



**MAPLE LEAF GREEN WORLD INC.**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**STATEMENTS**

**AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

*(Expressed in Canadian Dollars, unless otherwise stated)*

**NOTICE TO READER OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE THREE ENDED MARCH 31, 2021 AND 2020**

The unaudited interim condensed consolidated financial statements of Maple Leaf Green World Inc. (the “Company”) for the three months Ended March 31, 2021 and 2020 (“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, 2020 which are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**MAPLE LEAF GREEN WORLD INC.**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Canadian dollars)	notes	March 31, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		216,897	47,838
Accounts receivable		22,740	17,944
Inventory	5	1,024,990	711,410
Biological assets	5	-	536,741
		<b>1,264,627</b>	<b>1,313,933</b>
<b>Non-Current</b>			
Long term prepaids		15,660	15,660
Right-of-use assets	6	90,104	102,976
Property, plant and equipment	7	412,675	418,999
<b>Total Assets</b>		<b>1,783,066</b>	<b>1,851,568</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		6,652,661	6,641,873
Current portion of lease liability	8	69,224	65,021
Notes payable	9	1,658,546	1,020,419
Other payables		4,021	11,115
		<b>8,384,452</b>	<b>7,738,428</b>
<b>Non-Current</b>			
Canada Emergency Business Account (CEBA)	10	60,000	60,000
Lease liability	8	63,889	83,158
<b>Total liabilities</b>		<b>8,508,341</b>	<b>7,881,586</b>
<b>SHAREHOLDERS' (DEFICIT)/EQUITY</b>			
Share capital	12	23,471,632	23,471,632
Contributed surplus	12	12,672,697	12,672,697
Accumulated other comprehensive income		186,146	222,452
Accumulated deficit		<b>(43,055,750)</b>	<b>(42,396,799)</b>
		<b>(6,725,275)</b>	<b>(6,030,018)</b>
		<b>1,783,066</b>	<b>1,851,568</b>

Going Concern (note 2)  
 Commitments and contingencies (note 16)  
 See accompanying notes to the Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD

(Signed) Raymond Lai  
 Director

(Signed) Terence Lam  
 Director

**MAPLE LEAF GREEN WORLD INC.**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND**  
**COMPREHENSIVE LOSS**  
**For the three months ended March 31,**

<i>(Canadian dollars)</i>	Notes	2020	2019
<b>Revenue</b>			
Unrealized loss on changes in fair value of biological assets	5	(192,953)	-
<b>Expenses</b>			
Operating expenses		156,932	-
Personnel costs		57,299	59,836
Professional fees		68,390	79,139
Consulting fees		38,200	55,813
Office		30,583	162,318
Advertising and promotion		11,472	12,522
Rent		7,541	21,698
Regulatory and transfer agent		14,288	20,075
Travel		14,146	6,783
Foreign exchange expense		(8,526)	-
Depreciation and amortization	6,7	19,195	17,358
		<b>409,520</b>	<b>435,542</b>
<b>Income/(Loss) before other items</b>		<b>(602,473)</b>	<b>(435,542)</b>
Finance expense	6,8	(56,478)	(21,203)
<b>Other items</b>			
Gain/(Loss) on disposal of assets	7	-	459,095
<b>Net loss for the period</b>		<b>(658,951)</b>	<b>2,350</b>
<b>Other Comprehensive Income/(Loss)</b>			
Exchange differences on translation of foreign operations		(36,306)	1,683
<b>Total comprehensive loss</b>		<b>(695,257)</b>	<b>4,033</b>
<b>Per Share Information</b>			
Net loss per share – basic and diluted		\$(0.00)	\$0.00
Weighted average number of common shares outstanding		161,355,398	161,355,398

*See accompanying notes to the Consolidated Financial Statements*

**MAPLE LEAF GREEN WORLD INC.**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN  
SHAREHOLDERS' EQUITY**

<b>(Canadian dollars)</b>	<b>Note</b>	<b>Number of common shares</b>	<b>Share capital</b>	<b>Share- based payments reserve</b>	<b>Warrant reserve</b>	<b>Accumulated other comprehensive income</b>	<b>Deficit</b>	<b>Total equity</b>
December 31, 2019		161,355,398	23,471,632	12,050,864	621,833	209,772	(31,668,651)	4,685,450
Other comprehensive income		-	-	-	-	12,680	-	12,680
Loss for the period		-	-	-	-	-	(10,728,148)	(10,728,148)
December 31, 2020		161,355,398	23,471,632	12,050,864	621,833	222,452	(42,396,799)	(6,030,018)

