CordovaCann Corp.

(formerly LiveReel Media Corporation)

Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

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CordovaCann Corp. (formerly LiveReel Media Corporation)

Notice to Reader Issued by Management

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 to this effect.

The accompanying unaudited condensed interim consolidated financial statements have been prepared and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of the unaudited condensed interim consolidated financial statements.

May 31, 2021

CordovaCann Corp.

(formerly LiveReel Media Corporation)

Unaudited Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	March 31, 2021	June 30, 2020
	$	$
ASSETS		
Current		
Cash and cash equivalents	**806,766**	647,739
Prepaid expenses and deposits	**269,502**	188,674
Inventory *(Note 7)*	**703,569**	118,682
Biological assets *(Note 8)*	**28,971**	-
Harmonized sales tax receivable	**-**	27,118
Other deposit - current portion *(Note 22(c))*	**170,457**	74,450
Total current assets	**1,979,265**	1,056,663
Other deposit *(Note 22(c))*	**200,780**	330,764
Right-of-use assets *(Note 5)*	**2,635,846**	2,539,670
Property and equipment, net *(Note 6)*	**6,644,130**	4,979,813
Intangible assets (*Note 10)*	**5,243,967**	5,243,967
Licenses *(Note 11, 14)*	**461,475**	542,912
Goodwill *(Note 12, 13)*	**3,664,897**	-
Total assets	**20,830,360**	14,693,789
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**2,782,295**	2,800,206
Harmonized sales tax payable	**52,277**	-
Mortgage payable (*Note 16*)	**1,610,315**	766,531
Consideration payable (*Note 11)*	**75,761**	-
Convertible debentures *(Note 18)*	**423,500**	381,678
Deferred tax liability	**-**	4,939
Lease liability *(Note 15)*	**343,578**	253,205
Promissory notes payable *(Note 17)*	**698,530**	1,314,427
Total current liabilities	**5,986,256**	5,520,986
Promissory notes payable *(Note 17)*	**488,733**	566,835
Lease liability *(Note 15)*	**2,464,167**	2,329,279
Total liabilities	**8,939,156**	8,417,100
SHAREHOLDERS' EQUITY		
Share capital *(Note 19)*	**26,421,896**	19,697,180
Contingently issuable shares (*Note 19)*	**1,640,000**	2,040,000
Shares to be issued (*Note 19)*	**-**	510,000
Contributed surplus	**7,634,929**	6,709,782
Equity portion of convertible debentures	**950,213**	862,913
Accumulated deficit	**(26,274,855)**	(24,159,690)
Accumulated other comprehensive income	**(91,211)**	(41,599)
Total shareholders' equity attributable to Cordova shareholders	**10,280,972**	5,618,586
Non-controlling interest	**1,610,232**	658,103
Total equity	**11,891,204**	6,276,689
Total liabilities and shareholders' equity	**20,830,360**	14,693,789

Nature of operations and going concern (*Note 1*)
Commitments (*Note 22*)
Related party transactions (*Note 23*)
Subsequent events (*Note 27*)

Approved on behalf of the Board:

"Dale Rasmussen", Director (signed)

"Thomas M. Turner, Jr.", Director (signed)

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

CordovaCann Corp.

(formerly LiveReel Media Corporation)
Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the Three and Nine Months Ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	**Nine Months Ended March 31, 2021**	Nine Months Ended March 31, 2020
	$	$	**$**	$
Revenue	**2,784,686**	-	**7,063,355**	-
Cost of sales	**(1,751,814)**	-	**(4,529,085)**	-
Gross profit	**1,032,872**	-	**2,534,270**	-
Expenses				
Consulting fees	**591,788**	294,307	**915,222**	1,044,838
Share based compensation (*Note 20, 21*)	**30,541**	(446,717)	**208,667**	(109,573)
Professional fees	**59,226**	70,755	**247,834**	195,400
Shareholders information services	**42,705**	22,759	**121,947**	83,222
Salaries and wages	**354,584**	-	**782,325**	-
Office and general	**123,793**	44,558	**468,332**	137,044
Depreciation *(Note 6)*	**33,137**	-	**71,239**	-
Amortization of right-of-use assets (*Note 5*)	**106,749**	-	**295,653**	-
Amortization of licenses (*Note 13)*	**27,146**	-	**81,437**	-
Leases and utilities	**133,521**	-	**314,848**	-
	1,503,190	(14,338)	**3,507,504**	1,350,931
Loss before other income	**(470,318)**	14,338	**(973,234)**	(1,350,931)
Interest expenses (*Note 15, 16, 17)*	**228,591**	117,943	**592,084**	302,166
Interest on lease liability *(Note 14)*	**50,434**	-	**146,035**	-
Accretion expense (*Note 16, 17)*	**19,252**	27,670	**111,010**	81,320
Foreign exchange loss	**(21,025)**	(71,246)	**56,868**	(55,578)
Loss on deposit	**-**	-	**-**	396,000
Unrealized fair value adjustment on biological assets *(Note 8)*	**(44,710)**	-	**(79,794)**	-
Other income	**(257,856)**	(37,119)	**(257,856)**	(85,735)
Loss before income taxes	**(445,004)**	(22,910)	**(1,541,581)**	(1,989,104)
Deferred tax recovery	**1,604**	-	**4,939**	-
Net loss	**(443,400)**	(22,910)	**(1,536,642)**	(1,989,104)
Loss per share - basic and diluted	**(0.01)**	(0.03)	**(0.02)**	(0.05)
Weighted average number of outstanding common shares - basic and diluted	**87,356,597**	41,012,198	**77,874,564**	40,860,182
Net loss	**(443,400)**	(22,910)	**(1,536,642)**	(1,989,104)
Foreign exchange translation adjustment	**(91,222)**	(91,222)	**(49,612)**	(81,041)
Total comprehensive loss	**(534,622)**	(114,132)	**(1,586,254)**	(2,070,145)
Net loss from continuing operations attributable to:				
CordovaCann Corp.	**(591,653)**	(114,132)	**(1,975,274)**	(2,070,145)
Non-controlling interest	**148,253**	-	**438,632**	-

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

CordovaCann Corp.

(formerly LiveReel Media Corporation)

Unaudited Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)

(Expressed in Canadian Dollars)

		Number of Common Shares	Share Capital	Contributed Surplus	Equity Portion of Convertible Debentures	Contingently issuable shares	Shares to be issued	Accumulated Deficit	Accumulated Other Comprehensive Income	Non-controlling interests	Shareholders' Equity
		#	$	$	$	$	$	$	$	$	$
Balance, June 30, 2019	***Notes***	**40,786,228**	**14,636,828**	**5,226,156**	**62,498**	**-**	**-**	**(19,570,801)**	**7,889**	**-**	**362,570**
Issuance of warrants	*20*	-	-	525,388	-	-	-	-	-	-	525,388
Issuance of options		-	-	103,838	-	-	-	-	-	-	103,838
Forfeiture of warrants		-	-	(738,799)	-	-	-	-	-	-	(738,799)
Equity portion of convertible debentures	*17*	-	-	33,816	74,989	-	-	-	-	-	108,805
Conversion of convertible debenture		271,164	275,039	-	(25,855)	-	-	-	-	-	249,184
Warrant portion of promissory note payable	*16*	-	-	-	8,995	-	-	-	-	-	8,995
Foreign currency translation loss		-	-	-	-	-	-	-	(81,041)		(81,041)
Net loss for the period		-	-	-	-	-	-	(1,989,104)	-	-	(1,989,104)
Balance, March 31, 2020		**41,057,392**	**14,911,867**	**5,150,399**	**120,627**	**-**	**-**	**(21,559,905)**	**(73,152)**	**-**	**(1,450,164)**
Balance, June 30, 2020		**65,948,832**	**19,697,180**	**6,709,782**	**862,913**	**2,040,000**	**510,000**	**(24,159,690)**	**(41,599)**	**658,103**	**6,276,689**
Issuance of warrants	*21*	-	-	208,667	-	-	-	-	-	-	208,667
Interest on equity portion of convertible debentures	*18*	-	-	-	87,300	-	-	-	-	-	87,300
Shares issued as part of contingent consideration	*19*	6,000,000	1,020,000	-	-	(510,000)	(510,000)	-	-	-	-
Common shares issued for private placement	*19*	3,024,521	967,846	-	-	-	-	-	-	-	967,846
Common shares issued for private placement	*19*	6,177,718	1,976,870	-	-	-	-	-	-	-	1,976,870
Change in ownership interests in subsidiaries	*11*	-	-	-	-	-	-	(139,891)	-	(165,376)	(305,267)
Shares issued as part of contingent consideration	*19*	9,000,000	1,530,000	-	-	(1,530,000)	-	-	-	-	-
Acquisition of Manitoba Ltd	*12*	-	-	700,657	-	-	-	-	-	817,298	1,517,955
Acquisition of Extraction Tech	*13*	3,000,000	1,230,000	-	-	1,640,000	-	-	-	-	2,870,000
Dividend to NCI shareholders of 273 Ontario	*11*	-	-	-	-	-	-	-	-	(138,425)	(138,425)
Warrant portion of promissory note payable	*17*	-	-	15,823	-	-	-	-	-	-	15,823
Foreign currency translation gain		-	-	-	-	-	-	-	(49,612)	-	(49,612)
Net loss for the period		-	-	-	-	-	-	(1,975,274)	-	438,632	(1,536,642)
Balance, March 31, 2021		**93,151,071**	**26,421,896**	**7,634,929**	**950,213**	**1,640,000**	**-**	**(26,274,855)**	**(91,211)**	**1,610,232**	**11,891,204**

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

CordovaCann Corp.

