**MAPLE LEAF GREEN WORLD INC.**

**LISTING STATEMENT**

**FORM 2A**

**DATED: May 27, 2021**

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# 1. ABOUT THIS LISTING STATEMENT

## 1.1 General

Unless otherwise indicated:

(i) except where otherwise indicated, all references to dollar amounts and "$" are to Canadian currency;

(ii) any statements in this Listing Statement made by or on behalf of management are made in such persons' capacities as officers of the Issuer and not in their personal capacities;

(iii) all financial information in this Listing Statement is prepared in accordance with IFRS; and

(iv) all information in this Listing Statement is stated as at December 31, 2020, unless otherwise indicated;

## 1.2 Cautionary Statement Regarding Forward-Looking Statements

The information provided in this Listing Statement, including schedules and information incorporated by reference, may contain "forward-looking statements" about the Issuer. In addition, the Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Issuer that address activities, events or developments that the Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the Issuer and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward- looking statements, including, but not limited to, risks and uncertainties related to:

- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- other risks described in this Listing Statement and described from time to time in documents filed by the Issuer with Canadian securities regulatory authorities.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer and/or persons acting on its behalf may issue. The Issuer undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation *(see Section 17 -Risk Factors)*.

## 1.3 Market and Industry Data

This Listing Statement includes market and industry data relevant to the Issuer and business that has been obtained from third party sources, including industry publications. The Issuer believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Issuer has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

## 1.4 Regulatory Information

The Issuer intends for all of its hemp-derived products to be produced and sold in accordance with applicable laws and regulations at the time and location of operation. Because the Issuer is not engaged in any marijuana-related practices or activities, the Issuer is not required to make additional disclosures pursuant to Canadian Securities Administrators Staff Notice 51-352 (Revised) - Issuers with U.S. Marijuana Related Activities. See Section 4.1 "Description of the Business - Regulatory Overview" for a summary of applicable hemp laws and regulations.

*USA - Regulatory Overview General*

Although a number of states of the United States have legalized medical marijuana, recreational marijuana, or both, it remains illegal under United States federal law. Cannabis currently remains a Schedule I drug under the U.S. Controlled Substances Act of 1970 ("CSA"). Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, cannabis related practices or activities, including without limitation, the manufacture, importation, possession, use, or distribution of cannabis, remain illegal under United States federal law.

The Issuer does not cultivate, produce, possess, sell, or distribute medicinal or recreational marijuana or products derived therefrom. It sells industrial hemp-based products. Consequently, the Issuer's products are not sold pursuant to the rules and regulations governing the cultivation, transportation, and sale of medicinal or recreational marijuana. The Issuer cultivates, processes, transports, and sells its products pursuant to the 2018 Farm Bill, and prior to December 20, 2018 the 2014 Farm Bill, and in accordance with applicable state and local laws. All industrial hemp produced and sold by the Issuer constitutes industrial hemp under the 2018 Farm Bill, as well as the laws of the states in which it produces and sells such industrial hemp.

*Federal Regulation - Industrial Hemp*

On December 20, 2018, the Agricultural Improvement Act of 2018 (commonly known as the "2018 Farm Bill") was signed into law by President Donald Trump. The 2018 Farm Bill, among other things, removes industrial hemp and its cannabinoids, including CBD derived from industrial hemp, from the CSA and amends the Agricultural Marketing Act of 1946 to allow for industrial hemp production and sale in the United States.

Under the 2018 Farm Bill, industrial hemp is defined as "the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol [THC] concentration of not more than 0.3 percent on a dry weight basis." Although the U.S. federal government removed hemp from the CSA, it must be removed by each state to allow farming and extraction. The U.S. Department of Agriculture (the "USDA") has been tasked with promulgating regulations for the industrial hemp industry, which, among other things, requires the USDA to review and approve any state-promulgated regulations relating to industrial hemp. Under the 2018 Farm Bill, state departments of agriculture must consult with the state's governor and chief law enforcement officer to devise a plan that must be submitted to the Secretary of the USDA. Until such time as the USDA approves a state's industrial hemp regulations, commercial sale of industrial hemp may not be permissible. In states opting not to devise a hemp regulatory program, the USDA will construct a regulatory program under a federally-run program (see below "U.S. State Law- Industrial Hemp).

The timing of such USDA regulations cannot be assured. Further, under the 2018 Farm Bill, the United States Food and Drug Administration ("FDA") has retained authority over the addition of CBD to products that fall within the Food, Drug and Cosmetics Act (the "FDCA"). As per a FDA statement dated December 20, 2018, the FDA confirmed that it is unlawful under the FDCA to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products as, or in, dietary supplements, regardless of whether the substances are hemp-derived (see Section 17 "Risk Factors - Risks Specifically Related to the United States").

The FDCA is also intended to assure the consumer, in part, that drugs and devices are safe and effective for their intended uses and that all labeling and packaging is truthful, informative and not deceptive. The FDCA and FDA regulations define the term drug, in part, by reference to its intended use, as "articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease" and "articles (other than food) intended to affect the structure or any function of the body of man or other animals." Therefore, almost any ingested or topical or injectable product that, through its label or labeling (including internet website, promotional pamphlets, and other marketing material), is claimed to be beneficial for such uses will be regulated by the FDA as a drug. The definition also includes components of drugs, such as active pharmaceutical ingredients. The FDCA defines cosmetics by their intended use, as "articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body for cleansing, beautifying, promoting attractiveness, or altering the appearance." See FD&C Act, sec. 201(i). Among the products included in this definition are skin moisturizers, perfumes, lipsticks, fingernail polishes, eye and facial makeup preparations, cleansing shampoos, permanent waves, hair colours and deodorants, as well as any substance intended for use as a component of a cosmetic product. Under the FDCA, cosmetic products and ingredients with the exception of colour additives do not require FDA approval before they go on the market. Drugs, however, must generally either receive premarket approval by the FDA through the New Drug Application ("NDA") process or conform to a "monograph" for a particular drug category, as established by the FDA's Over-the-Counter Drug Review. CBD is an active ingredient in drug products that have been approved or authorized for investigation by the FDA; therefore, under the FDA's current position, it cannot be used in dietary supplements or as a food additive.

There can be no assurance that the FDA will approve CBD as an additive to products under the FDCA. Additionally, the 2018 Farm Bill does not legalize CBD derived from "marihuana" (as such term is defined in the CSA), which is and will remain a Schedule I controlled substance under the CSA.

Continued development of the industrial hemp industry- specifically with regards to CBD and the cannabinoid product industry- will be dependent upon new legislative authorization of industrial hemp at the state level, and further amendment or supplementation of legislation at the federal level. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Issuer's investments in such businesses would be materially and adversely affected. See *"Risk Factors."*

*FDA Position*

The FDA has expressed significant interest in the development of therapies and other consumer products derived from cannabis and its components, including CBD. It recognizes the potential opportunities that cannabis or cannabis-derived compounds may offer and acknowledges the significant interest in these possibilities. However, it is aware that some companies are marketing products containing cannabis and cannabis-derived compounds in ways that violate the FDCA and that may put the health and safety of consumers at risk. Particularly, the FDA is concerned with companies marketing CBD products to treat diseases or for other therapeutic uses for humans and/or animals, and as dietary supplements and adding CBD to human and animal foods. On November 25, 2019, the agency issued warning letters to 15 companies the FDA deemed to be in violation of the FDCA. The Issuer notes that said warning letters were issued in response to particularly egregious marketing campaigns promoting unapproved new human and animal drugs, selling CBD products as dietary supplements, and adding CBD to human and animal foods.

In spite of the recent warning letters, the FDA has explicitly stated that it is committed to protecting the public health while also taking steps to improve the efficiency of regulatory pathways for the lawful marketing of appropriate cannabis and cannabis-derived products. In late 2018, the FDA confirmed, "pathways remain available for the FDA to consider whether there are circumstances in which certain cannabis-derived compounds might be permitted in food or dietary supplements". The FDA further announced its commitment to explore potential pathways for dietary supplements and/or conventional foods containing CBD to be lawfully marketed; including a consideration of what statutory or regulatory changes might be needed and what the impact of such marketing would be on the public health. In light of the FDA's statements and the fact that there is growing support from industry and the scientific community to 'de-regulate' CBD generally, the Issuer anticipates the FDA to continue the status quo of federal 'non-enforcement' in cases where state and local law permit certain activities. The Issuer also anticipates the FDA to allocate its resources towards targeting companies that have committed egregious violations of the FDCA. Accordingly, the Issuer intends to monitor FDA guidance along with any legislative/regulatory updates to maintain ongoing compliance. However, there is risk that changes in guidance, policy and laws could result in either or both of the FDA and the Drug Enforcement Administration ("DEA") taking law enforcement actions against the Issuer in the future.

***U.S. State Law- Industrial Hemp***

The Issuer intends to make commercially reasonable efforts to ensure that it operates in accordance with federal and applicable state law concerning the cultivation, production and sale of industrial hemp and hemp products (including CBD products derived from hemp).

Laws and regulations governing the use of hemp in the U.S. are broad in scope, subject to evolving interpretations, and subject to enforcement by several regulatory agencies and law enforcement entities. Under the 2018 Farm Bill, a state that desires to have primary regulatory authority over the production of hemp in the state must submit a plan to monitor and regulate hemp production to the Secretary of the USDA. The Secretary must then approve the state plan after determining if the plan complies with the requirements set forth in the 2018 Farm Bill. The Secretary may also audit the state's compliance with the federally approved plan. If the Secretary does not approve the state's plan, then the production of hemp in that state will be subject to a plan established by the USDA. On October 29, 2019, the USDA released certain interim rules for hemp production (Rule: 84 FR 58522) (the "Interim Rules for Hemp Production") that "establishes a federal plan for producers in states or territories of Indian Tribes that do not have their own USDA-approved plan. The program includes provisions for maintaining information on the land where hemp is produced, testing the levels of delta-9 tetrahydrocannabinol, disposing of plants not meeting necessary requirements, licensing requirements, and ensuring compliance with the requirements of the new part."

Historically, the fifty U.S. states have had different laws (or lack thereof) regulating industrial hemp. Based on the Issuer's review of state laws, it notes that few states (if any) have state statutory language which explicitly prohibits the retail sale of hemp-derived CBD. Prior to the implementation of the 2018 Farm Bill (and corresponding state federal/state approval requirements), Kentucky, Tennessee, Indiana, Missouri and Colorado had passed laws that explicitly exempted hemp extracts such as CBD from legal prohibitions normally incurred by controlled substances such as cannabis. The Issuer does not anticipate the regulations of these states to change based on recent federal regulatory developments. Further, the Issuer's position is that where state law is silent on the subject of hemp-derived CBD's legality, federal law provides protection, particularly in those states that have adopted model legislation that explicitly exempt from control those products and substances that are exempted by federal law. The Issuer expects that many states will seek to have primary regulatory authority over the production of hemp and CBD products derived from hemp.

## GLOSSARY OF TERMS

The following is a glossary of terms used in this Annual Information Form.

"**2014 Farm Bill**" means the 2014 Farm bill that defined industrial hemp and allowed for state departments of agriculture or universities to grow and produce hemp as part of research or pilot programs.

"**2018 Farm Bill**" means the 2018 Farm Bill was signed into law on December 20, 2018, which effectively removed hemp from the controlled substances list and made it federally legal in the United States.

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations*, SOR/2013-230. The *Cannabis Act* came into force on October 17, 2018. Since that date, new regulations have replaced the ACMPR;

"**Annual Information Form**" or "**AIF**" means this annual information form of the Company dated May 14, 2020 for the year ended December 31, 2019;

**"Application"** means the Company's application under the Cannabis Act to sell and produce cannabis;

"**Audit Committee**" means the audit committee of the Company consisting of Terence Lam, Najibullah Alizada, and Greg Moline;

"**ABCA**" means the *Business Corporations Act* (Alberta) RSA 2000, c B-9.

