



MAPLE LEAF GREEN WORLD INC.
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020
(Expressed in Canadian Dollars, unless otherwise stated)



Paul J. Rozek Professional Corporation Chartered Professional Accountant

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Independent Auditor's Report

To the shareholders of Maple Leaf Green World Inc.,

We have audited the accompanying Financial Statements of Maple Leaf Green World Inc., which consist of the Statement of Financial Position as at December 31, 2021, the Statement of Losses, Statement of Changes in Deficit, and the Statement of Cash Flows for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance 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. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We have audited the financial statements of Maple Leaf Green World Inc., which comprise the statements of financial position as at December 31, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We have added prior year's audited values as a comparison.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the 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 financial statements, which indicates that the Corporation incurred a net loss during the year ended December 31, 2021 and, as of that date, the Corporation had an accumulated deficit. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 on this other information, 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.

A handwritten signature in blue ink, appearing to read "Paul J. Rozek", with a stylized flourish at the end.

Paul J. Rozek Professional Corporation
Per: Paul Rozek CPA CA MPAcc

Calgary, Alberta
April 29, 2022

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

(Canadian dollars)	notes	December 31, 2021	December 31, 2020
ASSETS			
Current			
Cash and cash equivalents		75	47,838
Accounts receivable		16,965	17,944
Inventory	5	-	711,410
Biological assets	5	-	536,741
		17,040	1,313,933
Non-Current			
Long term prepaids		-	15,660
Right-of-use assets	6	-	102,976
Property, plant and equipment	7	382,980	418,999
Total Assets		400,020	1,851,568
LIABILITIES			
Current			
Accounts payable and accrued liabilities		6,784,466	6,647,294
Current portion of lease liability	8	-	65,021
Notes payable	9	1,874,506	1,020,419
Related party payables	12	189,132	5,694
		8,848,104	7,738,428
Non-Current			
Canada Emergency Business Account (CEBA)	10	60,000	60,000
Lease liability	8	-	83,158
Total liabilities		8,908,104	7,881,586
SHAREHOLDERS' DEFICIT			
Share capital	11	23,589,263	23,471,632
Contributed surplus	11	12,725,332	12,672,697
Accumulated other comprehensive income		113,471	222,452
Accumulated deficit		(44,936,150)	(42,396,799)
Total shareholders' deficit		(8,508,084)	(6,030,018)
Total liabilities and shareholders' deficit		400,020	1,851,568

Going Concern (note 2)

Commitments and contingencies (note 15)

Subsequent event (note 20)

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.

AUDITED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

<i>(Canadian dollars)</i>	Notes	Year Ended December 31, 2021	2020
Revenue			
Unrealized loss on changes in fair value of biological assets	5	(191,048)	1,248,150
Expenses			
Operating expenses		378,722	385,325
Personnel costs		200,788	177,093
Professional fees		172,425	188,528
Consulting fees		165,168	148,955
Depreciation and amortization	6,7	57,472	91,446
Office		50,878	47,762
Regulatory and transfer agent		45,843	30,506
Advertising and promotion		40,953	64,487
Travel		18,644	19,341
Foreign exchange expense		(20,250)	22,198
		1,110,643	1,175,641
Income/(Loss) before other items		(1,301,691)	72,509
Finance expense	6,8	(290,083)	(757,026)
Other items			
Inventory write-down	5	(975,925)	(10,579,025)
Gain/(Loss) on disposal of assets	6,7	28,348	535,394
Net loss for the period		(2,539,351)	(10,728,148)
Other Comprehensive Income/(Loss)			
Exchange differences on translation of foreign operations		(108,981)	12,680
Total comprehensive loss		(2,648,332)	(10,715,468)
Per Share Information			
Net loss per share – basic and diluted		(0.09)	(0.40)
Weighted average number of common shares outstanding		27,153,736	26,892,566

On October 7, 2021 the Company completed a 6:1 share consolidation. All share numbers have been restated to reflect the consolidation.

See accompanying notes to the Consolidated Financial Statements

MAPLE LEAF GREEN WORLD INC.