(formerly LiveReel Media Corporation)
Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the Nine Months Ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020
	$	$
Operating activities		
Net loss for the period	**(1,586,254)**	(1,989,104)
Adjusted for non-cash items:		
Share based compensation	**208,667**	(109,573)
Amortization of right-of-use assets	**295,653**	-
Depreciation	**71,239**	-
Amortization of licenses	**81,437**	-
Interest expense	**592,084**	274,299
Interest on lease liability	**146,035**	-
Deferred tax recovery	**(4,939)**	-
Loss on deposit	**-**	396,000
Accretion expense	**111,010**	81,320
Foreign exchange loss	**-**	(83,056)
Unrealized fair value adjustment on biological assets	**(79,794)**	-
Share issued on settlement of fees	**120,184**	-
Changes in non-cash working capital items:		
Prepaid expenses and deposits	**(80,828)**	(446,653)
Inventory	**(539,896)**	-
Payment of lease liabilities	**(291,228)**	-
Harmonized sales tax receivable	**79,395**	-
Accounts receivable	**-**	(42,845)
Accounts payable and accrued liabilities	**(17,911)**	1,093,579
Cash used in operating activities	**(895,146)**	(826,033)
Investing activities		
Additions to property and equipment	**(513,842)**	-
Acquistion of non-controlling interest shares	**(72,539)**	-
Cash used in investing activities	**(586,381)**	-
Financing activities		
Repayments of promissory notes payable	**(203,534)**	-
Issuance of convertible debentures	**-**	98,453
Proceeds from debenture unit deposits	**-**	360,082
Proceeds from promissory note payable	**-**	446,100
Payment of dividends to non-controlling interest shareholders	**(138,425)**	-
Proceeds from issuance of common shares	**1,932,901**	-
Proceeds from financing activities	**1,590,942**	904,635
Effect of exchange rate changes on cash	**49,612**	(81,041)
Net increase (decrease) in cash and cash equivalents	**159,027**	(2,439)
Cash and cash equivalents, beginning of period	**647,739**	71,849
Cash and cash equivalents, end of period	**806,766**	69,410

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

1. NATURE OF OPERATIONS AND GOING CONCERN

CordovaCann Corp. (formerly LiveReel Media Corporation) (the "Company" or "CordovaCann" or "Cordova") is a Canadian-domiciled company focused on building a leading, diversified cannabis products business across multiple jurisdictions including Canada and the United States. CordovaCann primarily provides services and investment capital to the processing, production and retail vertical markets of the cannabis industry. On January 3, 2018, the Company changed its name from LiveReel Media Corporation to CordovaCann Corp. The Company's principal address is 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

The Company's common shares currently trade on the Canadian Securities Exchange under the symbol "CDVA" and in the United States on the OTCQB under the symbol "LVRLF".

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB") on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. There is substantial doubt about the Company's ability to continue as a going concern as the Company incurred a comprehensive loss of $1,586,254 (March 31, 2020 – $2,070,145) during the nine months ended March 31, 2021 and has a total accumulated deficit of $26,274,855 (June 30, 2020 – $24,159,690) as at March 31, 2021. The Company's ability to continue as a going concern is dependent upon its ability to access sufficient capital until it has profitable operations and it raises a material concern. To this point, all operational activities and overhead costs have been funded through equity issuances, debt issuances and related party advances.

The Company believes that continued funding from equity and debt issuances will provide sufficient cash flow for it to continue as a going concern in its present form until its operations become profitable and cash flow positive, however, there can be no assurances that the Company will achieve this. Accordingly, these condensed interim consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared in conformity with IAS 34 – *Interim Financial Reporting* and do not include all the information required for full annual consolidated financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2020. These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared using accounting policies consistent with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 31, 2021.

2. BASIS OF PREPARATION (continued)

(b) Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except where otherwise disclosed. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

Translation of foreign-currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of each subsidiary at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Translation of financial statements of subsidiaries
In translating the financial statements of the Company's foreign subsidiaries from their functional currencies into the Company's presentation currency of Canadian dollars, statement of financial position accounts are translated using the closing exchange rate in effect at the statement of financial position date and income and expense accounts are translated using an average exchange rate prevailing during the reporting period. Adjustments resulting from the translation, if any, are included in accumulated other comprehensive income (loss) in shareholders' equity (deficiency).

(d) Use of Estimates and Judgements

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The key assumptions concerning the future, and other key sources of estimation uncertainty as of the date of the statement of financial position that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year arise in connection with the valuation of financial instruments, valuation of acquired assets, fair value of share purchase warrants, share-based payments, biological assets, and deferred tax assets.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

(e) Basis of Consolidation

These condensed interim consolidated financial statements include those of the Company and of the entities controlled by the Company. Control over an investee is achieved when the Company has power over the investee, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns. The financial statements of subsidiaries are included in these condensed interim consolidated financial statements from the date that control commences until the date that control ceases.

The following table lists the Company's subsidiaries and their functional currencies:

Name of Subsidaries	Place of Incorporation	Proportion of Ownership	Currency
CordovaCann Holdings Canada, Inc.	Ontario, Canada	100%	Canadian Dollars
Cordova Investments Canada, Inc.	Ontario, Canada	100%	Canadian Dollars
2734158 Ontario Inc.	Ontario, Canada	60.45%	Canadian Dollars
10062771 Manitoba Ltd.	Manitoba, Canada	51.00%	Canadian Dollars
CordovaCann Holdings, Inc.	Delaware, USA	100%	Canadian Dollars
Cordova CO Holdings, LLC	Colorado, USA	100%	United States Dollars
Cordova OR Holdings, LLC	Oregon, USA	100%	United States Dollars
CDVA Enterprises, LLC	California, USA	100%	United States Dollars
Cordova CA Holdings, LLC	California, USA	100%	United States Dollars
Cordova OR Operations, LLC	Oregon, USA	100%	United States Dollars
Cannabilt Farms, LLC	Oregon, USA	100%	United States Dollars
Cannabilt OR Retail, LLC	Oregon, USA	100%	United States Dollars
Cannabilt Holdings, Inc.	Oregon, USA	100%	United States Dollars
Future Processing, LLC	Oregon, USA	100%	United States Dollars
Extraction Technologies, LLC	Washington, USA	100%	United States Dollars
Cordova WA Holdings, LLC	Washington, USA	100%	United States Dollars

3. STANDARDS ADOPTED ON JULY 1, 2020 AND STANDARDS NOT YET EFFECTIVE

Significant Accounting Policies

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company in its audited consolidated financial statements for the year ended June 30, 2020 except for the updates made to the following:

Biological assets

The Company's biological assets consists of cannabis plants. The Company capitalizes the direct and indirect costs incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. The Company then measures the biological assets at fair value less costs to sell up to the point of harvest. Subsequent to harvest, the recognized biological asset amount becomes the cost basis of finished goods inventory. The effect of unrealized gains or losses arising from the changes in fair value less costs to sell during the period are included in the consolidated results of operations in the appropriate year.

New standards not yet adopted and interpretations issued but not yet effective

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

IFRS 10 - Consolidated Financial Statements ("IFRS 10")

IFRS 10 and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued "Definition of a Business (Amendments to IFRS 3)". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company has evaluated the potential impact of these amendments and concluded that there is no impact to the Company's unaudited condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

3. STANDARDS ADOPTED ON JULY 1, 2020 AND STANDARDS NOT YET EFFECTIVE (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's unaudited condensed interim consolidated financial statements.

Amendments to IAS 37: Onerous Contracts and the cost of Fulfilling a Contract

The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's unaudited condensed interim consolidated financial statements.

4. OTHER INVESTMENT

On September 18, 2018, the Company subscribed for 500,000 convertible preferred shares of NWN Inc. ("NWN") at a price of $1.00 per preferred share (each, a "Preferred Share") for a total consideration of $500,000. Each Preferred Share is convertible into one common share of NWN, subject to appropriate adjustments for any stock splits, consolidations or other recapitalizations. The Company had pledged the Preferred Shares of NWN as security for Promissory Note B as disclosed in Note 16. Due to the default provisions of Promissory Note B, the pledged Preferred Shares for NWN were called on October 26, 2020 as described on Note 16, and resulted in loss on the settlement of debt in the amount of $184,540 during the year ended June 30, 2020. As at March 31, 2021, the value of the NWN investment amounted to $nil (June 30, 2020 - $nil)

5. RIGHT-OF-USE ASSETS

The Company recognized the right-of-use asset for it leased properties as follows:

	$
Balance, June 30, 2019	-
Additions during the year	2,631,837
Depreciation for the year	(92,167)
Balance, June 30, 2020	**2,539,670**
Additions during the period	391,963
Depreciation for the period	(295,787)
Balance, March 31, 2021	**2,635,846**

Leased properties are amortized over the terms of their respective leases.