"**BioNeva**" means BioNeva Innovations of Henderson, LLC, a subsidiary of the Company;

"**CDFA**" means California Department of Food & Agriculture

**"California Hemp Project"** means 20 acres of raw land with six (6) greenhouses including a 2000 sq. ft. nursery and a total growing capacity of 17,000 sq. ft. plus an additional 10,000 sq. ft. cleared area for future expansion;

"**Cannabis**" means the substance set out in item 1 of Schedule II to the CDSA;

"***Cannabis Act***" means Bill C-45: *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, Eliz. II: 64-65-66;

"**CBD**" means cannabidiol;

"**CBN**" means cannabinol;

**"CBG"** means cannabigerol;

"**CDSA**" means the *Controlled Drugs and Substances Act*, SC 1996, c 19;

"**Common Shares**" means the common shares in the capital of the Company;

"**Company**", "**Maple Leaf**", "**our**", "**us**" or "**we**" "**Issuer**" means Maple Leaf Green World Inc.;

"**CSA**" means the Controlled Substances Act 21 U.S.C. § 802 et seq.;

**"CSE Listing"** means the listing of the Common Shares on the CSE.

**"CSE Policies"** means the rules and policies of the CSE in effect as of the date hereof.

**"CSE"** means the Canadian Securities Exchange.

"**FDA**" means the *Food and Drugs Act*, RSC 1985, c F-27;

"**forward-looking statements**" has the meaning ascribed to such term under the heading "Forward-Looking Statements";

"**GSGW**" means Golden State Green World LLC, a subsidiary of the Company in California, U.S.A.;

**"Hemp"** has the meaning ascribed thereto in Section 3.3 of this Listing Statement.

"**Hempacco**" means Hempacco Co. Inc. a vertically integrated California-based Hemp CBD, CBG R&D, marketing, and manufacturing company, to develop, manufacture and market its new brand of CBG Hemp cigarettes.

**"IFRS"** means International Financial Reporting Standards

"**Instalogic**" means Instalogic Inc.;

**"Landlord"** or "**Woodmere**" means Woodmere Nursery Ltd.

"T**he License"** means Hemp Seed Cultivation License granted by Riverside County Agricultural Commissioner's Office, California, USA to start breeding Hemp Seed for CBG enriched Hemp.

**"Listing Statement"** means this listing statement of the Issuer, including the Schedules hereto, prepared in support of the listing of the Issuer on the CSE.

"**MLFI**" means Maple Leaf Reforestation Inc.;

"**MMPR**" means the *Marihuana for Medical Purposes Regulations*, SOR/2013-119;

"**NEO**" means Aequitas NEO Exchange Inc.;

**"NI 52-110"** means National Instrument 52-110 *Audit Committees.*

"**OMC**" means the Office of Medical Cannabis at Health Canada;

**"Options"** means incentive stock options granted to the Company's directors, officers, employees and consultants in accordance with the Stock Option Plan.

"**OTCQB**" means the OTCQB Venture Market for early-stage and developing U.S. and international companies organized by OTC Markets Group;

"**Paramount**" means Paramount Structures Inc.;

"**Phoenix Crave**" means the Issuer's brand name for its CBG products;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval filing system, available at http://www.sedar.com;

"**SSGW**" means SSGW LLC, a subsidiary of the Company in Nevada, U.S.A.

**"Stock Option Plan"** has the meaning ascribed to it in Section 9 of this Listing Statement.

"**Subsidiaries**" means the subsidiaries of the Company consisting of GSGW, SSGW, and BioNeva, and "**Subsidiary**" means any of GSGW, SSGW, and BioNeva;

"**Telkwa Facility**" means the Company's proposed cannabis cultivation facility in Telkwa, British Columbia, Canada;

"**THC**" means delta-9-tetrahydrocannabinol;

"**TSXV**" means the TSX Venture Exchange;

"**United States**", "**US**" or **"USA"** means the United States of America, and the District of Columbia;

# 2. Corporate Structure

## 2.1 Corporate Name and Head and Registered Office

The Company was formed by the amalgamation of MLFI and Intercontinental Mining Corp. on February 24, 2005 pursuant to ABCA. The successor company was MLFI which changed its name to "Maple Leaf Green World Inc." by Certificate of Amendment dated October 9, 2012.

The full corporate name of the Issuer is Maple Leaf Green World Inc. The Issuer's registered office, records office and head office is located at Suite 500, 1716 – 16 Avenue NW, Calgary, Alberta T2M 0L7.

Maple Leaf's Common Shares are listed under the symbol "MGWFF" on the OTCQB and were previously listed under the symbol "MGW" on the TSXV. On April 19, 2018 the Company voluntarily delisted its Common Shares from the TSXV and subsequently completed the listing of the Common Shares on the NEO on April 20, 2018.

## 2.2 Jurisdiction of Incorporation

The jurisdiction of Incorporation of the Issuer is Alberta.

## 2.3 Intercorporate Relationships

GSGW was formed as a limited liability company on November 3, 2014 under the laws of the State of California. The registered address of GSGW is 120 Puerto del Sol, San Clemente, CA, USA 92673. The Company owns 100% of the membership interests of GSGW.

SSGW was formed as a limited liability company on March 1, 2017 under the laws of the State of Nevada. The Company owns 100% of the membership interests of SSGW. SSGW purchased all of the ownership interests in BioNeva effective January 23, 2018. The registered address of both SSGW and BioNeva is 710 Coronado Center Drive, Suite 121, Henderson, Nevada, USA 89052.

# 3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

The Issuer is engaged in hemp related activities, solely in the state of California, USA as of the date of this Listing Statement. On December 3, 2019, the Company announced that GSGW has received a Hemp Seed Cultivation License ("**the License**") from Riverside County Agricultural Commissioner's Office, California, USA to start breeding Hemp Seed for CBG enriched Hemp.

**Activities in Canada**

The Issuer has limited activities in Canada as of the date of this Listing Statement. The Issuer's Cannabis cultivation facility at Telkwa, BC is in litigation with the Landlord.

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

The Issuer began to construct a 27,000 square foot Cannabis cultivation facility at Telkwa, BC and had to cease construction due to shortage of funds. In 2018 the Issuer discontinued its lease payments to Woodmere and tried to find a solution resulting in Woodmere commencing legal proceedings against the Issuer to collect unpaid rent and associated expenses. Woodmere is seeking from the Issuer $0.5 million in damages. The Issuer counterclaimed against Woodmere on claims that Woodmere's acts and omissions at the time of leasing materially contributed detrimentally to the Issuer's goals not being achieved, thereby damaging its reputation and future potential. Each parties' claims are unproven at the date of this Listing Statement. In the Issuer's counterclaim against Woodmere, Maple Leaf has sought damages for lost value of the Issuer's lease expenses; for the forfeited value of the facility of $11 million; and for damages for lost business opportunities of $20 million. Please refer to “Legal Proceedings and regulatory Actions” for more details.

The Company filed an Application with the OMC at Health Canada for a license to produce and sell dried marihuana under the provisions of the MMPR on July 21, 2014. The MMPR were replaced by the ACMPR on August 24, 2016, and the Application was continued under the ACMPR. On October 17, 2018 the Cannabis Act came into force and new regulations have replaced ACMPR. The Company received notice from Health Canada that its application had progressed to stage 5 review of the Review process and has “active review” status. This application is on hold as it has dispute with the landlord for Telkwa Facility.

**Activities in the United States**

*(a) Southern California, USA*

On April 22, 2021, the Company announced that it has:

(a) developed its own unique brand name, Phoenix Crave. A preview of the Phoenix Crave artwork can be viewed on the Company’s website;

(b) established a West Coast distribution network encompassing California, Oregon and Arizona;

(c) completed and approved the packaging artwork with Hempacco;

(d) been packaging its own CBG Hemp Pre-rolls for purchase through its own sales network. The CBG Hemp Pre-rolls offers a high-end product that is a great alternative to tobacco cigarettes. Each pre-roll contains 1 gram of premium CBG hemp and less than 0.2% THC. These pre-rolls can be purchased individually or in packs of 2;

(e) shipped a test sample of biomass to a lab in California to produce CBG Crude and it is pleased with the results and are currently selecting a processing facility to further refine the crude to manufacture CBG Oil and CBG Gel Capsules

On March 11, 2021, the Company announced that:

(a) it was preparing to market its new 20-pack CBG Hemp Cigarettes under the brand Phoenix Crave, featuring cigarettes are naturally flavored from Hemp that was organically grown indoors in California Hemp Project. Each cigarette will contain a minimum of 0.4 grams of CBG and will feature three blends: Platinum, Gold and Silver.

(b) Hempacco is assisting the Company to develop this new brand name and is ready to enter the final production phase for Phoenix Crave in the coming weeks. The new e-commerce platform is currently in development with the assistance of Hempacco and will debut Phoenix Crave Gold. Current products such as the CBG Flower Jars, Pre-rolls and Pre-rolls 2-pack will also be featured on the platform shortly after. This new e-commerce platform will enable the Company to market its hemp products across the United States and internationally.

On February 26, 2021, the Company announced that the production of the Company’s new brand of CBG Hemp Cigarettes with Hempacco Packaging is underway. The 20-pack of Hemp Cigarettes will retail through Hempacco channels and on the Company’s new e-commerce platform currently in development. In addition, the Company is also developing its own marketing efforts on custom pre-rolls, oil, and bus sale. As such, The Company is expanding and diversifying its commercialization by constructing structural buildings for processing its products as well as for staff residency.

On February 24, 2021, the Company announced that it has signed an agreement with Hempacco marketing, and manufacturing company, to develop, manufacture and market its new brand of CBG Hemp cigarettes;

On November 9, 2020, the Company announced that the latest Certificate of Analysis ("**COA**") for its La Crème continues to show rising CBG concentration during the curing phase. The latest lab results show 16.68% CBG and 0.11% THC. The Company also replaced the logo for GSGW, and the sales team started its marketing campaign.

On October 5, 2020, the Company announced that it was granted approval by CDFA for THC testing. THC testing is mandated by the state of California to ensure the crop being harvested does not exceed the legal limit of 0.3% THC.

On September 24, 2020, the Company announced that it commenced its 1st harvest of La Crème CBG at its CBG Hemp Operation in Riverside County, California.

On September 1, 2020, the Company announced that a sample from a selective batch of La Crème from the first 2 greenhouses was submitted for lab analysis and the results indicate an incredible 13.90% CBG, 0.07% THC and no other cannabinoids detected.

On July 8, 2020, the Company announced that it launched a new website https://www.gsgreenworld.com for its CBG Hemp Project under GSGW.

On April 27, 2020, the Company announced that all six (6) greenhouses for its California Hemp Project are complete and fully operational. The six (6) new greenhouses include a 2000 sq. ft. nursery used for seed germination, housing mother plants, and crossbreeding strains. This completes a total growing capacity of 17,000 sq. ft. An additional 10,000 sq. ft. of land has been cleared and is ready for further expansion.

On June 18, 2020, the Company announced that the two (2) renovated greenhouses are complete and fully operational. The land behind the two (2) completed greenhouses has been leveled and prepped for the three (3) additional greenhouses as mentioned in the press release dated March 5, 2020. The three (3) new greenhouses, plus an additional 2,000 sq. ft. greenhouse, had arrived on site as scheduled.

***(b) Nevada, USA***

*In January 2020, the Company sold its land in the City of Henderson, Nevada, for USD$1,350,000 and proposed Henderson Facility was terminated. After paying its mortgage the balance of proceeds of sale were used for expansion of their California Hemp project.*

<u>Selected Financings</u>

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 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 December 31, 2020, the carrying value of the note payable is $100,000 USD.

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.

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 December 31, 2020, the carrying value of the note payable is $200,000 USD plus accrued interest of $4,739 USD.

On March 1, 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 March 31, 2021. As at December 31, 2020, the carrying value of the note payable is $200,000 USD plus accrued interest of $15,000 USD.

On October 1, 2019, the Company issued 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 December 31, 2020. As at December 31, 2020, the carrying value of the note payable is $200,000 CAD plus accrued interest of $25,000 CAD. Subsequent to year end the loan was extended until December 31, 2021.

On September 27, 2019 the majority of minority disinterested shareholders of the issuer approved the price reduction and extension of 17,818,497 Warrants to $0.60 with a new expiry date of April 29, 2022.

On May 10, 2019, the Company closed a non-brokered private placement of 1,450,000 Common Share at a price of $0.13 per Common Share for aggregate gross proceeds of $188,500.

On May 10, 2019, the Company issued 387,096 Common Share at a price of $0.16 per Common Share for aggregate gross proceeds of $60,000 to Woodmere in satisfaction of debt related to Telkwa land lease.

### 3.2 Significant Acquisitions

The Company did not complete any significant acquisitions during Maple Leaf's most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations* and as a result, the Company has not filed a Form 51-105F4 in respect of any acquisitions.

### 3.3 Trends, Commitments, Events and Uncertainties

*United States Farm Bill*

The U.S. hemp market opportunity was given a significant boost in mid-2018, when Senate Majority Leader Mitch McConnell proposed legislation that would remove hemp from the CDSA -*making* it federally legal in the United States. Mr. McConnell's proposal was included in the 2018 Farm Bill, in which Mr. McConnell and his fellow Republicans announced an "agreement in principal" with the Democrats in late November 2018. The 2018 Farm Bill was subsequently signed into law on December 20, 2018, effectively removing hemp from the controlled substances list, and making hemp, along with derivative products, federally legal in the United States. In the United States, the decline in soybean exports to China resulted in a significant increase in the number of acres allocated to industrial hemp in 2019.

