

**TAAT LIFESTYLE & WELLNESS LTD.  
(FORMERLY MOLORI ENERGY INC.)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED JULY 31, 2020 AND 2019  
(Unaudited)**

**(Expressed in Canadian dollars)**

## **NOTICE OF NO AUDITOR REVIEW**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of these condensed interim consolidated financial statements by an entity's auditor.

**TAAT LIFESTYLE & WELLNESS LTD. (FORMERLY MOLORI ENERGY INC.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
(unaudited)

As at,	July 31, 2020 \$	October 31, 2019 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	312,380	344,736
Taxes and trade receivables (Note 5)	117,376	8,093
Deposits and prepaid expenses (Note 9)	787,011	227,450
Inventory (Note 8)	405,740	-
	<b>1,622,507</b>	<b>580,279</b>
<b>Non-current assets</b>		
Property, plant and equipment (Note 6)	425,122	-
Goodwill (Notes 4, 7)	1,990,596	-
Intangible assets (Notes 4, 7)	487,000	-
<b>Total assets</b>	<b>4,525,225</b>	<b>580,279</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 11)	1,014,005	534,227
Note payable (Notes 12 and 14)	209,342	169,332
Lease liability- short term (Note 10)	84,960	-
Consideration payable (Note 4)	142,406	-
	<b>1,450,713</b>	<b>703,559</b>
<b>Non-current liabilities</b>		
Lease liability – long term (Note 10)	222,216	-
<b>Total liabilities</b>	<b>1,672,929</b>	<b>703,559</b>
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 13)	45,091,580	40,019,262
Subscriptions receivable (Note 13)	-	(56,205)
Subscriptions received in advance (Note 13)	29,605	-
Reserve (Note 13)	5,731,076	3,049,974
Deficit	(47,999,966)	(43,136,311)
	<b>2,852,296</b>	<b>(123,280)</b>
<b>Total liabilities and shareholders' equity (deficiency)</b>	<b>4,525,225</b>	<b>580,279</b>

**Nature of operations and going concern (Note 1)**

Approved and authorized by the Board on September 29, 2020:

\_\_\_\_\_  
*"John Cumming"* Director      \_\_\_\_\_  
*"Joel Dumaresq"* Director

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

**TAAT LIFESTYLE & WELLNESS LTD. (FORMERLY MOLORI ENERGY INC.)**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(unaudited)

For the	Three-months ended July 31, 2020 \$	Three-months ended July 31, 2019 \$	Nine-months ended July 31, 2020 \$	Nine-months ended July 31, 2019 \$
<b>REVENUE</b>				
Sales	63,481	-	72,488	-
Cost of goods sold	(28,818)	-	(41,288)	-
Gross profit	34,663	-	31,200	-
<b>EXPENSES</b>				
Accounting and legal	128,420	226	151,755	3,923
Accretion of decommissioning provision	-	4,729	-	14,189
Exploration expenditures	-	1,594	-	11,021
Filing and regulatory	52,744	11,961	67,581	24,722
Foreign exchange loss	34,788	5,342	(19,952)	12,268
Interest expense (Note 12)	-	2,510	8,109	9,094
Management and consulting (Note 14)	102,326	176,557	819,631	474,057
Office, rent and administrative (Note 14)	45,977	16,987	134,160	44,492
Marketing and shareholder communication	603,203	42,286	615,244	60,253
Research and development	81,184	-	81,184	-
Share-based payments (Note 13)	2,671,216	-	2,671,216	-
Travel	34,331	11,400	66,274	17,374
Transaction cost (Note 4 and Note 13)	-	-	222,180	-
Salaries and wages	5,427	-	7,557	-
Amortization (Note 6)	29,027	-	69,916	-
<b>Loss for the period</b>	<b>(3,753,980)</b>	<b>(273,592)</b>	<b>(4,863,655)</b>	<b>(671,393)</b>
<b>Other Items</b>				
Gain on write-off of accounts payable	-	41,049	-	41,049
<b>Net loss and comprehensive loss from continuing operations</b>	<b>(3,753,980)</b>	<b>(232,543)</b>	<b>(4,863,655)</b>	<b>(630,344)</b>
<b>Basic and diluted loss per common share</b>	<b>(0.10)</b>	<b>(0.01)</b>	<b>(0.07)</b>	<b>(0.05)</b>
<b>Weighted average number of common shares outstanding</b>	<b>61,716,791</b>	<b>22,129,985</b>	<b>48,114,645</b>	<b>13,993,977</b>

