

# **MAPLE LEAF GREEN WORLD INC.**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**June 30, 2017**

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

**Notice to Reader of the Unaudited Condensed Consolidated Interim Financial Statements  
For the three and six months ended June 30, 2017**

The unaudited condensed consolidated interim financial statements of Maple Leaf Green World Inc. (the "Company") for the three and six months ended June 30, 2017 ("Financial Statements") have been prepared by management and have not been reviewed by the Company's independent auditor. The Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2016 which are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**MAPLE LEAF GREEN WORLD INC.**  
**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**  
(unaudited - Expressed in Canadian dollars except share data)

	Notes	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>					
Consulting fees		\$ -	\$ -	\$ 99,825	\$ -
Leasing fees		-	-	119,790	-
		-	-	219,615	-
<b>Operating expenses</b>					
Share-based compensation	6(c)	\$ 4,660	702,803	85,324	702,803
Professional fees		38,098	24,576	63,084	30,581
Management remuneration		30,000	22,500	60,000	45,000
Consulting fees		183,139	64,329	249,856	118,637
Office		9,060	18,471	62,527	44,584
Shareholder information and promotion		36,259	7,023	124,372	7,597
Rent		12,940	12,592	25,812	24,852
Filing and transfer agent		34,540	6,727	47,223	6,740
Travel and promotion		4,347	10,471	9,707	11,310
Meals and entertainment		10,625	3,683	20,670	6,263
Interest and bank charges	5	2,833	2,508	5,371	4,920
Telephone		3,181	2,982	4,480	4,676
Foreign exchange (gain)		37,799	30,333	36,188	12,411
Property tax		-	976	2,803	976
Depreciation and amortization		4,731	102	9,415	283
		412,212	910,076	806,832	1,021,633
<b>Loss before other items</b>		<b>(412,212)</b>	<b>(910,076)</b>	<b>(587,217)</b>	<b>(1,021,633)</b>
<b>Other items</b>					
Other income	12	5,525	6,786	14,821	13,573
<b>Loss for the period</b>		<b>\$ (406,687)</b>	<b>\$ (903,290)</b>	<b>\$ (572,396)</b>	<b>\$ (1,008,060)</b>
<b>Other comprehensive income</b>					
Foreign currency translation adjustment, net of tax of \$nil		(21,196)	(27,275)	(24,883)	(34,713)
<b>Total comprehensive loss</b>		<b>\$ (427,883)</b>	<b>\$ (930,565)</b>	<b>\$ (597,279)</b>	<b>\$ (1,042,773)</b>
<b>Loss per share attributable to the equity holders of the Company</b>					
<b>Loss per share - basic</b>		<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Loss per share - diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding - basic</b>		<b>133,052,549</b>	<b>107,746,361</b>	<b>119,087,427</b>	<b>106,528,161</b>
<b>Weighted average number of shares outstanding - diluted</b>		<b>149,225,759</b>	<b>107,746,361</b>	<b>135,260,637</b>	<b>106,528,161</b>

**MAPLE LEAF GREEN WORLD INC.**  
**Condensed Consolidated Interim Statements of Financial Position**  
[Unaudited - Expressed in Canadian dollars]

	Notes	June 30, 2017	December 31, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 5,025,591	\$ 666,463
GST receivable		83,009	11,297
Other receivable		551,895	250,486
Prepays		13,253	13,253
		<b>5,673,748</b>	<b>941,499</b>
<b>Deposits</b>	3	<b>1,170,770</b>	<b>68,270</b>
<b>Property, plant and equipment</b>	4	<b>1,439,359</b>	<b>317,571</b>
<b>Total assets</b>		<b>\$ 8,283,877</b>	<b>\$ 1,327,340</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 207,488	\$ 224,459
Interest payable	5	2,777	5,023
Sub-lease deposits	12	11,146	11,146
		<b>221,411</b>	<b>240,628</b>
<b>Notes Payable</b>	5	<b>136,259</b>	<b>140,984</b>
<b>Total liabilities</b>		<b>357,670</b>	<b>381,612</b>
<b>Equity</b>			
Share capital	6	18,554,351	11,135,578
Share subscriptions	6(b)	-	-
Other reserves		5,740,399	5,581,414
Accumulated oter comprehensive income		14,294	39,177
Deficit		(16,382,837)	(15,810,441)
		<b>7,926,207</b>	<b>945,728</b>
<b>Total liabilities and equity</b>		<b>\$ 8,283,877</b>	<b>\$ 1,327,340</b>
Commitments and contingencies (Note 12)			