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Canadian dollars)	Note	Share capital	Share-based payments reserve	Warrant reserve	Accumulated other comprehensi ve income	Deficit	Total equity
December 31, 2019		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		23,471,632	12,050,864	621,833	222,452	(42,396,799)	(6,030,018)

(Canadian dollars)	Note	Share capital	Share-based payments reserve	Warrant reserve	Accumulated other comprehensi ve income	Deficit	Total equity (deficit)
December 31, 2020		23,471,632	12,050,864	621,833	222,452	(42,396,799)	(6,030,018)
Other comprehensive income		-	-	-	(108,981)	-	(108,981)
Loss for the period		-	-	-	-	(2,539,351)	(2,539,351)
Shares issued to settle accounts payable	11	117,448	-	44,044	-	-	161,492
Shares issuance expense	11	(22,726)	-	-	-	-	(22,726)
Private placement	11	22,909	-	8,591	-	-	31,500
December 31, 2021		23,589,263	12,050,864	674,468	113,471	(44,936,150)	(8,508,084)

On October 7, 2021 the Company completed a 6:1 share consolidation. All share numbers have been restated to reflect the consolidation.

See accompanying notes to the Consolidated Financial Statements

MAPLE LEAF GREEN WORLD INC.
AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Canadian dollars)	Notes	Year Ended December 31, 2021	2020
Operating Activities			
Income/(loss) for the year		(2,539,351)	(10,728,148)
Items not affecting cash:			-
Depreciation and amortization	6,7	57,472	91,446
Gain on disposition of assets	6	(28,348)	-
Financing costs		233,800	20,101
Unrealized gain on changes in fair value of biological assets	5	191,048	(1,248,150)
Inventory write-down		975,925	-
Impairment of assets		-	10,579,025
		(1,109,454)	(1,285,726)
Changes in non-cash working capital			
Accounts receivables		979	33,080
Inventory		58,361	-
Biological assets		-	-
Other payables		183,438	(38,842)
Accounts payable and accrued liabilities		225,409	1,239,699
Net change in non-cash working capital related to operations		468,187	1,233,937
Cash flows (used in)/from operating activities		(641,267)	(51,789)
Investing Activities			
Change in assets held for sale		-	1,139,789
Additions to property, plant and equipment	7	-	(268,929)
Cash flows from investing activities		-	870,860
Financing Activities			
Repayment of long-term debt	9	(134,589)	(823,513)
Proceeds from notes payable	9	781,898	600,864
Deferred financing costs	9	(35,442)	-
Canada Emergency Business Account (CEBA)		-	60,000
Issuance of common share units		31,500	-
Repayment of lease liability		(50,899)	(50,146)
Payment on finance lease		-	(630,736)
Advances from related party		-	(137,859)
Cash flows from/(used in) financing activities		592,468	(981,390)
Increase in cash and cash equivalents		(48,799)	10,757
Impact of foreign exchange on cash balances		1,036	480
Cash and cash equivalents, beginning of year		47,838	36,601
Cash and cash equivalents, end of period		75	47,838

See accompanying notes to the Consolidated Financial Statements

MAPLE LEAF GREEN WORLD INC.

NOTES TO AUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

1. NATURE OF OPERATIONS

Maple Leaf Green World Inc. ("Maple Leaf" or the "Company") is incorporated in Alberta, Canada, with common shares listed on the Canadian Securities Exchange (the "CSE") under the ticker symbol MGW. The corporate office is located at Suite 20, 3515 27 Street NE, Calgary, AB, T1Y 5E4. In October 2012, Maple Leaf changed its name to Maple Leaf Green World Inc. from Maple Leaf Reforestation Inc.

In order to develop its medical hemp business in the United States of America ("USA"), the Company incorporated a wholly owned subsidiary, Golden State Green World LLC ("Golden State"), in California, USA in 2015. In March 2017, the Company incorporated another wholly owned subsidiary, SSGW LLC ("SSGW"), in Nevada, USA. On January 23, 2018 SSGW purchased 100% of BioNeva Innovations of Henderson, LLC ("BioNeva").

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

These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on April 29, 2022.

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.

Details of deficit and working capital (current assets less current liabilities) of the Company are as follows:

	December 31, 2021	December 31, 2020
Deficit	(44,936,150)	(42,396,799)
Working Capital	(8,831,064)	(6,424,495)

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 2022 unless further financing is obtained. Additional sources of funding will be required during fiscal 2022 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, 2021 and 2020 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, 2021. 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

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NOTES TO AUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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ultimately may differ from those estimates.

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

These consolidated financial statements for the three and Year ended December 31, 2021, 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, 2021, or the year ended December 31, 2020.

