



MEDCOLCANN A ORGANICS INC.

(FORMERLY INTEGRATED ENERGY STORAGE CORP.)

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2021

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Medcolcanna Organics Inc. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor

MEDCOLCANNA ORGANICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in Canadian Dollars)

March 31, 2021

December 31, 2020

Assets

Current Assets

Cash and cash equivalents	125,171	276,762
Accounts receivable (Note 4)	19,369	49,489
Inventory and biological assets (Note 5)	299,502	252,969
Prepays (Note 6)	453,274	486,183
	897,317	1,065,403

Non-Current Assets

Advances towards property, plant, and equipment (Note 7)	229,794	101,057
Property, plant and equipment (Note 7)	2,376,572	2,671,064
Right-of-use assets (Note 8)	1,049,160	1,112,731
Investment - Dona Blanca (Note 9)	101,607	100,246
Intangible assets (Note 10)	1,131,965	1,146,398

Total Assets	5,786,416	6,196,899
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Liabilities

Current Liabilities

Accounts payable and accrued liabilities (Note 11)	2,210,312	2,045,390
Due to related parties (Note 24)	104,089	281,003
Advances received on transactions (Note 12)	1,445,591	1,556,622
Unearned revenue	75,333	56,386
Current portion of lease liabilities (Note 8)	129,624	144,866
	3,964,949	4,084,267

Non-Current Liabilities

Lease liabilities (Note 8)	996,176	1,034,111
Convertible debentures (Note 13)	1,884,963	1,820,901
Bridge loan (Note 14)	612,835	-

Total Liabilities	7,458,923	6,939,279
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Shareholders' Equity

Share capital (Note 15(a))	12,302,557	11,711,298
Shares to be issued (Note 15(b))	30,000	30,000
Purchase warrants (Note 16)	1,631,206	1,476,064
Compensation options (Note 17)	-	127,612
Contributed surplus (Note 18)	1,559,806	1,381,139
Equity component of convertible debentures (Note 13)	24,974	24,974
Deficit	(16,599,013)	(15,025,546)
Accumulated other comprehensive loss	(520,245)	(379,629)

Total equity attributable to Medcolcanna shareholders	(1,570,715)	(654,088)
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Non-Controlling Interests (Note 18)	(101,792)	(88,292)
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Total Shareholders' Equity	(1,672,507)	(742,380)
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Total Liabilities and Shareholders' Equity	5,786,416	6,196,899
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Going concern (Note 2)

Related party transactions (Note 24)

Commitments (Note 25)

Subsequent events (Note 28)

See accompanying notes to the audited annual consolidated financial statements.

MEDCOLCANNNA ORGANICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three months ended March 31

<i>(Unaudited, expressed in Canadian Dollars)</i>	2021	2020
Revenue		
Product sales	46,068	26,957
Total revenue	46,068	26,957
Cost of sales - Cannabis products (Note 5)	207,245	19,589
Impairment of inventory (Note 5)	124,150	-
Gross profit (loss) before fair value adjustments	(285,327)	7,368
Changes in fair value of inventory sold	164,282	-
Unrealized loss on changes in fair value of biological assets (Note 5)	(110,014)	-
Gross profit (loss)	(231,059)	7,368
Operating, selling, general and administrative expenses		
Operating expenses (Note 19)	59,477	256,378
General and administrative (Note 20)	879,298	975,679
Selling, marketing and promotion	26,762	5,199
Research and development	45,490	16,799
Depreciation and amortization (Note 7, 8 and 10)	30,720	65,848
Share-based compensation (Note 18)	51,054	154,721
Finance expense (income) (Note 21)	152,845	20,281
Other expenses (income)	95,961	-
Foreign exchange loss (gain)	9,694	(1,614)
	1,351,301	1,493,291
Net loss before income taxes	(1,582,360)	(1,485,923)
Current and deferred income tax	-	-
Net loss	(1,582,360)	(1,485,923)
Other comprehensive loss		
Foreign currency translation adjustment	(145,223)	(70,570)
Comprehensive loss	(1,727,583)	(1,556,493)
Net loss attributable to:		
Medcolcanna Organics Inc.	(1,573,467)	(1,477,107)
Non-Controlling Interest	(8,893)	(8,816)
Comprehensive loss attributable to:		
Medcolcanna Organics Inc.	(1,714,083)	(1,756,210)
Non-Controlling Interest	(13,500)	(8,333)
Loss per share - basic and diluted (Note 22)	(0.02)	(0.02)
Weighted average number of shares outstanding	102,631,344	90,350,667

