PLANTX LIFE INC.
(FORMERLY VEGASTE TECHNOLOGIES CORP.)

Financial Statements

For the Years Ended July 31, 2020 and 2019

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of PlantX Life Inc.:

Opinion

We have audited the financial statements of PlantX Life Inc. (the “Company”) (formerly Vegaste Technologies Corp.), which comprise the statements of financial position as at July 31, 2020 and 2019, and the statements of loss and comprehensive loss, cash flows and changes in shareholders’ equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

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

In connection with our audit of the 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, 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
November 30, 2020

PlantX Life Inc. (formerly Vegaste Technologies Corp.)
Statements of Financial Position
(Expressed in Canadian Dollars)

As at		July 31, 2020		July 31, 2019
ASSETS				
Current assets				
Cash	**$**	**3,196,648**	$	487,006
Prepaid expenses		**-**		3,183
GST recoverable		**97,939**		72,141
Total assets	**$**	**3,294,587**	$	562,330
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (note 6)	**$**	**479,291**	$	130,333
Shareholders' equity				
Share capital (note 8)		**11,656,320**		11,656,320
Shares to be issued (note 8)		**3,165,283**		-
Share subscriptions received (note 8)		**(30,000)**		(30,000)
Reserves (note 8)		**2,331,049**		2,331,049
Deficit		**(14,307,356)**		(13,525,372)
Total shareholders' equity		**2,815,296**		431,997
Total liabilities and shareholders' equity	**$**	**3,294,587**	$	562,330

Nature of Operations (note 1)
Going Concern Assumption (note 2)
Subsequent Events (note 10)

Approved on behalf of the Board of Directors:

"Quinn Field-Dyte" (signed)
Quinn Field-Dyte, Director

"Lorne Rapkin" (signed)
Lorne Rapkin, Director

The notes to the financial statements are an integral part of these statements.

PlantX Life Inc. (formerly Vegaste Technologies Corp.)
Statements of Loss and Comprehensive Loss
For the Years Ended July 31,
(Expressed in Canadian Dollars)

		2020		2019
Operating expenses				
Advertising and promotion	$	275	$	-
Bank service expenses (recovery)		(64)		363
Consulting expenses (note 7)		492,961		149,620
Filing and listing fees		18,823		12,178
Management fees (note 7)		26,833		4,500
Office and rent expenses		8,263		33,819
Professional fees		207,116		101,215
Shareholder information		3,385		1,526
Transfer agent fees		11,219		7,942
Travel expenses		11,032		34,193
		(779,843)		(345,356)
Other items				
Foreign exchange loss		(2,141)		(18)
Other expenses		-		(403)
Net loss and comprehensive loss for the year	$	(781,984)	$	(345,777)
Basic and diluted loss per share (note 8)	$	(0.31)	$	(0.14)
Weighted average number of common shares outstanding - basic and diluted (note 8)		2,513,384		2,513,384

The notes to the financial statements are an integral part of these statements.

PlantX Life Inc. (formerly Vegaste Technologies Corp.)

Statements of Cash Flows
For the Years Ended July 31,
(Expressed in Canadian Dollars)

		2020		2019
Operating activities				
Net loss for the year	**$**	**(781,984)**	$	(345,777)
Net changes in non-cash working capital:				
GST recoverable		**(25,798)**		(10,633)
Prepaid expenses		**3,183**		(2,683)
Accounts payable and accrued liabilities		**348,958**		(23,594)
Net cash used in operating activities		**(455,641)**		(382,687)
Financing activity				
Cash proceed from shares to be issued, net of issuance cost (note 8)		**3,165,283**		-
Net cash provided by financing activity		**3,165,283**		-
Net change in cash		**2,709,642**		(382,687)
Cash, beginning of year		**487,006**		869,693
Cash, end of year	**$**	**3,196,648**	$	487,006

The notes to the financial statements are an integral part of these statements.

PlantX Life Inc. (formerly Vegaste Technologies Corp.)