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	Land	Building	Construction in progress	Leasehold improvements	Machinery and equipment	Computer equipment	Furnitures and fixtures	Total
	$	$	$	$	$	$	$	$
Cost								
As at June 30, 2019	523,480	1,361,048	1,760,861	-	-	-	-	3,645,389
Additions	-	-		1,130,183	-	44,645	30,984	1,205,812
Translation adjustment	21,640	56,264	72,792	-	-	-	-	150,696
Impairment charge	-	-	-	(16,316)	-	-	-	(16,316)
As at June 30, 2020	**545,120**	**1,417,312**	**1,833,653**	**1,113,867**	**-**	**44,645**	**30,984**	**4,985,581**
Additions	412,694	814,160	-	302,801	320,338	53,187	157,854	2,061,034
Translation adjustment	(45,699)	(116,572)	(141,682)	-	(2,778)	-	-	(306,731)
Impairment charge	-	-	-	-	-	(6,550)	(12,143)	(18,693)
As at March 31, 2021	**912,115**	**2,114,900**	**1,691,971**	**1,416,668**	**317,560**	**91,282**	**176,695**	**6,721,191**
Accumulated depreciation								
As at June 30, 2019	-	-	-	-	-	-	-	-
Depreciation	-	-	-	(2,027)	-	(2,708)	(1,033)	(5,768)
Impairment charge	-	-	-	-	-	-	-	-
As at June 30, 2020	**-**	**-**	**-**	(2,027)	-	(2,708)	(1,033)	(5,768)
Depreciation	-	-	-	(35,268)	-	(19,451)	(16,574)	(71,293)
Impairment charge	-	-	-	-	-	-	-	-
As at March 31, 2021	**-**	**-**	**-**	**(37,295)**	**-**	**(22,159)**	**(17,607)**	**(77,061)**
Net book value ($)								
At June 30, 2019	523,480	1,361,048	1,760,861	2,027	-	2,708	1,033	3,651,157
At June 30, 2020	545,120	1,417,312	1,833,653	1,076,572	-	22,486	13,377	4,979,813
At March 31, 2021	**912,115**	**2,114,900**	**1,691,971**	**1,379,373**	**317,560**	**69,123**	**159,088**	**6,644,130**

During the three and nine months ended March 31, 2021, the Company incurred a depreciation expense in the amount of $33,137 and $71,239, respectively (March 31, 2020 - $nil).

Land, building and construction in progress

On April 4, 2018, the Company entered into an agreement to acquire a 27.5% interest of Cordova OR Operations, LLC ("OR Operations") for the acquisition of land and buildings. Under the terms of this agreement, the Company acquired a 27.5% membership interest in OR Operations for $534,311 (US $400,000). On June 19, 2019, the Company purchased the remaining 72.5% interest in OR Operations for $1,361,048 (US$1,040,000) (Note 8). The Company spent $1,760,861 in relation to construction in progress during the year ended June 30, 2019. Depreciation on these assets will be recorded from the date when these assets are available for use. As at March 31, 2021, the value of land, building and construction in progress amounted to $3,546,504 (June 30, 2020 - $3,796,085), reflecting a change in value due to foreign currency translation in the amount of $249,581. As at March 31, 2021, these assets were not available for use.

Leasehold improvements

Leasehold improvements include those acquired as part of the asset acquisition of Star Buds International Inc., as disclosed in Note 10 in the amount of $1,060,224. As at March 31, 2021, these assets were not available for use.

(Expressed in Canadian Dollars)

7. INVENTORY

The Company's inventory only includes purchased products. During the nine months ended March 31, 2021, there was no impairment of inventory (June 30, 2020 - $nil). Inventory recognized as cost of goods sold amounted to $1,751,814 and $4,529,085, respectively, during the three and nine months ended March 31, 2021 (March 31, 2020 - $nil). Included in inventory, is the transfer of biological assets upon harvest *(Note 8)*. The Company's inventory as at March 31, 2021 amounted to $703,569 (June 30, 2020 - $118,682).

8. BIOLOGICAL ASSETS

The biological assets of the Company consist of cannabis plants. The Company's cannabis operations are located in Clackamas County, Oregon. The composition of the biological assets for the nine months ended March 31, 2021 is as follows:

	$
Balance, June 30, 2020	-
Product costs capitalized	58,816
Fair value adjustment on biological assets	79,794
Transferred to inventory upon harvest	(109,639)
Balance, March 31, 2021	**28,971**

Assumptions:

Biological assets are valued in accordance with IAS 41 – *Agriculture* ("IAS 41") and are presented at their fair values less costs to sell at the point of harvest. The estimates and assumptions used are subject to volatility in uncontrollable market conditions, may significantly impact the fair value of biological assets. Biological assets represent a level 3 asset in the fair value hierarchy. For in process biological assets, the fair value at the point of harvest is adjusted based on the stage of growth.

When determining the fair value of biological assets, the Company makes estimates and uses assumptions as follows:

- Expected costs required to grow the cannabis up to the point of harvest;
- Estimated selling price per lb;
- Expected yield from cannabis plants; and
- Estimated stage of growth - As at March 31, 2021, on average, the biological assets were estimated as 32% complete as to the next expected harvest date.

(Expressed in Canadian Dollars)

8. BIOLOGICAL ASSETS (continued)

The following table quantifies each significant unobservable input and provides the impact of a 5% increase or decrease that each input would have on the fair value of biological assets:

	Range of inputs	Sensitivity	Impact on fair value as at March 31, 2021 ($)
Estimated selling price per lb	$1,200 - $1,400	Increase 5%	3,886
		Decrease 5%	(3,886)
Estimated yield per cannabis plant	85 - 95 grams	Increase 5%	3,886
		Decrease 5%	(3,886)

The estimations made by the Company, are subject to change, and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

9. ACQUISITION OF CORDOVA OR OPERATIONS, LLC

On April 4, 2018, the Company entered into an agreement to acquire a 27.5% interest of Cordova OR Operations, LLC ("OR Operations") for the acquisition of land and buildings. Under the terms of the agreement, the Company acquired a 27.5% membership interest in OR Operations for $534,311 (US $400,000). On June 19, 2019, the Company purchased the remaining 72.5% interest in OR Operations for $1,361,048 (US$1,040,000). The acquisition of OR Operations did not meet the minimum requirements of a business and therefore the Company has accounted for the transaction as an asset acquisition. On June 19, 2019, the total asset acquisition amounted to $3,645,389, comprised of land, building and construction in progress, which were transferred to property and equipment, net *(Note 6)*.

10. ASSET ACQUISITION OF STAR BUDS INTERNATIONAL INC.

On April 8, 2020 (the "Closing date"), the Company completed the purchase of certain tangible assets and intellectual property (the "Assets") of an arm's length Canadian cannabis corporation (the "Transaction"), Star Buds International Inc. (the "Vendor" or "Star Buds").

To acquire the Assets from the Vendor, the Company:

(i) issued 12,500,000 common shares of the Company on the Closing date of the Transaction, in exchange for the Assets held and related to five retail cannabis stores and four medical cannabis clinics;
(ii) agreed to issue 3,000,000 common shares of the Company for each additional lease assignment in Alberta to the Company, up to a maximum of 6,000,000 common shares of the Company;
(iii) agreed to issue 3,000,000 common shares of the Company for the opening of each retail store, up to a maximum of 15,000,000 common shares of the Company. Each store must be opened by April 8, 2021 for the Vendor to receive this additional consideration;

10. ASSET ACQUISITION OF STAR BUDS INTERNATIONAL INC. (continued)

(iv) issued a three-year promissory note for $527,967 with interest at 6% per annum payable upon maturity (the "Closing Promissory Note"). The fair value of the promissory notes was determined to be $381,093 (*Note 16 (e))*;

(v) agreed to issue two additional three-year promissory notes in amounts $222,500 and $196,832 upon obtaining assignment of two specific leases to the Company. Such additional notes to have same terms as the Closing Promissory Note. The fair values of the promissory notes were determined to be $160,603 and $142,075 (*Note 16 (e)).*

The consideration payables as per note (ii) and (iii) above are considered a contingent consideration. Management assessed the probability of the issuance of shares noted in (ii) and (iii) above to be highly probable. The total fair value of the 21,000,000 contingently issuable shares is estimated to be $3,570,000. The Company has referred to IFRS 3 by analogy and accordingly, the contingent consideration has been recorded as part of the cost of the purchase. The contingent consideration of shares has been classified as equity, as the number of shares to be issued has been fixed based on the Company's share price a day prior to the closing date.

On May 8, 2020, the Company obtained two additional lease assignments in Alberta and issued 6,000,000 common shares of the Company to the Vendor. Accordingly, the value of the 6,000,000 common shares amounting to $1,020,000 was transferred from contingently issuable shares to share capital.

On July 27, 2020, the Company issued 6,000,000 common shares in relation to the opening of two additional retail stores under the Star Buds brand name. The Company had opened the retail store in Barrie as at June 30, 2020 and accordingly, the value of 6,000,000 common shares amounting to $1,020,000 was transferred from shares to be issued ($510,000) and contingently issuable shares ($510,000) to share capital.

On January 6, 2021, the Company issued the final 9,000,000 common shares in relation to the opening of three additional retail stores under the Star Buds brand name. The Company opened the respective three retail stores during the three months ended March 31, 2021. Accordingly, the value of 9,000,000 common shares amounting to $1,530,000 was transferred from contingently issuable shares to shares to be issued.

(Expressed in Canadian Dollars)

10. ASSET ACQUISITION OF STAR BUDS INTERNATIONAL INC. (continued)

	$
Consideration paid	
33,500,000 common shares at $0.17 per share	5,695,000
Closing pomissory note (iv)	381,093
Additional promissory notes (v)	302,678
	6,378,771
Liabilities assumed	55,000
	6,433,771
Amount allocated to:	
Leasehold improvements	1,060,224
Rental deposits	129,580
Intangible asset - Star Buds trade name	5,243,967
Balance, June 30, 2020	**6,433,771**

No amortization or impairment was recorded in relation to the intangible asset – Star Buds trade name during the three and nine months ended March 31, 2021 (March 31, 2020 - $nil).

11. ACQUISITION OF 2734158 ONTARIO INC.

On May 15, 2020, the Company entered into a subscription agreement to acquire 50.1% ownership interest in 2734158 Ontario Inc. (”273 Ontario”) by subscribing to 501,000 common shares of 273 Ontario for a total consideration of $723,000 (the “Acquisition”). Pursuant to the subscription agreement, the subscription price (the “Subscription Price”) was paid as follows:

- payment of $200,000 on May 15, 2020 and issuance of 138,589 common shares;
- payment of $200,000 on June 15, 2020 and issuance of 138,589 common shares;
- payment of $200,000 on July 15, 2020 and issuance of 138,589 common shares; and
- payment of $123,000 on August 15, 2020 and issuance of 85,233 common shares.

