MAPLE LEAF GREEN WORLD INC.

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016
(Expressed in Canadian dollars, unless otherwise stated)

Independent Auditors' Report

To the Shareholders of Maple Leaf Green World Inc.

We have audited the accompanying consolidated financial statements of Maple Leaf Green World Inc., which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of loss and comprehensive loss and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Maple Leaf Green World Inc. as at December 31, 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about Maple Leaf Green World Inc.'s ability to continue as a going concern.

Other Matter
The consolidated financial statements of Maple Leaf Green World Inc. as at December 31, 2016 and for the year then ended, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 28, 2017.

MNP LLP

Calgary, Alberta
April 30, 2018

Chartered Professional Accountants

MNP LLP

MAPLE LEAF GREEN WORLD INC.

Consolidated Statements of Loss and Comprehensive Loss

[Expressed in Canadian dollars except share data]

	Notes	Year ended December 31, 2017	2016
Revenue			
Consulting fees		**$96,202**	$99,360
Leasing fees		**115,443**	119,232
		211,645	218,592
Operating expenses			
Share-based compensation	8 and 9	**85,324**	864,436
Personnel costs	9	**-**	249,357
Professional fees		**190,061**	209,630
Management remuneration	9	**120,000**	174,375
Consulting fees	9	**590,780**	131,529
Bad debt		**472,103**	-
Office		**85,216**	64,227
Advertising, promotion and shareholder information		**157,532**	57,159
Rent	15	**67,289**	49,922
Filing and transfer agent		**109,210**	40,844
Travel and promotion		**30,818**	31,253
Meals and entertainment		**38,051**	21,889
Interest and bank charges		**2,932**	1,015
Telephone		**9,371**	7,825
Foreign exchange loss		**70,708**	837
Property tax		**3,478**	972
Depreciation and amortization	6	**21,400**	4,799
		2,054,273	1,910,069
Loss before other items		**(1,842,628)**	(1,691,477)
Finance income		**764**	-
Finance expense	7	**(42,021)**	(8,324)
Net finance expense		**(41,257)**	(8,324)
Other items			
Gain on settlement of accounts payable		**46,609**	165,669
Other income	15	**31,439**	26,392
Gain on settlement of debt		**-**	15,000
Loss for the year		**$(1,805,837)**	**$(1,492,740)**
Items that maybe reclassified subsequently to profit or loss			
Foreign currency translation adjustment		**(64,394)**	**(29,130)**
Loss and comprehensive loss		**$(1,870,231)**	**$(1,463,610)**
Loss per share – basic and diluted		**$(0.01)**	**$(0.01)**
Weighted average number of shares outstanding – basic and diluted		**135,780,338**	**111,487,425**

MAPLE LEAF GREEN WORLD INC.
Consolidated Statements of Financial Position
[Expressed in Canadian dollars]

	Notes	**December 31, 2017**	December 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents		**$ 3,411,778**	**$666,463**
Other receivables	9	**133,776**	**261,783**
Deposits	5	**1,577,401**	**68,270**
Prepaids		**27,119**	**13,253**
		5,150,074	**1,009,769**
Long term prepaids		**26,771**	**-**
Property, plant and equipment	6	**3,208,121**	**317,571**
Total assets		**$ 8,384,966**	**$1,327,340**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	9	**$ 213,422**	**$ 224,459**
Current portion of finance lease	9	**123,252**	-
Interest payable	7	**-**	**5,023**
Sub-lease deposits	15	**-**	**11,146**
		336,674	**240,628**
Finance lease	9	**699,868**	**-**
Note payable	7 and 9	131,723	140,984
Total liabilities		**1,168,265**	**381,612**
Shareholders' equity (deficiency)			
Share capital	8	**19,361,733**	**11,135,578**
Other reserves		**5,496,464**	**5,581,414**
Accumulated other comprehensive income		**(25,217)**	**39,177**
Deficit		**(17,616,279)**	**(15,810,441)**
		7,216,701	**945,728**
Total liabilities and Shareholders' equity		**$ 8,384,966**	**$ 1,327,340**

Going Concern (Note 2)

Commitments and contingencies (Note 15)

APPROVED ON BEHALF OF THE BOARD

(signed) Raymond Lai
Director

(signed) Daniel Chu
Director

MAPLE LEAF GREEN WORLD INC.
Consolidated Statements of Changes in Equity (Deficiency)
[Expressed in Canadian dollars]