  

<b>(Canadian dollars)</b>	<b>Note</b>	<b>Number of common shares</b>	<b>Share capital</b>	<b>Share- based payments reserve</b>	<b>Warrant reserve</b>	<b>Accumulated other comprehensive income</b>	<b>Deficit</b>	<b>Total equity (deficit)</b>
December 31, 2020		161,355,398	23,471,632	12,050,864	621,833	222,452	(42,396,799)	(6,030,018)
Other comprehensive income		-	-	-	-	(36,306)	-	(36,306)
Loss for the period		-	-	-	-	-	(658,951)	(658,951)
March 31, 2021		161,355,398	23,471,632	12,050,864	621,833	186,146	(43,055,750)	(6,725,275)

*See accompanying notes to the Consolidated Financial Statements*

**MAPLE LEAF GREEN WORLD INC.**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the three months ended March 31,**

(Canadian dollars)	Notes	2020	2019
<b>Operating Activities</b>			
Income/(loss) for the year		(658,951)	2,350
Items not affecting cash:			
Depreciation and amortization	6,7	19,195	17,358
Accrued interest on notes payable	9	48,593	34,353
Unrealized gain on changes in fair value of biological assets	5	192,953	-
		(398,210)	54,061
<b>Changes in non-cash working capital</b>			
Accounts receivables		(4,796)	2,241
Other payables		(7,094)	1,826
Accounts payable and accrued liabilities		(19,959)	576,407
Net change in non-cash working capital related to operations		(31,849)	580,474
<b>Cash flows (used in)/from operating activities</b>		(430,059)	634,535
<b>Investing Activities</b>			
Change in right-of-use asset	6	-	(12,872)
Change in assets held for sale		-	1,139,789
Additions to property, plant and equipment	7	-	(126,732)
<b>Cash flows from investing activities</b>		-	1,000,185
<b>Financing Activities</b>			
Repayment of long-term debt	9	(134,589)	(819,245)
Proceeds from notes payable	9	781,898	-
Deferred financing costs	9	(35,442)	-
Repayment of lease liability		(15,067)	-
<b>Cash flows from/(used in) financing activities</b>		596,800	(819,245)
<b>Increase in cash and cash equivalents</b>		166,741	815,475
Impact of foreign exchange on cash balances		2,318	(166,720)
Cash and cash equivalents, beginning of year		47,838	36,601
<b>Cash and cash equivalents, end of period</b>		216,897	685,356

See accompanying notes to the Consolidated Financial Statements

**MAPLE LEAF GREEN WORLD INC.**

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three months ended March 31, 2021 and 2020**

## **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 hemp 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. On January 23, 2018 SSGW purchased 100% of BioNeva Innovations of Henderson, LLC ("BioNeva").

Maple Leaf is engaged in hemp products market in the state of California, USA. On December 3, 2019, the Company announced that GSGW has received a Hemp Seed Cultivation License (the "License") from Riverside County to start breeding Hemp Seed for CBG enriched Hemp.

These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on May 13, 2021.

## **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. The Company incurred a net loss of \$0.7 million during the three months ended March 31, 2021 and, as of that date, the Company had an accumulated deficit of \$43.1 million, a negative working capital of \$7.1 million, and there are a number of outstanding legal claims against the Company stemming from its nonpayment of invoices relating to the construction of its cannabis growing facility in British Columbia. 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 2021 unless further financing is obtained. Additional sources of funding will be required during fiscal 2021 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 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 as well as debt financing. 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 consolidated 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 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, 2020. These unaudited condensed consolidated interim financial statements follow the same significant accounting policies set out in note 4 to the audited consolidated financial

**MAPLE LEAF GREEN WORLD INC.**

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three months ended March 31, 2021 and 2020**

statements for the year ended December 31, 2020.

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

These consolidated financial statements for the three months ended March 31, 2021 and 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 consolidated 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 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 USA subsidiaries is the USA dollar ("USD").