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

**TAAT LIFESTYLE & WELLNESS LTD. (FORMERLY MOLORI ENERGY INC.)****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

(unaudited)

	2020	2019
For the nine-month period ended July 31,	\$	\$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Net loss from continuing operations	(4,863,655)	(630,344)
Non-cash items:		
Foreign exchange	(19,952)	-
Accretion of decommissioning provision	-	14,189
Amortization	69,916	-
Gain on write-off of accounts payable	-	(41,049)
Interest expense	21,325	9,800
Share-based compensation	2,671,216	-
Transaction cost	222,180	-
Changes in non-cash working capital items:		
Receivables	(100,346)	17,321
Deposits and prepaid expenses	(559,561)	877
Inventory	(88,364)	-
Accounts payable and accrued liabilities	451,248	(525,298)
<b>Net cash used in operating activities of continuing operations</b>	<b>(2,195,993)</b>	<b>(1,154,504)</b>
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>		
Expenditures on property, plant and equipment	(32,019)	-
<b>Net cash used in investing activities</b>	<b>(32,019)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	35,000	(23,000)
Repayment of lease liability	(43,261)	-
Net proceeds from Issuance of common shares	1,858,813	1,021,212
Proceeds from subscription received in advance	29,605	-
Proceeds from exercise of warrants	315,500	119,400
<b>Net cash provided by financing activities</b>	<b>2,195,657</b>	<b>1,117,612</b>
<b>Change in cash and cash equivalents during the period</b>	<b>(32,355)</b>	<b>(36,892)</b>
<b>Cash and cash equivalents, beginning</b>	<b>344,736</b>	<b>121,332</b>
<b>Cash and cash equivalents, ending</b>	<b>312,381</b>	<b>84,440</b>
<b>Comprised of:</b>	<b>\$</b>	<b>\$</b>
Cash at bank	312,381	84,440
<b>Total cash and equivalents</b>	<b>312,381</b>	<b>84,440</b>

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

**TAAT LIFESTYLE & WELLNESS LTD. (FORMERLY MOLORI ENERGY INC.)**
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)**

(Expressed in Canadian Dollars)

<b>Share capital</b>							
	<b>Number</b>	<b>Amount</b>	<b>Subscriptions</b>	<b>Subscriptions</b>	<b>Reserve</b>	<b>Deficit</b>	<b>Total</b>
		<b>\$</b>	<b>Receivable</b>	<b>received in</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
			<b>\$</b>	<b>advance</b>			
				<b>\$</b>			
Balance, October 31, 2019	36,203,973	40,019,262	(56,205)	-	3,049,974	(43,136,311)	(123,280)
Net and comprehensive loss	-	-	-	-	-	(4,863,655)	(4,863,655)
Private placement	8,005,520	1,887,104	56,205	29,605	-	-	1,972,914
Share issuance costs	-	(38,177)	-	-	9,887	-	(28,290)
Share-based compensation	-	-	-	-	2,671,216	-	2,671,216
Acquisitions	20,500,000	2,685,711	-	-	-	-	2,685,711
Transaction cost	1,481,200	222,180	-	-	-	-	222,180
Warrants exercised	3,155,000	315,500	-	-	-	-	315,500
<b>Balance, July 31, 2020</b>	<b>69,345,693</b>	<b>45,091,580</b>	<b>-</b>	<b>29,605</b>	<b>5,731,077</b>	<b>(47,999,966)</b>	<b>2,852,296</b>
Balance, October 31, 2018	9,696,623	38,028,650	-	-	3,049,974	(42,667,363)	(1,588,739)
Net and comprehensive loss	-	-	-	-	-	(630,344)	(630,344)
Private placement	18,567,490	1,021,212	-	-	-	-	1,021,212
Finder's fees	1,510,191	-	-	-	-	-	-
Warrants exercised	298,500	119,400	-	-	-	-	119,400
Balance, July 31, 2019	30,072,804	39,169,262	-	-	3,049,974	(43,290,157)	(1,078,471)

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

# TAAT LIFESTYLE & WELLNESS LTD. (FORMERLY MOLORI ENERGY INC.)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

TAAT Lifestyle & Wellness Inc. (Formerly Molori Energy Inc.) ("TAAT" or the "Company") was incorporated on June 5, 2006 in British Columbia under the Business Corporations Act. The Company is a life sciences company focused on non-tobacco based smokable products. The Company is listed on the Canadian Stock Exchange ("CSE") under the symbol "TAA,T as well as OTC Markets Group, on the OTCQB, under the symbol "TOBAF and on the Frankfurt Stock Exchange under the symbol "2TP2". Previous to focusing on non-tobacco based smokable products, the Company was in the business of exploring for or purchasing economically viable oil and gas resource deposits. During the year ended October 31, 2018, the operations of all the leases in which the Company owned a working interest in were suspended. Consequently, oil and gas production activities was classified as discontinued operations.