APPROVED ON BEHALF OF THE BOARD

(signed) Raymond Lai  
Director

(signed) Daniel Chu  
Director

**MAPLE LEAF GREEN WORLD INC.**  
**Condensed Consolidated Interim Statements of Changes in Equity (Deficit)**  
[Unaudited - Expressed in Canadian dollars]

	Share capital		Share subscriptions	Other Reserves			Accumulated other comprehensive income		Deficit	Total equity
	Number of common shares	Amounts		Share-based payments reserve	Warrant reserve	Total - other reserves				
At January 1, 2016	121,447,261	11,135,578	\$ -	\$5,242,614	\$ 338,800	\$5,581,414	\$ 39,177	\$ (15,810,441)	\$	945,728
Other comprehensive income	-	-	-	-	-	-	(24,883)	-	-	(24,883)
Loss for the period	-	-	-	-	-	-	-	(572,396)	-	(572,396)
Revaluation of fair value of options	-	-	-	85,324	-	85,324	-	-	-	85,324
Shares issued upon warrant exercised	4,710,000	477,000	-	-	(58,500)	(58,500)	-	-	-	418,500
Private placements	13,216,070	6,941,773	-	-	132,161	132,161	-	-	-	7,073,934
At June 30, 2017	139,373,331	\$ 18,554,351	\$ -	\$5,327,938	\$ 412,461	\$5,740,399	\$ 14,294	\$ (16,382,837)	\$	7,926,207

	Share capital		Share subscriptions	Other Reserves			Accumulated other comprehensive income		Deficit	Total equity
	Number of common shares	Amounts		Share-based payments reserve	Warrant reserve	Total - other reserves				
At January 1, 2016	105,296,427	\$ 9,428,789	\$ -	\$4,519,742	\$ 221,500	\$4,741,242	\$ 10,047	\$ (14,317,701)	\$	(137,623)
Other comprehensive income	-	-	-	-	-	-	(44,760)	-	-	(44,760)
Loss for the period	-	-	-	-	-	-	-	(1,008,060)	-	(1,008,060)
Options granted	-	-	-	702,803	-	702,803	-	-	-	702,803
Shares issued upon warrant exercised	160,000	12,000	-	-	-	-	-	-	-	12,000
Units issued, net of share issuance costs	6,000,000	416,150	-	-	180,000	180,000	-	-	-	596,150
As at June 30, 2016	111,456,427	\$ 9,856,939	\$ -	\$5,222,545	\$ 401,500	\$5,624,045	\$ (34,713)	\$ (15,325,761)	\$	120,510
Other comprehensive income	-	-	-	-	-	-	73,890	-	-	73,890
Loss for the period	-	-	-	-	-	-	-	(484,680)	-	(484,680)
Options granted	-	-	-	161,633	-	161,633	-	-	-	161,633
Shares issued upon option exercised	1,500,000	291,564	-	(141,564)	-	(141,564)	-	-	-	150,000
Shares issued upon warrant exercised	8,220,000	865,200	-	-	(62,700)	(62,700)	-	-	-	802,500
Shares issued for debt	270,834	121,875	-	-	-	-	-	-	-	121,875
Units issued, net of share issuance costs	-	-	-	-	-	-	-	-	-	-
As at December 31, 2016	121,447,261	\$ 11,135,578	\$ -	\$5,242,614	\$ 338,800	\$5,581,414	\$ 39,177	\$ (15,810,441)	\$	945,728

**MAPLE LEAF GREEN WORLD INC.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
[Unaudited - Expressed in Canadian dollars]