	Share capital		Other reserves					
	Number of common shares	Amounts	Share-based payments reserve	Warrant reserve	Total reserves	Accumulated other comprehensive income	Deficit	Total equity
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
Other comprehensive income	-	-	-	-	-	(64,394)	-	(64,394)
Loss for the period	-	-	-	-	-	-	(1,805,838)	(1,805,838)
Options granted – Note 8(c)	-	-	85,324	-	85,324	-	-	85,324
Options granted for services – Note 8(c)	-	-	23,526	-	23,526	-	-	23,526
Shares issued upon warrant exercised - Note 8(d)	12,410,000	1,197,300	-	(193,800)	(193,800)	-	-	1,003,500
Shares issuance costs - Note 8(b)	-	(239,984)	-	-	-	-	-	(240,484)
Private placement units - Note 8(b)	13,216,070	7,268,839	-	-	-	-	-	7,269,339
At December 31, 2017	147,073,331	$19,361,733	$5,351,464	$145,000	$5,496,464	$(25,217)	$(17,616,279)	$7,216,701

	Share capital		Other reserves					
	Number of common shares	Amounts	Share-based payments reserve	Warrant reserve	Total – other reserves	Accumulated other comprehensive income	Deficit	Total equity
At December 31, 2015	105,296,427	$9,428,789	$ 4,519,742	$221,500	$ 4,741,242	$10,047	$ (14,317,701)	$ (137,623)
Other comprehensive income	-	-	-	-	-	29,130	-	29,130
Loss for the year	-	-	-	-	-	-	(1,492,740)	(1,492,740)
Options granted – Note 8(c)	-	-	864,436	-	864,436	-	-	864,436
Shares issued upon options exercised	1,500,000	291,564	(141,564)	-	(141,564)	-	-	150,000
Shares issued upon warrants exercised	8,380,000	877,200	-	(62,700)	(62,700)	-	-	814,500
Shares issued for debt	270,834	121,875	-	-	-	-	-	121,875
Units issued, net of share issuance cost	6,000,000	416,150	-	180,000	180,000	-	-	596,150
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

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

MAPLE LEAF GREEN WORLD INC.
Consolidated Statements of Cash Flows
[Expressed in Canadian dollars]

	Notes	Year ended December 31, 2017	2016
OPERATING ACTIVITIES			
Loss for the year		$ (1,805,837)	$ (1,492,740)
Items not affecting cash:			
Depreciation	6	21,400	4,799
Gain on settlement of accounts payable		(46,609)	(165,669)
Gain on settlement of debt		-	(15,000)
Unrealized foreign exchange		(53,232)	837
Share-based compensation	8	85,324	864,436
Cash flows used in operations before changes in non-cash working capital		(1,798,954)	(803,337)
Changes in non-cash working capital:			
Other receivables		128,007	(256,685)
Prepaids		(40,637)	(1,388)
Accounts payable and accrued liabilities		19,403	117,447
Cash flows used in operating activities		(1,692,181)	(943,963)
INVESTING ACTIVITIES			
Acquisition of land lease		(28,080)	-
Deposits		(1,509,131)	(68,270)
Additions to property, plant and equipment		(2,057,648)	(83,455)
Cash flows used in investing activities		(3,594,859)	(151,725)
FINANCING ACTIVITIES			
Issuance of common shares	8(a)	7,268,839	600,000
Share issuance costs	8(a)	(239,984)	(3,850)
Proceeds from options exercised	8(c)	-	150,000
Proceeds from warrants exercised	8(d)	1,003,500	814,500
Cash flows from financing activities		8,032,355	1,560,650
Foreign exchange cash increase		-	10,661
Net increase in cash		2,745,315	475,623
Cash, beginning of year		666,463	190,840
Cash, end of year		$ 3,411,778	$ 666,463

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 Aequitas NEO Exchange under the ticker symbol MGW. The corporate office is located at 500, 1716 – 16 Ave NW, Calgary, Alberta, T2M 0L7. 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/cannabis business in the United States of America (“USA”), the Company incorporated a wholly-owned subsidiary, Golden State Green World LLC (“Golden State”), in California, USA in 2015. In March 2017, the Company incorporated another wholly-owned subsidiary, SSGW LLC (“SSGW”), in Nevada, USA.