The following table summarises the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Cash	**48,850**
Other assets	**59,040**
Computer equipment	**16,337**
Furniture and fixture	**27,222**
Leasehold improvement	**46,081**
Liabilities assumed	**(20,328)**
Total identifiable net assets acquired	**177,202**

(Expressed in Canadian Dollars)

11. ACQUISITION OF 2734158 ONTARIO INC. (continued)

On August 15, 2020, the total Subscription Price of $723,000 was fully paid to 2734158 Ontario Inc.

The non-controlling interest is calculated as follow.

Consideration	**723,000**
Ownership acquired	**50.1%**
Fair value of assets acquired	**1,443,114**
Consideration	**(723,000)**
Non-controlling interest	**720,114**

Licenses allocated from the acquisition has been recognized as follows.

Consideration transferred	**723,000**
Consideration received by 273 Ontario	**(723,000)**
Non-controlling interest	**720,114**
Fair value of identifiable net asets	**(177,202)**
Fair value of licences	**542,912**

On September 17, 2020, the Company acquired an additional 10.35% of the common shares of 273 Ontario not previously owned by Cordova (the “Additional Shares”). The total purchase price for the Additional Shares amounted to $305,267, of which $72,539 was paid on closing, and the remaining amounts will be paid as follows:

- payment of $157,167 paid on the earlier of retail license approval of Cordova by the Alcohol and Gaming Commission of Ontario or January 15, 2021 (the “License Payment”);
- payment of $36,269 on the date three months after the License Payment; and
- payment of $39,292 on the date nine months after the License Payment

As Cordova previously controlled 273 Ontario with 50.1% ownership interest, this transaction resulted in a change to Cordova’s ownership stake and was accounted for as an equity transaction. The $139,891 difference between the $165,376 NCI interest and the $305,267 consideration paid was recognized directly in deficit.

During the nine months ended March 31, 2021, the Company paid $72,539 on closing and the License Payment for total payments in the amount of $229,706. The total amount outstanding for the payment of the Additional Shares as at March 31, 2021 amounted to $75,761.

During the nine months ended March 31, 2021, 273 Ontario paid dividends in the amount of $350,000. Of the $350,000 dividends paid, $138,425 were paid to the non-controlling interest shareholders of 273 Ontario.

(Expressed in Canadian Dollars)

12. ACQUISITION OF 10062771 MANITOBA LTD.

On December 1, 2020, the Company acquired 51% of the issued and outstanding shares of 10062771 Manitoba Ltd. (“Manitoba Ltd”), a Manitoba-based cannabis retail venture (the “Transaction”). Per the terms of the Transaction, the Company acquired 51% of the issued and outstanding shares of Manitoba Ltd on a fully-diluted basis (the “Purchased Shares”). The consideration for the Purchases Shares was one hundred fifty thousand dollars ($150,000) payable in cash on closing of the Transaction and six million (6,000,000) warrants (the “Manitoba Warrants”) of the Company to be granted to the shareholders of Manitoba Ltd with each warrant entitling the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.32 until November 30, 2022 (collectively, the “Consideration”). In addition, Cordova has agreed to loan up to one hundred fifty thousand dollars ($150,000) to the Licensee to enable the opening of the second store in Manitoba Ltd. Furthermore, Manitoba Ltd is considered to be a related party by virtue of a common officer and director.

In accordance with the Company’s accounting polices and IFRS 3, the measurement period for the Transaction shall not exceed one year from acquisition date. Accordingly, the accounting for the Transaction date has only been provisionally determined as at March 31, 2021. The following table summarizes the fair value of consideration paid on acquisition date and the allocation of the Consideration to the assets and liabilities acquired. The Company has yet to determine and value any intangible assets that may have been acquired as part of the Transaction. Once this has been determined, the value of the provisional goodwill may change. These changes may be material.

	$
Consideration paid	
Cash consideration	150,000
6,000,000 warrants (i)	700,657
Total consideration:	850,657
Ownership acquired	51%
Fair value of assets acquired	1,667,955
Purchase Price Allocation	
Cash consideration received by Manitoba Ltd	150,000
Provisional amount allocated to Goodwill	1,517,955
Balance, March 31, 2021	**1,667,955**

The non-controlling interest related to the 49% shareholders of Manitoba Ltd amounted to $817,298. The fair value of the warrants of $700,657 has been reflected in contributed surplus.

(i) The fair value of the 6,000,000 issued warrants of $700,657 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$0.32
Risk-free interest rate	0.25 %
Expected life	2 years
Estimated volatility in the market price of the common shares	85 %
Dividend yield	nil

(Expressed in Canadian Dollars)

13. ACQUISITION OF EXTRACTION TECHNOLOGIES, LLC

On February 26, 2021, the Company, through its wholly-owned subsidiary, Cordova WA Holdings, LLC, completed the acquisition of Extraction Technologies, LLC ("Extraction Tech"), an arm's length Washington-based company (the "Washington Acquisition"). The Washington Acquisition includes the purchase of a 10,900 sq. ft. manufacturing building, processing equipment, and contracts with tolling and white label customers. The Consideration for the Washington Acquisition is three million (3,000,000) common shares of the Company issued on closing and five hundred thousand (500,000) common shares for every US $125,000 in EBITDA generated by Extraction Tech during the 12-month period beginning on the 3-month anniversary post closing and ending on the 15-month anniversary of the closing date (the "Earnout Payment"). The maximum Earnout Payment that can be earned by Extraction Tech is four million (4,000,000) common shares.

The Earnout Payment is considered a contingent consideration. Management assessed the probability of the issuance of shares in relation to the Earnout Payment to be highly probable. The total fair value of the 4,000,000 contingently issuable shares is estimated to be $1,640,000. The Earnout Payment has been recorded as part of the cost of the purchase. The contingent consideration of shares has been classified as equity, as the number of shares to be issued has been fixed based on the Company's share price a day prior to the closing date.

In accordance with the Company's accounting polices and IFRS 3, the measurement period for the Washington Acquisition shall not exceed one year from acquisition date. Accordingly, the accounting for the Washington Acquisition has only been provisionally determined as at March 31, 2021. The following table summarizes the fair value of consideration paid on acquisition date and the allocation of the consideration to the assets and liabilities acquired. The Company has yet to determine and value any intangible assets that may have been acquired as part of the Washington Transaction. Once this has been determined, the value of the provisional goodwill may change. These changes may be material.

	$
Consideration paid	
3,000,000 Common shares	1,230,000
4,000,000 Contingent consideration	1,640,000
Total consideration:	2,870,000
Ownership acquired	100%
Fair value of assets acquired	2,870,000
Purchase Price Allocation	
Property, plant and equipment	1,552,363
Mortgage payable	(829,305)
Provisional amount allocated to Goodwill	2,146,942
Balance, March 31, 2021	**2,870,000**

(Expressed in Canadian Dollars)

14. LICENSE

	License $
Cost	
As at June 30, 2020	**542,912**
Additions	-
Translation adjustment	-
Impairment charge	-
As at March 31, 2021	**542,912**
Accumulated amortization	
As at June 30, 2020	**-**
Amortization	**(81,437)**
Impairment charge	-
As at March 31, 2021	**(81,437)**
Net book value ($)	
At June 30, 2020	542,912
At March 31, 2021	**461,475**

The acquisition of the license was part of the acquisition of 2734158 Ontario Inc., as disclosed in Note 10.

Amortization expense recorded in relation to this license for the three and nine months ended March 31, 2021 amounted to $27,146 and $81,437, respectively (March 31, 2020 - $nil).

15. LEASE LIABILITY

The following table represents the lease obligations for the Company as at March 31, 2021:

	$
Balance, June 30, 2019	-
Additions	2,631,837
Interest expense	46,171
Lease payments	(95,524)
Balance, June 30, 2020	**2,582,484**
Additions	388,963
Interest expense	176,531
Lease payments	(291,228)
Balance, March 31, 2021	**2,856,750**

(Expressed in Canadian Dollars)

15. LEASE LIABILITY (continued)

Allocated as:

	As at March 31, 2021	As at June 30, 2020
	$	$
Current	**343,578**	253,205
Long-term	**2,464,167**	2,329,279
Total	**2,807,745**	2,582,484

The following table presents the contractual undiscounted cash flows for lease obligations as at March 31, 2021:

	$
Less than one year	524,320
One to five years	2,110,470
More than five years	824,570
Total undiscounted lease obligation	3,459,360

When measuring the lease obligation, the Company discounted the lease payments using the implicit interest rate in the lease terms. The Company has a lease with a term less than 12 months and recorded $12,330 and $36,990, respectively, of rent expense attributed to short-term leases during the three and nine months ended March 31, 2021.

16. MORTGAGE PAYABLE

Oregon Mortgage

On June 16, 2019, the Company obtained financing through a mortgage (the “Mortgage”) in the amount of $696,117 (US $531,915) against a property that has title to 6 acres of real estate in Clackamas County, Oregon (the “Property”). The Mortgage was due in nine months from the date of the agreement at an initial draw of $654,350 (US $500,000), implying interest at a rate of 12.77% per annum. The Mortgage after the date of default bears interest at 12% per annum, payable monthly, until the repayment of the outstanding amount. The Mortgage was secured by a first charge on the Property.

On June 12, 2020, the Company entered into a new mortgage (the “New Mortgage’), in the amount of $815,760 (US $600,000), and paid off the existing Mortgage and accrued interest of $724,894 (USD$531,914). The New Mortgage bears interest at 12%, is secured by a first charge on the Property and matures on December 15, 2020. The transaction cost of $52,045 was deducted from the initial carrying value of the mortgage payable and was recognized into profit and loss over the term of the mortgage payable.

