MUSTGROW BIOLOGICS CORP.
(formerly Duport Capital Ltd.)

Consolidated Financial Statements

December 31, 2019 and 2018

Expressed in Canadian Dollars

Independent Auditor's Report

To the Shareholders of
MustGrow Biologics Corp.

Opinion

We have audited the consolidated financial statements of MustGrow Biologics Corp. and its subsidiary (the Company), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1, to the consolidated financial statements, which indicates that the Company incurred a net loss and comprehensive loss of $1,518,038 during the year ended December 31, 2019 and as of that date had an accumulated deficit of $10,664,435. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Ernst & Young LLP

Chartered Professional Accountants

Saskatoon, Canada
April 28, 2020

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

		December 31 2019		December 31 2018
ASSETS				
Current assets				
Cash and cash equivalents	$	4,028,813	$	507,329
Subscriptions receivable (note 6)		36,000		-
GST receivable		20,275		25,815
Prepaid expenses and deposits		7,578		1,134
Total assets	**$**	**4,092,666**	**$**	**534,278**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 7)	$	99,916	$	104,148
Current portion of long-term debt (note 5)		373,554		-
Due to related parties (note 7)		205,734		205,734
		679,204		**309,882**
Non-current liabilities				
Long-term debt (note 5)		382,271		709,950
Total liabilities		**1,061,475**		**1,019,832**
EQUITY				
Share capital (note 6)		11,889,387		7,552,326
Contributed surplus (note 6)		1,806,239		1,108,517
Deficit		(10,664,435)		(9,146,397)
		3,031,191		(485,554)
Total liabilities and equity	**$**	**4,092,666**	**$**	**534,278**

Signed on behalf of the Board,

/s/ Brad Munro   /s/ Corey Giasson

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

Consolidated statements of loss and comprehensive loss
(Expressed in Canadian Dollars)

	Year ended December 31,	
	2019	2018
Revenue		
Sales	$ -	$ 2,000
Expenses		
Research and development	$ 82,999	$ 13,542
Regulatory	23,259	10,210
Corporate communications	254,395	238,984
Listing fees (note 4)	-	885,983
Transfer agent and exchange fees	94,957	64,306
Office and administration (note 7)	503,616	358,170
Marketing and promotion	36,471	9,492
Patent expenses	74,187	44,738
Professional fees	277,493	116,844
Stock-based compensation (note 6)	124,786	112,868
	$ 1,472,163	$ 1,855,137
Loss before the following	$ (1,472,163)	$ (1,853,137)
Finance cost (note 5)	(45,875)	(40,240)
Net loss for the period	**$ (1,518,038)**	**$ (1,893,377)**
Total comprehensive loss for the period	**$ (1,518,038)**	**$ (1,893,377)**
Net loss per share, basic and diluted	$ (0.06)	$ (0.09)
Weighted average number of shares outstanding, basic and diluted	25,292,744	20,615,507

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

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

	Number of Common Shares		Share Capital		Contributed Surplus		Deficit		Total
	(note 6)								
Balance, December 31, 2017	10,454,154	$	5,582,461	$	465,173	$	(7,253,020)	$	(1,205,386)
Amalgamation	6,098,888		1,036,811		-		-		1,036,811
Issuance of shares and warrants	6,720,000		933,054		530,476		-		1,463,530
Issuance of stock options and warrants	-		-		112,868		-		112,868
Net loss and comprehensive loss	-		-		-		(1,893,377)		(1,893,377)
Balance, December 31, 2018	23,273,042	$	7,552,326	$	1,108,517	$	(9,146,397)	$	(485,554)
Balance, December 31, 2018	23,273,042	$	7,552,326	$	1,108,517	$	(9,146,397)	$	(485,554)
Issuance of shares	1,712,533		1,151,532		-		-		1,151,532
Issuance of units	11,139,879		3,116,621		572,936		-		3,689,557
Exercise of warrants	199,630		68,908		-		-		68,908
Stock-based compensation	-		-		124,786		-		124,786
Net loss and comprehensive loss	-		-		-		(1,518,038)		(1,518,038)
Balance, December 31, 2019	36,325,084	$	11,889,387	$	1,806,239	$	(10,664,435)	$	3,031,191

