

# **MAPLE LEAF GREEN WORLD INC.**

Interim Condensed Consolidated Financial Statements  
(Unaudited)

For the three and Nine months Ended September 30, 2020 and 2019  
*(Expressed in Canadian Dollars, unless otherwise stated)*

## **NOTICE TO READER OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**

The unaudited interim condensed consolidated financial statements of Maple Leaf Green World Inc. (the "Company") for the three and Nine months Ended September 30, 2020 and 2019 ("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, 2019 which are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**MAPLE LEAF GREEN WORLD INC.**  
**Interim Condensed Consolidated Statements of Financial Position**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

	notes	September 30, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		23,547	36,601
Accounts receivable		24,231	51,024
Biological assets	5	896,604	-
Assets held for sale		-	1,139,789
Current portion of right-of-use assets	6	51,488	51,488
		<b>995,870</b>	<b>1,278,902</b>
<b>Non-Current</b>			
Prepayments and other		-	-
Long term prepaids		15,660	15,660
Right-of-use assets	6	64,360	102,976
Net property and equipment	7	10,961,216	10,769,051
<b>Total Assets</b>		<b>12,037,106</b>	<b>12,166,589</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		5,633,902	5,463,450
Current portion of lease liability	6	61,021	50,146
Current portion of finance leases	10	389,919	195,617
Notes payable	8	422,393	1,173,887
Due to related parties	12	179,510	41,651
Other payables		12,092	8,307
		<b>6,698,837</b>	<b>6,933,058</b>
<b>Non-Current</b>			
Long-term debt		-	-
Canada Emergency Business Account (CEBA)	9	40,000	-
Lease liability	6	100,642	148,179
Finance leases	10	240,817	399,902
<b>Total liabilities</b>		<b>7,080,296</b>	<b>7,481,139</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		23,471,632	23,471,632
Contributed surplus	11	12,672,697	12,672,697
Accumulated other comprehensive income/(loss)		262,984	209,772
Accumulated deficit		(31,450,503)	(31,668,651)
		<b>4,956,810</b>	<b>4,685,450</b>
		<b>12,037,106</b>	<b>12,166,589</b>

Going Concern (Note 2)

APPROVED ON BEHALF OF THE BOARD

(Signed) Raymond Lai  
Director

(Signed) Terence Lam  
Director

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

**MAPLE LEAF GREEN WORLD INC.**  
**Interim Condensed Consolidated Statements of Operations**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

	Notes	Three Months Ended September 30,		Nine months Ended September 30,	
		2020	2019	2020	2019
<b>Revenue</b>					
Unrealized gain on changes in fair value of biological assets	5	777,573	-	777,573	-
<b>Expenses</b>					
Operating expenses		-	-	46,808	-
Personnel costs		75,915	40,623	193,031	194,428
Professional fees		7,845	-	140,309	31,075
Consulting fees		52,470	24,226	166,737	221,721
Office		14,743	92,990	189,656	337,660
Advertising and promotion		17,815	38,707	40,993	66,488
Rent		-	5,012	-	51,672
Repairs and maintenance		-	300	-	1,939
Regulatory and transfer agent		3,939	1,988	42,177	28,999
Travel		5,629	3,034	16,021	11,478
Research and development		-	-	-	517
Foreign exchange expense		(2,767)	(7,768)	(10,509)	(4,004)
Bad debt		-	3,489	-	3,940
Depreciation and amortization	6,7	24,112	10,785	66,745	28,580
		199,701	213,386	891,968	974,493
<b>Loss before other items</b>		<b>577,872</b>	<b>(213,386)</b>	<b>(114,395)</b>	<b>(974,493)</b>
Finance expense	6,8	(22,961)	535	(202,851)	(86,070)
Net finance expense		(22,961)	535	(202,851)	(86,070)
<b>Other items</b>					
Gain/(Loss) on disposal of assets		-	3,514	535,394	11
Gain on settlement of accounts payable		-	-	-	60,000
<b>Net loss for the period</b>		<b>554,911</b>	<b>(208,071)</b>	<b>218,148</b>	<b>(999,286)</b>
<b>Other Comprehensive Loss</b>					
Exchange differences on translation of foreign operations		82,847	3,634	53,212	442
<b>Total comprehensive loss</b>		<b>637,758</b>	<b>(204,437)</b>	<b>271,360</b>	<b>(998,844)</b>
<b>Per Share Information</b>					
Net loss per share – basic and diluted		<b>\$0.00</b>	<b>\$(0.00)</b>	<b>\$0.00</b>	<b>\$(0.01)</b>
Weighted average number of common shares outstanding		161,355,398	159,722,757	161,355,398	159,218,302