Maple Leaf and its subsidiaries focus on the cannabis industry in North America. The Company operates or funds three cannabis projects, in British Columbia, California, and Nevada. To date, the Company has not yet generated material revenue to cover expenditures, and therefore it has incurred losses since inception.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on April 30, 2018.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As of December 31, 2017, The Company had an accumulated deficit of $17,616,279 (2016 - $15,810,441), incurred losses of $1,870,231 (2016 - $1,463,610), and negative cash flows from operations of $1,692,181, (2016 - $943,963) for the year then ended. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company’s ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management recognizes that the ability of the Company to carry out its planned business obligations depends on its ability to raise adequate financing from shareholders and other investors, obtaining an Access to Cannabis for Medical Purposes (“ACMPR”) license, and achieving profitable operations in the future. If the Company is not able to raise additional funds, there would be significant doubt that the Company would be able to continue as a going concern and operations may have to be curtailed. The Company is actively trying to raise other sources of financing.

These consolidated financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities that may be required should the Company be unable to continue as a going concern. Such adjustments will be material.

3. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”) in effect at January 1, 2017.

(b) Basis of consolidation and comparative figures and functional currency

These consolidated financial statements for the year ended December 31, 2017 include the accounts of Maple Leaf and its wholly owned subsidiaries, Golden State and SSGW. All significant intercompany balances and transactions have been eliminated upon consolidation.

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

(c) Basis of measurement

These consolidated financial statements have been prepared on a historical basis, except for financial instruments recorded at fair value and share-based payments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All financial information in these consolidated financial statements is presented in Canadian dollars (“CAD”), except as otherwise stated. The functional currency of the Company’s US subsidiaries is the US dollar (“USD”).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Significant accounting judgments and estimates

Preparing the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant areas where actual results could differ from those estimates relate to, but are not limited to, the following:

Income taxes

Management makes estimates in determining the appropriate rates and amounts in recording deferred income tax assets or liabilities, giving consideration to timing and probability. Actual taxes could vary significantly from these estimates as a result of future events, including changes in income tax law or the outcome of reviews by tax authorities and related appeals. The resolution of these uncertainties and the associated final taxes may result in adjustment to the Company’s tax assets and tax liabilities. The recognition of deferred income tax assets is subject to estimates over whether these amounts can be realized.

Stock options, warrants and notes payable

The fair value of the Company's stock options, warrants, and notes payable are derived from estimates based on available market data at that time, which include volatility, interest-free rates and share prices. Changes to subjective input assumptions can materially affect the fair value estimate.

Accrued liabilities

The Company must estimate the amount of accrued liabilities related to contractual arrangements or when invoices have not been received or when contracts to ensure all expenditures have been recognized. Changes to the estimate can materially affect the liquidity of the Company.

Critical accounting judgments

Management must make judgments given the various options available as per accounting standards for items included in the consolidated financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made. Management judgments include, but are not limited to:

Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its business development and working capital requirements.

The determination of the Company and its subsidiaries' functional currency

The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgement of the underlying transactions, events and conditions relevant to each entity.

(b) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss ("FVTPL"), held-to-maturity investments, loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument.

Financial assets at fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Held-to-maturity investments

Held-to-maturity financial assets are non-derivative financial assets measured at amortized cost that management has the intention and ability to hold to maturity.

Loans and receivables

Financial assets that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at fair value less attributable transaction costs and subsequently carried at amortized cost less impairment losses. The impairment loss on loans and receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

Available-for-sale financial assets

AFS financial assets are non-derivative financial assets that are either designated as AFS or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized in other comprehensive income (loss) and classified as a component of equity.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the consolidated statement of loss and comprehensive loss in the period in which they are incurred. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the consolidated statement of loss and comprehensive loss.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: as FVTPL or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes in financial liabilities classified as FVTPL are recognized in profit or loss.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost using the effective interest rate method. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for assets or liabilities that are not based on observable market data.

(c) Cash and cash equivalents

Cash and cash equivalents is comprised of cash on hand, cash balances with banks and similar institutions, and term deposits with original maturities of three months or less from the date of acquisition with banks and similar institutions.

(d) Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The asset's recoverable amount is the higher of an asset's or cash- generating unit's ("CGU") fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model will be used.

(e) Foreign currency translation

The functional currency of Maple Leaf is CAD while the functional currency of Golden State and SSGW are USD. The presentation currency of the Company is CAD.

Foreign currency transactions are translated into CAD at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains or losses are recognized in the consolidated statement of loss and comprehensive loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations are translated into CAD at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into CAD using average exchange rates. Exchange differences resulting from the translation of foreign operations are recognized in other comprehensive income and accumulated in equity.