See note 1 – Nature and continuance of operations

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

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

	Year ended December 31, 2019	2018
Operating Activities		
Net loss	$ (1,518,038)	$ (1,893,377)
Items not affecting cash		
Listing fees	-	885,983
Finance cost on debt (note 5)	45,875	40,241
Stock-based compensation	124,786	112,868
Net changes in non-cash working capital items:		
Change in working capital acquired on acquisition	-	27,044
Accounts receivable	-	-
GST receivable	5,540	(19,597)
Prepaid expenses and deposits	(6,444)	3,450
Accounts payable and accrued liabilities	(4,232)	(124,959)
Cash used in operating activities	**(1,352,513)**	**(968,347)**
Financing Activities		
Cash acquired in acquisition	-	4,990
Issuance of shares	1,151,532	-
Exercise of warrants	68,908	-
Issuance of units	3,653,557	1,463,530
Cash provided by financing activities	4,873,997	1,468,520
Net increase (decrease) in cash during the year	**3,521,484**	**500,173**
Cash, beginning of period	507,329	7,156
Cash, end of period	**$ 4,028,813**	**$ 507,329**

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

1. Nature and continuance of operations

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

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

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

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

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

These financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at and for the year ended December 31, 2019, the Company has an accumulated deficit of $10,664,435, negative operating cash flows of $1,352,513 and a total net loss and comprehensive loss of $1,518,038.

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

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

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

2. Basis of preparation and consolidation

The financial statements of the Company are prepared on a consolidated basis and include the operations and financial position of the Company and its wholly owned subsidiary MPT. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Statement of compliance

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

The financial statements were authorized for issuance by the board of directors on April 28, 2020.

3. Significant accounting policies

Significant estimates and assumptions

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

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

Significant judgments

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

Loss per share

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

New accounting standards adopted

The Company adopted IFRS 16, *Leases* effective January 1, 2019. This is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases and requires lessees to

account for all leases under a single on balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of the lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. As the Company does not have any leases, the adoption of IFRS 16 did not have an impact on the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of balances held with financial institutions.

Foreign Currency Translation

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

Revenue from contracts with customers

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

Segment Reporting

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

Financial instruments

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

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

Cash and accounts receivable are subsequently measured at amortized cost as they are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows and

they meet the SPPI criterion. There are no financial assets classified as FVPL or FVOCI as at the reporting date.

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

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

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

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

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

The Company does not have any financial assets or liabilities held at FVPL.

The fair value of cash is determined based on Level 1 inputs. As at December 31, 2019, the Company believes that the carrying values of subscriptions receivable, GST receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

Income taxes

Current income tax:

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

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

Deferred income tax:

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

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

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

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

Share based payments

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

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

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

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

Research and development costs

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

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

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

4. Reverse acquisition

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

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

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

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

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

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

5. Debt

	December 31 2019	**December 31 2018**
Ag-West Bio Inc. Loan	382,271	382,271
Saskatchewan Minister of Agriculture Loan	373,554	327,679
	755,825	709,950
Less current portion	373,554	-
	382,271	709,950

Under the terms of the Ag-West Bio Inc. loan, the Company will pay Ag-West a royalty of 5.00% of all gross revenues received by the Company or an affiliate commencing on the date the Company or its affiliates

have attained $500,000 in cumulative revenues beginning May 5, 2017. Gross revenue received is defined to include all sources of revenue, including product sales, licensing revenue, sub-licensing revenue, and royalty revenue received, as well as proceeds derived from the sale of the assets or sales of the Company or an affiliate as part of a divestiture of the business or that would result in a change of control. The maximum amount Ag-West may receive under this agreement is $750,000, with the first $382,271 payments to be applied to pay down the principal outstanding. Ag-West has retained its general security interest in all of the Company's assets.

Under the terms of the Saskatchewan Minister of Agriculture loan, the principal amount of $377,063 is due on the earlier of February 1, 2020 and the day on which the Company earns cumulative revenue in excess of $250,000 from the commercial sale of the products or technology with no interest accruing until this point in time. At such time, interest will be accrued at the prime rate plus 2% and increased to 10% per annum for any principal and interest in arrears. Interest accretion on this loan is being recorded at an effective rate of 14%. For the years ended December 31, 2019 and 2018, non-cash interest expense of $45,875 and $40,240, respectively, was recorded. In March 2020, the Company executed an amendment to this loan changing the due date to March 1, 2022. All other terms were unchanged.

6. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

	Number of Common Shares		Share Capital
Balance, December 31, 2017	10,454,154	$	5,582,461
Amalgamation	6,098,888		1,036,811
Issuance of shares and warrants	6,720,000		933,054
Balance, December 31, 2018	23,273,042	$	7,552,326
Issuance of shares	1,712,533		1,151,532
Issuance of units	11,139,879		3,116,621
Exercise of warrants	199,630		68,908
Balance, December 31, 2019	36,325,084	$	11,889,387

The number of common shares above and loss per share information at December 31, 2017 have been retroactively adjusted to reflect the 2 for 1 exchange of MPT shares pursuant to the Amalgamation (see Note 1).

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

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

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

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

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

On December 10, 2019, the Company completed a private placement of 11,139,879 units (the "2019 Unit Offering") consisting of one common share and one-half warrant to purchase one common share at $0.50 per share (the "2019 Unit"). Issue price was $0.35 per 2019 Unit. The issue price allocated to the share portion of the 2019 Unit was $0.30 and $0.05 was allocated to the warrant. Proceeds, net of cash issuance costs of $209,400, were $3,689,557 of which $36,000 was receivable at December 31, 2019. Additional non-cash issuance costs of $53,499 were calculated to reflect the issuance of 534,986 warrants to the brokers that placed the 2019 Unit Offering. These warrants have an exercise price of $0.50 per share and a two-year term.

Stock options

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

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

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

On July 17, 2019, the Company issued 250,000 options to a director of the Company. On December 17, 2018, the Company issued 2,200,000 options to directors, officers and consultants of the Company. Such options have a contractual life of five years and were vested 25% immediately and 25% on each of the next three anniversaries of issuance. The fair value of these options at the date of issuance was estimated using the Black-Scholes option pricing model using the following assumptions.

Issuance Date	Estimated Life	Risk-free Rate	Volatility
2019-07-17	3-5 years	1.47%	87%
2018-12-17	3-5 years	1.98%	100%

Stock based compensation of $124,786 and $56,868 was recorded for the years ended December 31, 2019 and 2018, respectively.

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

Exercise price	Options outstanding	Expiry date	Weighted average remaining contractual life (years)	Options exercisable
$0.32	250,000	2024-07-17	4.55	62,500
$0.25	2,200,000	2023-12-17	3.96	1,100,000

Warrants

The Company has issued two types of warrants:

- Share warrants entitling the holder to acquire additional common shares of the Company at a fixed ratio of one for one (the “Share Warrants”); and
- 2018 Unit warrants entitling the holder to acquire additional 2018 Units of the Company at a fixed ratio of one for one (the “2018 Unit Warrants”).

A summary of the status of the Share Warrants follows.

	Share Warrants	Weighted Average Exercise Price
Balance, December 31, 2017	1,289,837	$ 0.84
Issuance	8,120,000	0.35
Expiry	(789,837)	1.19
Balance, December 31, 2018	8,620,000	$ 0.35
Issuance	6,104,921	0.50
Issuance	9,630	0.35
Exercised	(190,000)	0.35
Balance, December 31, 2019	14,544,551	$ 0.41

A summary of the status of the 2018 Unit Warrants follows.

	2018 Unit Warrants	Weighted Average Exercise Price
Balance, December 31, 2017	-	$ -
Issuance	537,600	0.25
Balance, December 31, 2018	537,600	$ 0.25
Exercised	(9,630)	0.25
Balance, December 31, 2019	527,970	$ 0.25

All warrant values as of December 31, 2017 have been retroactively adjusted to reflect the 2 for 1 exchange of MPT shares pursuant to the Amalgamation (see Note 1).

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

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

Pursuant to the 2018 Unit Offering on March 20, 2018, the Company issued 537,600 2018 Unit Warrants to intermediaries as compensation for 2018 Unit placement, and are accounted for as equity-settled share-based payments to non-employees under IFRS 2, and recorded $91,392 in contributed surplus with the

corresponding amount treated as a cost of issuance for share capital and warrants. Each warrant entitles the holder to acquire one 2018 Unit at a price of $0.25 per 2018 Unit, each 2018 Unit comprised of one common share and one warrant to purchase a common share at $0.35 per share until March 19, 2020. The fair value of these 2018 Unit Warrants at the date of issuance was estimated using the Black-Scholes option pricing model at $0.17 per warrant, based on the following assumptions: expected annualized volatility of 120%; risk-free interest rate of 1.81%; expected dividend yield of 0%; expected life of two years. In December 2019, 9,630 unit warrants were exercised, which resulted in the issuance of 9,630 shares and 9,630 share warrants.