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

**MAPLE LEAF GREEN WORLD INC.**

**Interim Condensed Consolidated Statements of Changes in Shareholders' Equity**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

	Note	Number of common shares	Share capital	Share-based payments reserve	Warrant reserve	Total - other reserves	Accumulated other comprehensive income	Deficit	Total equity
At December 31, 2018		159,218,302	23,218,132	12,050,864	621,833	12,672,697	217,916	(28,898,190)	7,210,555
Other comprehensive income		-	-	-	-	-	(8,144)	-	(8,144)
Loss for the period		-	-	-	-	-	-	(2,750,440)	(2,750,440)
Shares issued to settle accounts payable	11	387,096	60,000	-	-	-	-	-	60,000
Shares issued upon option exercised	11	300,000	30,000	-	-	-	-	-	30,000
Shares issuance expense	11	-	(25,000)	-	-	-	-	-	(25,000)
Private placement	11	1,450,000	188,500	-	-	-	-	-	188,500
Impact of change in accounting policy		-	-	-	-	-	-	(20,021)	(20,021)
At December 31, 2019		161,355,398	23,471,632	12,050,864	621,833	12,672,697	209,772	(31,668,651)	4,685,451
At December 31, 2019		161,355,398	23,471,632	12,050,864	621,833	12,672,697	209,772	(31,668,651)	4,685,450
Other comprehensive income		-	-	-	-	-	53,212	-	53,212
Loss for the period		-	-	-	-	-	-	218,148	218,148
At September 30, 2020		161,355,398	23,471,632	12,050,864	621,833	12,672,697	262,984	(31,450,503)	4,956,810

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

**MAPLE LEAF GREEN WORLD INC.**

**Interim Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

		Three Months Ended September 30,		Nine months Ended September 30,	
	Notes	2020	2019	2020	2019
<b>Operating Activities</b>					
Income/(loss) for the period		554,911	(208,071)	218,148	(999,286)
Items not affecting cash:			-		
Depreciation and amortization	6,7	24,112	18,119	66,745	28,580
Gain on settlement of accounts payable		-	-	-	60,000
Disposal of assets		-	(3,514)	-	(11)
Accrued interest on notes payable	8	8,384	-	(616)	77,594
Unrealized gain on changes in fair value of biological assets	5	(777,573)	-	(777,573)	-
		(190,166)	(193,466)	(493,296)	(833,123)
Other receivables		45,919	(9,569)	26,792	92,900
Prepays		-	1,342	-	20,188
Biological assets	5	(112,807)	-	(112,807)	-
Other payables		696	270,422	3,786	284,546
Accounts payable and accrued liabilities		80,244	143,833	228,519	431,173
Net change in non-cash working capital related to operations		14,052	210,504	146,290	828,807
<b>Cash flows used in continuing operating activities</b>		<b>(176,114)</b>	<b>17,038</b>	<b>(347,006)</b>	<b>(4,316)</b>
<b>Investing Activities</b>					
Change in right-of-use asset	6	-	(2,497)	-	3,150
Change in assets held for sale		-	-	1,139,789	-
Additions to property, plant and equipment	7	(32,402)	(49,184)	(226,520)	(636,566)
<b>Cash flows from/(used in) investing activities</b>		<b>(32,402)</b>	<b>(51,681)</b>	<b>913,269</b>	<b>(633,416)</b>
<b>Financing Activities</b>					
Note payable	8	68,950	-	(754,564)	(30,000)
Canada Emergency Business Account	9	-	-	40,000	-
Issuance of common share units		-	-	-	188,500
Share issuance costs		-	-	-	(5,000)
Proceeds from option exercised		-	-	-	10,000
Repayment of lease liability		(15,516)	-	(36,662)	-
Payment on finance lease		10,224	-	35,217	-
Advances from related party		(97,515)	-	137,859	-
Shares issued for payment of debt		-	-	-	60,000
<b>Cash flows from/(used in) financing activities</b>		<b>(33,857)</b>	<b>-</b>	<b>(578,150)</b>	<b>223,500</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>(242,373)</b>	<b>(34,643)</b>	<b>(11,887)</b>	<b>(414,232)</b>
Impact of foreign exchange on cash balances		8,461	3,635	(1,167)	21,424
Cash and cash equivalents, beginning of period		257,459	16,918	36,601	574,242
<b>Cash and cash equivalents, end of period</b>		<b>23,547</b>	<b>(14,090)</b>	<b>23,547</b>	<b>181,434</b>