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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

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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 2022.

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.

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NOTES TO AUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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

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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

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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.

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(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.

(q) Accounting standards issued but not yet effective

Certain new or amended standards or interpretations issued by the International Accounting Standards Board (IASB) or IFRS

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Interpretations Committee (IFRIC) do not have to be early adopted in the current period.

The standards issued, but not yet effective, are described below.

- IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. Earlier adoption is permitted.
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) was amended in February 2021 to introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier adoption is permitted.
- IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended in May 2020 to prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022. Earlier adoption is permitted.
- IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

The Company will adopt these amendments as of their effective dates and is currently assessing their impacts on adoption. There are no other standards or interpretations issued, but not yet effective, that the Company anticipates may have a material effect on the interim financial statements once adopted.

5. INVENTORY AND BIOLOGICAL ASSETS

The Company’s biological assets consists of hemp plants. The continuity of biological assets for the year ended December 31, 2021 was as follows:

Balance at December 31, 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
Unrealized gain/(loss) in changes in fair value of biological assets	(191,048)
Transferred to inventory upon harvest	(345,693)
Balance at December 31, 2021	-

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, 2021, there were no biological assets growing.

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:

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Unobservable Inputs	Range	Weighted average	Decrease in Fair Value of Biological Assets at December 31, 2021
Estimated Yield per Plant Varies by strain and is obtained through historical growing results or grower estimate if historical results are not available.	0.25 to 1.0 pounds/plant	0.39 pound/plant	-
Average Selling Price or Dry Hemp Varies by strain and is obtained through average selling prices or estimated future selling prices if historical results are not available	\$40 to \$450/pound	327/pound	-

Inventories on hand consist of harvested hemp in process. Inventory is valued at the lower of cost and net realizable value. As at December 31, 2020, the Company held 1,067 pounds of flower and 1,759 pounds of biomass. As at December 31, 2021, the Company held 54 pounds of flower and 467 pounds of biomass. Inventory is comprised of the following items:

	December 31, 2021	December 31, 2020
Finished goods	-	-
Work-in-progress	-	711,410
Total Inventory	-	711,410

Due to inventory shrinkage the Company recorded an inventory write-down of \$912,437 in the 3rd quarter of 2021. The Company recorded a further inventory impairment of \$63,488 due to valuation constraints due to the lack of product sale in the year. This impairment might be reversible should the company realize sales in the future and a market value for the product can be established.

6. RIGHT-OF-USE ("ROU") ASSETS

Right-of-use assets consist of the following:

	Head office
Balance at December 31, 2019	154,465
Depreciation charge for the period	(51,489)
Balance at December 31, 2020	102,976
Depreciation charge for the period	(21,453)
Disposition	(81,523)
Balance at December 31, 2021	-

On June 1, 2021, the Company disposed of its right of use assets through a settlement and mutual release agreement with the landlord of its corporate office. The company realized a \$28,348 gain on the disposition of its ROU assets and settlement of its ROU liabilities

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7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Cost	Furniture, equipment, and software	Project development costs	Greenhouse and land improvement	Land on finance lease	Land	Total
As at December 31, 2019	78,364	9,530,140	144,880	944,494	155,855	10,853,733
Additions	2,600	104,391	161,941	-	-	268,932
December 31, 2020	80,964	9,634,531	306,821	944,494	155,855	11,122,665
December 31, 2021	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, 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
Depletion, depreciation, and amortization	10,528	-	25,491	-	-	36,019
December 31, 2021	61,907	9,634,531	98,753	944,494	-	10,739,685

Net book value	Furniture, equipment, and software	Project development costs	Greenhouse and land improvement	Land on finance lease	Land	Total
December 31, 2020	29,585	-	233,559	-	155,855	418,999
December 31, 2021	19,057	-	208,068	-	155,855	382,980

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

8. RIGHT OF USE LEASE LIABILITIES

The Company's lease liabilities consist of the lease agreement for the Company's office premises. The lease term is until the end of 2022. When measuring the lease liability, the lease payments are discounted using the Company's weighted average incremental borrowing rate of 20%. In June 2021, the Company disposed its ROU assets as and settled its ROU liabilities see note 6.