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2017</b>	<b>2016</b>
<b>OPERATING ACTIVITIES</b>				
Loss for the year	\$ (405,063)	\$ (903,290)	\$ (571,858)	\$ (1,008,060)
Items not affecting cash:				
Depreciation and amortization	4,731	102	9,415	283
Interest expenses	2,112	1,484	4,168	3,029
Interest paid	(2,135)	-	(6,305)	-
Stock based expenses	4,660	702,803	85,324	702,803
	(395,695)	(198,901)	(479,256)	(301,945)
Changes in non cash working capital				
GST receivable	(71,706)	703	(71,712)	703
Other receivables	(76,328)	(11,056)	(316,913)	-
Accounts payable and accrued liabilities	50,144	(221,201)	(16,971)	(74,768)
	(97,890)	(231,554)	(405,596)	(74,065)
<b>Cash flows from (used) in operating activities</b>	<b>(493,585)</b>	<b>(430,455)</b>	<b>(884,852)</b>	<b>(376,010)</b>
<b>INVESTING ACTIVITY</b>				
Payment for property , plant and equipment	(1,076,845)	(4,948)	(2,247,032)	(106,944)
<b>Cash flows used in investing activity</b>	<b>(1,076,845)</b>	<b>(4,948)</b>	<b>(2,247,032)</b>	<b>(106,944)</b>
<b>FINANCING ACTIVITIES</b>				
Issurance of common shares units	3,408,728	612,000	7,268,838	612,000
Share issuance costs	(194,904)	(3,850)	(194,904)	(3,850)
Proceeds from warrant exercised	37,500	-	418,500	-
<b>Cash flows from financing activities</b>	<b>3,251,324</b>	<b>608,150</b>	<b>7,492,434</b>	<b>608,150</b>
<b>Foreign exchange effect</b>	<b>(1,402)</b>	<b>(26,927)</b>	<b>(1,422)</b>	<b>(53,536)</b>
<b>Net increase (decrease) in cash</b>	<b>1,680,894</b>	<b>172,747</b>	<b>4,359,128</b>	<b>125,196</b>
Cash, beginning of period	3,346,099	116,680	666,463	190,840
<b>Cash, end of period</b>	<b>\$ 5,025,591</b>	<b>\$ 262,500</b>	<b>\$ 5,025,591</b>	<b>\$ 262,500</b>

# MAPLE LEAF GREEN WORLD INC.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and six months ended June 30, 2017

*(Unaudited - Expressed in Canadian dollars, unless otherwise stated)*

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### 1. NATURE OF OPERATIONS

Maple Leaf Green World Inc. ("Maple Leaf" or the "Company") is incorporated in Alberta, Canada, with common shares listed on the TSX Venture Exchange under the ticker symbol MGW.V. The corporate office is located at 2916B 19 Street NE, Calgary, Alberta. In October 2012, Maple Leaf changed its name to Maple Leaf Green World Inc. from Maple Leaf Reforestation Inc.

In order to develop its medical marijuana business in the United States of America, the Company set up a wholly-owned subsidiary, Golden State Green World LLC, in California, the United States of America ("USA") in 2015. In March 2017, the Company set up another wholly-owned subsidiary, SSGW LLC, in Nevada, USA.

Maple Leaf, along with its subsidiary (collectively the "Company"), focuses on the cannabis industry in North America. The Company currently engages in three cannabis projects in British Columbia, Canada, and California and Nevada, USA. To date, the Company has not yet generated significant revenue to cover expenditures, and therefore has incurred recurring losses since inception.

These unaudited condensed consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on August 25, 2017.

### 2. BASIS OF PREPARATION

#### a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("IAS 34") of the *International Financial Reporting Standards* ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS as issued by the IASB have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2016. These unaudited condensed consolidated interim financial statements follow the same significant accounting policies set out in note 2 to the audited consolidated financial statements for the year ended December 31, 2016 except for the amendments to IAS7 – Statement of Cash flows and IAS 12 – Income Taxes which were effective in the current year. These amendments had no material impact on the Company's financial statements.

#### b) Basic of Consolidation

These unaudited condensed consolidated interim statements include the accounts of Maple Leaf and its wholly-owned subsidiaries, Golden State Green World LLC., California, USA and SSGW LLC., Nevada, USA.