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

## **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 two cannabis projects, one in British Columbia, and one in California.

These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on November 13, 2020.

## **2. GOING CONCERN**

These unaudited condensed consolidated interim 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 September 30, 2020, the Company had an accumulated deficit of \$31,450,503, a negative working capital of \$5,702,967. 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 has forecasted the expected expenditure levels and contracted commitments will exceed the Company's net cash inflows and working capital during fiscal 2020 unless further financing is obtained. Additional sources of funding will be required during fiscal 2020 to carry on operations and/or to realize on investment opportunities. The Company's future operations are dependent upon its ability to secure additional funds, obtain standard cultivation and processing licenses and generate product sales. While the Company is striving to achieve these plans, there is no assurance that these and other strategies will be achieved, or such sources of funds will be available or obtained on favorable terms or obtained at all. Historically, the Company has obtained funding via the issuance of shares and warrants. If the Company cannot secure additional financing on terms that would be acceptable to it or otherwise generate product sales, the Company will have to consider additional strategic alternatives which may include, among other strategies, cost curtailments and delays of product launch, as well as seeking to license and/or divest assets or a merger, sale or liquidation of the Company. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern.

These unaudited condensed consolidated interim financial statements do not reflect adjustments 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 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 consolidated financial statements prepared in accordance with IFRS as

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issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019. These unaudited condensed consolidated interim financial statements follow the same significant accounting policies set out in note 4 to the audited consolidated financial statements for the year ended December 31, 2019.

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

These unaudited condensed consolidated interim financial statements for the three and Nine months Ended September 30, 2020 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.

(c) Basis of measurement

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

(d) Significant accounting judgments and estimates

The preparation of Interim Financial Statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies are outlined in the Annual Financial Statements.

On January 30, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) outbreak a Public Health Emergency of International Concern and, on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. These measures have caused and will continue to cause significant disruption to business operations and a significant increase in economic uncertainty. The potential direct and indirect impacts of the economic downturn have been considered in management's estimates, and assumptions at period end have been reflected in our results.

The COVID-19 pandemic is an evolving situation that will continue to have widespread implications for our business environment, operations and financial condition. Management cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact our financial results in 2020.

Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

The Company's significant accounting policies under IFRS are presented in Note 4 to the Annual Financial Statements. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements prepared in accordance with IFRS have been condensed or omitted in the Interim Financial Statement.

The Company's new accounting policies are as follows:

##### **Biological assets and inventory**

The Company's biological assets consist of cannabis plants. The Company capitalizes all the direct and indirect costs as incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest including labour related costs, grow consumables, materials, utilities, facilities costs, quality and testing costs, and production related depreciation. The Company then measures the biological assets at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Cost to sell includes post-harvest production, shipping, and fulfilment costs. The net unrealized gain or losses arising from changes in fair value less cost to sell during the period are included in the consolidated statement of operations.

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, average or expected selling prices and list prices, and expected yields for the cannabis plants.

Information about the valuation techniques and inputs used in determining the fair value of biological assets is disclosed in Note 5.

##### **Government grants**

Government grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. If a grant is received but compliance with any attached condition is not achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the grant relates to an expense item, it is recognized as income in the period in which the costs are incurred. Where the grant relates to an asset, it is recognized as a reduction to the net book value of the related asset and then subsequently in net income (loss) over the expected useful life of the related asset through lower charges to impairment and/or depletion, depreciation and amortization.