Statements of Changes in Shareholders' Equity
For the Years Ended July 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Common Share Capital						Reserves				
	Number of Shares*	**Amount**	**Preferred Share Capital**	**Total Share Capital**	**Subscriptions Received (Receivable)**	**Shares to be issued**	**Warrants**	**Contributed Surplus**	**Total Reserves**	**Accumulated Deficit**	**Total**
Balance, July 31, 2018	**2,513,384**	**$ 10,984,476**	**$ 671,844**	**$ 11,656,320**	**$ (30,000)**	**$ -**	**$ 1,820,049**	**$ 511,000**	**$ 2,331,049**	**$ (13,179,595)**	**$ 777,774**
Warrants expired	-	-	-	-	-	-	(1,820,049)	1,820,049	-	-	-
Net loss for the year	-	-	-	-	-	-	-	-	-	(345,777)	(345,777)
Balance, July 31, 2019	**2,513,384**	**10,984,476**	**671,844**	**11,656,320**	**(30,000)**	**-**	**-**	**2,331,049**	**2,331,049**	**(13,525,372)**	**431,997**
Shares to be issued, (note 8)	**-**	**-**	**-**	-	-	**3,165,283**	**-**	**-**	**-**	**-**	3,165,283
Net loss for the year	-	-	-	-	-	-	-	-	-	(781,984)	(781,984)
Balance, July 31, 2020	**2,513,384**	**$ 10,984,476**	**$ 671,844**	**$ 11,656,320**	**$ (30,000)**	**$ 3,165,283**	**$ -**	**$ 2,331,049**	**$ 2,331,049**	**$ (14,307,356)**	**$2,815,296**

*The share numbers have been adjusted to reflect a consolidation of the Company's share capital on a 10:1 basis effective July, 17, 2020 (Note 1).

The notes to the financial statements are an integral part of these statements.

1. Nature of Operations

PlantX Life Inc. (formerly Vegaste Technologies Corp.) ("PlantX" or the "Company") is incorporated under the laws of the province of British Columbia. PlantX was an exploration stage company engaged in the acquisition and exploration of mineral resource properties in Canada and was also previously engaged in the cannabis sector. The Company is currently engaged in the plant-based food and product sector. On September 28, 2020, the Company changed its name to "PlantX Life Inc."

Subsequent to the year ended July 31, 2020, the Company completed the acquisition of PlantX Living Inc. (formerly PlantX Life Inc.) ("PlantX Living") and consolidated its common shares on the basis of one post-consolidation share for 10 pre-consolidation shares and changed its name from "Winston Resources Inc." to "Vegaste Technologies Corp." on July 17, 2020. The acquisition is a reverse takeover transaction, and the Company will carry on the business of PlantX Living (note 10).

PlantX is a reporting issuer in the jurisdictions of British Columbia, Alberta and Ontario whose common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "VEGA". The head office of the Company is located at 504-100 Park Royal South West Vancouver, BC, V7T 1A2, Canada.

2. Going Concern Assumption

These financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards ("IFRS"). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, which casts significant doubt about the Company's ability to continue as a going concern.

Management's current strategy is careful cost control while pursuing opportunities within various market sectors. Management recognizes the Company's need to increase its cash reserves if it intends to adhere to its plans and has evaluated its potential sources of funds. Although management intends to assess and act on these options throughout the course of the year, there can be no assurance that the steps management take will be successful.

In the event that cash flow from operations, together with the proceeds from any future financings are insufficient to cover planned expenditures, management will allocate available resources in such manner as deemed to be in the Company's best interest. This may result in a significant reduction in the scope of existing and planned operations.

As at July 31, 2020, the Company has not generated any revenues from operations and has a deficit of $14,307,356 (2019 - $13,525,372). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon its ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Accordingly, these financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. These adjustments could be material.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time,

2. Going Concern Assumption (Continued)

as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company and its operations in future periods.

3. Statement of Compliance and Basis of Presentation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with accounting policies in compliance with IFRS and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended July 31, 2020.

These financial statements were reviewed and approved by the Board of Directors and authorized for issue on November 30, 2020.

(b) Basis of presentation

These financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be carried at fair value and have been prepared using the accrual basis of accounting, except for cash flow information.

4. Significant Accounting Policies

Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and, the recoverability and measurement of deferred tax assets.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern.

Foreign currency translation

The functional currency of an entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity

4. Significant Accounting Policies (Continued)

Foreign currency translation (continued)

as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Warrants

When the Company issues units that are comprised of a combination of shares and warrants, the value is assigned to shares and warrants based on their relative fair values. The fair value of the shares is determined by the closing price on the date of the transaction and the fair value of the warrants is determined based on the Black-Scholes Option Pricing Model.