Lease Liabilities included in the statement of financial position at December 31, 2020	148,179
Lease Liabilities included in the statement of financial position at December 31, 2021	-

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9. NOTES PAYABLE

A summary of the notes payable is as follows:

	Golden State Green World	SSGW	Maple Leaf Green World	Total
Balance, December 31, 2019	136,374	823,513	214,000	1,173,887
Increase in loan	-	-	652,576	652,576
Interest incurred	4,930	121,738	46,277	172,945
Interest paid	(4,930)	(121,738)	-	(126,668)
Loan payment	-	(823,513)	-	(823,513)
Foreign exchange effect	(2,688)	-	(26,120)	(28,808)
Balance, December 31, 2020	133,686	-	886,733	1,020,419
Increase in loan	781,898	-	-	781,898
Interest incurred	139,291	-	95,218	234,508
Deferred financing costs amortized	35,290	-	-	35,290
Interest paid	(708)	-	-	(708)
Deferred financing costs incurred	(35,290)	-	-	(35,290)
Loan payment	(134,589)	-	-	(134,589)
Foreign exchange effect	(6,049)	-	(20,974)	(27,022)
Balance, December 31, 2021	913,529	-	960,977	1,874,506

In 2015, the Company's wholly owned subsidiary, Golden State, entered into an agreement to purchase approximately 20 acres of land in southern California for an aggregate purchase price of USD\$120,000. The Company paid USD\$15,000 in cash and issued a promissory note in the amount of USD\$105,000 secured by a Deed of Trust to arm's length third parties. The note bears interest at the rate of 6% per annum and is due on demand. As at December 31, 2021 this note has been fully repaid.

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

The first lump sum payment on the secured promissory was due on August 1, 2021, the Company did not make this payment and has been in default since, which resulted in interest payments increasing to 25%. The Company was able to refinance this loan to the end of 2022. See Subsequent events note 20

Maple Leaf Green World Notes Payable

On January 1, 2021, the Company renewed a promissory note in the amount of \$200,000 CAD to an arm's length individual. The note bears interest at the rate of 10% per annum and matures on January 1, 2022. As at December 31, 2021, the carrying value of the note payable is \$200,000 CAD plus accrued interest of \$45,000 CAD.

On April 1, 2021, the Company renewed a promissory note in the amount of \$200,000 USD to an arm's length individual. The note bears interest at the rate of 10% per annum and matures on March 31, 2022. As at December 31, 2021, the carrying value of the note payable is \$200,000 USD plus accrued interest of \$35,000 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

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note bears interest at the rate of 10% per annum and matures on October 15, 2021. As at December 31, 2021, the carrying value of the note payable is \$200,000 USD plus accrued interest of \$24,740 USD. Subsequent to year end this loan has been extended to October 15, 2022.

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, 2021, the carrying value of the note payable is \$100,000 USD plus accrued interest of \$20,000 USD. Subsequent to year end this loan has been extended to January 1, 2023.

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, 2023 will result in loan forgiveness of \$20,000.

11. SHARE CAPITAL

Shares authorized and outstanding

On October 7, 2021 the Company completed a 6:1 share consolidation. All share numbers have been restated to reflect the consolidation.

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

As at December 31, 2021 the Company had 164,864,362 Common Shares outstanding.

	Number of common shares	Dollar amounts
At December 31, 2019	26,892,566	23,471,632
At December 31, 2020	26,892,566	23,471,632
Shares issued to settle accounts payable	489,373	117,448
Shares issuance expense	-	(22,726)
Private placement	95,455	22,909
At December 31, 2021	27,477,394	23,589,263

Stock options

On September 7, 2021 the Company granted 1,000,000 incentive stock options to consultants of the Company. The options are exercisable at \$0.05 per common share for a period of 3 years. The fair value of options was estimated using the Black-Scholes Option Pricing Model based on the date of grant and using the following assumptions:

Grant date	Risk-free interest rate	Expected stock price volatility	Expected life	Expected forfeiture rate	Fair value Option price
September 7, 2021	0.50%	126%	3	100%	0.05

The following is a summary of option transactions:

	Number of Options	Weighted average exercise price per option
Balance December 31, 2019	1,783,333	2.34
Balance December 31, 2020	1,783,333	2.34
Options granted	166,667	0.30
Options expired	(991,667)	1.35
Options cancelled	(416,667)	1.20
Balance December 31, 2021	541,667	3.60

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As of December 31, 2021, 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, 2023	3.60	541,667	541,667	1.08

Warrants

The following is a summary of warrant transactions:

