant components of deferred income tax assets and liabilities are as follows:

	2020	2019
	$	$
Non-capital losses	5,702,000	6,750,000
Share issuance costs	110,000	128,000
Exploration and evaluation costs	545,000	545,000
Capital losses	1,435,000	626,000
Net deferred income tax assets not recognized	7,792,000	8,049,000

As at June 30, 2020, the Company has non-capital losses carried forward of approximately $21,116,000, which are available to offset future years' taxable income and begin expiring in 2026.

(Expressed in Canadian Dollars) Restated and Amended

19. Restatements and Amendments

Subsequent to the filing of the Company's June 30, 2019 consolidated financial statements, the Company identified certain errors in its consolidated statement of financial position as at June 30, 2019 and the consolidated statements of shareholders' deficiency and cash flows for the year ended June 30, 2019. The errors resulted from the misclassification of proceeds received for the issuance of convertible debentures as share capital and shares issued for future services being recorded as shares issued pursuant to a private placement. The adjustments to the consolidated statement of financial position as at June 30, 2019 and the consolidated statement of cash flows for the year ended June 30, 2019 are presented below.

Consolidated Statement of Financial Position:

	As at June 30, 2019		
	As previously reported	**Adjustment**	**Restated**
	$	**$**	**$**
ASSETS			
Current assets			
Cash and cash equivalents	227,678	-	227,678
Amounts receivable	587,583	-	587,583
	815,261	-	815,261
Prepaid expenses	-	240,000	240,000
Equipment	4,915	-	4,915
	820,176	**240,000**	**1,060,176**
LIABILITIES & SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Accounts payable and accrued liabilities	1,772,417	-	1,772,417
Loans	20,000	-	20,000
Due to related parties	479,100	-	479,100
	2,271,517	-	2,271,517
Convertible debentures	-	293,019	293,019
Total liabilities	2,271,517	293,019	2,564,536
Deficiency			
Share capital	19,326,989	56,700	19,383,689
Subscriptions receivable	(715,000)	(140,000)	(855,000)
Contributed surplus	2,680,357	30,281	2,710,638
Deficit	(22,743,687)	-	(22,743,687)
Total deficiency	(1,451,341)	(53,019)	(1,504,360)
	820,176	**240,000**	**1,060,176**

(Expressed in Canadian Dollars) Restated and Amended

19. Restatements and Amendments (continued)

Consolidated Statements of Cash Flows:

	Year ended June 30, 2019		
	As previously reported	**Adjustment**	**Restated**
	$	**$**	**$**
FINANCING ACTIVITIES			
Proceeds from convertible debentures, net of costs	-	334,800	334,800
Loans	20,000	-	20,000
Share issuance cost	(445,075)	45,200	(399,875)
Shares issued for cash	4,260,402	(380,000)	3,880,402
Cash provided by financing activities	3,835,327	-	3,835,327
CHANGE IN CASH	112,711	-	112,711
CASH, BEGINNING OF THE YEAR	114,967	-	114,967
CASH, END OF THE YEAR	**227,678**	**-**	**227,678**

20. Subsequent Events

a) Subsequent to June 30, 2020, the Company issued 5,686,904 units at a price of $0.105 per unit for gross proceeds of $597,125. Each unit is comprised of one common share and one share purchase warrant exercisable at a price of $0.25 for one common share of the Company for a period of two years.

b) Subsequent to June 30, 2020, the Company issued 11,950,121 common shares pursuant to the exercise of stock options and share purchase warrants.