Loss per share

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

Impairment of assets

The carrying amounts of the Company’s assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income (loss).

The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

4. Significant Accounting Policies (Continued)

Impairment of assets (Continued)

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

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

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

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

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

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

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

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company’s estimates of restoration costs could change as a result of changes in regulatory requirements. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company’s estimates of reclamation costs, are charged to profit or loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The

4. Significant Accounting Policies (Continued)

Restoration and environmental obligations (Continued)

costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for resource property interest. The Company has no restoration, rehabilitation and environmental obligations.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial instruments are initially recorded at fair value, adjusted for directly attributable transaction costs. The Company determines each financial instrument's classification upon initial recognition. Measurement in subsequent periods depends on the financial instrument's classification.

<u>Classification</u>

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

<u>Measurement</u>

Financial assets at FVTOCI
Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss and never reclassified to profit and loss. The Company has no financial assets classified as FVTOCI.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. The Company's financial assets and liabilities at amortized cost include accounts payable.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded in the statements of comprehensive loss in the period in which they arise. The Company has classified cash as FVTPL.

<u>Impairment of financial assets at amortized cost</u>

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive loss.

New and effective accounting standard

Leases
IFRS 16 *Leases* ("IFRS 16") has been effective for accounting periods beginning on or after January 1, 2019. Effective August 1, 2019, the Company has adopted IFRS 16 on a modified retrospective approach. This new standard replaces IAS 17. This standard sets out a new model for lease accounting. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated, and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures.

There has been no adjustments to these financial statements as a result of the transition to IFRS 16 as of August 1, 2019 as the Company has no right of use obligations or right of use assets.

Future accounting pronouncements

There are no other IFRS or International Financial Reporting Interpretations Committee interpretation that are not yet effective that are expected to have a material impact on the Company's financial statements.

5. Risk Management and Financial Instruments

The Company's financial instruments consist of cash and accounts payable. The carrying values of the financial instruments approximate fair value due to the short-term nature of these instruments. Fair value of financial assets and liabilities, information related to risk management positions and discussion of risks associated with financial assets and liabilities are presented as follows:

Fair value

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 quoted prices in active markets for identical assets or liabilities;

5. Risk Management and Financial Instruments (Continued)

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. from derived prices); and
Level 3 inputs for the asset or liability that are not based upon observable market data.

The fair value of cash was determined using level 1 inputs.

Credit risk
Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount carried on the statement of financial position. The Company's assets most susceptible to credit risk is its cash, which is held at a Canadian chartered bank in a non-interest bearing account and government GST recoverable, which is due from the Canadian government. As such, the risk of loss on these assets is minimal.

Market risk
Market risk is the risk of uncertainty arising primarily from possible commodity market price movements and their impact on the future economic viability of the Company's projects and ability of the Company to raise capital. These market risks are evaluated by monitoring changes in key economic indicators and market information on an ongoing basis and adjusting operating and exploration budgets accordingly.

Interest rate risk
Interest rate risk is the potential for fair value changes of a financial instrument resulting from changes in interest rates. The Company is not exposed to interest rate risk.

Liquidity risk
Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by monitoring cash outflows due in day-to-day business. As at July 31, 2020, the Company had, at its disposal, $3,196,648 in cash. The Company will require additional working capital to fund its operations. There is no guarantee that market conditions will be conducive to raising such additional equity capital.

Foreign currency risk
The Company is exposed to currency risk by incurring certain expenditures and holding assets denominated in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk. Assuming all other variables remain constant, a 1% change in the Canadian dollar against the US dollar would not result in a significant change to the Company's operations.

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 acquisition of new business interests to ensure it continues as a going concern. 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 its capital as its shareholders' equity. As at July 31, 2020, the Company's capital resources amounted to $2,815,296 (2019 - $431,997).

The Company's capital management objectives, policies and processes have remained unchanged during the year ended July 31, 2020. The Company is not subject to any capital requirements imposed by a lending institution.