See accompanying notes to the audited annual consolidated financial statements.

MEDCOLCANNA ORGANICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months ended March 31, 2021 and 2020

(expressed in Canadian Dollars)

	Common Shares	Share Capital (Note 15(a))	Subscription Receipts (Note 15(a))	Shares to be issued (Note 15(b))	Purchase Warrants (Note 16)	Compensation Options (Note 17)	Contributed Surplus (Note 18)	ECCD ⁽¹⁾ (Note 13)	Deficit	AOCI ⁽²⁾	NCI ⁽³⁾	Total
Balance at December 31, 2019	90,350,667	10,863,131	-	84,000	1,334,987	189,039	851,521	-	(7,752,950)	(71,854)	-	5,497,874
NCI on incorporation of Medicina Nueva SAS							154,721				2,193	2,193
Share-based compensation												154,721
Net loss for the period									(1,477,107)		(8,816)	(1,485,923)
Other comprehensive income (loss)										(279,103)	483	(278,620)
Balance at March 31, 2021	90,350,667	10,863,131	-	84,000	1,334,987	189,039	1,006,242	-	(9,230,057)	(350,957)	(6,140)	3,890,245

	Common Shares	Share Capital (Note 15(a))	Subscription Receipts (Note 15(a))	Shares to be issued (Note 15(b))	Purchase Warrants (Note 16)	Compensation Options (Note 17)	Contributed Surplus (Note 18)	ECCD ⁽¹⁾ (Note 13)	Deficit	AOCI ⁽²⁾	NCI ⁽³⁾	Total
Balance at December 31, 2020	101,070,667	11,711,298	-	30,000	1,476,064	127,612	1,381,139	24,974	(15,025,546)	(379,629)	(88,292)	(742,380)
Extinguishing of Financial Liabilities	3,837,440	556,428										556,428
Share issuance costs		(7,000)										(7,000)
Debt interest paid in shares	813,850	48,831										48,831
Share issuance costs		(7,000)										(7,000)
Compensation options expired						(127,612)	127,612					-
Warrants issuance					157,205							157,205
Transaction costs on warrants issuance					(2,063)							(2,063)
Share-based compensation							51,055					51,055
Net loss for the period									(1,573,467)		(8,893)	(1,582,360)
Other comprehensive income (loss)										(140,616)	(4,607)	(145,223)
Balance at March 31, 2021	105,721,957	12,302,557	-	30,000	1,631,206	-	1,559,806	24,974	(16,599,013)	(520,245)	(101,792)	(1,672,507)

⁽¹⁾ Equity component of convertible debentures

⁽²⁾ Accumulated other comprehensive income (loss)

⁽³⁾ Non-controlling interest

See accompanying notes to the audited annual consolidated financial statements.

