MAPLE LEAF GREEN WORLD INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2022

(Expressed in Canadian Dollars, unless otherwise stated)

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

(Canadian dollars)	notes	**March 31, 2022**	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents		**2**	75
Accounts receivable		**18,512**	16,965
		18,514	17,040
Non-Current			
Property, plant and equipment	7	**375,956**	382,980
Total Assets		**394,470**	400,020
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**6,749,988**	6,784,466
Notes payable	9	**1,804,763**	1,874,506
Related party payables	12	**78,282**	189,132
		8,633,033	8,848,104
Non-Current			
Canada Emergency Business Account (CEBA)	10	**60,000**	60,000
Total liabilities		**8,693,033**	8,908,104
SHAREHOLDERS' DEFICIT			
Share capital	11	**24,043,113**	23,589,263
Contributed surplus	11	**12,725,332**	12,725,332
Accumulated other comprehensive income		**134,954**	113,471
Accumulated deficit		**(45,201,962)**	(44,936,150)
Total shareholders' deficit		**(8,298,563)**	(8,508,084)
Total liabilities and shareholders' deficit		**394,470**	400,020

Going Concern (note 2)
Commitments and contingencies (note 15)

See accompanying notes to the Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD

(Signed) Raymond Lai
Director

(Signed) Terence Lam
Director

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

		Three months ended March 31,	
(Canadian dollars)	Notes	**2021**	2020
Revenue			
Unrealized loss on changes in fair value of biological assets	5	**-**	(192,953)
Expenses			
Operating expenses		**37,149**	156,932
Personnel costs		**15,413**	57,299
Professional fees		**38,207**	68,390
Consulting fees		**11,126**	38,200
Depreciation and amortization	6,7	**7,024**	19,195
Office		**9,051**	38,124
Regulatory and transfer agent		**12,062**	14,288
Advertising and promotion		**11,228**	11,472
Travel		**926**	14,146
Foreign exchange expense		**3,889**	(8,526)
		146,075	409,520
Income/(Loss) before other items		**(146,075)**	(602,473)
Finance expense	6,8	**(119,737)**	(56,478)
Net loss for the period		**(265,812)**	(658,951)
Other Comprehensive Income/(Loss)			
Exchange differences on translation of foreign operations		**21,483**	(36,306)
Total comprehensive loss		**(244,329)**	(695,257)
Per Share Information			
Net loss per share – basic and diluted		**(0.01)**	(0.02)
Weighted average number of common shares outstanding		**30,624,616**	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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Canadian dollars)	Note	Share capital	Share-based payments reserve	Warrant reserve	Accumulated other comprehensive 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)
Other comprehensive income		**-**	**-**	**-**	**21,483**	**-**	**21,483**
Loss for the period		**-**	**-**	**-**	**-**	**(265,812)**	**(265,812)**
Shares issuance expense		**(56,000)**	**-**	**-**	**-**	**-**	**(56,000)**
Shares issued to settle accounts payable	**11**	**509,850**	**-**	**-**	**-**	**-**	**509,850**
At March 31, 2022		**24,043,113**	**12,050,864**	**674,468**	**134,954**	**(45,201,962)**	**(8,298,563)**

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Canadian dollars)	Notes	Three months ended March 31, 2021	2020
Operating Activities			
Income/(loss) for the period		**(265,812)**	(658,951)
Items not affecting cash:			-
Depreciation and amortization	6,7	**7,024**	19,195
Financing costs		**64,471**	48,593
Unrealized gain on changes in fair value of biological assets	5	**-**	192,953
		(194,317)	(398,210)
Changes in non-cash working capital			
Accounts receivables		**(1,547)**	(4,796)
Related party payables		**(110,850)**	(7,094)
Accounts payable and accrued liabilities		**306,643**	(19,959)
Net change in non-cash working capital related to operations		**194,246**	(31,849)
Cash flows (used in)/from operating activities		**(71)**	(430,059)
Financing Activities			
Repayment of long-term debt	9	**-**	(134,589)
Proceeds from notes payable	9	**-**	781,898
Deferred financing costs	9	**-**	(35,442)
Repayment of lease liability		**-**	(15,067)
Cash flows from/(used in) financing activities		**-**	596,800
Increase in cash and cash equivalents		**(71)**	166,741
Impact of foreign exchange on cash balances		**(2)**	2,318
Cash and cash equivalents, beginning of period		**75**	47,838
Cash and cash equivalents, end of period		**2**	216,897

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 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 May 27, 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:

	March 31, 2022	December 31, 2021
Deficit	**(45,201,962)**	(44,936,150)
Working Capital	**(8,614,519)**	(8,831,064)

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 unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company' s audited consolidated financial statements for the year ended December 31, 2021. These unaudited condensed consolidated interim financial statements follow the same significant accounting policies set out in note 4 to the audited consolidated financial statements for the year ended December 31, 2021.