*Health Canada*

On October 17, 2018, Health Canada introduced the updated Industrial Hemp Regulations, effectively removing hemp from the CDSA. Prior to these new regulations, licensed hemp farmers were banned from harvesting any part of the crop except the seeds and stems, resulting in hemp leaves, flowers, and buds being left to waste away in the fields. Industrial hemp is now regulated under the *Cannabis Act* and hemp farmers are permitted to harvest the entire plant and sell it to licensed cannabis producers for CBD extraction and sale. The Calgary Herald[1] reported many Albertan farmers are excited at the prospects of the new industrial hemp industry in Canada. According to the article, industrial hemp is primarily grown in the Prairies and there were only 138,000 acres of hemp growing in Canada in 2011.

*Europe and Asia*

Hemp is now legal in most European Union countries and throughout most of Asia, including China and India. Approved THC levels within hemp vary from country to country, however most European countries enforce a 0.2% limit compared with the 0.3% limit in the US and Canada. Although closely controlled in many countries, CBD is also readily available in most European Union countries as well as in China and India. The smoking of hemp outside of North America is typically either 'unregulated', and when 'regulated', is regulated similar to tobacco.

*Hemp Market Size and Opportunity*

Hemp is a variety of *Cannabis Sativa* and is of the same plant species as cannabis - however, hemp is genetically different and distinguished by its use and chemical makeup. Hemp refers to cannabis varieties that are primarily grown as an agricultural crop. Hemp plants contain very low levels of THC, cannabis' primary psychoactive chemical. Specifically, the 2018 Farm Bill defines hemp as cannabis containing no more than 0.3% THC in the leaves and flowering heads of the growing plant. Under the 2018 Farm Bill and state and federal laws a licence is required to possess, cultivate, sell/provide, process, produce a derivative, import and/or export industrial hemp.

While the market for CBD from hemp has gained significant attention over the past two years, the uses of hemp are essentially endless. Worldwide, hemp is used to make a variety of commercial and industrial products, including rope, textiles, clothing, shoes, food, paper, bioplastics, insulation, and biofuel. In many cases, using hemp can have positive impacts on the environment from sequestering carbon dioxide ("CO2"), to reducing the amount of water required to produce textiles, and reducing the amount of plastic produced each year.

Smokable hemp is an attractive market because currently, there are limited regulations or testing requirements unlike comparable tobacco or marijuana products. Smokable hemp is being sold in states that do not allow medical marijuana or that have marijuana programs limited to CBD tinctures.

The U.S. hemp market is growing along with supply. U.S. sales of hemp reached $1.1 billion in 2018, and are projected to reach $1.9 billion by 2022, according to Vote Hemp and the Hemp Business Journal.

Research from Brightfield Group forecasted that the smokable hemp flower market in the US grow to $70.6 million in 2019, up from $11.7 million in 2018, representing a year-over- year growth rate of over 500%, which strongly outpaces other segments of the overall CBD market[3].

According to Grand View Research, Inc. ("GVR"), the global industrial hemp market was estimated at $3.9 billion in 2017 and is expected to grow at a compounded annual growth rate ("CAGR") of 14% to reach $10.6 billion by 2025[4]

The rapidly growing hemp market is driven by rising consumer incomes and increasing demand for higher quality foods, supplements, and personal care products which can all be derived from hemp.

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1 Calgary Herald - 'The next canola': Alberta hemp farmers see bright future in wake of Cannabis Act

2 Health Canada - Statistics, Reports and Fact Sheets on Hemp

3 https://www.globenewswire.com/news-release/20 19 /10/03/1924855/0/e n/HempAmericana-Enters- Booming-71M-Smokable- Hemp-Flower-Market-with-November-Branded-Product-Launch.html

*Tobacco Market Size and Opportunity*

The global tobacco market size is expected to reach $694.47 billion by 2021, according to a new study by GVR, exhibiting a 2.8% CAGR from 2016 to 2021[5]. The tobacco industry comprises a handful of players that grow, sell, and distribute tobacco-related products in the market.

Advanced technologies have assisted the tobacco industry in automating manufacturing processes, in contrast to traditional manufacturing techniques that were labor dependent. Automation has also helped market players to grow in terms of profitability.

The global tobacco market is struggling due to ongoing restraints put in place by governments around the world on grounds of health issues, resulting in high taxes and unfavorable regulations. Tobacco manufacturing companies cannot market their products and are required to include broad health warnings on product packaging.

Rising health awareness, stricter government regulations on tobacco products, and increasing popularity of substitutes are adversely affecting market growth. Moreover, with tobacco manufacturers increasing the per unit price of cigarettes and other tobacco products due to increased taxes, consumers are shifting preference to value-for-money products.

Cigarettes account for the largest share in the global tobacco market in terms of both revenue and sales. In 2016, the segment amounted to $562.61 billion, equivalent to 93.0% of the market's overall value.

The Company intends to be an attractive alternative to traditional tobacco and cigarettes. Through first- hand market research experienced by the Founder and more studies being published every year; there is more evidence showing the benefits of CBD helping people curb the craving for nicotine.

Moreover, regulations on packaging for hemp cigarette products are presently far less onerous than for tobacco. There can be no certainty that product warnings and packaging will not eventually have to mirror the tobacco industry, but presently such restrictions do not exist and provide the hemp cigarette with a defined marketing advantage over tobacco products.

In May 2018, The Society for the Study of Addiction published a CBD-Tobacco withdrawal related report researched by scientists from the Psychopharmacology unit of the University College in London[6]. The London researchers found that CBD reduced sudden craving when participants were confronted with cigarettes or related images. In medical terms, this is called attentional bias. All thirty participants refrained from smoking for 12 hours before the test. At the time of the study, some participants consumed 800 mg of CBD through the digestive system, while others received a placebo.

The researchers then showed both groups two kinds of images - tobacco-related images and non- tobacco-related images. This small but promising test showed that those who took CBD found cigarette- related images less appealing, and they showed no cravings.

Nicotine Replacement Therapies ("NRTs") are medications that doctors prescribe to people that smoke more than a pack a day when they want to stop smoking. They contain a minimal amount of nicotine to satisfy the smoker's craving. However, they do not do anything for the withdrawal symptoms.

The main difference between CBD and NRTs is that CBD both reduces cravings and mitigates withdrawal effects. In addition, NRTs have, some unpleasant side effects, while CBD has virtually none shown to-date.

4 https://www.grandviewresearch.com/press-release/global-industrial-hemp-market

5 https://www.grandvie wresearch.com/press-release/global-tobacco-market

# 4 Narrative Description of the Business

***General***

Maple Leaf and its Subsidiaries are engaged in hemp related activities in the state of California only at the date of this Listing Statement.

Summary

For a general summary of the Company's Canadian activities, please see "General Development of Business – Three Year History – Activities in Canada" in this Listing Statement. The Company has not received any revenues from its Canadian activities to date.

For a general summary of the Company's California operations, please see "General Development of Business – Three Year History – Activities in the United States" in this Listing Statement. The Company has not received any revenues from its activities in the United States to date.

The Company has six (6) greenhouses (the "Green-Houses") in California Hemp Project that are complete and fully operational. The Greenhouses include a 2000 sq. ft. nursery used for seed germination, housing mother plants, and crossbreeding strains. This completes a total growing capacity of 17,000 sq. ft. An additional 10,000 sq. ft. of land has been cleared and is ready for further expansion.

*Competitive Conditions*

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories, more financial resources, and greater manufacturing and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the business, its financial condition, and in general the operations of the Company.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales, and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, its financial condition, and results of operations.

Management believes that the principal aspects of competition between Maple Leaf and its competitors will be the price and quality of hemp, and the client service provided to patients. While Maple Leaf will price its hemp according to market demands, it anticipates a lower cost of production compared to its competitors. This is expected to provide Maple Leaf with pricing flexibility while maintaining healthy margins relative to its competitors. Additionally, Maple Leaf will strive to have better and faster service by having more on hand trained staff than other Licensed Producers. Maple Leaf also plans to maintain a minimum level of inventory to ensure that the Company can continue to provide its customers with unmatched quality on a consistent basis while also acquiring new customers without supply interruptions.

**Industry Overview**

Hemp seeds are the seeds of the hemp plant, Cannabis Sativa. They are from the same species of cannabis (marijuana), but a different variety. However, they contain only trace amounts of THC, the psychoactive compound in marijuana.

Hemp seeds are exceptionally nutritious and rich in healthy fats, protein and various minerals are a great source of arginine and gamma-linolenic acid, which according to the Mayo Clinic have been linked to a reduced risk of heart disease. Hemp extracts contain an assortment of naturally occurring substances, including phytocannabinoids, terpenes, flavonoids and other minor but valuable hemp compounds. The Company believes the presence of various phytocannabinoids, terpenes and flavonoids work synergistically to heighten the effects of the products, making them superior to single-compound CBD and CBG isolates.

While complete scientific corroboration for the uses of CBD and CBG are still in their infancy, industry reports suggest consumers are using CBD and CBG for various applications including assistance with sleep, daily stress, anxiety, pain relief, cognitive function, and immune health, among other applications.1

In addition to the industry and consumer reported uses of CBD and CBG, significant research is currently being conducted on the use of CBD and CBG as it relates to the following, among other topics: epilepsy, post-traumatic stress disorder, cancer, autism, neuroprotection, anti-inflammatory effects, anti-tumor effects, and anti- psychotic effects.

**Demand For Smokable Hemp**

Hemp has been globally cultivated for thousands of years. Hemp is a strain that comes from the Cannabis Sativa plant species, it is an agricultural crop grown for seed and fiber. Some of the earliest known uses of hemp began in China about 10,000 BCE, where it was used for making clothing, rope and paper.

Hemp is becoming increasingly popular. The use of hemp has evolved into diverse products such as lotions, oils, food, beverages, and cigarettes. Smokable hemp is a developing trend both in North America and abroad in Europe and Asia.

Hemp and marijuana are both part of the cannabis family. However, hemp does not create a 'high' unlike marijuana, which is known for its psychoactive effects. Marijuana has high levels of THC, containing anywhere from 5% - 35%, whereas hemp has less than 0.3% THC. Hemp contains high cannabidiol (CBD) content which is not psychoactive. Smoking hemp provides largely the same taste and the same psychological feeling of smoking a joint, but without the high.

The Issuer’s hemp cigarettes will be both 'nicotine' and 'tobacco' free. A 'Brightfield Group' survey of more than 5,000 CBD users in the US has suggested that smoking hemp cigarettes could be a potential tool to replace tobacco and nicotine addictions.[8]

The Issuer is closely following industry news and developments with respect to the positioning of smokable hemp as a 'smoking cessation' tool, which may not only open the industry to government funding and grants, but could also expedite the entry of the product into mainstream outlets that exclusively offer tobacco for purchase.

Initial research has also demonstrated CBD's ability to reduce cigarette consumption. Researchers at University College London conducted a study of 24 smokers. Each were given either an inhaler with CBD, or a placebo. For one week they were to use the inhaler when they had the urge to smoke. Those with the placebo had no difference in cigarettes smoked, while those with the CBD inhaler significantly reduced the number of cigarettes smoked by 40%.[9]

8 https://www.brightfieldgroup.corn/press-releases/cbd-market-growth-2019

9 https://www.ucl.ac .uk/news/2018/may/cannabis-component-could-treat-nicotine-addiction

10 https://entheonation.com/blog/want-quit-smoking-study-says-cbd-cannabis-oil-can-help /

11 Footnote: https://www.cdc.gov/tobacco /basic_infonnatio n/e-cigarettes/sever e-lung-disease.html

12 https://bdsa.com/wp-content/uploads/2019/ 04/BDS-Analytics_ The-CBD-Effect_4-30-19.pdf

Dr. Celia Morgan, one of the researchers in the University of London study, added that "CBD might mean these positive smoking memories are gradually erased."[10]

The alternative market (alternatives to 'tobacco') has continued to grow, increasing 35% from 2018 to 2019, while cigarettes sales have remained steady at 3.1% year-over-year growth. With the addition of hemp cigarettes and the recent vape scare[11], it is anticipated that the alternative market will continue to grow as smokers look for a "healthier for you" alternative to cigarettes.

BDS Analytics and Arcview Market Research projects that the collective market for CBD sales in the US will surpass $20 billion by 2024, while New York-based investment bank Cowen & Co. estimates that the market currently represents approximately 2% of the overall CBD market, but with a 250% increase from 2017 to 2018. Brightfield Group, a Chicago-based cannabis market research firm, identifies dried and smokable hemp flowers as one of the fastest-growing segments of the CBD market.[12.]

## Hemp Pre-Rolls and Cigarettes

Hemp cigarettes are currently legal to sell in all 50 U.S. states with the exception of Louisiana.