(f) Revenue recognition

Revenue is primarily from greenhouse leasing and consulting services. Revenue from consulting or leasing services is recognized upon completion of the service based on terms of the contract and the amount is earned.

(g) Property, plant and equipment

Property, plant and equipment are initially recorded at cost, including all directly attributable costs to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is computed on a straight-line basis based on nature and useful lives of the assets. The significant classes of plant and equipment and their estimated useful lives are as follows:

Furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvement	5 years
Greenhouse	10 years
Land improvement	10 years

Subsequent costs that meet the asset recognition criteria are capitalized, while costs incurred that do not extend the economic useful life of an asset are considered repairs and maintenance, which are accounted for as an expense recognized during the period.

Assets under construction are capitalized as construction-in-progress. The cost of construction-in-progress comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Construction-in-progress is transferred to other respective asset classes and depreciated when completed and available for use. Land is not depreciated.

All assets' residual values, useful lives, and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(h) Leases

The Company classifies leases as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. It classifies all other leases as operating leases.

(i) Borrowings

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Other borrowing costs are expensed in the period they are incurred.

(j) Provisions

Provisions are recognized in accrued liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

(k) Unit offerings

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated between common shares and share purchase warrants on a residual value basis where the fair value of the common shares is the market value on the date of issuance of the shares and the balance, if any, is allocated to the attached warrants.

(l) Share-based payments

The Company grants share options to acquire common shares of the Company to Directors, Officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black- Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related fair value in share-based payments reserve is transferred to share capital.

(m) Taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the consolidated statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(n) Loss per share

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

(o) Accounting standards issued but not yet effective

The accounting standards and interpretations that are issued but not yet effective listed below are those that the Company reasonably expects will have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards and interpretations, if applicable, when they become effective.

IFRS 9 Financial Instruments

IFRS 9 was issued by the IASB on July 24, 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact the standard and amendments on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued by the IASB in May 2014 and will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations on revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of analyzing IFRS 15 and determining the effect on our consolidated financial statements as a result of adopting this standard.

IFRS 16 Leases

IFRS 16 was issued by the IASB in January 2016 and will replace IAS 17 *Leases* and related interpretations. IFRS establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating of finance. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted if IFRS 15 has also been applied. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. The Company is in the process of analyzing IFRS 16 and determining the effect on our consolidated financial statements as a result of adopting this standard.

(Expressed in Canadian dollars, unless otherwise stated)

5. DEPOSITS

Company	Project	2017 $	2016 $
BioNeva Innovations of Henderson LLC (i)	Purchase of Company	68,270	68,270
Deposit 1 (ii)	Telkwa, BC	1,102,500	-
Deposit 2 (iii)	Telkwa, BC	330,634	-
Deposit 3 (iV)	Henderson, NV	81,542	-
Foreign Exchange		(5,545)	-
Balance, December 31		1,577,401	68,270

(i) In November 2016, the Company entered into a letter of intent (“LOI”) with BioNeva Innovations of Henderson LLC (“BioNeva”) to purchase 100% of its Nevada Medical Marijuana Registration Certificate C115 (“Permit 115”), for $500,000 USD cash. Upon execution of the LOI, a deposit of $68,270 ($50,000 USD) was paid to BioNeva. The remaining $450,000 USD was payable to BioNeva when the “Transfer of Application” process (to Maple Leaf) was completed by the State of Nevada. On June 15, 2017, the LOI was updated to allow for the acquisition of all outstanding equity shares of BioNeva on the same terms, instead of just acquiring Permit 115.

On January 23, 2018, the Company completed the purchase of all of the ownership interests in BioNeva and all of the ownership interest in the Nevada Medical Marijuana Registration Certificate C115 for $635,359 ($500,000 USD). In accordance with the terms of the transaction, the previous holders of the ownership interest of BioNeva assigned their interest to a Director of Maple Leaf, who in turn will transfer one hundred percent of the ownership interest and related licenses to SSGW in accordance with the terms of a Confession of Judgment.

(ii) On May 24, 2017, the Company announced it engaged an independent contractor company for the procurement, engineering, and construction manager for its cannabis cultivation facilities at Telkwa, British Columbia (the “BC Facility”) and Henderson, Nevada. In June of 2017, Maple Leaf provided a deposit of $1,102,500 for this work so that it could contract with construction partners and move the projects forward. In September of 2017, a dispute arose between the contractor and Maple Leaf which is still being resolved. Management feels that the deposit amounts are collectible and therefore no allowance has been provided against this balance.