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

These consolidated financial statements for the three months ended March 31, 2022, include the accounts of Maple Leaf and its wholly owned subsidiaries, Golden State and SSGW. All significant intercompany balances and transactions have been eliminated upon consolidation.

(c) Basis of measurement

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

(d) Significant accounting judgments and estimates

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

Critical accounting estimates

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

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

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

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

iv. *Useful life of property, plant and equipment*
Depreciation of property, plant, and equipment is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets. The Company reviews the estimated lives of its property, plant and equipment at the end of each reporting period. There were no material changes in the lives of property, plant and equipment during the Period ended March 31, 2022.

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 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

The Company's significant accounting policies under IFRS are presented in Note 4 to the December 31, 2021 and 2020 Annual Financial Statements. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements prepared in

5. INVENTORY AND BIOLOGICAL ASSETS

The Company's biological assets consists of hemp plants. The continuity of biological assets for the period ended March 31, 2022 was as follows:

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	-
Balance at March 31, 2022	**-**

Biological assets are valued in accordance with IAS 41, Agriculture, and are presented at their fair values less cost to sell up to the point of harvest. The Company's biological assets are primarily hemp plants, and because there is no actively traded commodity market for plants or dried product, the valuation of these biological assets is obtained using valuation techniques where the inputs are based on unobservable market data (Level 3).

The valuation of biological assets is based on the market approach where fair value at the point of harvest is estimated based on selling prices less the cost to sell at harvest. For in-process biological assets, the fair value at point of harvest is adjusted based on the stage of growth. Stage of growth is determined by reference to costs incurred to date as a percentage of total expected costs from inception to harvest. At March 31, 2022, there were no biological assets growing.

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 period. This impairment might be reversable 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, 2020	102,976
Depreciation charge for the period	**(21,453)**
Disposition	**(81,523)**
Balance at December 31, 2021	**-**
Balance at March 31, 2022	**-**

On June 1, 2021, the Company disposed of its right of use assets though 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 in 2021.

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
December 31, 2021	80,964	9,634,531	306,821	944,494	155,855	11,122,665
March 31, 2022	**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
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
Depletion, depreciation, and amortization	**1,822**	**-**	**5,202**	**-**	**-**	**7,024**
March 31, 2022	**63,729**	**9,634,531**	**103,955**	**944,494**	**-**	**10,746,709**

Net book value	Furniture, equipment, and software	Project development costs	Greenhouse and land improvement	Land on finance lease	Land	Total
December 31, 2021	19,057	-	208,068	-	155,855	382,980
March 31, 2022	**17,235**	**-**	**202,866**	**-**	**155,855**	**375,956**

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, 2021	-
Lease Liabilities included in the statement of financial position at March 31, 2022	**-**

9. NOTES PAYABLE

A summary of the notes payable is as follows:

	Golden State Green World	Maple Leaf Green World	Total
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
Interest incurred	**43,644**	**20,828**	**64,471**
Interest paid	**-**	**(130,000)**	**(130,000)**
Foreign exchange effect	**(13,686)**	**9,472**	**(4,214)**
Balance, March 31, 2022	**943,487**	**861,276**	**1,804,763**

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 March 31, 2022, the carrying value of the note payable is $200,000 CAD plus accrued interest of $5,000 CAD.

On April 1, 2021, the Company renewed a promissory note in the amount of $200,000 USD to an arm's length individual. The note bears interest at the rate of 10% per annum and matures on March 31, 2022. As at March 31, 2022, the carrying value of the note payable is $200,000 USD plus accrued interest of $8,447 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, 2022. As at March 31, 2022, the carrying value of the note payable is $200,000 USD plus accrued interest of $6,075 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, 2023. As at March 31, 2022, the carrying value of the note payable is $100,000 USD plus accrued interest of $10,668 USD.

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 March 31, 2022 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.

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.

In the first quarter of 2022, 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.

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 March 31, 2022 the Company had 164,864,362 Common Shares outstanding.