(d) 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:

i. 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.

ii. Stock options and warrants and share based payments

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

iii. 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.

iv. Useful life of property, plant and equipment

Depreciation of property, plant, and equipment is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets. The Company reviews the estimated lives of its property, plant and equipment at the end of each reporting period. There were no material changes in the lives of property, plant and equipment during the period ended March 31, 2021 or the year ended December 31, 2020.



**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three months ended March 31, 2021 and 2020**

**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:

*i. Biological assets and inventories*

Determination of the fair values of the biological assets requires the Company to make a number of estimates primarily related to the fair value at point of harvest, attrition rates, expected future yields from the hemp plants and estimating plants at various phases of the growth cycle.

The valuation of biological assets at the point of harvest is the cost basis for all hemp-based inventory and thus any critical estimates and judgements related to the valuation of biological assets are also applicable for inventory. The Company must also determine if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

*ii. Impairment of non-financial assets*

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit ("CGU"). The recoverable amount of an asset or a CGU is the greater of its value in use ("VIU") and its fair value less costs of disposal ("FVLCD"). If any such indication exists, the recoverable amount of the asset or CGU is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives, goodwill and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of FVLCD and VIU. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years.

A reversal of an impairment loss is recognized immediately in consolidated statement of loss and comprehensive loss. An impairment loss on intangible assets with an indefinite life and on any goodwill is not reversed. The Company undertakes an impairment assessment at the end of each reporting period and uses its judgment when identifying impairment indicators. Significant inputs into the discounted cash flow model included discount rates, useful life, and future operating cost.

*iii. Economic uncertainty*

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

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three months ended March 31, 2021 and 2020**

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 2021.

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

**5. INVENTORY AND BIOLOGICAL ASSETS**

The Company's biological assets consists of hemp plants. The continuity of biological assets for the period ended March 31, was as follows:

Balance at December 31, 20019	-
Unrealized gain or changes in fair value of biological assets	1,248,150
Transferred to inventory upon harvest	(711,410)
<b>Balance at December 31, 2020</b>	<b>536,741</b>
Unrealized gain or changes in fair value of biological assets	(192,953)
Transferred to inventory upon harvest	(343,788)
<b>Balance at March 31, 2021</b>	<b>-</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 hemp plants, and because there is no actively traded commodity market for plants or dried product, the valuation of these biological assets is 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 March 31, 2021, there were no biological assets being grown.

Inventories on hand consist of harvested hemp in process. Inventory is valued at the lower of cost and net realizable value. As at December 31, 2020, the Company held 1,067 pounds of flower and 1,759 pounds of biomass. As at March 31, 2021, the Company held 1607 pounds of flower and 2319 pounds of biomass. Inventory is comprised of the following items:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Work-in-progress	<b>1,024,990</b>	711,410
Total Inventory	<b>1,024,990</b>	711,410

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the three months ended March 31, 2021 and 2020

6. RIGHT-OF-USE ASSETS

Right-of-use assets consist of the following:

	Head office
Balance at December 31, 2019	154,465
Depreciation charge for the period	(51,489)
Balance at December 31, 2020	102,976
<b>Depreciation charge for the period</b>	<b>(12,872)</b>
<b>Balance at March 31, 2021</b>	<b>90,104</b>

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Cost	Furniture, equipment, and software	Project development costs	Greenhouse and land improvement	Land on finance lease	Land	Total
As at December 31, 2019	78,364	9,530,140	144,880	944,494	155,855	10,853,733
Additions	2,600	104,391	161,941	-	-	268,932
December 31, 2020	80,964	9,634,531	306,821	944,494	155,855	11,122,665
<b>March 31, 2021</b>	<b>80,964</b>	<b>9,634,531</b>	<b>306,821</b>	<b>944,494</b>	<b>155,855</b>	<b>11,122,665</b>

Accumulated depreciation, depletion, and amortization	Furniture, equipment, and software	Project development costs	Greenhouse and land improvement	Land on finance lease	Land	Total
As at December 31, 2019	37,479	-	47,205	-	-	84,684
Impairment	-	9,634,531	-	944,494	-	10,579,025
Depletion, depreciation, and amortization	13,900	-	26,057	-	-	39,957
December 31, 2020	51,379	9,634,531	73,262	944,494	-	10,703,666
<b>Depletion, depreciation, and amortization</b>	<b>867</b>	<b>-</b>	<b>5,457</b>	<b>-</b>	<b>-</b>	<b>6,324</b>
<b>December 31, 2020</b>	<b>52,246</b>	<b>9,634,531</b>	<b>78,719</b>	<b>944,494</b>	<b>-</b>	<b>10,709,990</b>