The Company's head office is 2630 – 1075 West Georgia Street, Vancouver, BC, V6E 3C9 and its registered address is Suite 810 – 789 West Pender Street, Vancouver BC, V6C 1H2.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As at July 31, 2020, the Company had a working capital of \$171,794 and an accumulated deficit of \$47,999,966 (2019 – working capital deficit of \$123,280 and accumulated deficit of \$43,136,311). The Company has incurred losses since inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favorable terms. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

### 2. BASIS OF PREPARATION

#### Statement of Compliance

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and in accordance with IAS 34 – Interim Financial Reporting. The condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2019. These condensed interim consolidated financial statements have been prepared following the same accounting policies as the Company's audited financial statements for the year ended October 31, 2019.

The Board of Directors approved these financial statements on September 29, 2020.

#### Basis of Presentation

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

#### Significant Estimates and Assumptions

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of net assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. 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.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the amortization of equipment, recoverability of the carrying value of property and equipment, fair value measurements for reserves and accumulated depletion, financial instruments and stock-based compensation and other equity-based payments, and the recoverability of deferred tax assets. Actual results may differ from those estimates and judgments.

#### *Valuation of inventory*

Management makes estimates of future customer demand for products when establishing appropriate provisions for inventory obsolescence. In making these estimates management considers the shelf-life of inventory and the expected profitability of sales.

## TAAT LIFESTYLE & WELLNESS LTD. (FORMERLY MOLORI ENERGY INC.)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2020 and 2019

(Expressed in Canadian Dollars)

#### 2. BASIS OF PREPARATION (cont'd)

##### *Estimated useful lives and depreciation of tangible and intangible assets*

Depreciation of tangible and intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

##### *Business combination*

Judgement is required to determine if the Company's acquisitions represent a business combination or an asset purchase. More specifically, management concluded that all of the Company's acquisitions did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs. Since it was concluded that the acquisition represented the purchase of assets, no goodwill was recognized on the transactions and acquisition costs were capitalized to the assets purchased rather than expensed. As the Company concluded that the acquisitions were asset acquisitions, an allocation of the purchase price to the individual identifiable assets acquired, including intangible assets, and liabilities assumed based on their fair values at the date of purchase was required. The fair values of the net assets acquired were calculated using significant estimates and judgments. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position.

##### *Provision for income taxes*

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

#### **Basis of Consolidation**

A subsidiary is an entity the Company controls when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. These consolidated financial statements include the accounts of the Company and its principal subsidiaries:

	Ownership Interest	Jurisdiction
TT Enterprises Inc.	100%	Canada
TAAT International LLC	100%	United States

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

#### **COVID-19 Estimation Uncertainty**

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Company's operations during the third quarter of 2020. The production and sale of cannabis have been recognized as essential services across Canada and Europe. As at July 31, 2020, we have also not observed any material impairments of our assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on our business, financial position and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

#### **Significant Judgments**

The preparation of the financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgement applied in preparing the Company's financial statement is the assessment of the Company's ability to continue as a going concern, business combinations, inventory valuation and the carrying value of tangible and intangible assets.



# TAAT LIFESTYLE & WELLNESS LTD. (FORMERLY MOLORI ENERGY INC.)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **Inventory**

Inventory consists primarily of hemp and finished goods. Inventory is valued at the lower of cost and net realizable value with cost based upon the weighted average method. The cost of an item of inventory consists of the purchase price. The net realizable value of inventory represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to cost of sales.

#### **Equipment**

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from equipment and any gain or loss is reflected as a gain or loss from operations.

Equipment is depreciated annually at the following rates using the declining-balance method when the asset becomes available for use, and in the year of acquisition, only one-half of normal rates are used.

Machinery and vehicles - 30% declining balance  
Furniture and equipment - 20% declining balance  
Right-of-use asset - straight-line over term of lease

#### **Business combination**

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the fair value equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net-identifiable assets acquired. Acquisition costs incurred are expensed in the statement of comprehensive loss.

Contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in a business combination, subject to the applicable terms and conditions. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments with the corresponding gain or loss recognized in the statement of comprehensive loss.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

## TAAT LIFESTYLE & WELLNESS LTD. (FORMERLY MOLORI ENERGY INC.)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Business combination (continued)

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

#### Intangible assets

Intangible assets consist of brands and customer relationships. Intangible assets are recorded at cost less accumulated amortization and any impairment losses. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is calculated on a straight-line basis over their estimated useful lives. No amortization is recorded for indefinite life intangibles.

The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization.

#### Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

The goodwill balance is assessed for impairment annually or when facts and circumstances indicate that it is impaired. Goodwill is tested for impairment at a CGU level by comparing the carrying value to the recoverable amount, which is determined as the greater of fair value less costs of disposal and value in use. Any excess of the carrying amount over the recoverable amount is the impaired amount. The recoverable amount estimates are categorized as Level 3 according to the fair value hierarchy. Impairment charges are recognized in the statement of comprehensive loss. Goodwill is reported at cost less any accumulated impairment. Goodwill impairments are not reversed.

#### IFRS 15 – Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), amended revenue recognition requirements and established principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. The Company's accounting policy for revenue recognition under IFRS 15 is to follow a five-step model to determine the amount and timing of revenue to be recognized:

1. Identifying the contract with a customer
2. Identifying the performance obligations within the contract
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from the sale of hemp products are recognized when the Company transfers control of the good to the customer. In some cases, judgement is required in determining whether the customer is a business or the end consumer. This evaluation was made on the basis of whether the business obtains control of the product before transferring to the end consumer. Control of the product transfers at a point in time either upon shipment to or receipt by the customer, depending on the contractual terms. The Company recognizes revenue in an amount that reflects the consideration that the Company expects to receive taking into account any variation that may result from rights of return.

## TAAT LIFESTYLE & WELLNESS LTD. (FORMERLY MOLORI ENERGY INC.)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2020 and 2019

(Expressed in Canadian Dollars)

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, Leases (“IFRS 16”), which replaces IAS 17, Leases (“IAS 17”) and related interpretations. The standard introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases with a term exceeding 12 months, unless the underlying asset is insignificant. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessors continue to classify leases as operating or finance, with lessor accounting remaining substantially unchanged from the preceding guidance under IAS 17. The Company adopted the standard on November 1, 2019. The Company did not have any leased properties on November 1, 2019, so the adoption of IFRS 16 had no impact on the opening financial statements.

As a result of adopting IFRS 16, the Company updated its lease accounting policies as follows:

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in “finance and other costs” in the condensed consolidated interim statement of comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The Company’s lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee’s incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the condensed consolidated interim statement of comprehensive (loss) income. Short term leases are defined as leases with a lease term of 12 months or less.

Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in costs of goods sold, general and administration or sales and marketing expense, as appropriate given how the underlying leased asset is used, in the consolidated statement of comprehensive income.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease.

#### 4. BUSINESS COMBINATIONS

##### TT Enterprises Inc.

On February 12, 2020, the Company entered into a share purchase agreement to acquire of all issued and outstanding common shares of TT Enterprises Inc (“TrueToke”). The acquisition closed on March 18, 2020. On February 24, 2020, the Company issued 525,000 common shares of the Company with a fair value of \$78,750 to an arm’s length party in connection with the acquisition of True Toke, which was expensed in transaction costs.

This acquisition has been accounted for as business combination as TrueToke met the definition of a business under IFRS 3, Business Combinations.

As consideration, the Company paid 7,500,000 common shares with a fair value of \$1,126,318 and cash of \$50,000. An additional \$150,000 (“Additional Consideration”) shall be payable by the Company upon the Company completing a financing of at least \$500,000 post of concurrent listing of the Company’s common shares on the CSE. The Additional Consideration is discounted to the cost of debt for a fair value of \$142,406 at period end. In accordance with IFRS 3 – Business Combination, the equity consideration on transfer was measured at fair value at the acquisition date, which is the date control was obtained.

# TAAT LIFESTYLE & WELLNESS LTD. (FORMERLY MOLORI ENERGY INC.)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### 4. BUSINESS COMBINATIONS (cont'd)

#### TT Enterprises Inc. (cont'd)

<b>Consideration paid</b>	<b>\$</b>
Fair value of shares issued	1,126,318
Additional consideration	142,406
Cash paid	50,000
<b>Total</b>	<b>1,318,724</b>
Net assets acquired	
Cash	10,303
Accounts receivable	8,937
Inventory	33,396
Accounts payable and accrued liabilities	(19,554)
<b>Total net assets acquired</b>	<b>33,082</b>
Balance allocated to	
Intangible assets- TrueToke Brand (Note 7)	338,000
Intangible assets- Customer Relationships (Note 7)	149,000
Goodwill (Note 7)	798,642
<b>Total</b>	<b>1,318,724</b>

#### TAAT International LLC

On February 21, 2020, the Company entered into a share purchase agreement to complete the acquisition of all issued and outstanding securities of TAAT International LLC (the "TAAT"). The acquisition closed on February 21, 2020. On February 21, 2020, the Company issued 956,200 common shares of the Company with a fair value of \$143,430 to an arm's length party in connection with the acquisition of TAAT, which was expensed in transaction cost.