#### **5. BIOLOGICAL ASSETS**

The Company's biological assets consists cannabis plants. The continuity of biological assets for the period ended September 30, was as follows:

Balance at December 31, 2018 and 2019	-
Unrealized gain or changes in fair value of biological assets	777,573
Increase in biological assets due to capitalized costs	119,031
Transferred to inventory upon harvest	-
<b>Balance at September 30, 2020</b>	<b>896,604</b>

Biological assets are valued in accordance with IAS 41, Agriculture, and are presented at their fair values less cost to sell up to the point of harvest. The Company's biological assets are primarily cannabis plants, and because there is no actively traded commodity market for plants or dried product, the valuation of these biological assets is



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obtained using valuation techniques where the inputs are based on unobservable market data (Level 3).

The valuation of biological assets is based on the market approach where fair value at the point of harvest is estimated based on selling prices less the cost to sell at harvest. For in-process biological assets, the fair value at point of harvest is adjusted based on the stage of growth. Stage of growth is determined by reference to costs incurred to date as a percentage of total expected costs from inception to harvest. At September 30, 2020, the average stage of growth for the biological assets was 71%.

The significant unobservable inputs and their range of values are noted in the table below. The sensitivity analysis for each significant input is performed by assuming a 5% decrease while assuming all other inputs remain constant:

Unobservable Inputs	Range	Weighted average	Decrease in Fair Value of Biological Assets at September 30, 2020
<b>Estimated Yield per Plant</b>	0.5 to 1.0 pounds/plant	1 pound/plant	(9,257)
Varies by strain and is obtained through historical growing results or grower estimate if historical results are not available.			
<b>Average Selling Price or Dry Cannabis</b>	\$125 to \$400/pound	263/pound	(38,879)
Varies by strain and is obtained through average selling prices or estimated future selling prices if historical results are not available			

## 6. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of use assets consist of the following:

Balance at January 1, 2019	205,953
Additions	-
Depreciation charge for the year	(51,488)
Balance at December 31, 2019	154,465
<b>Depreciation charge for the period</b>	<b>(38,617)</b>
<b>Balance at September 30, 2020</b>	<b>115,848</b>

Lease liabilities consist of the following:

Maturity analysis - contractual undiscounted cash flows	
Less than one year	88,027
One to five years	114,668
more than five years	-
<b>Total undiscounted liabilities included at September 30, 2020</b>	<b>202,695</b>

Lease Liabilities included in the statement of financial position at December 31, 2019	198,325
<b>Lease Liabilities included in the statement of financial position at September 30, 2020</b>	<b>161,663</b>
<b>Current</b>	<b>61,021</b>
<b>Non-current</b>	<b>100,642</b>

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## 7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

<b>Cost</b>	<b>Furniture, equipment and software</b>	<b>Project development costs</b>	<b>Greenhouse and land improvement</b>	<b>Land on finance lease</b>	<b>Land</b>	<b>Total</b>
As at December 31, 2018	83,082	8,985,830	152,177	944,494	1,360,884	11,526,467
Additions	-	544,310	-	-	-	544,310
Disposals and impairment	(4,134)	-	-	-	-	(4,134)
Reclass as held for sale	-	-	-	-	(1,139,789)	(1,139,789)
Foreign translation impact	(584)	-	(7,296)	-	(65,239)	(73,119)
<b>As at December 31, 2019</b>	<b>78,364</b>	<b>9,530,140</b>	<b>144,881</b>	<b>944,494</b>	<b>155,856</b>	<b>10,853,735</b>
<b>Additions</b>	<b>2,599</b>	<b>59,132</b>	<b>164,789</b>	<b>-</b>	<b>-</b>	<b>226,520</b>
<b>September 30, 2020</b>	<b>80,963</b>	<b>9,589,272</b>	<b>309,670</b>	<b>944,494</b>	<b>155,856</b>	<b>11,080,255</b>

  