As of March 2020, most of the products in the marketplace are either pre-rolled hemp cigarettes or biomass bi-product machined cigarettes. Both products have little or no batch processing, no capability of recalling product, and are not compliant with current CBD or THC regulations.

Hand rolled cigarettes or pre-rolls get their name from the fact that before they came onto the marketplace, enthusiasts had to hand roll their own hemp cigarettes. These consumers would buy hemp and rolling paper and make their own product. This was an expensive and difficult proposition because buying hemp in small quantities is not viable, and most raw hemp suppliers do not shop online.

For this reason, the hemp pre-roll industry in the U.S. has been growing steadily since the passing of the Farm Act. That said, most pre-rolled hemp cigarettes that are sold online or in retail stores, are made at home. These products typically have no food handling permits, no certificates of origin for the contained hemp, no system for testing the hemp, effectively no compliance of any kind. What this means, is that the product can be "hot". It can contain more than the 0.3% THC allowed under federal law in the U.S.A.

Pre-rolls are made manually or with semi-manual processing, and they are not scalable. For the sophisticated operator, they may use small, semi-manual machines that can help you fill the paper faster by shaking product into cones that contain the rolled paper. The operator then fills each cone with the right amount of hemp, turns it on, moves to the next one, and at the end, twists the top of each cigarette by hand. Pre-rolled hemp cigarettes are thus expensive, due to the amount of manual handling.

Early adopters of hemp cigarette are retailers such as liquor stores, independent convenience stores, gas stations and smoke shops. Some franchised convenience stores are already carrying hemp cigarettes, but to date they have not enjoyed much penetration.

Mass retail accounts including supermarkets and pharmacies, are not yet carrying hemp cigarettes. These retailers are presently watching to see how the marketplace adopts hemp cigarettes before they allow them on their shelves. Moreover, to date most hemp cigarette brands, and packaging has resembled cannabis packaging (e.g. decorated with cannabis leaves) and retailers have thus been reluctant to provide shelf space out of concern they could run afoul of Federal cannabis laws.

Retail stores are not the only opportunity for hemp cigarettes. Depending on the quality and branding, catalogs, eCommerce, direct response, duty free outlets and casinos and events such as concerts and festivals, are just some of the channels lacking good penetration with hemp cigarettes.

**Production Capacity and Market Price**

Maple Leaf's main product line will include flowers, seeds, and biomass. Clones will be made available per client request. The Company is also pleased to report that after closer inspection of the seedlings; we have observed strong growth and can comfortably double the number of clones clipped from each plant. This increases our original conservative estimate of 1,500 plants to approximately 3,000 plants. Each plant will yield approximately 2 lbs of cured flowers or 10,000 seeds with 90% feminine: and 3 lbs. of CBG biomass. The Company plans to begin propagation this week followed by new cuttings every 2 weeks as more nodes develop. This will yield 3-5 clones biweekly per plant and totaling roughly 300,000 clones per year. The Company's yearly production yield is estimated at approximately 18,000 lbs of cured flowers or 3,000 lbs of feminized seeds (1 lb contains approx. 27,000 seeds), and 27,000 lbs of CBG biomass. The current market price for La Crème is approximately $5 USD/clone, $400 – $800 USD/lb for cured flowers, $1 USD/seed, and $200/lb of CBG biomass.

Maple Leaf's shipment of La Crème seedlings arrived ahead of schedule and has been placed in the nursery. The seedlings are healthy and have been maturing for a week. La Crème is considered a top CBG strain due to its 18% CBG concentration with 0.20% THC. The Company will continue to search for other top quality CBG strains, as well as strains with specific characteristics and traits for breeding.

**Competitors**

The Issuer has identified the following companies as direct competitors in the hemp cigarette space:

Wild Hemp, headquartered in Dallas, Texas, was founded by the Founder under the America Juice umbrella of brands. Wild Hemp has significant distribution in the United States and conducts business in 26 countries around the world. Wild Hemp leverages distribution channels built over decades through America Juice, and also Global Tobacco. Wild Hemp is best known for being the innovators of the hemp cigarette and coining the term "hempettes". Wild Hemp claims to have issues fulfilling all the demand for hemp cigarettes.

Colorado Pure Hemp ("Pure"), the most recent competitor to Wild Hemp on the market. Pure is manufactured in Virginia and contracts large scale distributors in four regions of the United States. Pure is relatively new brand fighting for shelf space, but has strong distributors committed to representing it and sc aling its growth in the market.

Chief Stix, Chief Stix production process is designed to provide the highest quality hemp smokes via advanced removal of stems and seeds. This creates a smooth experience and sets the standard for Chief Stix products.

In addition, the Issuer intends to compete directly for shelf space and sales with major and minor tobacco including well-known companies or brands such as Phillip Morris (Marlboro, Benson Hedges, etc.), British American Tobacco (Lucky Strike, Rothmans, etc.) and Imperial Brands (Winston, Davidoff, etc.).

## 5. Selected Consolidated Financial Information

Copies of audited financial statements for the periods ended December 31, 2020, 2019, 2018 and 2017 of the Issuer are incorporated by reference herein.

## 6. Management's Discussion and Analysis

Copies of Management's Discussion and Analysis for the periods ended December 31, 2020, 2019, 2018 and 2017 of the Issuer are incorporated by reference herein.

## 7. Market for Securities

Common Shares of Maple Leaf are listed and trading on the NEO under the trading symbol "MGW" in Canada; and under the symbol "MGWFF" on the OTCQB in the USA. Prior to listing on the NEO on April 20, 2018, the Common Shares of Maple Leaf were listed and traded on the TSXV under the trading symbol "MGW".

7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

## 8. Consolidated Capitalization

8.1 There is no material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

## 9. Options to Purchase Securities

| | No of Persons | No of Options | Exercise Price | Market Value of Options on the date of Grant | Date of Grant | Expiry Date | Market Value as at May 27, 2021 |
|---|---|---|---|---|---|---|---|
| All executive officers, directors and past executive officers and directors of the Issuer | | | | | | | |
| | 4 | 3,250,000 | 0.60 | $1,950,000 | 9-Feb-18 | 31-Jan-23 | $227,500 |
| All other employees and past employees of the Issuer | | | | | | | |
| All consultants of the Issuer as a Group | | | | | | | |
| | 1 | 100,000 | 0.24 | $24,000 | 9/28/2016 | 9/27/2023 | $7,000 |
| | 1 | 700,000 | 0.60 | $420,000 | 9-Feb-18 | 31-Jan-23 | $49,000 |
| Any other person or company, including the underwriter | | | | | | | |
| TOTAL OPTIONS | 6 | 4,050000 | | $2,394,000 | | | $ 283,500 |

# 10. Description of the Securities

## 10.1 General

The Issuer's authorized share capital consists of unlimited number of Common and Preferred Shares.

As at the date of this Statement 161,355,398 Common Shares and Nil Preferred Shares are issued and outstanding.

***Common Shares***

The holders of the Issuer's Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Issuer and each Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Issuer.

***Stock Option Plan***

The Company adopted a stock option plan on June 29, 2018 under which it is authorized to grant options to officers, directors, employees, and consultants enabling them to acquire Common Shares of the Company. The maximum number of Common Shares reserved for issuance of stock options that may be granted under the plan is 10% of the issued and outstanding Common Shares of the Company. The options granted can be exercised for a maximum of 5 years and vest as determined by the Board of Directors. The exercise price of each option may not be less than the market price of the Common Shares on the date of grant. As of date of this Listing Statement,4,050,000 options and 17,818,497 warrants are outstanding.

## 10.2 Miscellaneous Securities Provisions

Only the Issuer's outstanding Shares will be listed on the CSE.

The rights of Shareholders may be modified only in accordance with the provisions in the Issuer's Articles or the provisions of the ABCA.

The Issuer has no debt securities outstanding.

## 10.3 Prior Sales

The Issuer did not sell any Securities within the previous 12 months before the date of this Listing Statement.

## 10.4 Stock Exchange Price:

The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Common Shares for the 12-month period ending April 30, 2021 as quoted on the NEO:

| Period | High Trading Price | Low Trading Price | Volume (#) |
|---|---|---|---|
| May, 2020 | $0.075 | $0.055 | 2,290,731 |
| June 2020 | $0.12 | $0.07 | 5,155,194 |
| July 2020 | $0.095 | $0.065 | 1,796,420 |
| August 2020 | $0.08 | $0.07 | 1,377,789 |
| September 2020 | $0.08 | $0.065 | 1,784,511 |
| October 2020 | $0.08 | $0.055 | 1,811,338 |
| November 2020 | $0.08 | $0.055 | 1,637,942 |
| December 2020 | $0.07 | $0.05 | 5,145,874 |
| January 2021 | $0.065 | $0.055 | 5,095,259 |
| February 2021 | $0.085 | $0.06 | 7,754,760 |
| March 2021 | $0.09 | $0.65 | 3,378,835 |

| | | | |
|---|---|---|---|
| April 2021 | $0.08 | $0.06 | 3,205,606 |

## 11. Escrowed Securities

As at the date of this Listing Statement, no securities of any class of the Issuer are held in escrow or are subject to a contractual restriction on transfer.

## 12. Principal Shareholders

To the best of the knowledge of the directors and executive officers of Maple Leaf, there is no person or corporation which beneficially owns or controls or directs, directly or indirectly, Shares carrying more than ten percent (10%) of the voting rights attached to the issued and outstanding Shares of the Corporation which may be voted on at the Meeting.

## 13 Directors and Officers

The following table provides the names of Maple Leaf's current directors and executive officers, the positions held by each of them, and the date of their first appointment.

<table>
<tr><td rowspan="9">Raymond Lai[1]<br>Calgary,<br>Alberta, Canada<br><br>Age: 70<br><br>Director Since:<br>April, 2007</td><td colspan="3">Mr. Lai received a B. Com from the University of Calgary in 1975. He obtained Certified Management Accountant designation in August 1979. Mr. Lai has been a successful key executive for public companies in the manufacturing and mining industries for over 10 years and has been instrumental in securing public and private corporate financing both domestically and internationally.</td></tr>
<tr><td colspan="3">Board Committees</td></tr>
<tr><td colspan="3">None</td></tr>
<tr><td colspan="3">Principal Occupation</td></tr>
<tr><td colspan="3">President & Chief Executive Officer of Maple Leaf</td></tr>
<tr><td colspan="3">Common Shares, Options, and Warrants (as at April 30, 2021)</td></tr>
<tr><td>Common Shares</td><td>Options</td><td>Warrants</td></tr>
<tr><td>1,928,000</td><td>2,150,000</td><td>NIL</td></tr>
<tr><td rowspan="9">Terence Lam [1]<br>Calgary,<br>Alberta, Canada<br><br>Age: 58<br><br>Director Since:<br>March, 2012</td><td colspan="3">Mr. Lam graduated from SAIT with Diploma in Business in December 2002. He is a member of the Public Business Accountant Association of Alberta since September 2012. Prior to spending 9 years in public accounting practice, Mr. Lam owned and managed a wholesale business for 6 years and a retail business for 5 years. Mr. Lam has worked with employees, financial institutions, suppliers, and accountants to understand what is required for a sound business culture. Mr. Lam prides himself on having a practical approach to meeting objectives, a good work ethic and is focused on building successful businesses with proven results.</td></tr>
<tr><td colspan="3">Board Committees</td></tr>
<tr><td colspan="3">Nominating and Corporate Governance, Compensation Committee and Audit Committee</td></tr>
<tr><td colspan="3">Principal Occupation</td></tr>
<tr><td colspan="3">CFO and Corporate Secretary of Maple Leaf</td></tr>
<tr><td colspan="3">Common Shares, Options and Warrants (as at April 30, 2021)</td></tr>
<tr><td>Common Shares</td><td>Options</td><td>Warrants</td></tr>
<tr><td>2,163,000</td><td>400,000</td><td>NIL</td></tr>
</table>