This acquisition has been accounted for as business combination as TAAT met the definition of a business under IFRS 3, Business Combinations.

As consideration, the Company paid 13,000,000 common shares with a fair value of \$1,559,393 (USD \$1,179,517). In accordance with IFRS 3 – Business Combination, the equity consideration on transfer was measured at fair value at the acquisition date, which is the date control was obtained.

<b>Consideration paid</b>	<b>\$</b>
Fair value of shares issued	1,559,393
Net assets acquired	
Cash	7,564
Accounts receivable	32,850
Inventory	317,376
Property, plant and equipment	115,376
Accounts payable and accrued liabilities	(105,726)
<b>Total net assets acquired</b>	<b>367,440</b>
Balance allocated to	
Goodwill (Note 7)	1,191,953
<b>Total</b>	<b>1,559,393</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### 5. RECEIVABLES

	July 31, 2020	October 31, 2019
	\$	\$
Trade receivables	16,423	-
Sales tax receivable	100,953	8,093
Total	117,376	8,093

### 6. PROPERTY AND EQUIPMENT

Property and equipment are held by the Company and its subsidiaries. The opening balances have been shown as of the date of transition to the consolidation method of accounting.

	Furniture & equipment	Vehicles & machinery	Right-of-use asset	Total
	\$	\$	\$	\$
<b>Cost:</b>				
October 31, 2019 and 2018	-	-	-	-
Additions	15,309	16,709	359,349	391,367
Acquired from business combinations (Note 4)	109,425	5,951	-	115,376
July 31, 2020	124,734	22,660	359,349	506,743
<b>Amortization:</b>				
At October 31, 2019 and 2018	-	-	-	-
Charge for the period	(19,381)	(5,134)	(57,106)	(81,621)
July 31, 2020	(19,381)	(5,134)	(57,106)	(81,621)
<b>Net book value:</b>				
October 31, 2019	-	-	-	-
July 31, 2020	105,353	17,526	302,243	425,122

The right of use asset relates to a three-year lease entered into by the Company, with a commencement date of January 23, 2020. The lease is reflected on the balance sheet as a right-of-use asset, with an associated lease liability. The discount rate applied to the lease is 10% (Note 9).

### 7. INTANGIBLE ASSETS AND GOODWILL

During the period ended July 31, 2020, the Company acquired intangible assets of TrueToke Brand, customer relationships and goodwill as follows:

	TrueToke Brand	Customer Relationships	Goodwill	Total
	\$	\$	\$	\$
Balance, October 31, 2019 and 2018	-	-	-	-
Acquired from business combinations (Note 4)	338,000	149,000	1,990,596	2,477,596
Balance, July 31, 2020	338,000	149,000	1,990,596	2,477,596

The TrueToke brand and customer relationships arose as a result of acquisition of TrueToke (Note 4). The goodwill arose as a result of the acquisition of TrueToke and TAAT (Note 4).

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**8. INVENTORY**

As at July 31, 2020, inventory consists of finished accessory products of \$41,361 (2019 - \$Nil) and hemp of \$364,379 (2019 - \$Nil).

**9. PREPAIDS**

As at July 31, 2020, prepaids consist of the following:

	<b>July 31, 2020</b>	<b>October 31, 2019</b>
	<b>\$</b>	<b>\$</b>
Legal	26,808	-
Marketing	422,353	-
Consulting	303,750	220,083
General and administrative	34,100	7,367
<b>Total</b>	<b>787,011</b>	<b>227,450</b>

**10. LEASE LIABILITY**

The Company recognized right-of-use asset of \$328,999 and lease liability of \$328,999. The Company recorded a right-of-use asset for the lease office in the statement financial position as at July 31, 2020 (Note 6).

At the commencement date of the lease, the lease liability was measured as the present value of the future lease payments that were not paid at that date. These lease payments are discounted using a discount rate of 10%, which is the Company's approximate incremental borrowing rate.