MEDCOLCANNA ORGANICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31

(expressed in Canadian Dollars)

2021

2020

Operating activities

Net loss	(1,582,360)	(1,485,923)
Adjustments for:		
Depreciation and amortization	131,877	65,848
Impairment of inventory	124,150	-
Changes in fair value of inventory sold	(164,282)	-
Unrealized loss on fair value of biological assets	110,014	-
Accrued interest on loans and leases	74,550	-
Accrued interest on convertible debentures	36,062	-
Accretion on convertible debentures	71,268	-
Share-based compensation	51,054	154,721
Loss on shares issued for debt	99,703	-
Unrealized gain on investments	(1,361)	-
Unrealized foreign exchange loss	(140,616)	18,608
Change in non-cash working capital (Note 26)	592,770	(194,537)
Cash used in operating activities	(597,171)	(1,441,283)

Investing activities

Advances towards property, plant & equipment	(128,737)	(238,459)
Expenditures on property, plant & equipment	(30,256)	(185,288)
Advances received on transactions	-	298,103
Cash used in investing activities	(158,993)	(125,644)

Financing activities

Loan Proceeds received, net of financing costs	585,018	-
Transaction costs on issuing shares for debt	(14,000)	-
Issue warrants, net of cash issuance costs	155,142	-
Funds received from a repated party	(176,914)	-
Principal portion of lease payments	(74,210)	(29,702)
Cash generated from financing activities	475,036	(29,702)

Net decrease in cash

Net decrease in cash	(281,128)	(1,596,629)
Effects of variation in the exchange rate on cash	240,568	(82,676)
Cash, beginning of period	276,762	2,800,665
Cash, end of period	125,171	1,121,360

Cash interest paid	278	18,460
Cash interest received	1,916	2,019

See accompanying notes to the audited annual consolidated financial statements.

MEDCOLCANN ORGANICS INC.

Notes to the condensed interim consolidated financial statements

For the periods ended March 31, 2021 and 2020

(unaudited and expressed in Canadian dollars unless otherwise stated)



1. NATURE OF OPERATIONS

Medcolcanna Organics Inc. (“Medcolcanna” or “MCCN” or the “Company”), which formerly operated under the name Integrated Energy Storage Corp. (“IES”), was incorporated on May 31, 2010 in the province of Alberta under the Business Corporations Act (Alberta).

Through Medcolcanna’s wholly owned subsidiary, Medcolcanna S.A.S, (“MCCN SAS”), Medcolcanna Organics Inc. is licensed by the Colombian Ministry of Social Health and Protection and the Colombian Ministry of Justice and Law to use seeds for sowing, cultivate both psychoactive and non-psychoactive cannabis plants, and manufacture cannabis derivatives in Colombia. Medcolcanna is also involved in providing extraction services through its wholly owned subsidiary Extralia Labs SAS and is involved the cannabis vaping industry through its Switzerland subsidiary MCCN SA.

The Company’s corporate office address is Suite 800, 400 – 5th Avenue SW, Calgary, AB, T2P 0L6. Medcolcanna’s common shares are listed on the Neo Exchange (“NEO”) under the symbol “MCCN”. The common shares are also listed on the Frankfurt Stock Exchange (“FSE”) under the symbol “MO2”.

2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to discharge its obligations and realize its assets in the normal course of operations for the foreseeable future.

During the three months ended March 31, 2021, the Company incurred a net loss of \$1,582,360 and used \$597,171 of cash flow in its operating activities. As at March 31, 2021, the Company had a working capital deficit of \$3,067,632. The Company does not have consistent revenue generating assets as Medcolcanna is still in early stages of development. Until the Company has sustaining revenue streams, it will continue to exhaust its remaining financial resources to fund existing operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

Management believes that the going concern assumption is appropriate for these condensed interim consolidated financial statements and that the Company will be able to meet its budgeted administrative and development costs during the upcoming year and beyond when considering the Company’s current financial forecast. Medcolcanna continues to enter into strategic agreements, joint ventures, and relationships to source funds and maintain its operations. As outlined in Note 24, during the three months ended March 31, 2021, the Company closed its bridge loan financing and settled liabilities through the issuance of shares in the Company.

The Company may need to seek further financing in the future to maintain its current level of activity. To date, Medcolcanna has been successful in raising funds to sustain operations. However, there can be no assurance that adequate funding will be available in the future, or under terms favorable to the Company.

Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, these consolidated financial statements would require adjustments to the amounts and classifications of assets and liabilities.