Net book value	Furniture, equipment, and software	Project development costs	Greenhouse and land improvement	Land on finance lease	Land	Total
December 31, 2020	29,585	-	233,559	-	155,855	418,999
<b>March 31, 2021</b>	<b>28,718</b>	<b>-</b>	<b>228,102</b>	<b>-</b>	<b>155,855</b>	<b>412,675</b>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the three months ended March 31, 2021 and 2020

Construction of the Telkwa, BC facility was started on leased land, in 2019 in order to obtain a construction mortgage the Company pursued the exercise of the \$500,000 land purchase option in the lease contract. However, the land subdivision was denied by the BC Agriculture Land Commission. The construction of the facility was halted as unfettered access to the facility can not be guaranteed. In 2020 the Company determined to impair the project development costs and the associated lands.

**8. RIGHT OF USE LEASE LIABILITIES**

The Company's lease liabilities consist of the lease agreement for the Company's office premises. The lease term is until the end of 2022. When measuring the lease liability, the lease payments are discounted using the Company's weighted average incremental borrowing rate of 20%.

Lease Liabilities included in the statement of financial position at December 31, 2020	148,179
<b>Lease Liabilities included in the statement of financial position at March 31, 2021</b>	<b>133,113</b>
<b>Current</b>	<b>69,224</b>
<b>Non-current</b>	<b>63,889</b>

The following table summarizes undiscounted future lease payments:

**Maturity analysis - contractual undiscounted cash flows**

Less than one year	89,792
One to five years	69,330
more than five years	-
<b>Total undiscounted liabilities included at March 31, 2021</b>	<b>159,123</b>

The following table summarizes lease-related cash flows for the three months ended March 31:

	2021	2020
Principal payments	15,066	11,620
Interest on lease liabilities	7,161	9,725
<b>Total cash outflow for leases</b>	<b>22,227</b>	21,345

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the three months ended March 31, 2021 and 2020

9. NOTES PAYABLE

A summary of the notes payable is as follows:

	Golden State Green World	SSGW	Maple Leaf Green World	Total
Balance, December 31, 2019	136,374	823,513	214,000	1,173,887
Increase in loan	-	-	652,576	652,576
Interest incurred	4,930	121,738	46,277	172,945
Interest paid	(4,930)	(121,738)	-	(126,668)
Loan payment	-	(823,513)	-	(823,513)
Foreign exchange effect	(2,688)	-	(26,120)	(28,808)
Balance, December 31, 2020	133,686	-	886,733	1,020,419
<b>Increase in loan</b>	<b>781,898</b>	-	-	<b>781,898</b>
<b>Interest incurred</b>	<b>19,371</b>	-	<b>23,990</b>	<b>43,361</b>
<b>Interest paid</b>	<b>(708)</b>	-	-	<b>(708)</b>
<b>Deferred financing costs</b>	<b>(29,502)</b>	-	-	<b>(29,502)</b>
<b>Loan payment</b>	<b>(134,589)</b>	-	-	<b>(134,589)</b>
<b>Foreign exchange effect</b>	<b>(14,045)</b>	-	<b>(8,288)</b>	<b>(22,333)</b>
<b>Balance, December 31, 2020</b>	<b>756,111</b>	-	<b>902,435</b>	<b>1,658,546</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. As at March 31, 2021 this note has been fully repaid.

On January 5, 2021, the Company's wholly owned subsidiary Golden State, signed a secured promissory note in the amount of \$610,000 USD before financing costs, with a Delaware limited partnership. The note bears interest at 15% per annum and matures on January 1, 2022. The loan is secured by a Deed of Trust on the Company's California property. The loan also includes a 1.5% Participation Interest on the gross hemp revenue earned by the Company during the 2-year term of the loan. For the purposes of this Note, "Gross Hemp Revenue" shall mean all revenue earned by Golden State from the sale of all hemp products, which includes, but is not limited to, cured flowers, biomass, clones, seeds, CBD/CBG extract, CBD/CBG cigarettes, and any other products produced by Golden State for resale. Gross Hemp Revenue shall not be reduced by any expenses, including but not limited to cost of goods sold, selling general and administrative expenses, and interest expense. The Participation Interest shall be payable to Lender on a quarterly basis within sixty (60) calendar days following the end of each calendar quarter.