<table>
<tr><td rowspan="9">Najibullah “Naj” Alizada(1),<br>Calgary, Alberta, Canada<br><br>Age: 40<br><br>Director Since:<br>June, 2016</td><td colspan="3">Najibullah “Naj” Alizada has over 16 years of technology, sales, and marketing experience. As current President of Instalogic, Naj oversees the operations, development, and marketing of the organization, including overseeing more than 200 custom projects and over 500 ongoing service accounts.<br><br>Naj readily identifies strategic markets and opportunities for Instalogic, leading to unique cutting-edge projects such as InstaTable Inc. (restaurant reservations application and technology), IQuRe Inc. (charitable donations application and technology), and SoftAlive Inc. (internal complete project management software technology.) His vision, expertise, and focus on growth have fostered his organization’s expansion and success.</td></tr>
<tr><td colspan="3">Board Committees</td></tr>
<tr><td colspan="3">Nominating and Corporate Governance, Audit Committee, Compensation Committee</td></tr>
<tr><td colspan="3">Principal Occupation</td></tr>
<tr><td colspan="3">President of Instalogic Inc.</td></tr>
<tr><td colspan="3">Common Shares, Options and Warrants (as at April 30, 2021)</td></tr>
<tr><td>Common Shares</td><td>Options</td><td>Warrants</td></tr>
<tr><td>402,500</td><td>400,000</td><td>NIL</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td rowspan="8">Greg Moline (1)<br>Leduc, Alberta, Canada<br>Age: 59<br><br>Director Since:<br>December, 2013</td><td colspan="3">Mr. Greg Moline is the President and Chief Executive Officer of High Brix Manufacturing Inc. based in Leduc, Alberta. For the past 32 years, Mr. Moline has very successfully managed and operated two uniquely diverse businesses. After earning his bachelor’s degree in the faculty of commerce, he started his own construction company in Edmonton which he ran for 25 years. Because of his background in farming, Mr. Moline became involved with a soil-testing laboratory, which eventually led him to people who studied and followed the methods of Dr. Carey Reams and William Albrecht, as well as their new world of soil and plant health discoveries. Mr. Moline has spent the past seven years on manufacturing, distributing, and educating farmers in various parts of the world on such new revolutionary scientific methods in agriculture. Mr. Moline graduated from NAIT with Diploma in accounting and obtained Certified Management Accountants’ designation in 1990. He practised until 2005 after which he left the industry and started High Brix Manufacturing Inc.</td></tr>
<tr><td colspan="3">Board Committees</td></tr>
<tr><td colspan="3">Nominating and Corporate Governance, Audit Committee, Compensation Committee</td></tr>
<tr><td colspan="3">Principal Occupation</td></tr>
<tr><td colspan="3">President of High Brix Manufacturing Inc.</td></tr>
<tr><td colspan="3">Common Shares, Options and Warrants (as at April 30, 2021)</td></tr>
<tr><td>Common Shares</td><td>Options</td><td>Warrants</td></tr>
<tr><td>1,017,509</td><td>300,000</td><td>190,909 (1)</td></tr>
</table>

Notes:

(I) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees and from insider reports available at www.sedi.ca. Each nominee has held the same or similar principal occupation with the organization indicated or a predecessor thereof for the last five years.

## Committees

### Audit Committee

The Audit Committee has a charter. A copy of the Audit Committee charter is attached hereto as Appendix "C"

The Issuer's Audit Committee consists of Greg Moline, Najibullah Alizada and Terence Lam, each of whom is a director and financially literate in accordance with NI 52-110. Greg Moline and Najibullah Alizada are independent, as defined under NI 52-110, and Terence Lam is not independent as he is an officer of the Issuer. The Audit Committee members will devote 3 to 4 hours a quarter to the Issuer. The Issuer is relying on the exemption found in Section 6.1(6) of NI 52-110 in respect of having a majority of non- officer directors on the audit committee of the Issuer.

Each member of the audit committee has adequate education and experience that would provide the member with:

(a) an understanding of the accounting principles used by the Issuer to prepare its financial statements, and the ability to assess the general application of those principles m connection with estimates, accruals and reserves;

(b) experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Issuer's financial statements, or experience actively supervising individuals engaged in such activities; and

(c) an understanding of internal controls and procedures for financial reporting.

The board of directors of the Issuer may from time to time establish additional committees.

# 14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed (as at April 30, 2021):

| | **Number of Securities (non-diluted)** | **Number of Securities (fully-diluted)** | **% of Issued (non-diluted)** | **% of Issued (fully diluted)** |
|---|---|---|---|---|
| Public Float | | | | |
| Total outstanding (A) | 161,355,398 | 183,223,895 | 100.00% | 100.00% |
| Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B) | 5,339,009 | 3,250,000 | 3.31% | 1.77% |
| Total Public Float (A-B) | 156,016,389 | 179,973,895 | 96.69% | 98.23% |
| Freely-Tradeable Float | | | | |
| Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C) | 000 | 000 | 0.00% | 0.00% |
| Total Tradeable Float (A-C) | 161,355,398 | 183,223,895 | 100.00% | 100.00% |

Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

**Class of Security**

| **Size of Holding** | **Number of holders** | **Total number of securities** |
|---|---|---|
| 1 – 99 securities | 27 | 1,019 |
| 100 – 499 securities | 36 | 7,374 |
| 500 – 999 securities | 12 | 7,799 |
| 1,000 – 1,999 securities | 16 | 17,900 |
| 2,000 – 2,999 securities | 13 | 28,000 |
| 3,000 – 3,999 securities | 9 | 27,300 |
| 4,000 – 4,999 securities | 2 | 8,250 |
| 5,000 or more securities | 76 | 8,475,976 |
| | 191 | 10,113,793 |

Public Securityholders (Beneficial)

**Class of Security**

| **Size of Holding** | **Number of holders** | **Total number of securities** |
|---|---|---|
| 1 – 99 securities | 593 | 24,744 |
| 100 – 499 securities | 2,054 | 490,129 |
| 500 – 999 securities | 1,367 | 871,089 |
| 1,000 – 1,999 securities | 1,940 | 2,361,036 |
| 2,000 – 2,999 securities | 1,046 | 2,329,133 |
| 3,000 – 3,999 securities | 579 | 1,869,728 |
| 4,000 – 4,999 securities | 354 | 1,497,725 |
| 5,000 or more securities | 2,466 | 88,267,209 |
| Unable to confirm | | 48,391,803 |
| TOTAL | 10,399 | 146,102,596 |

Non-Public Securityholders (Registered)

**Class of Security**

| **Size of Holding** | **Number of holders** | **Total number of securities** |
|---|---|---|
| 1 – 99 securities | | |
| 100 – 499 securities | | |
| 500 – 999 securities | | |
| 1,000 – 1,999 securities | | |
| 2,000 – 2,999 securities | | |
| 3,000 – 3,999 securities | | |
| 4,000 – 4,999 securities | | |
| 5,000 or more securities | | |

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

| **Description of Security** | **Exercise Price** ($) | **Number of Convertible / Exchangeable Securities Outstanding** | **Number of Common Shares Upon Conversion / Exercise** | **Date of Conversion/Expiry** |
|---|---|---|---|---|
| Warrants | $0.60 | 17,818,497 | 17,818,497 | April 29, 2022 |
| Stock Options | $0.24 | 100,000 | 100,000 | September 27, 2021 |
| Stock Options | $0.60 | 3,950,000 | 3,950,000 | January 31, 2023 |

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

## There are no other Shares reserved for issuance that are not included in section 14.2.15. Executive Compensation

15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

Information from the Issuer's Management Information Circular and Proxy Statement ("MIC") dated November 30, 2020 titled "**Statement of Executive Compensation**" is incorporated by reference herein.

## 16. Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness

Information from the Issuer's MIC titled "**Indebtedness of Directors and Executive Officers**" is incorporated by reference herein.

There are no changes to the information provided in the MIC.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

NONE

## 17. Risk Factors

The following are certain risk factors relating to the business carried on by the Issuer that prospective holders of Shares should carefully consider.

*Reliance on Licenses*

The ability of the Issuer to successfully grow, store and sell hemp in the US is dependent on the Issuer's Licenses. The Licenses are subject to ongoing compliance and reporting requirements as well as requirements related to renewal. Failure to comply with the requirements and terms of the Licenses or any failure to maintain the Licenses or any failure to renew the Licenses after their expiry date, would have a material adverse impact on the business, financial condition and operating results of the Issuer. Although the Issuer believes that it will meet the requirements of the 2018 Farm Bill and The Oregon Department of Agriculture for future extensions or renewals of the Licenses, there can be no assurance that the State will extend or renew the Licenses or, if extended or renewed, that it will be extended or renewed on the same or similar terms. Should the Issuer fail to extend or renew the Licenses or should they renew the Licenses on different terms, the business, financial condition and operating results of the Issuer would be materially adversely affected.

*Change in Laws, Regulations and Guidelines*

The Issuer's operations are subject to a variety of laws, regulations and guidelines, including, but not limited to, those relating to the manufacture, management, transportation, storage and disposal of hemp, as well as laws and regulations relating to health and safety (including those for consumable products), the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations. If any changes to such laws, regulations and guidelines occur, which are matters beyond the control of the Issuer, the Issuer may incur significant costs in complying with such changes or it may be unable to comply therewith, which in turn may result in a material adverse effect on the Issuer's business, financial condition and results of operation. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Issuer's business plan and result in a material adverse effect on certain aspects of its planned operations.

Changes in regulations, more vigorous enforcement thereof, the imposition of restrictions on the Issuer's ability to operate in the U.S, as a result of regulatory changes or other unanticipated events could require extensive changes to the Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

*General Regulatory Risks*

The Issuer's business will be subject to a variety of laws, regulations and guidelines and licensing requirements in Canada and the United States. Achievement of the Issuer's business objectives will be contingent, in part, upon compliance with applicable regulatory requirements and obtaining all requisite regulatory approvals.

The Issuer will be required to obtain or renew further government permits, licenses and registrations for its contemplated operations. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving numerous regulatory agencies, involving public hearings and costly undertakings on the Issuer's part. The duration and success of the Issuer's efforts to obtain, amend and renew permits and licenses will be contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Issuer may not be able to obtain, amend or renew permits or licenses that are necessary to its operations. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of the Issuer. To the extent permits, licenses or registrations are not obtained, amended or renewed, or are subsequently suspended or revoked, the Issuer may be curtailed or prohibited from proceeding with its ongoing operations or planned development and commercialization activities. Such curtailment or prohibition may result in a material adverse effect on the Issuer's business, financial condition, results of operations or prospects.

There is no assurance that the Issuer's licenses, permits or registrations will be renewed by each applicable regulatory authority in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process for any of the licenses held by the Issuer could impede the ongoing or planned operations of the Issuer and have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects.

The Issuer may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Issuer's reputation, require the Issuer to take, or refrain from taking, actions that could harm its operations or require the Issuer to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Issuer's business, financial condition, results of operations or prospects.

*Differing Local Rules and Regulations May Limit Ability to Expand into New Markets*

Expansion of the Issuer's business into new markets with different rules and regulations or distant from then-existing operations, may not succeed. Any such expansion may expose the Issuer to new operational, regulatory and/or legal risks. In addition, expanding into new localities may subject the Issuer to unfamiliar or uncertain local rules and regulations that may adversely affect the operations of the Issuer. For example, different localities may impose different rules on how hemp may be cultivated, manufactured, processed, distributed and/or transported. Each of the political subdivisions currently has the right to subject participants in the hemp industry operating within its jurisdiction to its own set of rules and regulations regarding the acquisition and maintenance of required licenses, permits or registrations, and the conduct of business, including prohibiting such operations and business in full or in part, regardless of the rules and regulations of other political subdivisions in which the Issuer operates. Newly entered localities may also have competitive conditions, consumer preferences and spending patterns that are more difficult to predict or satisfy than the existing markets.

*Constraints on Marketing Products*

The development of the Issuer's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in Canada and the United States, and the legal environment in the United States- particularly the existence of federal criminal laws that may prohibit certain marketing of hemp or hemp products limits companies' abilities to compete for market share in a manner similar to other industries. If the Issuer is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Issuer's sales and results of operations could be adversely affected.

*Environmental Risk and Regulations*

The Issuer's operations are subject to environmental regulation in the various jurisdictions in which it will operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Issuer's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Issuer's operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical hemp, or more stringent implementation thereof, could have a material adverse impact on the Issuer and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

*Economic Environment*

The Issuer's operations could be affected by general economic context conditions should the unemployment level, interest rates or inflation reach levels that influence consumer trends, and consequently, impact the Issuer's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Issuer's management.

*Governmental Regulations and Risks*

Government approvals and permits are currently, and may in the future, be required in connection with the Issuer's operations. To the extent such approvals are required and not obtained, the Issuer may be curtailed or prohibited from its proposed cultivation of industrial hemp or from proceeding with the development of its operations as currently proposed. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or. remedial actions. The Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing the production of industrial hemp, or more stringent implementation thereof, could have a material adverse impact on the Issuer and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays indevelopment.

*Limited Operating History*

The Issuer has generated minimal revenue therefore subject to many of the risks Common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

*Volatile Stock Price*

The stock price of the Issuer is highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the industrial hemp industry. The Issuer cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Issuer's decisions related to future operations and will likely trigger major changes in the trading price of the Issuer's Shares.

*Risks Inherent in all Agricultural Business.*

The Issuer's business may, in the future, involve the growing of industrial hemp, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although such growing of the Issuer is expected to be completed by experienced farmers, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

*Reliance on Management*

Another risk associated with the cultivation and sale of industrial hemp is the loss of important staff members. The Issuer is currently in good standing with all high-level employees and believes that with well managed practices it will remain in good standing. The success of the Issuer will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Issuer's business, operating results or financial condition.