The following is a continuity schedule of lease liabilities for the six months period ended July 31, 2020:

	<b>\$</b>
<b>Balance, November 1, 2019</b>	<b>-</b>
Lease additions	328,999
Lease payments	(43,261)
Interest expense on lease liabilities	16,316
Foreign exchange	5,122
<b>Balance, July 31, 2020</b>	<b>307,176</b>
Current portion	84,960
<b>Long-term portion</b>	<b>222,216</b>

**11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are as follows:

	<b>July 31, 2020</b>	<b>October 31, 2019</b>
	<b>\$</b>	<b>\$</b>
Accounts payables	178,683	85,227
Sales tax payable	9,865	-
Accruals	746,457	370,000
Decommissioning liabilities	79,000	79,000
<b>Total</b>	<b>1,014,005</b>	<b>534,227</b>

Included in accounts payable and accruals are amounts totaling \$647,420 (2019 - \$396,354) due to related parties (Note 13).

## TAAT LIFESTYLE & WELLNESS LTD. (FORMERLY MOLORI ENERGY INC.)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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#### 12. NOTES PAYABLE

	July 31, 2020	October 31, 2019
	\$	\$
Principle	31,000	146,000
Addition	150,000	-
Interest payable	28,342	23,332
	209,342	169,332

On January 1, 2018, the Company obtained a promissory note in the amount of \$250,000 from an officer of the Company (Note 14). The promissory note is secured with 25% working interest the Company owned on certain leases in Texas, bears interest of 5% per annum compounded monthly and due six months from the date of issuance. As at July 31, 2020, the balance payable was \$59,342.

On July 31, 2020, the Company obtained a promissory note in the amount of \$150,000 from arms length party of the Company. The promissory note bears interest at a rate of 8% per annum, and the total outstanding principal amount is due and payable on demand. As at July 31, 2020, the balance payable was \$150,000.

#### 13. SHARE CAPITAL AND RESERVES

##### Authorized share capital

Unlimited number of common and preferred shares without par value.

*Shares issued during the period ended July 31, 2020*

On February 21, 2020, the Company completed a non-brokered private placement and issued 2,250,000 common shares at a price of \$0.20 per common share for total proceeds of \$450,000. The Company paid finders fees totalling \$21,091 in connection with the private placement.

On February 21, 2020, the Company issued 13,000,000 of common shares with a fair value of \$1,559,393 for the acquisition of TAAT (Note 4). On February 21, 2020, the Company issued 956,200 common shares of the Company with a fair value of \$143,430 to an arm's length party in connection with the acquisition of TAAT (Note 4).

On February 24, 2020, the Company issued 7,500,000 of common shares with a fair value of \$1,126,318 for the acquisition of TrueToke (Note 4). On February 24, 2020, the Company issued 525,000 common shares of the Company with a fair value of \$78,780 to an arm's length party in connection with the acquisition of True Toke (Note 4).

On May 4, 2020, the Company closed a non-brokered private placement of 2,060,520 common shares (the "Shares") at a price of \$0.20 per Share for gross proceeds of \$412,104.

On June 4, 2020, the Company issued 50,000 common shares through the exercise of 50,000 share purchase warrants at an exercise price of \$0.10.

On June 10, 2020, the Company completed a non-brokered private placement and issued 3,020,000 common shares at a price of \$0.25 per common share for total proceeds of \$755,000 (the "First Private Placement"), of which \$377,105 was received prior to January 31, 2020. The Company also completed additional non-brokered private placement of 675,000 Shares at a price of \$0.40 per Share for gross proceeds of \$270,000 on June 10, 2020 (the "Second Private Placement").

Finder's fees of \$7,200 cash and an 28,800 common shares purchase warrants ("Finder's Warrants") with an exercise price of \$0.25 and fair value of \$9,886 to purchase one additional Share per Finder's Warrant for a period of 12 months from closing have been paid as finder's fees to arm's length parties in connection with the closing of the First Private Placement.

During the period ended July 31, 2020, the Company issued 1,194,000 common shares through the exercise of 1,194,000 share purchase warrants for gross proceeds of \$119,400.

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### 13. SHARE CAPITAL AND RESERVES (cont'd)

On December 27, 2019 and January 24, 2020, the Company received the subscription payments of \$31,205 and \$25,000, respectively. Proceeds were related to the non-brokered private placement completed on September 18, 2019.

During the nine months ended July 31, 2020, the Company received total of \$1,887,104 for non-brokered private placements. The Company issued a total of 3,155,000 common shares for total gross proceeds of \$315,500 through the exercise of 3,155,000 share purchase warrants with an exercise price of \$0.10.