The mortgage payable outstanding as at March 31, 2021 was $788,205 (June 30, 2020 – $766,531). Total interest expense in relation to the mortgage payable for the nine months ended March 31, 2021 amounted to $22,788 and $139,799, respectively, (March 31, 2020 – $21,461 and $63,594, respectively).

16. MORTGAGE PAYABLE (continued)

Washington Mortgage

On February 26, 2021, the Company completed the Washington Acquisition (Note 13) and assumed a mortgage payable in the amount of US $653,768. The Mortgage was entered into on September 28, 2021 by the vendors of the Washington Acquisition with an initial amount of US $654,000 and matures on October 1, 2021 (the "Washington Mortgage"). The Washington Mortgage bears interest at 12.5%, payable monthly, and secured by a first charge on the property acquired as part of the Washington Acquisition.

As at March 31, 2021, the amount outstanding under the Washington Mortgage amounted to $822,110 (US $653,766). Total interest expense in relation to the Washington Mortgage amounted to $8,622 during the nine months ended March 31, 2021.

17. PROMISSORY NOTES PAYABLE

Promissory Note A – February 1, 2019

On February 1, 2019, the Company issued an unsecured promissory note (the "Promissory Note A") in the principal amount of $196,425 (US $150,000). The Promissory Note A matured on May 1, 2019 and bears interest at a rate of 10% per annum, accrued monthly and due at maturity. As at the date of these condensed interim consolidated financial statements, the Promissory Note A is in default and remains outstanding. In connection with the Promissory Note A, the Company also issued warrants for the purchase of 150,000 common shares of the Company exercisable until January 31, 2020 at a price of $1.00 per share.

The Promissory Note A was determined to be a compound instrument, comprising a liability and warrants. The initial carrying amount of the financial liability was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt having no warrants. Using the residual method, the carrying amount of the warrants issued is the difference between the principal amount and the initial fair value of the financial liability. The fair value of the liability was determined to be $192,142 (US $146,729). The residual value of $4,283 (US $3,271) was allocated to warrants. The carrying value of the Promissory Note A, net of the warrant component, has been accreted using the effective interest rate method over the term of the Promissory Note A, such that the carrying amount of the financial liability will equal the principal balance at maturity.

As at March 31, 2021, $69,697 was outstanding under Promissory Note A (June 30, 2020 – $164,342). Interest expense of $1,372 and $6,331, respectively (March 31, 2020 - $5,043 and $14,945, respectively) was recorded for the three and nine months ended March 31, 2021.

17. PROMISSORY NOTES PAYABLE (continued)

Promissory Note B – June 12, 2019

On June 12, 2019, the Company issued a secured promissory note (the "Promissory Note B") in the principal amount of $261,740 (US $200,000). The Promissory Note B matured on March 31, 2020 and bears interest at a rate of 15% per annum, accrued monthly and due at maturity. The Promissory Note B was secured by the convertible preferred shares investment in NWN (*Note 4*). Due to the default provisions of Promissory Note B, the pledged Preferred Shares for NWN were called and resulted the loss on the settlement of debt in the amount of $184,540 during the year ended June 30, 2020.

As at March 31, 2021, the value of the Promissory Note B amounted to $nil (June 30, 2020 – $nil). Interest expense in the amount of $nil, was recorded for the year ended March 31, 2021 (March 31, 2020 - $10,087 and $29,890, respectively).

Promissory Note C – June 19, 2019

On June 19, 2019, the Company issued secured promissory notes (the "Promissory Note C") in the aggregate principal amount of $654,350 (US $500,000). The Promissory Note C matured on December 18, 2019 and bears interest at a rate of 15% per annum, accrued monthly and due at maturity. The Promissory Note C is secured by a general security interest over all the assets of Cordova OR Holdings, LLC, a wholly owned subsidiary of the Company and parent to OR Operations. In connection with the Promissory Note C, the Company issued warrants for the purchase of 200,000 common shares of the Company exercisable until June 18, 2021 at a price of $1.00 per share.

The Promissory Note C was determined to be a compound instrument, comprising of a liability and warrants. The initial carrying amount of the financial liability was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt having no warrants. Using the residual method, the carrying amount of the warrants issued is the difference between the principal amount and the initial fair value of the financial liability.

The fair value of the liability was determined to be $652,675 (US $489,152). The residual value of $14,367 (US $10,848) was allocated to warrants. The carrying value of the Promissory Note C, net of the warrant component, has been accreted using the effective interest rate method over the term of the Promissory Note C, such that the carrying amount of the financial liability will equal the principal balance at maturity.

On December 16, 2019, the Company extended the maturity date of the Promissory Note C to March 19, 2020 (the "Extension") in exchange for a one-time fee in the amount $13,142 (US $10,000), due at maturity and the issuance of additional warrants for the purchase of 200,000 common shares of the Company exercisable until June 18, 2021 at a price of $0.30 per share.

On the date of the Extension, the fair value of the liability was determined to be $696,151 (US $530,643). The residual value of $8,995 (US $6,857) was allocated to warrants. The carrying value of Promissory Note C, as a result of the Extension, net of the warrant component, has been accreted using the effective interest rate method over the term of the Promissory Note C, such that the carrying amount of the financial liability will equal the principal balance at maturity.

17. PROMISSORY NOTES PAYABLE (continued)

Promissory Note C – June 19, 2019 (continued)

On March 16, 2020, the Company extended the maturity date of the Promissory Note C to June 19, 2020 in exchange for a fee in the amount $13,142 (US $10,000), due at maturity. On June 15, 2020, the Company extended the maturity date of the Promissory Note C to December 19, 2020 in exchange for a fee in the amount $40,472 (US $29,750), due at maturity.

On December 15, 2020, the Company extended the maturity date of the Promissory Note C to December 15, 2021 (the "Second Extension") in exchange for a one-time fee in the amount US $42,200), due at maturity and the issuance of additional warrants for the purchase of 200,000 common shares of the Company exercisable until December 31, 2022 at a price of $0.32 per share and 200,000 common shares of the Company exercisable until December 31, 2022 at a price of $0.50 per share.

On the date of the Second Extension, the fair value of the liability was determined to be $655,272 (US $515,070). The residual value of $15,823 (US $12,437) was allocated to warrants. The carrying value of Promissory Note C, as a result of the Extension, net of the warrant component, has been accreted using the effective interest rate method over the term of the Promissory Note C, such that the carrying amount of the financial liability will equal the principal balance at maturity.

As at March 31, 2021, the value of the Promissory Note C amounted to $628,833 (June 30, 2020 - $817,935). Accretion expense of $4,978 and $6,335, respectively (March 31, 2020 - $7,905 and $22,761) and interest expense $53,651 and $137,023 (March 31, 2020 - $38,666 and $90,589) was recorded for the three and nine months ended March 31, 2021.

Promissory Note D – October 28, 2019

On October 28, 2019, the Company issued a promissory note (the "Promissory Note D") in the principal amount of $391,680 (US $300,000). The Promissory Note D matured on March 31, 2020 and bears interest at a rate of 5% per annum, accrued monthly and due at maturity. Subsequent to the issuance, the Promissory Note D was extended until October 31, 2020 for a one-time fee of US $40,000. Interest on the Promissory Note D subsequent to the maturity date bears interest at 15% per annum. The Promissory Note D is secured by a personal guarantee of vendors.

As at March 31, 2021, the value of the Promissory Note D amounted to $Nil (June 30, 2020 - $332,149). Interest expense of $52,716 and $86,213, respectively, was recorded for the three and nine months ended March 31, 2021 (March 31, 2020 – $15,130 and $18,656).

Promissory Note E – April 8, 2020

On April 28, 2020, the Company issued a promissory note (the "Promissory Note E-1") in the principal amount of $527,967 *(Note 11).* The Promissory Note E-1 matures on April 8, 2023 and bears interest at a rate of 6% per annum, calculated in arrears, compounded annually and payable at maturity. The fair value of $381,093 for the Promissory Note E-1 was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt.

17. PROMISSORY NOTES PAYABLE (continued)

Promissory Note E – April 8, 2020 (continued)

On May 8, 2020, the Company repaid $90,803 of the principal in cash and issued 181,250 of its common shares to settle $72,500 of the principal outstanding. On June 30, 2020 the Company repaid $20,000 of the principal.

On August 13, 2020 and August 17, 2020, the Company repaid a total of $202,500 of the principal in cash and through the issuance of common shares.

As at March 31, 2021, the value of the Promissory Note E-1 amounted to $138,717 (June 30, 2020 - $259,889). Interest and accretion expense of $2,103 and $8,101, respectively and $3,250 and $61,712, respectively was recorded for the three and nine months ended March 31, 2021.

On June 8, 2020, the Company issued a promissory note (the "Promissory Note E-2") in the principal amount of $225,000 *(Note 11).* The Promissory Note E-2 matures on April 8, 2023 and bears interest at a rate of 6% per annum, calculated in arrears, compounded annually and payable at maturity. The fair value of $160,603 for the Promissory Note E-2 was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt.

As at March 31, 2021, the value of the Promissory Note E-2 amounted to $185,720 (June 30, 2020 - $162,868). Interest of $3,292 and $10,022, respectively and accretion expense of $4,586 and $13,635, respectively was recorded for the three and nine months ended March 31, 2021 (March 31, 2020 – $nil).