	Number of common shares	Dollar amounts
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
Shares issuance expense	**-**	**(56,000)**
Shares issued to settle accounts payable	**5,665,000**	**509,850**
At March 31, 2022	**33,142,394**	**24,043,113**

Settlement of debt

In January 2022, the board of directors approved settlement of $509,850 of debt held by certain service providers (the "Service Providers") and a director of the Company (collectively the "Creditors"), through the issuance of Common Shares of the Company. Pursuant to debt settlement agreements dated January 21, 2022 between the Company and the Creditors (the "Debt Settlement Agreements"), the Company issued 5,665,000 Common Shares to the Creditors at a deemed price of $0.09 per Share.

(i) 4,831,667 Common Shares were issued to certain service providers in consideration for trade payables owing to the to the Service Providers, (ii) 833,333 Shares were issued pursuant to to 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.

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 SEDAR. 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 issued, and the consideration paid was reasonable.

All securities issued pursuant to the Debt Settlement were subject to a four month hold period . 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~~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.~~

~~(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.~~

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**
Balance March 31, 2022	**541,667**	**3.60**

As of March 31, 2022, 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, 2022	Issued	Exercised	Expired	Number of warrants outstanding as at March 31, 2022	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**
3,554,577	**-**	**-**	**-**	**3,554,577**	**$3.09**	

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	

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:

	March 31, 2022	December 31, 2021
Management renumeration	**15,000**	180,000
Consulting fee	**-**	22,000
Total	**15,000**	202,000

As at March 31, 2022, the Company had $78,282 amounts due to the CEO and CFO (December 31, 2021 - $189,132). 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 March 31, 2022, the Company has no externally imposed capital requirements.

The capital of the Company consists of notes payable, and the items included in equity. The Board of Directors does not establish a quantitative return on capital criteria for management but promotes year-over-year sustainable earnings growth targets. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. There have been no changes in the way the Company manages its capital during the period ended March 31, 2022.

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.

	March 31, 2022			December 31, 2021		
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	**2**	**-**	**-**	75	-	-
Notes payable	**-**	**1,804,763**	**-**	-	1,874,506	-

There was no transfer between fair value levels during the period ended March 31, 2022.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily associated to accounts receivables and cash and cash equivalents. The carrying value of the financial assets represents the maximum credit exposure. The Company undertakes credit evaluations on counterparties as necessary and has monitoring processes intended to mitigate credit risks. Accounts receivable as at March 31, 2022 contains an employee receivable which is short-term in nature and is secured by the individual's bonus and salary.

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at March 31, 2022, the Company has negative working capital of $8.9 million (December 31, 2021 - $8.8 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	6,749,988	-	-	6,749,988
Notes payable	1,804,763	-	-	1,804,763
	8,554,751	-	-	8,554,751

(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 period-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	**March 31, 2022**	December 31, 2021
Financial assets denominated in US dollars		
Cash	**-**	-
	-	-
Financial liabilities denominated in US dollars		
Accounts payable	**114,536**	116,204
Long-term debt	**-**	-
Notes payable	**1,599,763**	1,629,506
	1,714,299	1,745,710

As at March 31, 2022, with other variables unchanged, a 10% change in the USD against the CAD would have increased (decreased) comprehensive loss by $171,430 (2020 - $171,571).

(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 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.

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.

16. 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 March 31, 2022, the Company has one reportable segment, being eco-agriculture and two geographical segments, being Canada and United States. Segment information is summarized as follows:

As at	**March 31, 2022**			December 31, 2021		
	Canada	**US**	**Consolidated**	Canada	US	Consolidated
Current assets	**18,450**	**64**	**18,514**	17,025	15	17,040
Property, plant and equipment	**17,234**	**358,722**	**375,956**	19,056	363,924	382,980
Total assets	**35,684**	**358,786**	**394,470**	36,081	363,939	400,020
Current liabilities	**7,686,885**	**946,148**	**8,633,033**	7,931,874	916,230	8,848,104
Long term liabilities	**60,000**	**-**	**60,000**	60,000	-	60,000
Total liabilities	**7,746,885**	**946,148**	**8,693,033**	7,991,874	916,230	8,908,104

	Period ended March 31, 2022			Period ended March 31, 2021		
	Canada	**US**	**Consolidated**	Canada	US	Consolidated
Revenues	**-**	**-**	**-**	-	(192,953)	-192,953
Operating expenses	**179,867**	**85,945**	**265,812**	250,003	215,995	465,998
Net income/(loss)	**(179,867)**	**(85,945)**	**(265,812)**	(250,003)	(408,948)	(658,951)