(Expressed in Canadian Dollars)

6. Accounts Payable and Accrued Liabilities

		As at July 31, 2020		As at July 31, 2019
Accounts payable (note 7)	$	416,977	$	120,133
Accrued liabilities		62,314		10,200
	$	479,291	$	130,333

7. Related Party Transactions

The following transactions occurred between related parties during the years ended July 31, 2020 and 2019:

		2020		2019
Management fees paid to a former director	$	6,000	$	4,500
Management fees paid to a company controlled by a former director		20,833		-
Consulting fees paid to a current director		45,550		39,250
Consulting fees paid to companies controlled by former directors		24,500		5,250
Consulting fees paid to former directors		21,500		12,120
	$	118,383	$	61,120

As at July 31, 2020, $23,913 (2019 - $2,255) was payable to directors of the Company and is included in accounts payable (note 6). The amounts due are unsecured, due on demand and bear no interest.

8. Share Capital and Reserves

Share capital

The Company's authorized share capital consists of:

- an unlimited number of common shares without par value; and
- an unlimited number of preferred shares without special rights or restrictions attached. A total of 67,184 preferred shares with a value of $671,844 are issued and outstanding as of July 31, 2020.

During the year ended July 31, 2020, the Company received a total of $3,179,283 cash proceeds for share subscriptions in relation to the private placements of 12,819,200 subscription receipts at a price of $0.25 per subscription receipt completed after the year end (note 10). The Company incurred in share issuance costs for the amount of $14,000.

There were no common and preferred shares issued during the years ended July 31, 2020 and 2019.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended July 31, 2020 was based on the loss attributable to common shareholders of $781,984 (2019 - $345,777) and the post-consolidation weighted average number of common shares outstanding of 2,513,384 (2019 - 2,513,384). As the Company is in a loss position, the effect of warrants and stock options are anti-dilutive.

Stock options

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the individual option agreements approved by the directors' resolutions and have a maximum life of ten years. The plan allows for the issuance of up to 10% of the number of issued and outstanding common shares of the Company at any time on a non-diluted basis.

(Expressed in Canadian Dollars)

8. Share Capital and Reserves

There were no stock options outstanding as at July 31, 2020 and 2019.

Warrants

There were no warrants outstanding as at July 31, 2020 and 2019.

9. Deferred Income Taxes

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates, as well as the United States federal and state income tax rates, with the Company's effective tax rate is as follows:

		2020		2019
Loss before income taxes	**$**	**(781,984)**	$	(345,777)
Combined statutory rate		**27%**		27%
		(211,136)		(93,360)
Other permanent differences		**223,154**		2,718
Benefit of tax losses not recognized		**(12,018)**		90,642
	$	**-**	$	-

As at July 31, 2020, the Company has Canadian non-capital losses of approximately $2,156,500 (2019 - $2,158,000) available for deduction against future Canadian taxable income, the balances of which will expire as follows:

2037	$	961,000
2039		376,700
2040		818,800
	$	2,156,500

The tax effects of temporary differences that give rise to significant portions of future tax assets are as follows:

		2020		2019
Non-capital losses	**$**	**583,000**	$	583,000
Mineral property exploration		**269,000**		269,000
Share issue costs		**11,000**		22,000
Less: Valuation allowance		**(863,000)**		(874,000)
	$	**-**	$	-

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

10. Subsequent Events

a) Reverse Acquisition of PlantX Living Inc.

On March 27, 2020, the Company entered into a Share Exchange Agreement, which sets out the basic terms and conditions for the Acquisition by the Company of all of the issued and outstanding common shares in the capital of PlantX Living, in exchange for common shares in the capital of the Company. The Acquisition will constitute a "fundamental change" for the Company pursuant to the rules and policies of the CSE. On August 5, 2020, the transaction was completed, resulting in the Company acquiring PlantX Living. The Company's post-consolidation common shares resumed trading on the CSE under the under a new sticker symbol "VEGA". The Company will carry on the business of PlantX Living, which is now a wholly owned subsidiary of the Company. The Company acquired all of the issued and outstanding shares

10. Subsequent Events (Continued)

of PlantX Living through an amended and restated share exchange agreement dated July 10, 2020, as amended on July 29, 2020, among the Company, PlantX Living and all of the shareholders of PlantX Living. Pursuant to the transaction, the Company issued to the shareholders of PlantX Living an aggregate of 35,572,220 Common Shares. Outstanding stock options of PlantX Living by their terms became exercisable for an aggregate of 1,500,000 Common Shares. In connection with the Transaction, the Company issued 3,557,222 Common Shares to an arm's length finder at a price of $0.25 per Common Share as finder's fees and such Common Shares are subject to a contractual hold period expiring on December 6, 2020.