On June 8, 2020, the Company issued a promissory note (the "Promissory Note E-3") in the principal amount of $196,832 *(Note 11)*. The Promissory Note E-3 matures on April 8, 2023 and bears interest at a rate of 6% per annum, calculated in arrears, compounded annually and payable at maturity. The fair value of $142,075 for the Promissory Note E-3 was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt.

As at March 31, 2021, the value of the Promissory Note E-3 amounted to $164,296 (June 30, 2020 - $144,079). Interest of $2,912 and $8,866, respectively, and accretion expense of $4,057 and $12,062, respectively was recorded for the three and nine months ended March 31, 2021 (March 31, 2020 – $nil).

18. CONVERTIBLE DEBENTURES

a) Convertible Debentures Series A-1 – March 13, 2019

On March 13, 2019, the Company closed a non-brokered private placement of unsecured subordinated convertible debenture units (the "Debenture Units of Series A-1") of the Company for gross proceeds of $600,000; of which $350,000 was received in cash and $250,000 was issued in settlement of outstanding fees with a fair value amounting to $237,300. The balance of $12,700 has been recorded as a loss on settlement of fees.

Each Debenture Unit of Series A-1 consists of $1,000 principal amount of unsecured subordinated convertible debentures (the "Debentures of Series A-1") and 500 common share purchase warrants (the "Warrants of Series A-1") of the Company. The Debentures of Series A-1 mature on March 12, 2021 and bear interest at a rate of 10% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the Debentures of Series A-1 and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at a conversion price of $1.00 per share. The Company also has the option to force conversion of the Debentures of Series A-1 and any accrued interest at the same conversion price if the Company's common shares trade above $2.50 per share for ten consecutive trading days on the Canadian Securities Exchange. Each full Warrant of Series A-1 entitles the holder to purchase one common share of the Company until March 12, 2021 at an exercise price of $1.20 per share. 300,000 Warrants of Series A-1 were issued related to the Debenture Units of Series A-1.

The Debenture Units of Series A-1 are determined to be a compound instrument, comprising a liability, a conversion feature and warrants. Both conversion feature and warrants met the fixed for fixed criteria and were therefore presented as equity instruments in accordance with IAS 32. The fair value of the debt component was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt having no conversion rights. Using the residual method, the carrying amount of the conversion feature and the warrants issued is the difference between the principal amount and the initial fair value of the financial liability.

The fair value of the liability was determined to be $508,439. The residual value of $91,561 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of $62,498 and $29,063, respectively. The carrying value of the Debentures of Series A-1, net of the equity components, have been accreted using the effective interest rate method over the term of the debentures, such that the carrying amount of the financial liability will equal the principal balance at maturity.

The equity component from the initial recognition resulted taxable temporary difference. The Company recognized the deferred tax liabilities of 24,264, which was charged directly to the carrying amount of the two equity components. Subsequent changes in the deferred tax liability are recognized in profit and loss as deferred tax recovery.

On January 16, 2020, the Company issued 271,164 common shares at $1.00 per share as a result of a partial conversion of the outstanding Debentures of Series A-1 with a face value of principal $250,000 and accrued interest of $21,164. The debt in the amount of $271,164 and the equity in the amount of $21,979, were transferred to share capital upon conversion.

18. CONVERTIBLE DEBENTURES (continued)

As at March 31, 2021, the value of the Debentures of Series A-1 amounted to $423,500 (June 30, 2020 – $381,678). Accretion expense of $2,381 and $17,266, respectively (March 31, 2020 - $7,426 and $28,537, respectively) and interest expense of $7,056 and $24,556, respectively (March 31, 2020 - $9,731 and $39,731, respectively) were recorded for the year ended June 30, 2020. Accordingly, the Company recorded deferred tax recovery of $4,939 (year ended June 30, 2020 - $15,316) for the nine months ended March 31, 2021.

b) Convertible Debentures Series A-2 – August 14, 2019

On August 14, 2019, the Company closed a non-brokered private placement of unsecured subordinated convertible debenture units (the "Debenture Units of Series A-2") of the Company for gross proceeds of $713,000.

Each Debenture Unit of Series A-2 consists of $1,000 principal amount of unsecured subordinated convertible debentures (the "Debentures of Series A-2") and 500 common share purchase warrants (the "Warrants of Series A-2") of the Company. The Debentures of Series A-2 mature on August 13, 2021 and bear interest at a rate of 10% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the Debentures of Series A-2 and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at a conversion price of $1.00 per share. The Company also has the option to force conversion of the Debentures of Series A-2 and any accrued interest at the same conversion price if the Company's common shares trade above $2.50 per share for ten consecutive trading days on the Canadian Securities Exchange. Each full Warrant of Series A-2 entitles the holder to purchase one common share of the Company until August 13, 2021 at an exercise price of $1.20 per share. As a result, 356,500 Warrants of Series A-2 were issued related to the Debenture Units of Series A-2.

The Debenture Units of Series A-2 were determined to be a compound instrument, comprising a liability, a conversion feature and warrants. The fair value of debt component was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt having no conversion rights. Using the residual method, the carrying amount of the conversion feature and the warrants issued is the difference between the principal amount and the initial fair value of the financial liability.

The fair value of the liability was determined to be $604,195. The residual value of $108,805 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of $74,989 and $33,816, respectively. The deferred tax liability of $28,833 was charged directly to the carrying amount of these two equity components. The carrying value of the Debentures of Series A-2, net of the equity components, have been accreted using the effective interest rate method over the term of the debentures, such that the carrying amount of the financial liability will equal the principal balance at maturity.

On April 22, 2020, the Debenture Units of Series A-2 were converted into the Convertible Debentures Series A-3 offering. The principal amount of $713,000, the accrued interest of 49,614 and a small loss of $1,614, for total transfer of $761,000 were transferred to Convertible Debentures Series A-3. The total amount of interest and accretion amounted to $49,614 and $33,454, respectively. The Company recorded deferred tax recovery of $28,833 for the year ended June 30, 2020.

18. CONVERTIBLE DEBENTURES (continued)

c) Convertible Debentures Series A-3 – April 22, 2020

On April 22, 2020, the Company closed a non-brokered private placement of unsecured subordinated convertible debenture units (the "Debenture Units of Series A-3") of the Company for gross proceeds of $1,164,000.

Each Debenture Unit of Series A-3 consists of $1,000 principal amount of unsecured subordinated convertible debentures (the "Debentures of Series A-3") and 2,000 common share purchase warrants (the "Warrants of Series A-3") of the Company. The Debentures of Series A-3 mature on April 21, 2021 and bear interest at a rate of 15% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the Debentures of Series A-3 and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at a conversion price of $0.25 per share. The Company also has the option to force conversion of the Debentures of Series A-3 and any accrued interest at the same conversion price if the Company's common shares trade above $0.50 per share for ten consecutive trading days on the Canadian Securities Exchange. Furthermore, the Debentures of Series A-3 and accrued interest shall automatically convert into common shares of the Company at maturity. Each full Warrant of Series A-3 entitles the holder to purchase one common share of the Company until April 21, 2022 at an exercise price of $0.30 per share. As a result, 2,328,000 Warrants of Series A-3 were issued related to the Debenture Units of Series A-3.

Prior to closing of the Offering, the Company exercised its rights of early repayment in respect of certain of the Convertible Debentures of Series A-2 of the Company issued on August 14, 2019 and, in connection with its election for early repayment, holders of the Convertible Debentures of Series A-2 directed the Company to retain the funds representing such repayment and to apply such funds towards satisfaction of the purchase price for the respective Debenture of Series A-3. The Company issued an aggregate of 761 Debenture Units to the subscribers of the Debentures of Series A-2.

The Debenture Units of Series A-3 were determined to be an equity instrument, comprising a conversion feature and warrants as a result of the Company being able to avoid a contractual obligation to pay cash related to the principal and interest at maturity. The subscription amount of $1,164,000 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of $748,990 and $415,010, respectively. The interest expense related to the Debenture Units of Series A-3 are added to the equity portion of convertible debt as accrued.

During the three and nine months ended March 31, 2021, interest of $43,650 and $130,950, respectively, was recorded in the equity portion of the convertible debt (June 30, 2020 - $32,010).

19. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares.

During the nine months ended March 31, 2021, the Company had the following common share transactions:

- On February 26, 2021, the Company issued 3,000,000 common shares of the Company for the acquisition of Extraction Technologies, LLC (Note 13);
- On February 19, 2021, the Company issued 6,177,718 common shares of the Company at a price of $0.32 per share for gross proceeds of $1,976,870; of which $1,380,400 was received in cash and $596,570 was issued in settlement of outstanding fees and debt;
- On January 6, 2021, the Company issued 9,000,000 common shares of the Company at a price of $0.17 per share in relation to the asset acquisition of Star Buds in relation to the opening of three cannabis retail stores under the Star Buds trade name;
- On August 17, 2020, the Company issued 3,024,521 common shares of the Company at a price of $0.32 per share for gross proceeds of $967,846; of which $552,501 was received in cash and $415,345 was issued in settlement of outstanding fees and debt; and
- On July 27, 2020, the Company issued 6,000,000 common shares of the Company at a price of $0.17 per share in relation to the asset acquisition of Star Buds in relation to the opening of two cannabis retail stores under the Star Buds trade name.

During the year ended June 30, 2020, the Company had the following common share transactions:

- On May 25, 2020, the Company issued 6,210,190 common shares of the Company at a price of $0.25 per share for gross proceeds of $1,552,548; of which $1,411,680 was received in cash and $140,868 was issued in settlement of outstanding fees and debt;
- On May 8, 2020, the Company issued 6,000,000 common shares of the Company at a price of $0.17 per share in relation to the contingent consideration issued for the asset acquisition of Star Buds;
- On May 8, 2020, the Company issued 181,250 common shares of the Company at a price of $0.40 per share for the settlement of a portion of Promissory Note E;
- On April 8, 2020, the Company issued 12,500,000 common shares of the Company at a price of $0.17 per share in relation to the asset acquisition of Star Buds; and
- On January 16, 2020, the Company issued 271,164 common shares of the Company at a price of $1.00 per share as a result of a partial conversion of the Debentures of Series A-1, as disclosed in Note 15.