Balances, transactions, revenues and expenses between the Company and its subsidiaries are eliminated on consolidation.

# MAPLE LEAF GREEN WORLD INC.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and six months ended June 30, 2017

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

### 3. DEPOSITS

In 2016, the Company entered into Letter of Intent ("LOI") with BioNeva Innovations of Henderson LLC ("BioNeva") to purchase 100% of Medical Marijuana Established Cultivation Permit No.C116 at Henderson for US\$500,000. Upon execution of the LOI, a deposit of US\$50,000 (CAD\$68,270) was paid to BioNeva. The remaining US\$450,000 will be payable to BioNeva at the time of Transfer of Application submittal to the State of Nevada. As at June 30, 2017, the Transfer of Application has not yet submitted to the State of Nevada. In July 2017, the Company and BioNeva jointly submitted a Medical Marijuana Establishment Certificate transfer application to the City of Henderson, Nevada.

In May 2017, the Company engaged Paramount Structure Inc. ("Paramount") as the procurement, engineering, and construction manager for its cannabis cultivation facilities at Telkwa, British Columbia (the "BC Facility"). Paramount is responsible for the total design and construction of the BC Facility, including labour, materials, equipment, and services provided or to be provided by Paramount. In June 2017, the Company engaged Paramount to commence construction on its BC Facility and made advance payment of \$1,102,500 to Paramount.

### 4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	Furniture and equipment	Computer equipment	Construction in process - Greenhouse	Greenhouse	Land improvement	Land	Total
<b>Costs</b>							
As at December 31, 2015	\$ 5,254	\$ 14,107	\$ 77,554	\$ -	\$ -	\$ 146,760	\$ 243,675
Additions	9,910	-	70,730	-	2,815	-	83,455
Transfer	-	-	(144,966)	70,730	74,236	-	-
Foreign translation impact	134	-	(3,318)	955	1,042	14,364	13,177
As at December 31, 2016	\$ 15,298	\$ 14,107	\$ -	\$ 71,685	\$ 78,093	\$ 161,124	\$ 340,307
Additions	-	2,770	-	-	-	1,178,139	1,180,909
Foreign translation impact	(337)	-	-	(2,402)	(2,617)	(44,739)	(50,095)
<b>As at June 30, 2017</b>	<b>\$ 14,961</b>	<b>\$ 16,877</b>	<b>\$ -</b>	<b>\$ 69,283</b>	<b>\$ 75,476</b>	<b>\$ 1,294,524</b>	<b>\$ 1,471,121</b>

  

	Furniture and equipment	Computer equipment	Construction in process - Greenhouse	Greenhouse	Land improvement	Land	Total
<b>Accumulated depreciation</b>							
As at December 31, 2015	\$ 5,133	\$ 12,745	\$ -	\$ -	\$ -	\$ -	\$ 17,878
Depreciation and amortization	781	323	-	1,769	1,926	-	4,799
Foreign translation impact	9	-	-	24	26	-	59
As at December 31, 2016	\$ 5,923	\$ 13,068	\$ -	\$ 1,793	\$ 1,952	\$ -	\$ 22,736
Depreciation and amortization	1,331	643	-	3,562	3,879	-	9,415
Foreign translation impact	(61)	-	-	(158)	(170)	-	(389)
<b>As at June 30, 2017</b>	<b>\$ 7,193</b>	<b>\$ 13,711</b>	<b>\$ -</b>	<b>\$ 5,197</b>	<b>\$ 5,661</b>	<b>\$ -</b>	<b>\$ 31,762</b>

  

	Furniture and equipment	Computer equipment	Construction in process - Greenhouse	Greenhouse	Land improvement	Land	Total
<b>Net book value</b>							
As at December 31, 2016	\$ 9,375	\$ 1,039	\$ -	\$ 69,892	\$ 76,141	\$ 161,124	\$ 317,571
<b>As at June 30, 2017</b>	<b>\$ 7,768</b>	<b>\$ 3,166</b>	<b>\$ -</b>	<b>\$ 64,086</b>	<b>\$ 69,815</b>	<b>\$ 1,294,524</b>	<b>\$ 1,439,359</b>