<b>Accumulated depreciation, depletion and amortization</b>	<b>Furniture, equipment and software</b>	<b>Project development costs</b>	<b>Greenhouse and land improvement</b>	<b>Land on finance lease</b>	<b>Land</b>	<b>Total</b>
As at December 31, 2018	32,456	-	34,240	-	-	66,696
Depreciation and amortization	6,030	-	14,800	-	-	20,830
Disposal	(633)	-	-	-	-	(633)
Foreign translation impact	(374)	-	(1,835)	-	-	(2,209)
As at December 31, 2019	37,479	-	47,205	-	-	84,684
<b>Depletion, depreciation and amortization</b>	<b>17,025</b>	<b>-</b>	<b>17,330</b>	<b>-</b>	<b>-</b>	<b>34,355</b>
<b>September 30, 2020</b>	<b>54,504</b>	<b>-</b>	<b>64,535</b>	<b>-</b>	<b>-</b>	<b>119,039</b>

  

<b>Accumulated depreciation, depletion and amortization</b>	<b>Furniture, equipment and software</b>	<b>Project development costs</b>	<b>Greenhouse and land improvement</b>	<b>Land on finance lease</b>	<b>Land</b>	<b>Total</b>
<b>Net book value</b>						
December 31, 2019	40,885	9,530,140	97,676	944,494	155,856	10,769,051
<b>September 30, 2020</b>	<b>26,459</b>	<b>9,589,272</b>	<b>245,135</b>	<b>944,494</b>	<b>155,856</b>	<b>10,961,216</b>

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## 8. NOTES PAYABLE

A summary of the notes payable is as follows:

	<b>Golden State Green World Note Payable</b>	<b>SSGW Note Payable</b>	<b>Maple Leaf Green World Note Payable</b>	<b>Total Notes Payable</b>
Balance, December 31, 2017	131,723	-	-	131,723
Add Note Payable	-	847,210	30,000	877,210
Less financing cost	-	(61,604)	-	(61,604)
Interest incurred	8,163		1,055	
Interest paid	(8,163)		(1,055)	
Foreign exchange effect	11,518	-	-	11,518
<b>Balance, December 31, 2018</b>	<b>143,241</b>	<b>785,606</b>	<b>30,000</b>	<b>958,847</b>
<b>Add Note Payable</b>			<b>200,000</b>	<b>200,000</b>
<b>Interest incurred</b>	<b>8,285</b>	<b>77,204</b>	<b>14,895</b>	<b>100,384</b>
<b>Interest paid</b>	<b>(8,285)</b>		<b>(895)</b>	<b>(9,180)</b>
<b>Loan payment</b>	<b>-</b>	<b>-</b>	<b>(30,000)</b>	<b>(30,000)</b>
<b>Foreign exchange effect</b>	<b>(6,867)</b>	<b>(39,297)</b>	<b>-</b>	<b>(46,164)</b>
<b>Balance, December 31, 2019</b>	<b>136,374</b>	<b>823,513</b>	<b>214,000</b>	<b>1,173,887</b>
<b>Increase in loan</b>	<b>-</b>	<b>-</b>	<b>78,700</b>	<b>78,700</b>
<b>Interest incurred</b>	<b>4,976</b>	<b>121,738</b>	<b>13,384</b>	<b>140,098</b>
<b>Interest paid</b>	<b>(4,976)</b>	<b>(121,738)</b>	<b>(14,000)</b>	<b>(140,714)</b>
<b>Loan payment</b>	<b>-</b>	<b>(823,513)</b>	<b>-</b>	<b>(823,513)</b>
<b>Foreign exchange effect</b>	<b>3,686</b>	<b>-</b>	<b>(9,751)</b>	<b>(6,065)</b>
<b>Balance, September 30, 2020</b>	<b>140,060</b>	<b>-</b>	<b>282,333</b>	<b>422,393</b>

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 USD\$120,000. The Company paid USD\$15,000 in cash and issued a promissory note in the amount of USD\$105,000 secured by a Deed of Trust to arm's length third parties. The note bears interest at the rate of 6% per annum and is due on demand.