Shares to be issued

As at June 30, 2020, 3,000,000 common shares of the Company at a price of $0.17 per share were to be issued in relation to the contingent consideration issued for the asset acquisition of Star Buds, amounting to $510,000. On July 27, 2020, these shares were issued.

As at March 31, 2021, the value of shares to be issued amounted to $nil (June 30, 2020 - $510,000).

Contingently issuable shares

As at March 31, 2021, there were 4,000,000 contingently issuable shares of the Company (June 30, 2020 – 12,000,000).

(Expressed in Canadian Dollars)

20. OPTIONS

On November 22, 2017, the Company's shareholders approved and the Company adopted a new rolling stock option plan (the "Option Plan"), under which the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company. Pursuant to the Option Plan, the Company may issue options for such period and exercise price as may be determined by the Board of Directors, and in any case not exceeding ten (10) years from the date of grant with the total options issued under the Option Plan not exceeding ten percent (10%) of the common shares of the Company, outstanding at the time of the granting of such options. The minimum exercise price of an option granted under the Option plan must not be less than the market value of the common shares on the date such option is granted.
Outstanding options as at March 31, 2021 are as follows:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Life Remaining (yrs)
Executive Officers	300,000	$0.25	1.90
Directors	3,550,000	$0.28	2.03
Consultants	1,450,000	$0.39	2.06
	5,300,000		

Grant Date	Expiry Date	Options Outstanding	Options Exercisable	Exercise Price	Fair Value
Jan. 16, 2018(i)	Jan. 15, 2021	1,000,000	1,000,000	$0.40	$377,024
Mar. 9, 2018(ii)	Mar. 8, 2021	750,000	750,000	$1.15	$800,703
Feb. 25, 2020(iii)	Feb. 24, 2023	800,000	800,000	$0.25	$103,838
Apr. 7, 2020(iv)	Apr. 6, 2023	3,000,000	3,000,000	$0.25	$369,426
May 16, 2020(v)	May 5, 2023	1,500,000	1,500,000	$0.45	$396,036

(i) The options fully vested on issuance and the fair value of $377,024 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$0.40
Risk-free interest rate	1.78 %
Expected life	3 years
Estimated volatility in the market price of the common shares	218 %
Dividend yield	nil

(Expressed in Canadian Dollars)

20. OPTIONS (continued)

(ii) The options fully vested on issuance and the fair value of $800,703 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$1.14	
Risk-free interest rate	1.83	%
Expected life	3 years	
Estimated volatility in the market price of the common shares	213	%
Dividend yield	nil	

(iii) The options fully vested on issuance and the fair value of $103,838 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$0.19	
Risk-free interest rate	1.37	%
Expected life	3 years	
Estimated volatility in the market price of the common shares	124	%
Dividend yield	nil	

(iv) The options fully vested on issuance and the fair value of $369,426 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$0.19	
Risk-free interest rate	0.62	%
Expected life	3 years	
Estimated volatility in the market price of the common shares	117	%
Dividend yield	nil	

(v) The options fully vested on issuance and the fair value of $396,036 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$0.405	
Risk-free interest rate	0.33	%
Expected life	3 years	
Estimated volatility in the market price of the common shares	112	%
Dividend yield	nil	

During the three and nine months ended March 31, 2021, 1,750,000 options expired. During the three and nine months ended March 31, 2021 the Company expensed $nil (March 31, 2020 – $103,838) of the fair value of the options.

(Expressed in Canadian Dollars)

21. WARRANTS

	Warrants Outstanding		Weighted Average Exercise Price	Weighted Average Life Remaining (years)
June 30, 2019	**8,375,000**	**$**	**0.93**	**1.05**
Issued	8,424,500		**0.33**	**2.23**
Forfeited	(750,000)		**2.00**	**0.00**
Expired	(5,800,000)		**0.62**	**0.00**
June 30, 2020	**10,249,500**		**0.53**	**2.00**
Issued	6,400,000		**0.33**	**2.10**
Forfeited	-		**-**	**-**
Expired	(750,000)		**1.67**	**-**
March 31, 2021	**15,899,500**	**$**	**0.39**	**1.81**

a) On October 1, 2018 and in connection to a consulting agreement, the Company issued warrants for the purchase of 250,000 common shares of the Company exercisable until March 31, 2021 at an exercise price of $1.50 per share. Of these issued warrants, 100,000 vested immediately upon issuance while the remaining 150,000 warrants shall vest in six equal tranches of 25,000 warrants every three months from the date of issuance.

The fair value of these issued warrants of $207,833 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$1.35
Risk-free interest rate	2.27 %
Expected life	2 years
Estimated volatility in the market price of the common shares	126 %
Dividend yield	nil

For the three and nine months ended March 31, 2021 the Company expensed $nil (March 31, 2020 – $3,464 and $23,902, respectively) of these fair value of the warrants as share based compensation.

b) On October 15, 2018 and in connection to a consulting agreement, the Company issued warrants for the purchase of 250,000 common shares of the Company exercisable until October 14, 2020 at an exercise price of $2.00 per share. The warrants shall vest in four equal tranches of 62,500 warrants every three months from the date of issuance.

The fair value of these issued warrants of $131,421 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$1.05
Risk-free interest rate	2.25 %
Expected life	2 years
Estimated volatility in the market price of the common shares	124 %
Dividend yield	nil

For the three and nine months ended March 31, 2021 the Company expensed $nil (March 31, 2020 – $nil and $11,467, respectively) of these fair value of the warrants as share based compensation.

(Expressed in Canadian Dollars)

21. WARRANTS (continued)

c) On October 31, 2018 and in connection to a consulting agreement, the Company issued warrants for the purchase of 1,000,000 common shares of the Company exercisable until October 30, 2022 at a price of $2.00 per share. The warrants shall vest in equal tranches of 250,000 every nine months from the date of issuance.

The fair value of these issued warrants of $1,251,625 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$1.30
Risk-free interest rate	2.41 %
Expected life	4 years
Estimated volatility in the market price of the common shares	215 %
Dividend yield	nil

During the year ended June 30, 2020, 750,000 of the 1,000,000 warrants previously issued to the consultant were forfeited. As a result, the Company reversed $451,976 of the previously recorded share based compensation expense during the year ended June 30, 2020.

d) On December 1, 2018 and in connection to a consulting agreement, the Company issued warrants for the purchase of 250,000 common shares of the Company exercisable until November 30, 2020 at a price of $1.50 per share. Of these issued warrants, 100,000 vested immediately upon issuance while the remaining 150,000 warrants shall vest in three equal tranches of 50,000 warrants every three months from the date of issuance.

The fair value of these issued warrants of $138,853 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$1.06
Risk-free interest rate	2.14 %
Expected life	2 years
Estimated volatility in the market price of the common shares	116 %
Dividend yield	nil

For the three and nine months ended March 31, 2021 the Company expensed $nil (March 31, 2020 – $nil and $6,171, respectively) of the fair value of these warrants as share based compensation.

(Expressed in Canadian Dollars)

21. WARRANTS (continued)

e) On February 1, 2019 and in connection to a consulting agreement, the Company issued warrants for the purchase of 325,000 common shares of the Company exercisable until January 31, 2022 at a price of $1.00 per share. Of these issued warrants, 81,250 vested immediately while the remaining 243,750 warrants shall vest in three equal tranches of 81,250 warrants every three months from the date of issuance.

The fair value of these issued warrants of $250,793 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$0.95
Risk-free interest rate	1.83 %
Expected life	3 years
Estimated volatility in the market price of the common shares	152 %
Dividend yield	nil

For the three and nine months ended March 31, 2021 the Company expensed $nil (March 31, 2020 – $nil and $38,316) of the fair value of these warrants as share based compensation.

f) On February 25, 2020 and in connection to a consulting agreement, the Company issued warrants for the purchase of 3,000,000 common shares of the Company exercisable until February 23, 2023 at a price of $0.25 per share. Of these issued warrants, 500,000 vested immediately and the remainder shall vest over time as certain acquisition and duration milestones are met.

The fair value of these issued warrants of $389,390 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$0.19
Risk-free interest rate	1.37 %
Expected life	3 years
Estimated volatility in the market price of the common shares	124 %
Dividend yield	nil

For the three and nine months ended March 31, 2021 the Company expensed $15,323 and $45,068 (March 31, 2020 - $184,780), respectively, of the fair value of these warrants as share based compensation.

g) On April 1, 2020 and in connection to a consulting agreement, the Company issued warrants for the purchase of 540,000 common shares of the Company exercisable until March 31, 2023 at a price of $0.30 per share. These warrants vest in equal tranches of 30,000 each month from the date of issuance.

The fair value of these issued warrants of $78,427 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

(Expressed in Canadian Dollars)

21. WARRANTS (continued)

Stock price	$0.225
Risk-free interest rate	0.53 %
Expected life	3 years
Estimated volatility in the market price of the common shares	117 %
Dividend yield	nil

For the three and nine months ended March 31, 2021 the Company expensed $7,440 and $37,982, respectively, of the fair value of these warrants as share based compensation.

h) On April 1, 2020 and in connection to a consulting agreement, the Company issued warrants for the purchase of 1,000,000 common shares of the Company exercisable until March 31, 2023 at a price of $0.30 per share. Of these issued warrants, 250,000 vested immediately while the remaining 750,000 warrants shall vest in three equal tranches of 250,000 warrants every three months from the date of issuance.