*Insurance and Uninsured Risks*

The Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Issuer maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Issuer is not generally available on acceptable terms. The Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

*The Issuer will be an Entrant Engaging in a New Industry*

The industrial hemp industry is fairly new. There can be no assurance that an active and liquid market for the Issuer's Shares will develop and shareholders may find it difficult to resell their Shares. Accordingly, no assurance can be given that the Issuer will be successful in the long term.

*Dependence on Contract Farmers and Skilled Labour*

The ability of the Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts, and components. The Issuer's success is also dependent on its ability to establish and maintain ongoing relationships with contract farmers. No assurances can be given that the Issuer will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Issuer.

*Difficulty to Forecast.*

The Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industrial hemp industry in the USA. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

*Management of Growth*

The Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

*Internal Controls*

Effective internal controls are necessary for the Issuer to provide reliable financial reports and to help prevent fraud. Although the Issuer will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Issuer under Canadian securities law, the Issuer cannot be certain that such measures will ensure that the Issuer will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Issuer's consolidated financial statements and materially adversely affect the trading price of the Issuer's Shares.

*Need for Additional Financing and Possible Effects of Dilution*

The Issuer may issue equity securities to finance its activities, including future acquisitions. If the Issuer were to issue additional Shares following the TAAT International Acquisition, existing holders of such Shares may experience dilution in their holdings. Moreover, when the Issuer's intention to issue additional equity securities becomes publicly known, the Issuer’s share price may be adversely affected.

*Litigation*

The Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Issuer becomes involved be determined against the Issuer such a decision could adversely affect the Issuer's ability to continue operating and the market price for Shares and could use significant resources. Even if the Issuer is involved in litigation and wins, litigation can redirect significant Issuer resources.

*Unfavourable Publicity or Consumer Perception*

The success of the industrial hemp and cannabis industry may be significantly influenced by the public's perception of industrial hemp and medicinal applications. Hemp and medical cannabis are controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical cannabis will be favourable. Any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of CBD may have a material adverse effect on the Issuer's operational results, consumer base and financial results.

*Fluctuating Prices of Raw Materials*

The Issuer's revenues, if any, are expected to be in large part derived from the production, sale and distribution of processed hemp biomass. The Issuer purchases hemp from farmers at market prices at the time of harvest. Changes in the price for processed biomass between the purchase from farmers and sale to customers cannot be predicted with any level of certainty.

*Facility Expansion*

The overall success of the Issuer is in part dependent on the ability of the Issuer expanding its processing facilities or alternatively in securing outsourced manufacturing of its herbal hemp cigarette product. The development of construction of such facilities is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond the Issuer's control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed the Issuer's budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, the Issuer may not be able to achieve the intended economic benefits from the construction of the new facility, which in tum may materially and adversely affect its business, prospects, financial condition and results of operations.

*Global Economy Risk*

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Issuer will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Issuer is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Issuer and its management. If uncertain market conditions persist, the Issuer's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Issuer's Shares on the CSE.

*COVID-19*

The outbreak of the coronavirus ("COVID-19") pandemic has impacted the Issuer's plans and activities. The Issuer may face disruption to operations, supply chain delays, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a major health-care challenge for the Issuer. There can be no assurance that the Issuer's personnel will not be impacted by these pandemic diseases and ultimately that the Issuer would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Issuer's operations and access to capital. There can be no assurance that the Issuer will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets may reduce resource prices, share prices and financial liquidity and thereby that may severely limit the financing capital available.

*Financial Projections*

The financial projections contained in this Listing Statement reflect management's best estimate to anticipated financial results. Actual results may differ from projected results.

## RISKS SPECIFICALLY RELATED TO THE UNITED STATES

*Farm Bill Risks*

The FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements, and cosmetics, among other products, through its enforcement authority pursuant to the FDCA. The FDA's responsibilities include regulating ingredients in, as well as the marketing and labeling of, drugs sold in interstate commerce.

On December 20, 2018 the 2018 Farm Bill was signed into law. The 2018 Farm Bill, among other things, removes industrial hemp and its cannabinoids, including CBD derived from industrial hemp, from the CSA and amends the Agricultural Marketing Act of 1946 to allow for industrial hemp production and sale in the United States. Under the 2018 Farm Bill, industrial hemp is defined as "the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a [THC] concentration of not more than 0.3 percent on a dry weight basis." The U.S. Department of Agriculture has been tasked with promulgating regulations for the industrial hemp industry, which, among other things, requires the Department of Agriculture to review and approve any state- promulgated regulations relating to industrial hemp. Until such time as the Department of Agriculture approves a state's industrial hemp regulations, commercial sale of industrial hemp may not be permissible. Although Interim Rules for Hemp Production are now in place federally, the timing of finalized federal rules and regulations, in addition to state specific rules and regulations, cannot be assured. Further, under the 2018 Farm Bill, the FDA has retained authority over the addition of CBD to products that fall within the FDCA. There can be no assurance that the FDA will approve CBD as an additive to products under the FDCA. It is not yet fully known what role the FDA will have in regulating industrial hemp and CBD derived from industrial hemp.

The potential for multi-agency enforcement post-rescheduling of cannabis and post-removal of industrial hemp from the CSA could threaten or have a materially adverse effect on the operations of existing state-legal cannabis businesses, including certain of issuer's State Operators.

*Regulation of Hemp-Derived CBD Products*

CBD derived from hemp as defined in the 2018 Farm Bill may be subject to various laws relating to health and safety. Specifically, CBD may be governed by the FDCA as a drug. The FDCA is intended to assure the consumer, in part, that drugs and devices are safe and effective for their intended uses and that all labeling and packaging is truthful, informative and not deceptive. The FDCA and FDA regulations define the term drug, in part, by reference to its intended use, as "articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease" and "articles (other than food) intended to affect the structure or any function of the body of man or other animals." Therefore, almost any ingested or topical or injectable product that, through its label or labeling (including internet website, promotional pamphlets, and other marketing material), is claimed to be beneficial for such uses will be regulated by the FDA as a drug. The definition also includes components of drugs, such as active pharmaceutical ingredients. The FDCA defines cosmetics by their intended use, as "articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body... for cleansing, beautifying, promoting attractiveness, or altering the appearance." See FDCA, sec. 201(i). Among the products included in this definition are skin moisturizers, perfumes, lipsticks, fingernail polishes, eye and facial makeup preparations, cleansing shampoos, permanent waves, hair colours and deodorants, as well as any substance intended for use as a component of a cosmetic product. Under the FDCA, cosmetic products and ingredients with the exception of colour additives, do not require FDA approval before they go on the market. Drugs, however, must generally either receive premarket approval by the FDA through the NDA process or conform to a "monograph" for a particular drug category, as established by the FDA's OTC Drug Review.

CBD is an active ingredient in drug products that have been approved or authorized for investigation by the FDA and therefore, under FDA's current position, cannot be used in dietary supplements or as a food additive.

Laws and regulations governing the use of hemp in the U.S. are broad in scope; subject to evolving interpretations, and subject to enforcement by several regulatory agencies and law enforcement entities. Under the 2018 Farm Bill, a state that desires to have primary regulatory authority over the production of hemp in the state must submit a plan to monitor and regulate hemp production to the Secretary of the USDA. The Secretary must then approve the state plan after determining if the plan complies with the requirements set forth in the 2018 Farm Bill. The Secretary may also audit the state's compliance with the federally approved plan. If the Secretary does not approve the state's plan, then the production of hemp in that state will be subject to a plan established by the USDA, such as the Interim Rules for Hemp Production. It is anticipated that many states will seek to have primary regulatory authority over the production of hemp. States that seek such authority may create new laws and regulations that permit the use of hemp in food and beverages.

Federal and state laws and regulations on hemp may address production, monitoring, manufacturing, distribution, and laboratory testing to ensure that the hemp has a THC concentration of not more than 0.3%. Federal laws and regulations may also address the transportation or shipment of hemp or hemp products, as the 2018 Farm Bill prohibits states from prohibiting the transportation or shipment of hemp or hemp products produced in accordance with that law through the state, as applicable. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect in the Issuer's operations, as well as adverse publicity and potential harm to the Issuer's reputation.

*Negative Impact of Regulatory Scrutiny on Raising Capital*

The Issuer's business activities will rely on newly established and/or developing laws and regulations in multiple jurisdictions. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Issuer's profitability or cause it to cease operations entirely. The hemp industry may come under scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Authority or other applicable federal, state, or non- governmental regulatory authorities or self-regulatory organizations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Issuer's industry may adversely affect the business and operations of the Issuer, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, create a public trading market in the U.S. for securities of the Issuer or to find a suitable acquirer, which could reduce, delay or eliminate any return on investment in the Issuer.

## 18. Promoters

There does not exist any promoters of the Issuer as of the date of this Listing Statement.

## 19. Legal Proceedings

As of March 31, 2021, the Company is involved in in the following matters:

“Maple Leaf Green World is currently preparing for arbitration with its contracted builder for its Henderson, Nevada facility, Thompson Global Partners. Maple Leaf has alleged that TGP failed to design a building fit for the intended purpose that would comply with Nevada marihuana regulation, as well as other claims against TGP. Arbitration will commence after a stay runs out in March. Maple Leaf hopes to recoup its $900,000 down payment towards the construction of the facility, as well as lost profits from TGP’s failures. TGP is seeking $184,613.34, which it claims it is owed from completed work on the project over and above the $900,000 it has received."

A statement of claim was filed by Maple Leaf Green World Inc (MGW) seeking damages from PSI and the primary officers in the sum of $1,225,000, plus other damages and costs. The defendant requested particulars and MGW responded. The defendant then filed a Statement of Defence and Counterclaim; MGW has filed their Statement of Defence in the end of March 2019.

Emerging Equities Inc has filed a statement of claim against the Company for recovery of $50,000 that they claim is owed under the Advisory contract. The Company is in the process of filing a statement of defence.

Woodmere is seeking from the Company $0.5 million in damages. Woodmere has also terminated its lease to the Company, thereby eliminating Maple Leaf’s interests in its unfinished facility. As such, Maple Leaf has counterclaimed against Woodmere on claims that Woodmere’s acts and omissions at the time of leasing materially contributed detrimentally to the Company’s goals not being achieved, thereby damaging the Company. In Maple Leaf’s counterclaim against Woodmere, Maple Leaf has sought damages for lost value of the Company’s lease expenses; for the forfeited value of the facility of $11 million; and for damages for lost business opportunities of $20 million.

In related matters, litigation continues from Maple Leaf’s contractors for its former facility, who claim damages for unpaid construction invoices. These eight separate actions brought against the Company directly or indirectly, have now been consolidated into a single action, where the primary defendants are Maple Leaf and Woodmere; against whose title to its property the contractors have registered builders’ liens. In that consolidated action a case planning conference is scheduled for March 12, 2021 and a three-week trial has been scheduled for late June and July 2021. Woodmere and Maple Leaf are strenuously defending this action. The Company does not expect the actions to proceed on the scheduled trial dates, as having been set too early for all parties to be ready to proceed. In those combined actions, the claims against Woodmere and Maple Leaf now exceed $4 million (with claims against Woodmere and its title to its property being less, due to builder's lien claims limitations). One other contractor to the Company obtained a BCSC Smithers Default Judgment against the Company in Q4, 2019 for nearly $0.5 million, for which Judgment that contractor has not taken any further court proceedings.

On August 28, 2018, the Company has filed a statement of claim against Paramount for recovery of $1,225,000 paid as deposits under the Engineering Procurement Construction Manager Agreement.

## 20. Interest of Management and Others in Material Transactions

20.1 **NONE**.

## 21. Auditors, Transfer Agents and Registrars

21.1 The Auditors of the Issuer is GEIB & COMPANY PC ("GEIB"), CPA at its offices in Calgary, Alberta.

21.2 The transfer agent and registrar of the Issuer is Odyssey Trust Company at its offices in Calgary, Alberta.

## 22. Material Contracts

22.1 Except for contracts entered into in the ordinary course of business, there are no material contracts entered into by the Company for the period ending December 31, 2020 which are considered material.

## 23 Interest of Experts

The audited financial statements for the years ended December 31, 2020 and 2019 included in this Listing Statement have been subject to audit by GEIB and their audit report is included herein. GEIB, is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of Alberta.

None of the foregoing persons or companies have held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Resulting Issuer and is not expected to own any securities of the Resulting Issuer or any associate, affiliate or Related Person of the Resulting Issuer.

## 24. Other Material Facts

To Management's knowledge there are no other material facts about the Resulting Issuer or Shares that are not disclosed under any other Item of this Listing Statement and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer or Shares.