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. As at December 31, 2020 this note has been fully repaid.

**Maple Leaf Green World Notes Payable**

On January 1, 2021, the Company renewed a promissory note in the amount of \$200,000 CAD to an arm's length individual. The note bears interest at the rate of 10% per annum and matures on January 1, 2022. As at March 31, 2021, the carrying value of the note payable is \$200,000 CAD plus accrued interest of \$30,000 CAD.

On April 1, 2021, the Company renewed 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 March 31, 2022. As at March 31, 2021, the carrying value of the note payable is \$200,000 USD plus accrued interest of \$20,000 USD.

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On October 15, 2020, 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 October 15, 2021. As at March 31, 2021, the carrying value of the note payable is \$200,000 USD plus accrued interest of \$9,739 USD.

On December 30, 2020, the Company issued a promissory note in the amount of \$100,000 USD to an arm's length individual. The note bears interest at the rate of 10% per annum and matures on January 1, 2022. As at March 31, 2021, the carrying value of the note payable is \$100,000 USD plus accrued interest of \$5000 USD.

**10. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA)**

During 2020, the Company received an interest free loan of \$60,000 through the Canada Emergency Business Account (CEBA). Effective January 1, 2023, any outstanding balance on the term loan shall bear interest at a rate of 5% per annum. The term loan matures on December 31, 2025. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of \$20,000.

**11. OBLIGATIONS UNDER FINANCE LEASES**

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

	<b>December 31, 2020</b>	December 31, 2019
Current	-	195,617
Non-current	-	399,902
<b>Present Value</b>	<b>-</b>	<b>595,519</b>

The Company leased land for its Telkwa B.C. facility. However, the landlord has terminated its lease of land to the Company. Therefore, the Company has transferred the remaining unpaid portion of the lease of \$640 thousand to accounts payable. (See note 16 for more details).

On January 15, 2021, the Company's landlord for the Company's Telkwa B.C. facility gave notice of repossession of the leased property including the Company's substantially constructed Telkwa facility, thereby taking back full ownership of that facility. The Company does not have any current plans to seek repossession of this former facility because it is located on land that the Company has not been able to acquire through factors outside its control.

**12. SHARE CAPITAL**

**Shares authorized and outstanding**

The authorized share capital of the Company consists of unlimited common shares without par value.

As at December 31, 2020 the Company had 161,355,398 Common Shares outstanding.

	Number of common shares	Dollar amounts
At December 31, 2019	161,355,398	23,471,632
At December 31, 2020	161,355,398	23,471,632
<b>At March 31, 2021</b>	<b>161,355,398</b>	<b>23,471,632</b>

**Stock options**

There were no options granted or exercised during the period.

The following is a summary of option transactions:

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	Number of Options	Weighted average exercise price per option
Balance December 31, 2019	10,700,000	0.39
Balance December 31, 2020	10,700,000	0.39
Options cancelled	(1,450,000)	0.60
Balance December 31, 2020	10,700,000	0.36

As of December 31, 2020, the following stock options were outstanding:

Expiry Date	Exercise Price	Number of options outstanding	Number of options exercisable	Weighted average years to expiry
April 10, 2021	0.10	4,400,000	4,400,000	0.03
September 27, 2021	0.24	100,000	100,000	0.49
January 31, 2023	0.60	4,450,000	4,450,000	1.84
April 23, 2023	0.70	300,000	300,000	2.06
	0.36	9,250,000	9,250,000	0.97

**Warrants**

The following is a summary of warrant transactions:

Number of warrants outstanding as at January 1, 2021	Issued	Exercised	Expired	Number of warrants outstanding as at December 31, 2020	Exercise price per warrant	Expiry date
12,794,798	-	-	-	12,794,798	\$0.600	April 29, 2022
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
17,818,497	-	-	-	17,818,497		

Number of warrants outstanding as at January 1, 2020	Issued	Exercised	Expired	Number of warrants outstanding as at December 31, 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		

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**13. 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:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Management remuneration	<b>45,000</b>	136,452
Consulting fee	<b>15,500</b>	77,000
Total	<b>60,500</b>	213,452

As at March 31, 2021, the company had no amounts due to related parties (December 31, 2020 - \$NIL). 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.