(iii) On October 24, 2017, the Company contracted an engineering company to guide the projects in Nevada and Telkwa to completion; no deposit was paid to the engineering company. Deposits of $330,634 have been paid to order products for the BC Facility.

(iv) On August 17, 2017, the Company entered into an agreement with Florida-based contractor to construct its cannabis cultivation facility in Henderson, Nevada for $3,728,775 ($2,995,000 USD). Maple Leaf provided a deposit of $753,000 ($600,000 USD), of which $671,158 ($535,000 USD) had been used towards development of the project as at December 31, 2017, and $81,542 ($65,000 USD) was still in deposit.

(Expressed in Canadian dollars, unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Cost	Furniture, equipment and leasehold improvements	Project development costs – Greenhouses	Greenhouse and land improvement	Land on finance lease	Land	Total
As at December 31, 2015	$ 23,546	$ 77,554	$ -	$ -	$ 146,760	$ 247,860
Additions	9,910	70,730	2,815	-	-	83,455
Transfer	-	(144,966)	144,966	-	-	-
Foreign translation impact	134	(3,318)	1,997	-	14,364	13,177
As at December 31, 2016	$ 33,590	$ -	$ 149,778	$ -	$ 161,124	$ 344,492
Additions	4,945	951,790	-	874,726	1,100,913	2,932,374
Disposals	(4,185)	-	-	-	-	(4,185)
Foreign translation impact	(660)	-	(9,838)	-	(10,586)	(21,084)
As at December 31, 2017	$ 33,690	$ 951,790	$ 139,940	$ 874,726	$ 1,251,451	$ 3,251,597

Accumulated depreciation	Furniture, equipment and leasehold improvements	Project development costs – Greenhouses	Greenhouse and land improvement	Land on finance lease	Land	Total
As at December 31, 2015	$ 22,063	$ -	$ -	$ -	$ -	$ 22,063
Additions	1,104	-	3,695	-	-	4,799
Transfer	-	-	-	-	-	-
Foreign translation impact	9	-	50	-	-	59
As at December 31, 2016	$ 23,176	$ -	$ 3,745	$ -	$ -	$ 26,921
Additions	7,092	-	14,309	-	-	21,401
Disposals	(4,185)	-	-	-	-	(4,185)
Foreign translation impact	(100)	-	(561)	-	-	(661)
As at December 31, 2017	$ 25,983	$ -	$ 17,493	$ -	$ -	$ 43,476

Net book value	Furniture, equipment and leasehold improvements	Project development costs – Greenhouses	Greenhouse and land improvement	Land on finance lease	Land	Total
As at December 31, 2016	$ 10,414	$ -	$ 146,033	$ -	$ 161,124	$ 317,571
As at December 31, 2017	$ 7,707	$ 951,790	$ 122,447	$ 874,726	$ 1,251,451	$ 3,208,121

(Expressed in Canadian dollars, unless otherwise stated)

7. NOTES PAYABLE

In 2015, Golden State entered into an agreement to purchase approximately 20 acres of land in southern California for an aggregate purchase price of $120,000 USD. The Company paid $18,866 ($15,000 USD) in cash and issued a promissory note in the amount of $105,000 USD secured by a Deed of Trust. The note bears interest at the rate of 6% per annum and matures on March 1, 2020. As at December 31, 2017, the secured land has a carrying value of $150,540 (2016 - $161,124) (note 6).

A summary of the notes payable is as follows:

Balance, December 31, 2015		145,320
Interest incurred		8,459
Interest paid		(8,459)
Foreign exchange		(4,336)
Balance, December 31, 2016		140,984
Interest incurred		10,101
Interest paid		(10,101)
Foreign exchange		(9,261)
Balance, December 31, 2017	$	131,723

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Private placements

On May 4, 2017, the Company announced it closed a private placement and raised gross proceeds of $7,268,839 by issuance of 13,216,070 units ("Units") at a price of $0.55 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of $0.85 per share until May 4, 2019. Share issuance costs were $239,984 including a finder's fee of $194,904 paid to an arms-length third party.

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

In October 2017, the Company granted a total of 500,000 options to a company owned by a related party of the Company for services rendered at an exercise price of $0.55 per share. The options vest in twelve months from the grant date and the expiry date of the options granted is September 5, 2019.