*Shares issued during the period ended July 31, 2019*

On June 6, 2019, the Company completed a non-brokered private placement and issued 18,567,490 units at a price of \$0.055 per unit for gross proceeds of \$1,021,212. Each unit consists of one common share and one-half common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at a price of \$0.10 for a period of two years. The Company paid a finder's fee of 1,510,191 shares valued at \$33,224 to an arm's length party in connection with the private placement. Using the residual method, no value was attributed to the warrants.

The Company issued a total of 298,500 common shares for total gross proceeds of \$119,400 through the exercise of 298,500 share purchase warrants with an exercise price of \$0.40.

#### Stock options and warrants

Approval of 2020 Stock Option Incentive Plan The Board of Directors of the Company adopted a stock option plan on April 25, 2013 (the "2013 Plan") and confirmed the plan on July 26, 2018 at the Company's last Annual General Meeting (the "Stock Option Plan"). The Stock Option Plan stipulates that the maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the outstanding shares at the time Plan Shares are reserved for issuance. The Stock Option Plan was approved by Disinterested Shareholders (defined in the 2013 Plan) of the Company on July 26, 2018.

Shareholders are being asked to approve the adoption of a 20% rolling stock option plan (the "2020 Plan") at the Company's next annual general and special meeting on Friday August 14, 2020, and remains subject to shareholder approval to replace the Stock Option Plan. The number of common shares proposed to be granted under the 2020 Plan is a maximum of 20% of the issued and outstanding common shares at the time of grant. The 2020 Plan was approved after the period end.

#### Issued share capital

	Options		Warrants	
	Number of Shares	Weighted Average Exercise Price \$	Number of Shares	Weighted Average Exercise Price \$
Balance, October 31, 2018	597,500	0.88	1,295,981	1.12
Issued	-	-	9,283,745	0.10
Exercised	-	-	(298,500)	0.40
Expired	-	-	(997,481)	0.40
Balance, July 31, 2019	597,500	0.88	9,283,745	0.10
Balance, October 31, 2019	580,000	0.77	9,283,745	0.10
Issued	6,264,070	0.25	28,800	0.25
Exercised	-	-	(3,155,000)	0.10
Expired	(175,000)	0.40	-	-
Balance, July 31, 2020	6,669,070	0.29	6,128,745	0.10



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**13. SHARE CAPITAL AND RESERVES (cont'd)****Issued share capital (cont'd)**

As at July 31, 2020, stock options are all exercisable and outstanding as follows:

<b>Expiry date</b>	<b>Number #</b>	<b>Exercise price \$</b>
February 15, 2021	192,500	0.80
June 21, 2021	212,500	1.04
June 16, 2025	6,264,070	0.25
	<b>6,669,070</b>	<b>0.29</b>

The weighted average price of options outstanding was \$0.29 and the weighted average life was 4.63 years.

On June 16 2020, the Company granted 6,264,070 stock options to directors, officers and consultants of the Company with an exercise price of \$0.25 per option expiring June 16, 2025. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of \$2,671,216 assuming an expected life of 5 years, a risk-free interest rate of 0.38%, an expected dividend rate of 0.00%, and an expected annual volatility of 210%.

As at July 31, 2020, share purchase warrants were outstanding as follows (Note 15):

<b>Expiry date</b>	<b>Number #</b>	<b>Exercise price \$</b>
June 6, 2021	6,128,745	0.10
June 10, 2021	28,800	0.25

The weighted average price of warrants outstanding was \$0.10 and the weighted average life was 0.85 years.

On June 10 2020, the Company granted 28,800 warrants for finder's fees in connection to a its private placement with an exercise price of \$0.25 per warrant expiring June 10, 2021. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of \$9,986 assuming an expected life of 1 year, a risk-free interest rate of 0.35%, an expected dividend rate of 0.00%, and an expected annual volatility of 225%.