On July 15, 2020, the Company closed a non-brokered private placement of 12,819,200 subscription receipts at a price of $0.25 per subscription receipt for total gross proceeds of $3,204,800. The concurrent offering was completed in connection with the acquisition. Net proceeds of $3,179,283 was received during the year ended July 31, 2020 (note 8). Pursuant to the terms of the subscription receipts, the gross proceeds from the concurrent offering will be held in escrow pending satisfaction of certain conditions, including, amongst others: (a) the satisfaction or waiver of each of the conditions precedent to the acquisition, other than the issuance of the consideration contemplated by the acquisition; and (b) the receipt of the conditional approval of the listing of the shares on the CSE. The Company paid $14,000 and issued 36,000 finders' warrants as finders' fees.

b) Partnership with Liv Marketplace LLC

On September 14, 2020, the Company entered into a partnership agreement (the "Agreement") with Liv Marketplace LLC ("Liv Marketplace") whereby Liv Marketplace will serve as the exclusive online fulfillment partner and retail distributor of the Company's products in the United States. In addition, under the terms of the Agreement, Liv Marketplace commits to purchase a minimum of US$25,000,000 (approximately CAD$33,000,000) of the Company's products over a one year term for distribution in the United States. In addition, Liv Marketplace will pay the Company a 6% royalty on the gross revenue generated under the Agreement.

c) Acquisition of Bloombox Club Ltd.

On November 6, 2020, the Company completed its acquisition of Bloombox Club Limited ("Bloombox Club UK") a leading UK-based e-commerce platform that sells and delivers indoor plants to their established wellness community via subscription service and online shop. Pursuant to the acquisition, the Company acquired Bloombox Club UK for an aggregate purchase price of £8 million to satisfied by a combination of £560,000 in cash and £7,440,000 in common shares in the capital of the Company ("Common Shares"). An aggregate of 10,782,559 Common Shares were issued as consideration based on a price of CDN$1.17 per share, that being equal to the immediately preceding 10 day volume weighted average trading price of the Common Shares (the "Consideration Share Price"). The Company will assume a £50,000 10 year UK government loan bearing a 2.5% interest rate as a result of the transaction. Upon completion of the transaction, the Company paid a financial advisory fee equal to 10% of the value of the transaction to an arm's length, third party financial advisor for its assistance in introducing, evaluating, and structuring the transaction for the Company. The fee was satisfied by a combination of cash and Common Shares of which an aggregate of 1,043,473 Common Shares at a price per share equal to the Consideration Share Price was issued to the advisor upon closing of the transaction.

d) Stock options

On August 5, 2020, the Company granted 1,500,000 replacement stock options to certain directors and officers pursuant to the reverse takeover acquisition with PlantX Living Inc. The options are exercisable for common shares at the price of $0.10 per share, vesting immediately and maturing on August 10, 2022.

10. Subsequent Events (Continued)

On August 10, 2020, the Company granted 3,962,036 stock options to the Company's officers, consultants and advisors, exercisable at the price of $0.25 and maturing on August 10, 2025. These stock options are vesting as follow; 300,000 on quarterly basis during two years and 3,662,036 on quarterly basis during one year.

Subsequent to July 31, 2020 the Company issued 35,000 common shares related to the exercise of 35,000 options at exercise price of $0.25.

e) Proposal of Acquisition of Score Enterprises Ltd.

On November 27, 2020, the Company entered into a share purchase agreement to acquire Score Enterprises Ltd., a privately-held British Columbia company which carries on the business, including café, restaurant, food truck and operations, of the Squamish-based "Cloudburst Café", "Locavore Food Truck" and the "Locavore Bar & Grill". The restaurant location will be redesigned as the PlantX Canadian flagship brick and mortar shop.

Pursuant to the acquisition, the Company will acquire all of the issued and outstanding shares of Score Enterprises Ltd., for a purchase price of $1,350,000, which will be satisfied by the payment of $327,435 in cash and the issuance of 1,897,152 common shares of the Company at an issue price per share equal to $0.539, that being the 10 day volume weighted average trading price of the common shares. This transaction has not been completed yet at the reporting date.