Number of warrants outstanding as at January 1, 2021	Issued	Exercised	Expired	Number of warrants outstanding as at December 31, 2021	Exercise price per warrant	Expiry date
2,969,750	-	-	-	2,969,750	\$3.60	April 29, 2022
-	584,827	-	-	584,827	\$0.48	July 21, 2023
2,969,750	584,827	-	-	3,554,577	\$3.09	

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
2,969,750	-	-	-	2,969,750	\$3.60	April 29, 2022
2,969,750	-	-	-	2,969,750		

12. RELATED PARTY TRANSACTIONS

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

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

	December 31, 2021	December 31, 2020
Management remuneration	180,000	136,452
Consulting fee	22,000	77,000
Total	202,000	213,452

As at December 31, 2021, the Company had \$189,132 amounts due to the CEO and CFO (December 31, 2020 - \$NIL). These amounts are unsecured, non-interest bearing and are due on demand. The Company did not pay any long-term or termination benefits to its key management.

13. CAPITAL MANAGEMENT

The Company's objectives of capital management are to provide returns for shareholders and to comply with externally imposed capital requirements, if any, to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis and continue to develop and expand its projects. As at December 31, 2021, the Company has no externally imposed capital requirements.

The capital of the Company consists of notes payable, and the items included in equity. The Board of Directors does not establish a quantitative return on capital criteria for management but promotes year-over-year sustainable earnings growth targets. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. There have been no changes in the way the Company manages its capital during the year ended December 31, 2021.

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14. FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

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

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, 2021			December 31, 2020		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and liabilities measured at fair value						
Cash	75	-	-	47,838	-	-
Notes payable	-	1,874,506	-	-	1,020,419	-

There was no transfer between fair value levels during the year ended December 31, 2021.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily associated to accounts receivables and cash and cash equivalents. The carrying value of the financial assets represents the maximum credit exposure. The Company undertakes credit evaluations on counterparties as necessary and has monitoring processes intended to mitigate credit risks. Accounts receivable as at December 31, 2021 contains an employee receivable which is short-term in nature and is secured by the individual's bonus and salary.

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at December 31, 2021, the Company has negative working capital of \$8.3 million (December 31, 2020 - \$6.4 million).

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

Payment Due by Year	2021	2022	2023 and beyond	Total
Accounts payable and accrued liabilities	6,784,466	-	-	6,784,466
Notes payable	1,874,506	-	-	1,874,506
	8,658,972	-	-	8,658,972

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(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, 2021	December 31, 2020
Financial assets denominated in US dollars		
Cash	-	29,654
	-	29,654
Financial liabilities denominated in US dollars		
Accounts payable	116,204	119,062
Long-term debt	-	133,686
Notes payable	1,629,506	661,733
	1,745,710	914,480

As at December 31, 2021, with other variables unchanged, a 10% change in the USD against the CAD would have increased (decreased) comprehensive loss by \$171,571 (2020 - \$94,413).

(iii) Other price risk

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

(d) Legal claim contingency

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

15. 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

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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, 2021	December 31, 2020
Loss for the year	(2,539,352)	(10,728,148)
Statutory tax rate	23.0%	23.0%
Income tax benefit computed at statutory rates	(584,051)	(2,467,474)
Items non-deductible for income tax purposes	35,892	(256,062)
Differences on foreign tax rates	(30,572)	(1,164)
Unused tax losses and tax offsets not recognized in tax assets	578,731	2,724,700
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, 2021	December 31, 2020
Non-capital losses	30,300,157	28,802,783
Capital losses	1,379,854	1,379,854
Share issue costs	78,135	162,905
Tax value over book value of property, plant and equipment	(172,458)	(177,970)
Unrecognized deductible temporary differences	31,585,688	30,167,572

As at December 31, 2020, the Company had accumulated Canadian capital losses of \$1.4 million and non-capital losses of approximately \$27.8 million expiring between 2025 and 2041, and \$2.5 million of US losses.