### 5. NOTES PAYABLE

In 2015, the Company's wholly-owned subsidiary, Golden State, entered into an agreement to purchase approximately 20 acres of land in southern California for an aggregate purchase price of US\$120,000. The Company paid US\$15,000 in cash and issued a promissory note in the amount of US\$105,000 secured by a Deed of Trust to an unrelated party and a member of key management with each individual having an



# MAPLE LEAF GREEN WORLD INC.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and six months ended June 30, 2017

*(Unaudited - Expressed in Canadian dollars, unless otherwise stated)*

undivided 50% interest in the notes payable. The note bears interest at the rate of 6% per annum and matures on March 1, 2020.

As at June 30, 2017, the carrying value of the note payable is \$136,259 (US\$105,000) (December 31, 2016 - \$140,984 (US\$105,000)), and interest of \$2,777 (US\$2,140) (December 31, 2016 - \$5,023 (US\$3,758)) on the note payable remains outstanding. A summary of the notes payable is as follows:

	Notes payable	Interest on Notes payable	Total
Balance, December 31, 2015	\$ 145,320	\$ 5,201	\$ 150,521
Interest incurred	-	8,459	8,459
Interest paid	-	(8,459)	(8,459)
Foreign exchange impact	(4,336)	2	(4,334)
Balance, December 31, 2016	140,984	5,203	146,187
Interest incurred	-	4,168	4,168
Interest paid	-	(6,305)	(6,305)
Foreign exchange impact	(4,725)	(289)	(5,014)
<b>Balance, June 30, 2017</b>	<b>\$ 136,259</b>	<b>\$ 2,777</b>	<b>\$ 139,036</b>

### 6. SHARE CAPITAL

#### (a) Authorized

Unlimited number of common shares without par value.

#### (b) Private placements

In May 2017, the Company closed a private placement and raised gross proceeds of \$7,268,838.50 by issuance of 13,216,070 units ("Units") at a price of \$0.55 per Unit. Each Unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of \$0.85 per share until May 4, 2019. Finder's fee of \$194,904 was paid in connection of this private placement.

In September 2016, the Company issued 83,333 common shares to a consultant to settle \$37,500 in accounts payable. The Company also issued 187,500 common shares to a director and officer of the Company to settle \$84,375 in vacation payable.

In May 2016, the Company closed a private placement of 6,000,000 units for gross proceeds of \$600,000, of which \$180,000 was allocated to the warrants issued. Each unit consists of one common share and one common share purchase warrant exercisable at a price of \$0.15 for a period of two years. A finder's fee of \$3,850 was paid related to this private placement.

#### (c) Stock options

During the three and six months ended June 30, 2017, no option was granted and a total of \$4,660 and \$85,324 share-based compensation expenses, respectively, were recorded (same prior year periods - \$702,803 and \$702,803).

# MAPLE LEAF GREEN WORLD INC.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and six months ended June 30, 2017

*(Unaudited - Expressed in Canadian dollars, unless otherwise stated)*

In April 2016, the Company granted a total of 7,900,000 options to directors and consultants of the Company at an exercise price of \$0.10 per share; 500,000 options granted to two consultants vest in twelve months from the grant date, and the remaining vested immediately. The expiry date of the options granted is April 10, 2021.

In September 2016, the Company granted a total of 200,000 options vested immediately to a director and a consultant of the Company at an exercisable price of \$0.24 per share. The expiry date of the options granted is September 27, 2021.

In November 2016, 320,000 options were granted to consultants of the Company at an exercise price of \$0.80 per share; 20,000 options vested immediately, 250,000 options vest in three months and the remaining 50,000 options vest in six months, from the grant date. The expiry date of the options granted is November 6, 2019.

During the year ended December 31, 2016, a total of 1,500,000 options were exercised for gross proceeds of \$150,000; \$141,564 was transferred from share-based payment reserve to share capital on exercise of these options.