## 25. Financial Statements

Please refer to Appendix "A" for the Issuer's annual audited financial statements for the fiscal years ended December 31, 2020 and 2019.

# CERTIFICATE OF THE ISSUER

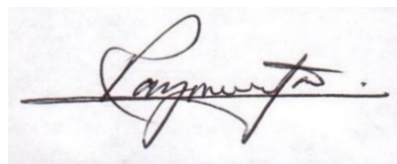
Pursuant to a resolution duly passed by its Board of Directors, Maple Leaf Green World Inc., hereby applies for the listing of the above-mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Maple Leaf Green World Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Calgary, Alberta, this 27th day of May, 2021.

Raymond Lai (Chief Executive Officer)

Terence Lam (Chief Financial Officer)

Terence Lam (Director)



Raymond Lai (Director)

Promoter (if applicable)

# Appendix "A"

# ANNUAL AUDITED FINANCIAL STATEMENTS

# FOR THE FISCAL YEARS ENDED

# DECEMBER 31, 2020 AND 2019

# MAPLE LEAF GREEN WORLD INC.
## CONSOLIDATED FINANCIAL STATEMENTS

**AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

# Independent Auditor's Report

To the Shareholders of Maple Leaf Green World Inc.

**Opinion**

We have audited the consolidated financial statements of Maple Leaf Green World Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of $10,728,148 during the year ended December 31, 2020 and, as of that date, the Company had an accumulated deficit of $42,396,799 and negative working capital of $6,424,495.

In addition, the worldwide spread of a novel coronavirus known as COVID-19 has significantly impacted the global economy. These conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt about the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Impairment of Property, Plant and Equipment**

Under International Financial Reporting Standards, the Company is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. The cost of the Company’s property, plant and equipment of $11,122,665 (note 7) as at December 31, 2020 is material to the financial statements and included $10,579,025 for the Telkwa B.C. project under construction. Given the circumstances as described in note 16 and note 20, the test for impairment was necessary and significant to our audit. Auditing management’s assessment process which is based on both external and internal sources of information and assumptions, such as significant changes during the year affecting the Company’s ability to realize the asset for its intended use involved a high degree of audit judgement and effort.


Southland Park I, Suite 1020, 10201 Southport Road SW, Calgary AB T2W 4X9
P: 403.259.4519 • F: 403.255.0745 • W: geibco.com

Our audit procedures included, among others, using external legal counsel to assist us in evaluating the total recoverability of the project owned by the Company, in particular relating to when the Company would be allowed to resume construction of the project. We also focused on external sources of information regarding the significant changes that occurred to the project during the year, and internal sources of information such as the Company's ability to acquire the land where the project was constructed. As a result of applying the aforementioned audit procedures, the full value of the costs related to the Telkwa B.C. project in the amount of $10,579,025 has been impaired as of December 31, 2020.

**Other Information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis ("MD&A").

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a

manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Kathleen Dengler.

Geib & Company
Professional Corporation

Calgary, Alberta
March 30, 2021

Chartered Professional Accountants

## MAPLE LEAF GREEN WORLD INC.
## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| (Canadian dollars) | notes | **December 31, 2020** | December 31, 2019 |
|---|---|---|---|
| | | | (note 19) |
| **ASSETS** | | | |
| **Current** | | | |
| Cash and cash equivalents | | **47,838** | 36,601 |
| Accounts receivable | | **17,944** | 51,024 |
| Inventory | 5 | **711,410** | - |
| Biological assets | 5 | **536,741** | - |
| Assets held for sale | | **-** | 1,139,789 |
| | | **1,313,933** | 1,227,414 |
| **Non-Current** | | | |
| Long term prepaids | | **15,660** | 15,660 |
| Right-of-use assets | 6 | **102,976** | 154,464 |
| Property, plant and equipment | 7 | **418,999** | 10,769,049 |
| **Total Assets** | | **1,851,568** | 12,166,587 |
| **LIABILITIES** | | | |
| **Current** | | | |
| Accounts payable and accrued liabilities | | **6,641,873** | 5,463,449 |
| Current portion of lease liability | 8 | **65,021** | 50,146 |
| Current portion of finance leases | 11 | **-** | 195,617 |
| Notes payable | 9 | **1,020,419** | 1,173,887 |
| Other payables | | **11,115** | 49,957 |
| | | **7,738,428** | 6,933,056 |
| **Non-Current** | | | |
| Canada Emergency Business Account (CEBA) | 10 | **60,000** | - |
| Lease liability | 8 | **83,158** | 148,179 |
| Finance leases | 11 | **-** | 399,902 |
| **Total liabilities** | | **7,881,586** | 7,481,137 |
| **SHAREHOLDERS' (DEFICIT)/EQUITY** | | | |
| Share capital | 12 | **23,471,632** | 23,471,632 |
| Contributed surplus | 12 | **12,672,697** | 12,672,697 |
| Accumulated other comprehensive income | | **222,452** | 209,772 |
| Accumulated deficit | | **(42,396,799)** | (31,668,651) |
| | | **(6,030,018)** | 4,685,450 |
| | | **1,851,568** | 12,166,587 |

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.
## CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
**For the yeas ended December 31,**

| *(Canadian dollars)* | Notes | **2020** | 2019 |
|---|---|---|---|
| | | | (note 19) |
| **Revenue** | | | |
| Unrealized gain on changes in fair value of biological assets | 5 | **1,248,150** | - |
| **Expenses** | | | |
| Operating expenses | | **385,325** | - |
| Personnel costs | | **177,093** | 236,943 |
| Professional fees | | **188,528** | 96,208 |
| Consulting fees | | **148,955** | 227,913 |
| Office | | **47,762** | 127,642 |
| Advertising and promotion | | **64,487** | 72,382 |
| Rent | | **-** | 17,011 |
| Repairs and maintenance | | **-** | 4,649 |
| Regulatory and transfer agent | | **30,506** | 29,509 |
| Travel | | **19,341** | 13,089 |
| Research and development | | **-** | 516 |
| Foreign exchange expense | | **22,198** | 5,594 |
| Bad debt | | **-** | 3,947 |
| Depreciation and amortization | 6,7 | **91,446** | 72,275 |
| | | **1,175,641** | 907,678 |
| **Income/(Loss) before other items** | | **72,509** | (907,678) |
| Finance expense | 6,8 | **(757,026)** | (800,262) |
| **Other items** | | | |
| Impairment of assets | 7 | **(10,579,025)** | (1,102,500) |
| Gain/(Loss) on disposal of assets | 7 | **535,394** | - |
| Gain on settlement of accounts payable | | **-** | 60,000 |
| **Net loss for the period** | | **(10,728,148)** | (2,750,440) |
| **Other Comprehensive Income/(Loss)** | | | |
| Exchange differences on translation of foreign operations | | **12,680** | (8,144) |
| **Total comprehensive loss** | | **(10,715,468)** | (2,758,584) |
| **Per Share Information** | | | |
| Net loss per share – basic and diluted | | **$(0.07)** | $(0.02) |
| Weighted average number of common shares outstanding | | **161,355,398** | 160,538,624 |

*See accompanying notes to the Consolidated Financial Statements*

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

| (Canadian dollars) | Note | Number of common shares | Share capital | Share-based payments reserve | Warrant reserve | Accumulated other comprehensive income | Deficit | Total equity (deficit) |
|---|---|---|---|---|---|---|---|---|
| **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)** |

*See accompanying notes to the Consolidated Financial Statements*

**MAPLE LEAF GREEN WORLD INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**For the years ended December 31,**

| (Canadian dollars) | Notes | 2020 | 2019 (note 19) |
|---|---|---|---|
| **Operating Activities** | | | |
| Income/(loss) for the year | | **(10,728,148)** | (2,750,440) |
| Items not affecting cash: | | | |
| Depreciation and amortization | 6,7 | **91,446** | 72,275 |
| Gain on settlement of accounts payable | | **-** | (60,000) |
| Disposal of assets | | **-** | 4,134 |
| Accrued interest on notes payable | 9 | **46,277** | 158,281 |
| Unrealized gain on changes in fair value of biological assets | 5 | **(1,248,150)** | - |
| Impairment of assets | | **10,579,025** | 1,102,500 |
| | | **(1,259,550)** | (1,473,250) |
| **Changes in non-cash working capital** | | | |
| Accounts receivables | | **33,080** | 90,622 |
| Prepaids | | **-** | 29,528 |
| Other payables | | **(38,842)** | 1,454 |
| Accounts payable and accrued liabilities | | **521,909** | 1,011,251 |
| Net change in non-cash working capital related to operations | | **516,147** | 1,132,855 |
| **Cash flows used in continuing operating activities** | | **(743,403)** | (340,395) |
| **Investing Activities** | | | |
| Change in right-of-use asset | 6 | **-** | (154,464) |
| Change in assets held for sale | | **1,139,789** | - |
| Additions to property, plant and equipment | 7 | **(268,929)** | (544,310) |
| **Cash flows from/(used in) investing activities** | | **870,860** | (698,774) |
| **Financing Activities** | | | |
| Repayment of long-term debt | 9 | **(823,513)** | (30,000) |
| Proceeds from notes payable | 9 | **652,576** | 230,000 |
| Canada Emergency Business Account | 10 | **60,000** | - |
| Issuance of common share units | | **-** | 248,500 |
| Share issuance costs | | **-** | (25,000) |
| Proceeds from option exercised | | **-** | 30,000 |
| Repayment of lease liability | | **(50,146)** | - |
| Payment on finance lease | | **44,383** | - |
| Advances from related party | | **-** | 41,651 |
| Shares issued for payment of debt | | **-** | (60,000) |
| **Cash flows from/(used in) financing activities** | | **(116,700)** | 435,151 |
| **Increase/(decrease) in cash and cash equivalents** | | **10,757** | (604,018) |
| Impact of foreign exchange on cash balances | | **480** | 66,377 |
| Cash and cash equivalents, beginning of year | | **36,601** | 574,242 |
| **Cash and cash equivalents, end of year** | | **47,838** | 36,601 |

*See accompanying notes to the 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 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 consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on March 30, 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 $10.7 million during the year ended December 31, 2020 and, as of that date, the Company had an accumulated deficit of $42.4 million, a negative working capital of $6.4 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 consolidated annual financial statements for the years ended December 31, 2020 and 2019 were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Reporting Interpretations Committee (“IFRIC”) effective as of December 31, 2020. As part of this preparation, management is required to make estimates and assumptions under IFRS. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent amounts and the reported amounts of revenues and expenses. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

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

These consolidated financial statements for the years ended December 31, 2020 and 2019 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 year ended December 31, 2020 or the year ended December 31, 2019.

*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 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

### (a) Financial instruments

(i) Financial assets

The Company initially recognizes financial assets on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through earnings (loss), then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Company classifies its financial assets as subsequently measured at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

*Financial assets measured at amortized cost*

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and/or interest.

The Company currently classifies its cash and cash equivalents, accounts receivable, and deposits accounts as financial assets measured at amortized cost.

*Financial assets at fair value*

These assets are measured at fair value and changes therein, including any interest or dividend income, are recognized in net earnings (loss) unless hedge accounting is used in which case the changes are recognized in other comprehensive income. Also, for investments in equity instruments that are not held for trading, the Company may irrevocably elect, at initial recognition, to present subsequent changes in the investment's fair value in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss, and no impairment is recognized in profit or loss. Dividends earned from such investments are recognized in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment. This election is made on an investment-by-investment basis.

*Impairment of financial assets*

As per IFRS 9, the Company prospectively estimates the expected credit losses associated with the financial assets accounted for at amortized cost. The impairment methodology used depends on whether there is a significant increase in the credit risk or not. For trade receivables, the Company measures loss allowances at an amount equal to the lifetime expected credit loss ("ECL") as allowed by IFRS 9 under the simplified method. The Company recognizes in earnings (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal thereof) that is required to adjust the loss allowance at the reporting date to the required amount.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: at fair value or amortized cost.

*Financial liabilities at fair value*

Financial liabilities at fair value are initially recognized at fair value and are re-measured at each reporting date with any changes therein recognized in net earnings (loss) unless hedge accounting is used in which case the changes are recognized in other comprehensive income.

*Financial liabilities at amortized cost*

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. The Company currently classifies its accounts payable and other payables and long-term debt as liabilities measured at amortized cost.

(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; and,
Level 3: Inputs for assets or liabilities that are not based on observable market data.

**(b) Cash and cash equivalents**

Cash and cash equivalents is comprised of cash on hand and cash balances with banks and similar institutions.

**(c) 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.

**(d) Foreign currency translation**

The functional currency of Maple Leaf is the Canadian Dollar ("CAD") while the functional currency of Golden State and SSGW are the United States Dollar ("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.