(Expressed in Canadian dollars, unless otherwise stated)

The following is a summary of option transactions:

	Number of options	Weighted average exercise price per option
Outstanding, December 31, 2015	-	-
Options granted	8,420,000	$0.13
Options exercised	(1,500,000)	$0.10
Outstanding, December 31, 2016	6,920,000	$0.13
Options granted	500,000	$0.55
Outstanding, December 31, 2017	**7,420,000**	**$0.16**
Exercisable, December 31, 2017	**6,920,000**	**$0.13**

As of December 31, 2017, the following stock options were outstanding:

Expiry Date	**Exercise Price**	**Number of Options**	**Weighted Average Remaining Life**
April 10, 2021	$0.10	6,400,000	3.28 years
September 27, 2021	$0.24	200,000	3.74 years
November 6, 2019	$0.80	320,000	1.85 years
September 5, 2019	$0.55	500,000	1.75 years
		7,420,000	3.12 years

The fair value of stock options granted during the year ended December 31, 2017 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions**:**

	Year ended December 31, 2017	2016
Weighted average risk-free rate	0.87%	0.66%
Weighted average expected life of options (years)	1.93	4.92
Weighted average volatility	87%	169.43%
Dividend	Nil	Nil
Estimated forfeiture rate	Nil	Nil
Weighted average share price at the date of estimate	$0.45	$0.11

During the year ended December 31, 2017, the weighted fair value of the options on grant date was $0.19 (2016 – $0.11) and the share-based compensation recognized as an expense on these options is $85,324 (2016 – $864,436).

(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 December 31, 2017	Exercise price per warrant
360,000	-	(360,000)	-	-	0.100
1,150,000	-	-	-	1,150,000	0.100
1,900,000	-	(1,900,000)	-	-	0.075
9,300,000	-	(9,300,000)	-	-	0.075
5,300,000	-	(850,000)	-	4,450,000	0.150
-	13,216,070	-	-	13,216,070	0.850
18,010,000	**13,216,070**	**(12,410,000)**	-	**18,816,070**	

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
2,600,000	-	(2,240,000)	-	360,000	$ 0.100
2,300,000	-	(1,150,000)	-	1,150,000	$ 0.100
3,650,000	-	(650,000)	(3,000,000)	-	$ 0.150
3,840,000	-	(1,940,000)	-	1,900,000	$ 0.075
11,000,000	-	(1,700,000)	-	9,300,000	$ 0.075
-	6,000,000	(700,000)	-	5,300,000	$ 0.150
23,390,000	**6,000,000**	**(8,380,000)**	**(3,000,000)**	**18,010,000**	

In 2017, a total of 12,410,000 warrants were exercised for gross proceeds of $1,003,500 and $193,800 was transferred from warrant reserve to share capital on exercise of these warrants.

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.

9. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the fair value of consideration paid.

(Expressed in Canadian dollars, unless otherwise stated)

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 executive staff for their services provided, is as follows:

	Year ended December 31,	
	2017	2016
Management remuneration	**$120,000**	$ 174,375
Consulting fee	**60,000**	36,000
Land lease	**60,000**	-
Personnel costs	**-**	106,395
Share-based compensation	**23,526**	540,000
Total	**$263,526**	$ 856,770

As at December 31, 2017, an amount of $19,389 (2016 - $Nil) due from key management remained outstanding and is included in other receivables.

As at December 31, 2017, an amount of $823,120 (2016 - $Nil) for a finance lease for land in Telkwa, BC is due to an entity, owned by a Director of the Company. The lease is for a term of 5 years at $20,000 per month. The Company has the option to purchase the land after one year for a minimum of $500,000.

As at December 31, 2017, an amount of $131,723 (2016 - $140,984) in notes payable and $Nil (2016 - $5,023) in interest payable is due to a member of key management with each individual having an undivided 50% interest in the notes payable.

As at December 31, 2017, an amount of $Nil (2016 – $250,486) in other receivables is due from an entity, where a member of key management is also an Officer (note 12).

As at December 31, 2017, a total of $Nil (2016 - $18,633) payable to key management remained outstanding and is included in accounts payable and accrued liabilities.

During 2016, the Company issued 187,500 shares at $0.45 per share to a director and executive staff of the Company to settle $84,375 vacation payable.

Amounts are non-interest-bearing and are due on demand. The Company did not pay any long-term or termination benefits to its key management. The Company’s employment agreement with one Officer would entitle that Officer to compensation of $120,000 upon termination.