The following is a summary of option transactions:

	Number of options	Weighted average exercise price per option
Balance, December 31, 2015	-	\$ -
Options granted	8,420,000	0.13
Options exercised	(1,500,000)	0.10
Balance, December 31, 2016	6,920,000	\$ 0.13
<b>Balance, June 30, 2017</b>	<b>6,920,000</b>	<b>\$ 0.13</b>

As at June 30, 2017, the following stock options remained outstanding:

Expiry Date	Exercise Price	Number of options outstanding	Number of options exercisable
April 10, 2021	\$ 0.10	6,400,000	6,400,000
September 27, 2021	\$ 0.24	200,000	200,000
November 6, 2019	\$ 0.80	320,000	320,000
		<b>6,920,000</b>	<b>6,920,000</b>

# MAPLE LEAF GREEN WORLD INC.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and six months ended June 30, 2017

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

### (d) Warrants

The following is a summary of warrant transactions:

Number of warrants outstanding as at January 1, 2017	Issued	Exercised	Expired	Number of warrants outstanding as at June 30, 2017	Exercise price per warrant	Expiry date
360,000	-	(360,000)	-	-	\$ 0.100	February 24, 2017
1,150,000	-	-	-	1,150,000	\$ 0.100	April 8, 2018
2,000,000	-	(1,800,000)	(200,000)	-	\$ 0.075	April 9, 2017
9,200,000	-	(1,800,000)	-	7,400,000	\$ 0.075	November 16, 2017
5,300,000	-	(750,000)	-	4,550,000	\$ 0.150	May 24, 2018
-	13,216,070	-	-	13,216,070	\$ 0.850	May 4, 2019
18,010,000	13,216,070	(4,710,000)	(200,000)	26,316,070		

Number of warrants outstanding as at January 1, 2016	Issued	Exercised	Expired	Number of warrants outstanding as at December 31, 2016	Exercise price per warrant	Expiry date
2,600,000	-	(2,240,000)	-	360,000	\$ 0.100	February 24, 2017
2,300,000	-	(1,150,000)	-	1,150,000	\$ 0.100	April 8, 2018
3,650,000	-	(650,000)	(3,000,000)	-	\$ 0.150	September 2, 2016
3,840,000	-	(1,840,000)	-	2,000,000	\$ 0.075	April 9, 2017
11,000,000	-	(1,800,000)	-	9,200,000	\$ 0.075	November 16, 2017
	6,000,000	(700,000)	-	5,300,000	\$ 0.150	May 24, 2018
23,390,000	6,000,000	(8,380,000)	(3,000,000)	18,010,000		

In 2016, a total of 8,380,000 warrants were exercised for gross proceeds of \$814,500, and \$62,700 was transferred from warrant reserve to share capital on exercise of these warrants.

During the six months ended June 30, 2017, a total of 4,710,000 warrants were exercised for gross proceeds of \$418,500, and \$58,500 was transferred from warrant reserve to share capital on exercise of these warrants.

### 7. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the fair value of consideration paid. Related party transactions also disclosed in note 5, Notes Payable, above.

The Company has identified its directors and executive staff as key management personnel. Compensation to key management, including fees paid to companies controlled by directors and officers for their services provided, is follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Management remuneration	\$ 30,000	\$ 22,500	\$ 60,000	\$ 45,000
Consulting fee	15,000	9,000	30,000	18,000
Total	\$ 45,000	\$ 31,500	\$ 90,000	\$ 63,000

As at June 30, 2017, a total of \$14,347 (December 31, 2016 - \$18,633) payable to key management remained outstanding and is included in accounts payable and accrued liabilities on the consolidated statements of financial position. Amounts are non-interest-bearing and are due on demand. The Company's

# MAPLE LEAF GREEN WORLD INC.

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employment agreement with one officer would entitle that officer to compensation of \$120,000 upon termination.

As at June 30, 2017, an amount of \$526,895 (December 31, 2016 - \$250,486) included in other receivable is due from an entity, where a member of key management is also an officer, which consists of leasing fee of \$239,580 (December 31-, 2016 - \$119,232), consulting fee of \$199,650 (December 31, 2016 - \$99,360), and reimbursement expenditures of \$87,665 (December 31, 2016 - \$31,894) (also see note 10 below).