**Reserve**

Reserve record items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

**14. RELATED PARTY TRANSACTIONS****Transactions during the period**

Key management personnel comprise of the Chief Executive Officer, Chief Financial Officer, and Directors of the Company. The remuneration of the key management personnel is as follows:

	<b>July 31, 2020 \$</b>	<b>July 31, 2019 \$</b>
Management fees – CFO and Former CEO	180,000	180,000
Management fees – Former CFO	135,000	135,000
	<b>315,000</b>	<b>315,000</b>

## TAAT LIFESTYLE & WELLNESS LTD. (FORMERLY MOLORI ENERGY INC.)

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#### 14. RELATED PARTY TRANSACTIONS (CONTINUED)

The Company incurred the following transactions with companies that are controlled or managed by directors of the Company:

	July 31, 2020	July 31, 2019
	\$	\$
Rent expenses to a company jointly controlled by the former CFO and CEO	9,000	9,000
Consulting fees to a company jointly controlled by the former CFO	45,000	-
Office expenses to a company jointly controlled by the former CFO and CEO	18,000	18,000
	72,000	27,000

#### Balances at period ending

As at July 31, 2020, \$647,420 (2019 - \$375,768) is due to related parties (Note 11). All balances are unsecured, non-interest bearing and are due on demand.

As at July 31, 2020, there is a note payable of \$59,342 (2019 - \$169,332) due to an officer of the Company (Note 12).

#### 15. FINANCIAL INSTRUMENTS

##### Financial Instruments

The Company classifies its cash and cash equivalents as financial assets at fair value through profit or loss and accounts payable and accrued liabilities, notes payable and consideration payable as other financial liabilities

The fair value of accounts payable and accrued liabilities, notes payable and consideration payable approximate their carrying value due to the short-term nature of these liabilities.

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 7 – Financial Instruments – Disclosures

Level 1 – Observable inputs other than quoted prices include in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data. Cash and cash equivalents are classified as Level 1.

Level 2 – Observable inputs other than quoted prices, included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs which are supported by little or no market activity.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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#### 15. FINANCIAL INSTRUMENTS (CONTINUED)

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2020, the Company had a cash balance of \$312,380 to settle current liabilities of \$1,450,713... The Company anticipates it will need additional capital in the future to support its recent change of business model to manufacturing and distribution of hemp cigarettes. The Company has recently closed an additional private placement to mitigate the liquidity risk. Please see the Subsequent Events section. The Company's future revenues, if any, are expected to be from the sale of hemp cigarettes. The economics of developing and producing hemp are affected by many factors including the cost of operations, variations in the quality of hemp, and the price of hemp. There is no guarantee that the Company will be able to successfully develop its production facilities and distribution channels. Capital could be derived from the exercise of outstanding warrants and the completion of other equity financings. The Company has limited financial resources and has no assurance that additional funding will be available to it for future development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and operational success of its activities. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

##### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist mainly of the commodity tax receivable. The Company has been successful in recovering receivables and believes credit risk with respect to receivables to be insignificant.

##### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

##### a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at July 31, 2020, the Company had investments in investment-grade short-term deposit certificates. Interest earned is negligible and therefore interest rate risk is very low.

##### b) Foreign currency risk

The majority of the Company's business is conducted in United States dollars. As such, the Company is exposed to foreign currency risk in fluctuations among the Canadian dollar, the US dollar. Fluctuations in the exchange rate among the Canadian dollar and the US dollar may have a material adverse effect on the Company's business and financial condition. Fluctuations do not have a significant impact on operating results.

#### 16. SUBSEQUENT EVENTS

On August 28, 2020, the Company closed the first tranche of a non-brokered private placement and issued 3,719,005 units at a price of \$0.70 per unit for gross proceeds of \$2,603,304. Each Unit consists of one share and one-half of one transferable share purchase warrant (each, a "Warrant"). Each Warrant is exercisable at \$1.00 per share and expires on October 25, 2020.

In connection with the private placement, the Company paid finder's fees of \$130,381 cash, 121,000 shares and 12,002 warrants ("Finder's Warrants") with an exercise price of \$1.00 to purchase one additional Share per Finder's Warrant for a period of 12 months from the date of closing.

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#### **16. SUBSEQUENT EVENTS (CONTINUED)**

On September 11, 2020, the Company closed the second and final tranche of its non-brokered private placement (the “Second Tranche”). In connection with the Second Tranche, the Company issued 2,385,272 units at a price of \$0.70 per unit for gross proceeds of \$1,669,690. Each unit consists of one common share and one-half of one transferable share purchase warrant. Each warrant is exercisable at \$1.00 per share and expires on October 25, 2020.

Finder’s fees of \$115,296.31 cash, 69,299 shares and 95,410 Warrants (“Finder’s Warrants”) with an exercise price of \$1.00 to purchase one additional share per Finder’s Warrant for a period of 12 months from closing have been paid as finder’s fees to arm’s length third parties connection with the closing of the Second Tranche.

Subsequent to the period end, the Company issued 744,140 common shares through the exercise of 744,140 share purchase warrants for gross proceeds of \$74,414.