On December 17, 2018, the Company's wholly owned subsidiary, SSGW, signed a secured Promissory Note in the amount of \$847,210 (\$621,031 USD) before financing costs, with a Utah limited liability company. The note bears interest at 12% per annum and matures on December 17, 2019. The note is secured by a Deed of Trust on the Company's Nevada property. As at September 30, 2020 this note has been fully repaid.

On October 1, 2019, the Company issued a promissory note in the amount of \$200,000 USD to an arm's length individual. The note bears interest at the rate of 10% per annum and matures on December 31, 2020. As at September 30, 2020, the carrying value of the note payable is \$200,000 USD plus accrued interest of \$7,500 USD.

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## 9. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA)

During the second quarter of 2020, the Company received a \$40,000 CEBA loan. The terms of the loan are as follows:

- Repayment of 75%, or up to \$30,000, of the contribution amount, on or before December 31, 2022, will result in the forgiveness of 25%, or up to \$10,000 of the total contribution;
- No scheduled monthly repayments are required until after December 31, 2022;
- If 75% of the contribution amount is not repaid by December 31, 2022, the balance owing will be converted to an additional three (3) year term repayable contribution (with a fixed monthly repayment schedule), beginning January 2023, with no forgivable portion;
- The full balance, of the contribution amount must be repaid no later than December 31, 2025.

## 10. OBLIGATIONS UNDER FINANCE LEASES

The Company has the following commitments relating to its obligations under finance leases:

	September 30, 2020	December 31, 2019
Current	389,919	195,617
Non-current	240,817	339,902
<b>Present Value</b>	<b>630,736</b>	<b>535,519</b>

## 11. SHARE CAPITAL

### Stock options

There were no options granted or exercised during the period.

The following is a summary of option transactions:

	Number of Options	Weighted average exercise price per option
Balance, December 31, 2017	7,420,000	0.16
Options granted	7,800,000	0.61
Options forfeited	(300,000)	0.60
Options cancelled	(1,700,000)	0.41
Options exercised	(1,100,000)	0.11
Balance, December 31, 2018	12,120,000	0.41
Options cancelled	(1,120,000)	0.61
Options exercised	(300,000)	0.10
<b>Balance December 31, 2019</b>	<b>10,700,000</b>	<b>0.39</b>
Options cancelled	-	-
Options exercised	-	-
<b>Balance September 30, 2020</b>	<b>10,700,000</b>	<b>0.39</b>

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As of September 30, 2020, the following stock options were outstanding:

Expiry Date	Exercise Price	Number of options outstanding	Number of options exercisable	Weighted average years to expiry
January 31, 2021	0.60	1,450,000	1,050,000	0.59
April 10, 2021	0.10	4,400,000	4,400,000	0.78
September 27, 2021	0.24	100,000	100,000	1.24
January 31, 2023	0.60	4,450,000	4,150,000	2.59
April 23, 2023	0.70	300,000	300,000	2.81
	0.39	10,700,000	10,000,000	1.47

### Warrants

The following is a summary of warrant transactions:

Number of warrants outstanding as at January 1, 2020	Issued	Exercised	Expired	Number of warrants outstanding as at September 30, 2020	Exercise price per warrant	Expiry date
12,794,798	-	-	-	12,794,798	\$0.600	April 29, 2022
400,000	-	(400,000)	-	-	\$0.600	June 15, 2020
4,093,699	-	-	-	4,093,699	\$0.600	April 29, 2022
797,000	-	-	-	797,000	\$0.600	April 29, 2022
133,000	-	-	-	133,000	\$0.600	April 29, 2022
18,218,497	-	(400,000)	-	17,818,497		

Number of warrants outstanding as at January 1, 2019	Issued	Exercised	Expired	Number of warrants outstanding as at December 31, 2019	Exercise price per warrant	Expiry date
12,794,798	-	-	-	12,794,798	\$0.600	April 29, 2022
400,000	-	-	-	400,000	\$0.600	June 15, 2020
4,093,699	-	-	-	4,093,699	\$0.600	April 29, 2022
797,000	-	-	-	797,000	\$0.600	April 29, 2022
133,000	-	-	-	133,000	\$0.600	April 29, 2022
18,218,497	-	-	-	18,218,497		

## **12. RELATED PARTY TRANSACTIONS**

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

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:

	September 30, 2020	December 31, 2019
Management remuneration	155,990	156,000
Consulting fee	87,650	22,500
Land Lease	-	105,000
Total	243,640	283,500

As at September 30, 2020, the company has an amount due to related parties of \$179,510 (December 31, 2019-\$41,651). These amounts are unsecured, non-interest bearing and are due on demand. The Company did not pay any long-term or termination benefits to its key management.