### 8. CAPITAL MANAGEMENT

The Company's objectives of capital management are to provide returns for shareholders and to comply with any externally imposed capital requirements, if any, to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis and continue to develop and expand its projects. The Company has no externally imposed capital requirements on the Company.

The capital of the Company consists of notes payable, convertible debentures and the items included in equity (deficiency). The Board of Directors does not establish a quantitative return on capital criteria for management, but promotes year-over-year sustainable earnings growth targets. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. There have been no changes in the way the Company manages its capital during the six months ended June 30, 2017.

### 9. FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

The Company manages its exposure to key financial risk in accordance with the Company's financial risk management framework. The objective of the framework is to protect the Company's future financial security. The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are liquidity risk, credit risk and market risk, which comprise foreign exchange rate risk, interest rate risk and other price risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. Currently, the Company does not apply any form of hedge accounting.

#### (a) Fair value

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect estimates. Management assessed that the fair values of cash, accounts payable and accrued liabilities, and interest payable approximate their carrying amounts largely due to the short-term maturities of these instruments, and the fair value of the note payable approximates its face value as any interest arising from the notes payable is required to be paid to the security holder monthly.

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The following table provides the quantitative disclosures of fair value measurement hierarchy of the Company's financial assets and liabilities measured on recurring basis.

	June 30, 2017			December 31, 2016		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (level 3)
<b>Assets and liabilities measured at fair value</b>						
Cash	\$ 5,025,591	\$ -	\$ -	\$ 666,463	\$ -	\$ -
Other receivable	551,895	-	-	250,486	-	-
Notes payable	-	136,259	-	-	140,984	-

There was no transfer between fair value levels during the reporting period.

### (b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily associated to other receivable and cash. The carrying value of the financial assets represents the maximum credit exposure.

The Company undertakes credit evaluations on counterparties as necessary and has monitoring processes intended to mitigate credit risks. The Company has not yet recognized any provision for other receivable as of June 30, 2017.

### (c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds 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 June 30, 2017, the Company has \$5,025,591 cash on hand (December 31, 2016 - \$666,463) and working capital of \$5,452,337 (December 31, 2016 - \$700,871).

Based on the contractual obligations of the Company as at June 30, 2017, cash outflows of those obligations are estimated and summarized as follows:

	Payment Due by Period			
	Less than 1 year	1 - 3 years	After 3 years	Total
Accounts payable and accrued liabilities	\$ 207,488	\$ -	\$ -	\$ 207,488
Interest payable	2,777	-	-	2,777
Notes payable	-	-	136,259	136,259
Lease rental obligations	11,648	-	-	11,648
	<b>\$ 221,913</b>	<b>\$ -</b>	<b>\$ 136,259</b>	<b>\$ 358,172</b>

### (d) Market risk

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

#### (i) Interest rate risk

Interest rate risk consists of two components:

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## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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- To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- To the extent that changes in prevailing market rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is exposed to interest rate price risk on its note payable which bears a fixed coupon rate of 6% per annum, as the prevailing market interest rate may differ from the interest rate of the debt. However, fluctuations in market rates would have to be significant to have a material effect on the Company's operations; therefore, the Company's exposure to interest rate cash flow risk on the note payable is minimal.

### (ii) Currency risk

Canadian Dollar is the reporting currency of the Company and the functional currency for its corporate office in Canada while USD is the functional currency of its subsidiary in the United States. The Company is exposed foreign currency risk when the Company undertakes transactions and holds assets and liabilities denominated in foreign currencies other than its functional currencies.

The Company currently does not manage currency risk through hedging or other currency management tools. As at June 30, 2017, the Company's exposure to currency risk is summarized as follows:

Expressed in Canadian dollar equivalents	June 30, 2017	December 31, 2016
Financial assets denominated in US dollars		
Cash	\$ 349,270	\$ 18,762
Other receivables	494,124	250,486
	<b>\$ 843,394</b>	<b>\$ 269,248</b>
Financial liabilities denominated in US dollars		
Interest payable	\$ 2,777	\$ 5,023
Notes payable	136,259	140,984
	<b>\$ 139,036</b>	<b>\$ 146,007</b>

As at June 30, 2017, with other variables unchanged, a 10% strengthening of the USD against the CAD would have decrease net loss by \$34,389 (December 31, 2016 - \$1,664) and increased other comprehensive income by \$36,047 (December 31, 2016 - \$10,660).