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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, 2021, 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, 2021			December 31, 2020		
	Canada	US	Consolidated	Canada	US	Consolidated
Current assets	17,025	15	17,040	742,316	571,617	1,313,933
Other long-term assets	-	-	-	118,636	-	118,636
Property, plant and equipment	19,056	363,924	382,980	29,635	389,364	418,999
Total assets	36,081	363,939	400,020	890,587	960,981	1,851,568
Current liabilities	7,931,874	916,230	8,848,104	7,419,225	133,686	7,552,911
Long term liabilities	60,000	-	60,000	328,675	-	328,675
Total liabilities	7,991,874	916,230	8,908,104	7,747,900	133,686	7,881,586
	Year ended December 31, 2021			Year ended December 31, 2020		
	Canada	US	Consolidated	Canada	US	Consolidated
Revenues	-	(191,048)	(191,048)	-	1,248,150	1,248,150
Operating expenses	848,061	552,665	1,400,726	1,339,049	593,618	1,932,667
Inventory write-down		975,925	975,925	10,579,025	-	(10,579,025)
Gain on disposition of assets	28,348	-	28,348	-	535,394	535,394
Net income/(loss)	(819,713)	(1,719,638)	(2,539,351)	(11,918,074)	1,189,926	(10,728,148)

19. COMPARATIVE FIGURES

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

20. SUBSEQUENT EVENTS

Appointment of new directors

On Jan 21, 2022, the Company announced that it has appointed Andrew Wang and Thomas West to Maple Leaf's Board of Directors (the "Board"). With Mr. Wang and Mr. West joining the Board, Jeffrey Mashregi and Matthew Hay have resigned from the Board. Mr. Hay will continue with the company in a consulting role to serve as an advisor and subject matter expert to assist the Company in developing its hemp business.

Settlement of debt

On January 21, 2022 the Company announced a settlement of debt. The board of directors have approved the settlement of \$509,850 of debt held by certain service providers and a director of the Company, through the issuance of common shares of the Company. Pursuant to the Debt Settlement Agreement, the Company will issue 5,665,000 common shares (the "Shares") at a deemed price of \$0.09 per Share.

(i) 4,831,667 Shares will be issued pursuant to the terms of a debt settlement agreement dated January 21, 2022 between the Company and a certain service providers (the "Service Provider Debt Settlement Agreement"), in consideration for trade payables owing by the Company to the Service Providers,

(ii) 833,333 Shares will be issued pursuant to a debt settlement agreement dated January 21, 2022 entered into between the Company and Terence Lam, Director and Chief Financial Officer of the Company (the "Lam Debt Settlement Agreement"), in consideration for employment compensation payables and funds loaned to the Company for general and administrative expenses owed to Mr. Lam.

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(Collectively called the "Debt Settlement")

The Lam Debt Settlement Agreement is considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("MI 61-101"). The transaction was exempt from the formal valuation and minority shareholder approval requirements of MI 61-101, as neither the fair market value of any securities issued to, nor the consideration paid to, such persons exceeded 25% of the Company's market capitalization.

Full details of the common share issuance will be on the System for Electronic Disclosure by Insiders ("SEDI"). All of the independent directors of the Company, acting in good faith, considered the transactions and have determined that the fair market value of the common shares being issued, and the consideration being paid is reasonable.

All securities issued pursuant to the Debt Settlement will be subject to a four month hold period from the date of issue. This Debt Settlement is part of the Company's efforts to reduce cash burn and ensure the Company is positioned to allocate resources to accelerating operational progress.

Debt Refinancing

On March 3rd 2022, the Company's wholly owned subsidiary Golden State, signed an agreement to refinance its secured promissory note in the amount of \$610,000 USD before financing costs, with a Delaware limited partnership.

The original note was in default since August 1, 2021. On December 31, 2021 the outstanding principal and all accrued but unpaid interest was US\$720,562.49. The maturing of the loan has been extended to January 1, 2023. However, any funds raised by the Company from a Capital Event over and above US\$500,000 must be used to repay the Secured Promissory Note. A Capital Event shall include, but is not limited to, a transaction or series of transactions involving any sale, exchange, conveyance, other disposition or any similar transaction with respect to the capital stock or assets of the Company.

The revised note will bear interest at 20% per annum. 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 until December 31, 2024. 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, or any commission or other revenue earned as compensation for its role in brokering any transaction between a third party buyer and seller involving the purchase and sale of any hemp product. 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.

Canada Emergency Business Account Loan

Subsequent to year end, in response to the surge of COVID-19 cases, the Federal Government has extended the deadline for repayment of the Canada Emergency Business Account (CEBA) loans to qualify for partial loan forgiveness from December 31, 2022, to December 31, 2023, for eligible borrowers in good standing. The Company intends to take advantage of this extension.