10. CAPITAL MANAGEMENT

The Company's objectives of capital management are to provide returns for shareholders and to comply with 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. As at December 31, 2017 and 2016. The Company has no externally imposed capital requirements.

The capital of the Company consists of notes payable 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 year ended December 31, 2017.

(Expressed in Canadian dollars, unless otherwise stated)

11. 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 and cash equivalents, other receivables, 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 notes payable approximates its face value, as any interest arising from the notes payable is required to be paid to the security holder monthly.

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

	December 31, 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)
Assets and liabilities measured at fair value						
Cash	**3,411,778**	-	-	666,463	-	-
Other receivables	**133,776**	-	-	250,486	-	-
Notes payable	-	**131,723**	-	-	140,984	-

There was no transfer between fair value levels during the years ended December 31, 2017 and 2016.

(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 receivables and cash and cash equivalents. 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. There was no amount in trade receivables at December 31, 2017 or 2016 for which a provision for doubtful debts is recognized or which were past due.

(Expressed in Canadian dollars, unless otherwise stated)

(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 December 31, 2017, the Company has a positive working capital of $4,813,400 (2016 – $769,141).

Based on the contractual obligations of the Company as at December 31, 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	$213,422	$ -	$ -	$213,422
Notes payable	-	131,723	-	131,723
Lease obligations	72,914	155,290	185,938	414,142
Finance lease obligations	123,252	308,269	391,599	823,121
	$409,588	**$595,282**	**$577,537**	**$1,582,408**

(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:

(a) 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.

(b) 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.

As the note payable bears a fixed coupon rate of 6% per annum, the Company does not have interest rate risk at year-end.

(ii) Currency risk

The Company is exposed foreign currency risk when the Company undertakes transactions and holds assets or liabilities denominated in foreign currencies other than its functional currency.

The Company currently does not manage currency risk through hedging or other currency management tools. As at December 31, 2017, the Company's exposure to currency risk is summarized as follows:

Expressed in Canadian dollar equivalents	**December 31, 2017**	December 31, 2016
Financial assets denominated in US dollars		
Cash	839,915	$ 18,762
Other receivables	-	250,486
	839,915	$ 269,248
Financial liabilities denominated in US dollars		
Interest payable	-	$ 5,023
Notes payable	131,723	140,984
	131,723	$ 146,007

As at December 31, 2017, with other variables unchanged, a 10% change in the USD against the CAD would have increased other comprehensive loss by $70,819 (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.

12. ECONOMIC DEPENDENCE

Maple Leaf is not currently receiving material revenues from any one source.

(Expressed in Canadian dollars, unless otherwise stated)

13. SEGMENT INFORMATION

Operating segments are components of the Company where separate financial information is available that is evaluated and determined regularly by management. As at December 31, 2017, the Company has one reportable segment, being eco- agriculture and two geographical segments, being Canada and United States. Segment information is summarized as follows:

	December 31, 2017			December 31, 2016		
	Canada	**US**	**Consolidated**	Canada	US	Consolidated
Current assets	**4,994,376**	**155,699**	**5,150,074**	**$ 757,160**	**252,609**	**$ 1,009,769**
Other long-term assets	**26,771**	**-**	**26,771**	**-**	**-**	**-**
Property, plant and equipment	**1,156,808**	**2,051,313**	**3,208,121**	**1,039**	**316,532**	**317,571**
Total assets	**6,177,955**	**2,207,011**	**8,384,966**	**758,199**	**569,141**	**1,327,340**
Current Liabilities	**336,674**	**-**	**336,674**	**235,605**	**5,023**	**240,628**
Long-term liabilities	**699,868**	**131,723**	**831,591**	**-**	**140,984**	**140,984**
Total Liabilities	**1,036,542**	**131,723**	**1,168,265**	**$ 235,605**	**146,007**	**$ 381,612**

	Year ended December 31, 2017			Year ended December 31, 2016		
	Canada	**US**	**Consolidated**	Canada	US	Consolidated
Revenues	**-**	**$211,645**	**$211,645**	**$ -**	**$ 218,592**	**$ 218,592**
Operating expenses	**1,471,458**	**546,025**	**2,017,483**	**1,390,068**	**321,264**	**1,711,332**
Net loss	**1,471,458**	**334,380**	**1,805,838**	**$ 1,390,068**	**$ 102,672**	**$ 1,492,740**

14. TAXES

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

	2017	2016
Loss for the year	**$ (1,805,838)**	$ (1,492,740)
Canadian statutory tax rate	**27%**	25%
Income tax benefit computed at statutory rates	**(487,576)**	(373,185)
Items non-deductible for income tax purposes	**28,459**	218,983
Differences on foreign tax rates	**35,205**	(9,349)
Change in timing differences	**-**	(19,991)
Share issue costs	**(64,931)**	-
Unused tax losses and tax offsets not recognized in tax asset	**488,843**	183,542
Income tax benefit	**$ -**	$ -

The Company's statutory rate includes a combined Canadian federal corporate tax rate of 15% and the applicable provincial corporate tax rate of 10%.