### (iii) Other price risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

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### 10. ECONOMIC DEPENDENCE

The Company currently relies on a single customer, Emerald Farm Collective ("Emerald"), to generate its revenues. As a result, the Company is economically dependent on Emerald.

During the three and six months ended June 30, 2017, the Company generated leasing fees of \$nil and \$119,790 (same prior year periods - \$nil) and consulting fees of \$nil and \$99,825 (same prior year periods - \$nil). As at June 30, 2017, other receivable includes \$526,895 due from Emerald (December 31, 2016 - \$250,486).

### 11. SEGMENT INFORMATION

Operating segments are components of the Company where separate financial information is available that is evaluated regularly by the Company's Chief Executive Officer who is the Chief Operating Decision Maker ("CODM"). The operational segments are determined based on the Company's management and internal reporting structure. As at June 30, 2017, the Company has one reportable segment, being cannabis industry and two geographical segments, being Canada and United States. Segment information is summarized as follows:

	June 30, 2017			December 31, 2016		
	Canada	US	Consolidated	Canada	US	Consolidated
Current assets	\$ 5,174,240	\$ 499,508	\$ 5,673,748	\$ 688,890	\$ 252,609	\$ 941,499
Deposits	1,170,770	-	1,170,770	68,270	-	68,270
Property, plant and equipment	3,143	1,436,216	1,439,359	1,039	316,532	317,571
Total assets	\$ 6,348,153	\$ 1,935,724	\$ 8,283,877	\$ 758,199	\$ 569,141	\$ 1,327,340
Current liabilities	\$ 218,634	\$ 2,777	\$ 221,411	\$ 235,605	\$ 5,023	\$ 240,628
Notes payable	-	136,259	136,259	-	140,984	140,984
Total liabilities	\$ 218,634	\$ 139,036	\$ 357,670	\$ 235,605	\$ 146,007	\$ 381,612

	Six months ended June 30, 2017			Six months ended June 30, 2016		
	Canada	US	Consolidated	Canada	US	Consolidated
Revenue	\$ -	\$ 219,615	\$ 219,615	\$ -	\$ -	\$ -
Operating expenses	789,178	17,654	806,832	868,943	152,690	1,021,633
Other income	(14,821)	-	(14,821)	(13,573)	-	(13,573)
Net income (loss)	\$ (774,357)	\$ 201,961	\$ (572,396)	\$ (855,370)	\$ (152,690)	\$ (1,008,060)

	Three months ended June 30, 2017			Three months ended June 30, 2016		
	Canada	US	Consolidated	Canada	US	Consolidated
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	413,460	(1,248)	412,212	805,446	104,630	910,076
Other income	(5,525)	-	(5,525)	(6,786)	-	(6,786)
Net income (loss)	\$ (407,935)	\$ 1,248	\$ (406,687)	\$ (798,660)	\$ (104,630)	\$ (903,290)

### 12. COMMITMENTS AND CONTINGENCIES

The Company has a lease with respect to its head office until October 31, 2017. The Company is required to pay basic monthly rent plus allocated operating charges and property tax. The basic monthly rent is as follows:

- \$2,750 from November 1, 2014 to October 31, 2015
- \$2,831 from November 1, 2015 to October 31, 2016
- \$2,912 from November 1, 2016 to October 31, 2017

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During the three and six months ended June 30, 2017, the Company recorded rent expenses of \$12,940 and \$25,812 (same period year periods - \$12,592 and \$24,852).

The Company has sub-leased some office space to offset the costs of the lease. During the three and six months ended June 30, 2017, a total of \$5,525 and \$14,821 (same prior year periods - \$6,786 and \$13,573) sub-lease revenue was recorded as portion of other income. The deposits of \$11,146 (December 31, 2016 - \$11,146) collected from the sub-lease tenants are due on termination of the sub-lease agreement.