On December 10, 2019, the Company issued 5,569,935 Share Warrants pursuant to the 2019 Unit Offering and recorded a gross amount of $556,994 in contributed surplus based on the fair value of the warrants, reduced by the allocated cost of issuance. Each warrant entitles the holder to purchase one common share at $0.50 per share until December 10, 2021.

Pursuant to the 2019 Unit Offering, on December 10, 2019, the Company issued 534,986 Share Warrants to intermediaries as compensation for the 2019 Unit placement, and are accounted for as equity-settled share-based payments to non-employees under IFRS 2, and recorded $53,499 in contributed surplus with the corresponding amount treated as a cost of issuance for share capital and warrants. The fair value of these warrants at the date of issuance was estimated using the Black-Scholes option pricing model at $0.10 per warrant, based on the following assumptions: expected annualized volatility of 89%; risk-free interest rate of 1.67%; expected dividend yield of 0%; expected life of two years.

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

Share Warrants	Exercise Price	Expiry
7,939,630	$ 0.35	March 2020
6,104,921	$ 0.50	December 2021
500,000	$ 0.30	July 2022
14,544,551		

2018 Unit Warrants	Exercise Price	Expiry
527,970	$ 0.25	March 2020

The following tables summarizes transactions related to warrants expiring in March 2020, which occurred subsequent to December 31, 2019:

Share Warrants	Exercise Price	
187,480	$ 0.35	Issued pursuant to exercise of Unit Warrants
858,775	$ 0.35	Exercised
7,268,335	$ 0.35	Expired

2018 Unit Warrants	Exercise Price	
187,480	$ 0.25	Exercised
340,490	$ 0.25	Expired

7. Related parties

During the year ended December 31, 2019, the Company incurred consulting fees and office rent of $424,505 (2018 – $217,613) to companies controlled by directors and officers of the Company.

During the year ended December 31, 2019, stock-based compensation related to stock options issued to directors and officers of the Company totaled $120,572 (2018 – $54,283).

As at December 31, 2019 there was $9,310 accrued and payable to directors and officers of the Company (December 31, 2018 – $11,613).

As at December 31, 2018 and 2017 there was $205,734 owing to a related party, which is a shareholder of the Company. The amount is unsecured, non-interest bearing and payable seven days following the substantial sale of all of the assets of the Company. Notwithstanding, the Company intends to repay the amount when cash flow permits and therefore classifies the amount as a current liability. There are no restrictions on prepayment nor any prepayment penalty.

8. Income taxes

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

2028	$ 284,090
2029	309,228
2030	967,482
2031	1,305,153
2032	1,283,488
2033	805,310
2034	687,056
2035	321,095
2036	290,232
2037	88,532
2038	861,965
2039	1,425,129
	$ 8,628,760

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

9. Financial instruments

Interest rate risk

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

Foreign currency risk

The Company conducts certain of its operations in United States dollars and is limited to a small number of purchases in U.S. dollars which are recorded at the spot rate at the date of the transaction. As of December 31, 2019, the Company held U.S. dollar cash of $2,790 (December 31, 2018 – $385).

Liquidity risk

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

Credit risk

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

Financial instrument carrying values and fair values

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

The long-term debt at December 31, 2019 consists of the Ag-West Bio Inc. loan and is valued using a discounted cash flow test taking into consideration the current market interest rate with similar term to maturity and the company's current credit quality. As at December 31, 2019, the fair value of the long-term debt is $755,825 (December 31, 2018 - $709,950) and is classified as level 3 in the fair value hierarchy.

10. Capital Management

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

	2019	2018
Due to related parties	$ 205,734	$ 205,734
Current portion of Long-term debt	373,554	-
Long-term debt	382,271	709,950
Shareholders' equity	3,031,191	(485,554)
	$ 3,992,750	$ 430,130

11. Subsequent Events

On January 1, 2020, MustGrow Biologics Corp. completed an amalgamation with its wholly owned subsidiary MPT Mustard Products & Technologies Inc. The amalgamated company will continue under the name MustGrow Biologics Corp.

In March, 2020 the Company executed an amendment to the Saskatchewan Minister of Agriculture Loan which changed the due date from February 1, 2020 to March 1, 2022. All other terms were unchanged.

Subsequent to year end, the outbreak of the Coronavirus disease ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is not known at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments or the impact on the financial position and financial results of the Company in future periods.

12. Comparative Figures

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