The fair value of these issued warrants of $145,235 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$0.225
Risk-free interest rate	0.53 %
Expected life	3 years
Estimated volatility in the market price of the common shares	117 %
Dividend yield	nil

For the three and nine months ended March 31, 2021 the Company expensed $nil and $42,360, respectively, of the fair value of these warrants as share based compensation.

i) On April 15, 2020, and in connection to a consulting agreement, the Company issued warrants for the purchase of 1,000,000 common shares of the Company exercisable until April 14, 2022 at a price of $0.35 per share. Of these issued warrants, 250,000 vested immediately while the remaining 750,000 warrants shall vest in three equal tranches of 250,000 warrants every nine months from the date of issuance.

The fair value of these issued warrants of $169,849 was determined using the Black-Scholes Option Pricing Model with the following assumptions:

Stock price	$0.30
Risk-free interest rate	0.42 %
Expected life	2 years
Estimated volatility in the market price of the common shares	118 %
Dividend yield	nil

For the three and nine months ended March 31, 2021 the Company expensed $17,693 and $77,848, respectively, of the fair value of these warrants as share based compensation.

21. WARRANTS (continued)

j) On February 1, 2019 and in connection with the Promissory Note A, the Company issued warrants for the purchase of 150,000 common shares of the Company exercisable until January 31, 2020 at a price of $1.00 per share. The fair value of these issued warrants of $4,283 was determined by the residual method as noted in Note 15. For the year ended June 30, 2019, $4,283 (June 30, 2018 – $nil) of the fair value of the warrants was included in contributed surplus.

k) On March 13, 2019 and in connection with the private placement of Debenture Units of Series A-1, the Company issued warrants for the purchase of 300,000 common shares of the Company exercisable until March 12, 2021 at a price of $1.20 per share. The fair value of these issued warrants of $29,063 was determined by the residual method as noted in Note 17. For the year ended June 30, 2019, $29,063 (June 30, 2018 – $nil) of the fair value of the warrants was included in contributed surplus.

l) On June 19, 2019 and in connection with the Promissory Note C, the Company issued warrants for the purchase of 200,000 common shares of the Company exercisable until June 18, 2021 at a price of $1.00 per share. The fair value of these issued warrants of $14,367 was determined by the residual method as noted in Note 15. For the year ended June 30, 2019, $14,367 (June 30, 2018 – $nil) of the fair value of the warrants was included in contributed surplus.

m) On August 14, 2019 and in connection with the private placement of Debenture Units of Series A-2, the Company issued warrants for the purchase of 356,500 common shares of the Company exercisable until August 13, 2020 at a price of $1.20 per share. The fair value of these issued warrants of $33,816 was determined by the residual method as noted in Note 17. For the year ended June 30, 2020, $33,816 (June 30, 2019 – $nil) of the fair value of the warrants was included in contributed surplus.

n) On December 16, 2019 and in connection with the amendment of Promissory Note C, the Company issued warrants for the purchase of 200,000 common shares of the Company exercisable until June 18, 2021 at a price of $0.30 per share. The fair value of these issued warrants of $8,995 was determined by the residual method as noted in Note 15. For the year ended June 30, 2020, $8,995 (June 30, 2019 – $nil) of the fair value of the warrants was included in contributed surplus.

o) On April 24, 2020 and in connection with the private placement of Debenture Units of Series A-3, the Company issued warrants for the purchase of 2,328,000 common shares of the Company exercisable until April 23, 2022 at a price of $0.30 per share. The fair value of these issued warrants of $415,010 was determined by the relative fair value method as noted in Note 17. For the year ended June 30, 2020, $415,010 (June 30, 2019 – $nil) of the fair value of the warrants was included in contributed surplus.

p) On December 1, 2020 and in connection with the acquisition of Manitoba Ltd, the Company issued 6,000,000 warrants as described in Note 12.

q) On December 15, 2020 and in connection with the Second Extension of Promissory Note C, the Company issued $400,000 warrants as described in Note 16.

21. WARRANTS (continued)

During the three and nine months ended March 31, 2021, the Company expensed $30,541 and $208,667, respectively, in the fair value of warrants as a result of the issuances which have been recorded as share based compensation (March 31, 2020 – $292,082 and $525,388, respectively and a reversal of $738,799 of stock based compensation expense as a result of forfeitures during the respective nine month period).

22. COMMITMENTS

(a) Employment Agreements

The Company is party to certain employments agreements with key executives of the Company that contain clauses requiring additional payments of up to two times the annual entitlements under these agreements upon occurrence of certain events, such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements.

(b) Commitments

During the three months ended September 30, 2019, the Company received a notice of termination letter (the "Termination Letter") from the landlord of a leased property, who subsequently repossessed the premises. The landlord of leased property has notified the Company that to the extent applicable, it intends to seek recovery of damages incurred including without limitation, the costs of recovering the leased property, solicitor fees, arrears and all future rental payments following the notice of termination.

The Company expensed its rental deposit as a result of the Termination Letter during the three months ended September 30, 2019. As of the date of these condensed interim consolidated financial statements, the Company has not received any claims from the landlord as a result of the Termination Letter.

(c) Deposit in Joint Forces

On November 7, 2019, the Company advanced CDN $408,840 (US $300,000) to a non-arm's length party in exchange for Promissory Note D (the "Joint Forces Deposit").

On October 12, 2020, the Company entered into a settlement agreement (the "Settlement"), settling the outstanding Joint Forces Deposit for a payment term over 2 years for a total of US $338,000. The proceeds of the Settlement will be received by the beneficiaries of Promissory Note D. As a result, a gain on Settlement was recorded in the amount of $51,023 (US $38,000) during the year ended June 30, 2020.

Accordingly, the Joint Forces Deposit was determined to be a financial instrument and recorded at amortized cost. The initial carrying amount of the financial asset was determined by discounting the stream of future payments of interest and principal at a market interest rate of 8% which is estimated to be the lending rate available to the Company for similar instruments. The balance as at March 31, 2021 was $371,237 (June 30, 2020 - $405,214). The current portion of the Joint Forces Deposit as at March 31, 2021 amounted to $170,457.

22. COMMITMENTS (continued)

(d) Contingencies

On August 28, 2020, a subsidiary of the Company was identified as a defendant to a complaint in the Superior Court of California, County of Mendocino alleging breach of contract for unspecified damages. The Company intends on defending such complaint, however, it is not practical to estimate the potential effect of this complaint at such time.

(e) COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus ("COVID-19") a pandemic, which 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. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods as well as the Company's ability to find new business opportunities, raise capital or restructure the Company's finances

23. RELATED PARTY TRANSACTIONS

Related party transactions for the three and nine months ended March 31, 2021 and 2020 and the balances as at those dates, not disclosed elsewhere in these condensed interim consolidated financial statements are:

> During the three and nine months ended March 31, 2021, the Company expensed $338,000 and $532,100, respectively, (March 31, 2020 - $117,050 and $563,270, respectively), in fees payable to officers and directors of the Company and in fees payable to a corporation related by virtue of a common officer and director. As at March 31, 2021, the Company had fees payable to officers and directors of the Company of $1,375,992 (June 30, 2020 - $1,278,106).

24. FINANCIAL INSTRUMENTS AND RISK FACTORS

The fair value hierarchy that reflects the significance of inputs used in making fair value measurements is as follows:

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3: inputs for the asset or liability that are not based upon observable market data.

24. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's financial instruments consisting of cash and cash equivalents, promissory note and accounts payable and accrued liabilities approximate their carrying value due to the relatively short term maturities of these instruments.

Risk Management Policies

The Company, through its financial assets and liabilities, is exposed to various risks. The Company has established policies and procedures to manage these risks, with the objective of minimizing any adverse effect that changes in these variables could have on these condensed interim consolidated financial statements. The following analysis provides a measurement of risks as at March 31, 2021:

Credit Risk

The Company's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, totals the carrying amount of these assets as stated in the consolidated statements of financial position. The Company's principal financial assets are cash, restricted investments and accounts receivable, which represent the Company's exposure to credit risk in relation to financial assets. The credit risk on cash and restricted investments is mitigated by transacting with banks with high credit ratings assigned by international credit-rating agencies. An allowance for expected credit losses is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information when necessary.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due within one year. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at March 31, 2021, there is substantial doubt about the Company's ability to continue as a going concern primarily due to its history of losses and negative working capital. Liquidity risk continues to be a key concern in the development of future operations.

Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on all of the Company's existing debt are fixed, and therefore it is not currently subject to any significant interest rate risk.

24. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

(ii) Foreign Currency Risk

The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their accounts payable balances. The risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. As at March 31, 2021, the Company did not use derivative instruments to hedge its exposure to foreign currency risk.

(iii) Price Risk

The Company's operations do not involve the direct input or output of any commodities and therefore it is not subject to any significant commodity price risk. In addition, the Company does not have any equity investment in other listed public companies, and therefore it is not subject to any significant stock market price risk.

25. CAPITAL MANAGEMENT

The Company includes equity comprised of issued share capital, contributed surplus, deficit in the definition of capital and accumulated other comprehensive loss. As at March 31, 2021, the Company's shareholders' equity was $11,891,204 (June 30, 2020 – shareholders' equity of $6,276,689). The Company's objectives when managing capital are as follows:

(i) to safeguard the Company's ability to continue as a going concern; and

(ii) to raise sufficient capital to meet its business objectives.

The Company manages its capital structure and makes adjustments to it, based on the general economic conditions, the Company's long-term and short-term capital requirements. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt.

26. COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to the condensed interim consolidated financial statement presentation adopted for the current period. Such reclassifications did not have an impact on previously reported net and comprehensive loss.