**14. 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 March 31, 2021, 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 March 31, 2021.

**15. 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.

**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.

Assets and liabilities measured at fair value	December 31, 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)
Cash	216,897	-	-	36,601	-	-
Account receivable	22,740	-	-	51,024	-	-
Notes payable	-	1,658,546	-	-	1,173,887	-

There was no transfer between fair value levels during the period ended March 31, 2021.

**(a) 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 accounts 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 March 31, 2021 contains an employee receivable which is short-term in nature and is secured by the individual's bonus and salary.

**(b) 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 March 31, 2021, the Company has negative working capital of \$7.1 million (December 31, 2020 - \$6.4 million).

Based on the contractual obligations of the Company as at December 31, 2020, cash outflows of those obligations are estimated and summarized as follows:

Payment Due by Year	2021	2022	2023 and beyond	Total
Accounts payable and accrued liabilities	6,652,661	-	-	6,652,661
Notes payable	1,658,546	-	-	1,658,546
Right-to-use obligations	66,682	92,441	-	159,123
	8,377,889	92,441	-	8,470,330

**(c) 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:

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

As the notes payable bear fixed interest rates of 6 - 10% per annum, the Company does not have interest rate risk at year-end.

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**(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, 2020, the Company's exposure to currency risk is summarized as follows:

Expressed in Canadian dollar equivalents	December 31, 2020	December 31, 2020
Financial assets denominated in US dollars		
Cash	232,197	29,654
	232,197	29,654
Financial liabilities denominated in US dollars		
Accounts payable	117,344	119,062
Long-term debt	-	133,686
Notes payable	1,428,546	661,733
	1,545,890	914,480

As at March 31, 2021, with other variables unchanged, a 10% change in the USD against the CAD would have increased (decreased) comprehensive loss by \$177,809 (2020 - \$94,413).

**(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.

**(d) 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.

**16. COMMITMENTS AND CONTINGENCIES**

In the normal course of its operations, the Company may be subject to litigation and claims and records provisions for claims as required. In 2020, the Company was served with a number of statements of claim in regard to non-payment of invoices relating to the construction of its cannabis growing facility in Telkwa B.C. The total of these claims, all to date unproven, is \$4.6 million. The Company expects these matters to be subject to the Supreme Court of B.C.'s determination as to the Company's liabilities in the fourth quarter 2021.

In 2020, the Company's landlord for the Company's Telkwa B.C. facility commenced an action against the Company in British Columbia for damages for unpaid rent and associated expenses, claiming to the 2020 year-end a total of \$550,000. The Company has defended this action and brought a counter claim against that landlord for \$32 million claiming damages for loss of its Telkwa facility and loss of future profits. The Company does not expect there to be made any court determinations concerning these claims until after the 2021 fiscal year.

Due to the above factors the Company has determined to impair the Telkwa BC facility and has taken a \$10.6 million impairment charge in 2020.

For additional information, refer to "Legal Proceedings and Regulatory Actions" in the Company's most recent annual information form, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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**17. 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, 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	March 31, 2021			December 31, 2020		
	Canada	US	Consolidated	Canada	US	Consolidated
Current assets	1,049,796	214,831	1,264,627	742,316	571,617	1,313,933
Other long-term assets	105,764	-	105,764	118,636	-	118,636
Property, plant and equipment	28,223	384,452	412,675	29,635	389,364	418,999
Total assets	1,183,783	599,283	1,783,066	890,587	960,981	1,851,568
Current liabilities	7,628,341	756,111	8,384,452	7,419,225	133,686	7,552,911
Long term liabilities	123,889	-	123,889	328,675	-	328,675
Total liabilities	7,752,230	756,111	8,508,341	7,747,900	133,686	7,881,586
	Three months ended March 31, 2021			Year ended December 31, 2020		
	Canada	US	Consolidated	Canada	US	Consolidated
Revenues	-	(192,953)	-192,953	-	1,248,150	1,248,150
Operating expenses	250,003	215,995	465,998	1,339,049	593,618	1,932,667
Impairment of assets	-	-	-	10,579,025	-	10,579,025
Gain on disposition of assets	-	-	-	-	535,394	535,394
Net income/(loss)	(250,003)	(408,948)	(658,951)	(11,918,074)	1,189,926	(10,728,148)