## **13. 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 September 30, 2020 and 2019, the Company has no externally imposed capital requirements.

The capital of the Company consists of notes payable and the items included in equity. 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 period ended September 30, 2020.

## **14. 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) Carrying value**

Carrying 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 carrying value, as the interest rate is a market rate for similar instrument offered to the Company.

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

	September 30, 2020			December 31, 2019		
	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	23,547	-	-	36,601	-	-
Account receivable	24,231	-	-	51,024	-	-
Notes payable	-	422,393	-	-	1,173,887	-

There was no transfer between fair value levels during the periods ended September 30, 2020 and December 31, 2019.

**(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. Accounts receivable as at September 30, 2020 contains an employee receivable which is short-term in nature and is secured by the individual's bonus and salary.

**(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 September 30, 2020, the Company has negative working capital of \$5,754,591 (December 31, 2019 - \$5,654,156).

Based on the contractual obligations of the Company as at September 30, 2020, cash outflows of those obligations are estimated and summarized as follows:

Payment Due by Year	2020	2021	2022 and beyond	Total
Accounts payable and accrued liabilities	5,633,902	-	-	5,633,902
Notes payable	422,393	-	-	422,393
Right-to-use obligations	21,345	88,910	92,441	202,695
Finance land lease obligations	60,000	240,000	180,000	480,000
	6,137,640	328,910	272,441	6,738,990

**(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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(i) 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.

(ii) 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 notes payable bear fixed coupon rates of 6 - 12% 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 September 30, 2020, the Company's exposure to currency risk is summarized as follows:

Expressed in Canadian dollar equivalents	September 30, 2020	December 31, 2019
Financial assets denominated in US dollars		
Cash	17,837	33,771
	<b>17,837</b>	<b>33,771</b>
Financial liabilities denominated in US dollars		
Accounts payable	325,253	308,797
Notes payable	140,060	959,887
	<b>465,313</b>	<b>1,268,684</b>

**(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.

**(e) Legal claim contingency**

The Company is subject to a variety of claims and suits that arise from time to time in the ordinary course of business. Although management currently believes that resolving claims against the Company, individually or in aggregate, will not have a material adverse impact on the Company's financial position, results of operations, and cash flows. These matters are subject to inherent uncertainties and management's view of these matters may change in the future.



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**15. 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 September 30, 2020, the Company has one reportable segment, being eco-agriculture and two geographical segments, being Canada and United States. Segment information is summarized as follows:

As at	September 30, 2020			December 31, 2019		
	Canada	US	Consolidated	Canada	US	Consolidated
Current assets	81,301	914,569	995,870	43,362	1,235,540	1,278,902
Other long-term assets	80,020	-	80,020	15,660	102,976	118,636
Property, plant and equipment	10,561,475	399,741	10,961,216	10,584,807	184,244	10,769,050
Total assets	10,722,796	1,314,310	12,037,106	10,643,828	1,522,760	12,166,588
Current liabilities	6,545,034	153,803	6,698,837	5,019,484	1,913,573	6,933,057
Long term liabilities	381,459	-	381,459	352,464	195,617	548,081
Total liabilities	6,926,493	153,803	7,080,296	5,371,948	2,109,190	7,481,138
	Nine months Ended September 30, 2020			Year ended December 31, 2019		
	Canada	US	Consolidated	Canada	US	Consolidated
Revenues	-	777,573	777,573	2,066,942	683,498	2,750,440
Operating expenses	790,466	304,353	1,094,819	2,066,942	683,498	2,750,440
Gain on disposition of assets	-	535,394	535,394	2,066,942	683,498	2,750,440
Net income/(loss)	(790,466)	1,008,613	218,148	(2,066,942)	(683,498)	(2,750,440)