**(e) 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, equipment, and software | 5 years |
| Computer equipment | 3 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.

**(f) 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. The Company classifies leases as right-of-use assets when the terms of the lease conveys the right to control the use of an identified asset for a period of time in exchange for consideration. It classifies all other leases as operating leases.

The Company applied IFRS 16 with a date of initial application of January 1, 2019. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS .

The company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial indirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less and lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right- of-use are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payment that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of an asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Company has the right to direct the use of the asset if either
  - The Company has the right to operate the asset
  - The Company designed the asset in a way that predetermines how and for what purpose This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

For contracts entered into before January 1, 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether or not it met the criteria above.

**(g) 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.

**(h) 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.

**(i) 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.

**(j) 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. Volatility is calculated based on the Company's historical stock price.

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.

**(k) 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.

**(l) 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.

**(m) Revenue recognition**

The Company records revenue from contracts with customers in accordance with the five steps in IFRS 15 as follows:

1.Identify the contract with a customer;
2.Identify the performance obligations in the contract;
3. Determine the transaction price, which is the total consideration provided by the customer;
4. Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5.Recognize revenue when the relevant criteria are met for each unit (at a point in time or over time).

Revenue from the sale of hemp products, net of any discounts, is recognized at a point in time when control over the goods have been transferred to the customer. The Company transfers control and satisfies its performance obligation upon delivery and acceptance by the customer.

**(n) Biological assets**

The Company measures biological assets consisting of hemp plants at fair value less costs to sell up to the point of harvest, which becomes the initial basis for the cost of finished goods inventories after harvest. Seeds are measured at fair market value. Cost to sell includes post-harvest production, shipping, and fulfilment costs. Unrealized gains or losses arising from changes in fair value less cost to sell during the reporting period are included in the consolidated statement of loss and comprehensive loss.

**(o) Inventory**

Inventories of work-in-process dried hemp, harvested finished goods, oil and packing materials are valued at the lower of cost and net realizable value. Inventories of harvested hemp are transferred from biological assets at their fair value less costs to sell at harvest, which becomes deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis. Products for resale and supplies are valued at cost.

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 hemp up to the point of harvest, harvesting costs, selling costs, average or expected selling prices and list prices, and expected yields for the hemp plants.

The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value.

**(p) 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. INVENTORY AND BIOLOGICAL ASSETS

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

| | |
|---|---|
| Balance at December 31, 2018 and 2019 | - |
| Unrealized gain or changes in fair value of biological assets | 1,248,150 |
| Transferred to inventory upon harvest | (711,410) |
| **Balance at December 31, 2020** | 536,741 |

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 December 31, 2020, the average stage of growth for the biological assets was 47%.

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 December 31, 2020 |
|---|---|---|---|
| **Estimated Yield per Plant**<br>Varies by strain and is obtained through historical growing results or grower estimate if historical results are not available. | 0.5 to 1.0 pounds/plant | 1 pound/plant | (9,722) |
| **Average Selling Price or Dry Hemp**<br>Varies by strain and is obtained through average selling prices or estimated future selling prices if historical results are not available | $125 to $400/pound | 263/pound | (20,005) |

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. Inventory is comprised of the following items:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Work-in-progress | **711,410** | - |
| Total Inventory | **711,410** | - |

## 6. RIGHT-OF-USE ASSETS

Right-of-use assets consist of the following:

| | Head office |
|---|---|
| Balance at January 1, 2019 | 205,953 |
| Depreciation charge for the year | (51,488) |
| Balance at December 31, 2019 | 154,465 |
| **Depreciation charge for the period** | **(51,489)** |
| **Balance at December 31, 2020** | **102,976** |

## 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, 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) | - | (7,297) | - | (65,240) | (73,1221) |
| 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** |

| 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, 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 |
| **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** |

| Net book value | Furniture, equipment, and software | Project development costs | Greenhouse and land improvement | Land on finance lease | Land | Total |
|---|---|---|---|---|---|---|
| December 31, 2019 | 40,885 | 9,530,140 | 97,675 | 944,494 | 155,855 | 10,769,049 |
| **December 31, 2020** | **29,585** | **-** | **233,559** | **-** | **155,855** | **418,999** |

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. 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, 2019 | 198,325 |
| **Lease Liabilities included in the statement of financial position at December 31, 2020** | **148,179** |
| **Current** | **65,021** |
| **Non-current** | **83,158** |

The following table summarizes undiscounted future lease payments:

| **Maturity analysis - contractual undiscounted cash flows** | |
|---|---|
| Less than one year | **88,910** |
| One to five years | **92,441** |
| more than five years | **-** |
| Total undiscounted liabilities included at December 31, 2020 | **181,350** |

The following table summarizes lease-related cash flows for the years ended December 31:

| | 2020 | 2019 |
|---|---|---|
| Principal payments | **50,146** | 28,418 |
| Interest on lease liabilities | **35,233** | 42,837 |
| Total cash outflow for leases | **85,379** | 71,255 |

## 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, 2018 | 143,241 | 785,606 | 30,000 | 958,847 |
| Increase in loan | | | 200,000 | 200,000 |
| Interest incurred | 8,285 | 77,204 | 14,895 | 100,384 |
| Interest paid | (8,285) | | (895) | (9,180) |
| Loan payment | - | - | (30,000) | (30,000) |
| Foreign exchange effect | (6,867) | (39,297) | - | (46,164) |
| 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** |

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

***Maple Leaf Green World Notes Payable***

On October 1, 2019, the Company issued 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 December 31, 2020. As at December 31, 2020, the carrying value of the note payable is $200,000 CAD plus accrued interest of $25,000 CAD. Subsequent to year end the loan was extended until December 31, 2021.

On March 1, 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 March 31, 2021. As at December 31, 2020, the carrying value of the note payable is $200,000 USD plus accrued interest of $15,000 USD.

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 December 31, 2020, the carrying value of the note payable is $200,000 USD plus accrued interest of $4,739 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 December 31, 2020, the carrying value of the note payable is $100,000 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:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Current | **-** | 195,617 |
| Non-current | **-** | 399,902 |
| **Present Value** | **-** | 595,519 |

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).

## 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, 2018 | 159,218,302 | 23,218,132 |
| Shares issued to settle accounts payable | 387,096 | 60,000 |
| Shares issued upon option exercised | 300,000 | 30,000 |
| Shares issuance expense | - | (25,000) |
| Private placement | 1,450,000 | 188,500 |
| At December 31, 2019 | 161,355,398 | 23,471,632 |
| **At December 31, 2020** | **161,355,398** | **23,471,632** |

On May 15, 2019, The Company closed the first tranche of a private placement financing ("the Financing"). The Company issued a total of 1,450,000 common shares at a price of $0.13 per share for total proceeds of $188,500. The Company also issued 387,096 common shares at a price of $0.155 per share for settlement of debt with Woodmere Nursery Ltd. In the amount of $120,000.

Share issuance costs were $25,000 including finder's fees of $20,000, were recorded in connection with this private placement.

**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, 2018 | 12,120,000 | 0.41 |
| Options cancelled | (1,120,000) | 0.61 |
| Options exercised | (300,000) | 0.10 |
| **Balance December 31, 2019** | 10,700,000 | 0.39 |
| **Balance December 31, 2020** | **10,700,000** | **0.39** |

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 |
|---|---|---|---|---|
| January 31, 2021 | 0.60 | 1,450,000 | 1,450,000 | 0.08 |
| April 10, 2021 | 0.10 | 4,400,000 | 4,400,000 | 0.27 |
| September 27, 2021 | 0.24 | 100,000 | 100,000 | 0.74 |
| January 31, 2023 | 0.60 | 4,450,000 | 4,450,000 | 2.08 |
| April 23, 2023 | 0.70 | 300,000 | 300,000 | 2.31 |
| | 0.39 | 10,700,000 | 10,700,000 | 1.06 |

**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 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** | | |

| 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 | | |

## 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:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Management renumeration | **136,452** | 156,000 |
| Consulting fee | **77,000** | 22,500 |
| Land Lease | **-** | 105,000 |
| Total | **213,452** | 283,500 |

As at December 31, 2020, the company had no amounts due to related parties (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.

## 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 December 31, 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 December 31, 2020.

## 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.

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

| | **December 31, 2020** | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| **Assets and liabilities measured at fair value** | **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** | **47,838** | **-** | **-** | 36,601 | - | - |
| **Account receivable** | **17,944** | **-** | **-** | 51,024 | - | - |
| **Notes payable** | **-** | **1,020,419** | **-** | - | 1,173,887 | - |

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

**(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 December 31, 2020 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 December 31, 2020, the Company has negative working capital of $6.4 million (December 31, 2019 - $5.7 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 | 6,641,873 | - | - | 6,641,873 |
| Notes payable | 1,020,419 | - | - | 1,020,419 |
| Right-to-use obligations | 88,910 | 92,441 | - | 181,350 |
| | 7,751,202 | 92,441 | - | 7,843,642 |

**(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:

(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 interest rates of 6 - 10% 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, 2020, the Company's exposure to currency risk is summarized as follows:

| Expressed in Canadian dollar equivalents | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Financial assets denominated in US dollars | | |
| Cash | **29,654** | 33,771 |
| | **29,654** | 33,771 |
| Financial liabilities denominated in US dollars | | |
| Accounts payable | **119,062** | 308,797 |
| Long-term debt | **133,686** | 959,887 |
| Notes payable | **661,733** | - |
| | **914,480** | 1,268,684 |

As at December 31, 2020, with other variables unchanged, a 10% change in the USD against the CAD would have increased (decreased) comprehensive loss by $94,413 (2019 - $95,989).

***(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.

## 17. TAXES

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

| | **December 31,2020** | December 31, 2019 |
|---|---|---|
| Loss for the year | **(10,728,148)** | (2,750,440) |
| Statutory tax rate | **23.0%** | 23% |
| Income tax benefit computed at statutory rates | **(2,467,474)** | (632,601) |
| Items non-deductible for income tax purposes | **(256,062)** | 268,027 |
| Differences on foreign tax rates | **(1,164)** | 123,561 |
| Unused tax losses and tax offsets not recognized in tax assets | **2,724,700** | 241,013 |
| 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 8%. 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 Alberta 2019 budget released on October 24, 2019 has reduced the corporate tax rate from 12% to 8% over the course of four years. This has the effect of reducing the future non-capital losses.

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:

| | **December 31,2020** | December 31,2019 |
|---|---|---|
| Non-capital losses | **28,802,783** | 16,803,312 |
| Capital losses | **1,379,854** | 1,379,854 |
| Share issue costs | **162,905** | 250,876 |
| Tax value over book value of property, plant and equipment | **(177,970)** | (1,781) |
| Unrecognized deductible temporary differences | **30,167,572** | 18,432,261 |

As at December 31, 2020, the Company had accumulated Canadian capital losses of $1.4 million and non-capital losses of approximately $26.9 million expiring between 2025 and 2040, and $1.9 million of US losses.

## 18. 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** | **December 31, 2020** | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | **Canada** | **US** | **Consolidated** | Canada | US | Consolidated |
| Current assets | **793,804** | **571,617** | **1,365,421** | 43,362 | 1,235,540 | 1,278,902 |
| Other long-term assets | **67,148** | **-** | **67,148** | 15,660 | 102,976 | 118,636 |
| Property, plant and equipment | **29,635** | **389,364** | **418,999** | 10,584,807 | 184,244 | 10,769,050 |
| Total assets | **890,587** | **960,981** | **1,851,568** | 10,643,828 | 1,522,760 | 12,166,588 |
| | | | | | | |
| Current liabilities | **7,419,225** | **133,686** | **7,552,911** | 5,019,484 | 1,913,573 | 6,933,057 |
| Long term liabilities | **328,675** | **-** | **328,675** | 352,464 | 195,617 | 548,081 |
| Total liabilities | **7,747,900** | **133,686** | **7,881,586** | 5,371,948 | 2,109,190 | 7,481,138 |

| | Year ended December 31, 2020 | | | Year ended December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | **Canada** | **US** | **Consolidated** | Canada | US | Consolidated |
| Revenues | **-** | **1,248,150** | **1,248,150** | - | - | - |
| Operating expenses | **1,339,049** | **593,618** | **1,932,667** | 964,442 | 683,498 | 1,647,940 |
| Impairment of assets | **10,579,025** | **-** | **10,579,025** | 1,102,500 | - | 1,102,500 |
| Gain on disposition of assets | **-** | **535,394** | **535,394** | - | - | - |
| Net income/(loss) | **(11,918,074)** | **1,189,926** | **(10,728,148)** | (2,066,942) | (683,498) | (2,750,440) |

## 19. COMPARATIVE FIGURES

Certain comparative figures have been restated where necessary to conform with current period presentation.

## 20. SUBSEQUENT EVENTS

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 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.