(Expressed in Canadian dollars, unless otherwise stated)

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable the Company will generate taxable income to be able to recognize deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2017	2016
Non-capital losses	**$12,267,468**	$ 10,458,632
Share issue costs	**254,673**	25,796
Tax value over book value of property, plant and equipment	**-**	11,167
Unrecognized deductible temporary differences	**$ 12,522,141**	$ 10,495,595

The Company's unrecognized unused non-capital losses have the following expiry dates:

	US	Canada	Total
2025	$ -	$ 2,492,000	$2,492,000
2026	-	343,000	343,000
2027	-	174,000	174,000
2028	-	1,346,000	1,346,000
2029	-	780,000	780,000
2030	-	-	-
2031	-	470,000	470,000
2032	-	1,679,000	1,679,000
2033	-	1,692,000	1,692,000
2034	-	358,000	358,000
2035	78,000	422,000	500,000
2036	98,000	527,000	625,000
2037	437,000	1,236,000	1,673,000
	$ 613,000	**$ 11,519,000**	**12,132,000**

(Expressed in Canadian dollars, unless otherwise stated)

15. COMMITMENTS AND CONTINGENCIES

During 2017 the Company entered into an office lease and a finance lease. The basic annual payments are as follows:

	Office Lease	Finance Lease
2018	$72,914	$240,000
2019	$72,914	$240,000
2020	$82,376	$240,000
2021	$89,438	$240,000
2022	$96,500	$180,000

During the year ended December 31, 2017, the Company recorded rent expenses of $67,289 (2016 - $49,922).

The Company had sub-leased some office space to offset the costs of the lease. In 2017, a total of $31,439 (2016 - $26,381) sub-lease revenue was recorded as other income. The sublease deposit was repaid at the end of 2017 as the sub-lease agreement was terminated when the Company moved to a new location.

In August of 2017, Maple Leaf signed an agreement for the design and construction of the cannabis cultivation facility in Henderson, NV for $2,995,000 USD. As at December 31, 2017, $671,158 ($535,000 USD) had been allocated to project development costs, $75,997 ($65,000 USD) had been paid as a deposit and $3,004,528 ($2,395,000 USD) remained to outstanding. The project is expected to be completed in 2018.

At December 31, 2017, $244,233 had been committed for costs related to the Telkwa cannabis cultivation facilty.

In February 2016, the Company settled debts of $35,000 for $20,000, resulting in a gain on settlement of $15,000.

16. SUBSEQUENT EVENTS

Subsequent to year-end, a total of 3,391,272 warrants were exercised and cash proceeds of $723,581 were received.

On January 3, 2018, the Company granted 7,200,000 stock options to purchase common shares of the Company to certain Directors, Officers and consultants of the Company, subject to regulatory and TSX Venture Exchange approval. The options were issued at an exercise price of $0.60 per share.

On April 17, 2018, the Board of Directors of Maple Leaf (the “Board”) approved the grant of 600,000 stock options to purchase common shares of the Company to a Director and to an employee of the Company, subject to regulatory approvals. The options were issued at an exercise price of $0.70 per share.

Effective January 1, 2018, the Company, through its California subsidiary Golden State, terminated the leasing and consulting agreements with Emerald Farm Collective (“Emerald”). Golden State and Emerald have mutually agreed to allow Emerald to harvest its last crops before shutting down operations at Golden State’s wholly-owned facility.

On January 2, 2018, the Company and TheraCann Canada, a wholly owned subsidiary of TheraCann International Benchmark Corporation, settled all litigation relating to their licensing and service dispute.

Effective April 19, 2018, the Common Shares of the Company were delisted from the TSX Venture Exchange (“TSXV”) and began trading on the Aequitas NEO Exchange (the “NEO Exchange”) under the symbol “MGW” on April 20, 2018.