MEDCOLCANNA ORGANICS INC.

Notes to the condensed interim consolidated financial statements

For the periods ended March 31, 2021 and 2020

(unaudited and expressed in Canadian dollars unless otherwise stated)



3. BASIS OF PREPARATION

Statement of compliance

The Company applies IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting.

These condensed interim consolidated financial statements follow the same accounting policies and method of computation as the Company's annual audited consolidated financial statements for the year ended December 31, 2020, with the exception of certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2020.

These consolidated financial statements have been approved and authorized for issuance by the Company's Board of Directors on May 17, 2021.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention except for certain assets, liabilities, or equity instruments measured at fair value as explained in the Company's accounting policies below.

Functional and presentation currency

The functional currency of Medcolcanna is the Canadian dollar. The consolidated financial statements and notes to the financial statements are expressed and presented in Canadian dollars unless otherwise stated.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the date of such transaction. At each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. Foreign exchange gains and losses are recognized in the statement of loss and comprehensive loss.

At the financial reporting date, the foreign subsidiaries assets and liabilities are translated at the reporting period exchange rate. Revenues, expenses and cash flows are translated at the average exchange rate for the period. Shareholders' equity is translated at the rate effective at the time of the transaction. The resulting translation adjustments are recognized in other comprehensive income (loss) ("OCI") and in accumulated OCI in shareholders' equity.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Subsidiaries are included in the consolidated financial results of the Company from the date of acquisition up to the date of disposition or loss of control. All intercompany balances and transactions are eliminated upon consolidation in preparing the financial statements. As at March 31, 2021, Medcolcanna had the following subsidiaries:

MEDCOLCANNA ORGANICS INC.

Notes to the condensed interim consolidated financial statements
 For the periods ended March 31, 2021 and 2020
 (unaudited and expressed in Canadian dollars unless otherwise stated)



Subsidiaries	Country of incorporation	Ownership	Functional currency
Medcolcanna (BVI), Inc.	British Virgin Islands	100%	Canadian Dollar (CAD)
Medcolcanna S.A.S	Colombia	100%	Colombian Peso (COP)
Extralia Labs SAS	Colombia	100%	Colombian Peso (COP)
Medicina Nueva S.A.S	Colombia	50.01%	Colombian Peso (COP)
Innovative CBD Products B.V.	Netherlands	100%	Euro
MCCN SA	Switzerland	100%	Swiss Franc (CHF)

4. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	March 31,	December 31,
	2021	2020
Product sales receivable	7,632	9,119
Value added tax receivable	5,792	35,926
Other receivables	5,945	4,444
Total	19,369	49,489

5. INVENTORY

Inventory is comprised of the following:

	March 31,	December 31,
	2021	2020
Raw materials and supplies	96,249	86,942
Work-in-progress	134,163	77,673
Finished goods	69,090	88,354
Total	299,502	252,969

During the three months ended March 31, 2021, the company recorded \$207,245 in cost of goods sold (\$19,589 – March 31, 2020), recognized a \$124,150 write down of inventory (\$nil – March 31, 2020), and recorded a change in fair value of inventory sold of \$164,282 (\$nil – March 31, 2020).

BIOLOGICAL ASSETS

The Company's biological assets consist of 91,238 cannabis plants, measured at their fair value less costs to sell. The Company utilizes an income approach to determine the fair value less cost to sell at a specific measurement date. The fair value measurements for biological assets have been categorized as Level 3 in the IFRS fair value hierarchy based on the inputs to the valuation technique utilized.

During the three months ended March 31, 2021, the Company incurred \$110,014 in production costs towards its biological assets (December 31, 2020 - \$nil). Currently, all the Company's biological assets are located in Colombia, where the sale and export of cannabis flower is prohibited. As such, based on current global CBD isolate pricing and the prohibition to sell dried flower, the Company measured its biological assets at fair value less cost to sell of \$nil (December 31, 2020 - \$nil) and recorded an unrealized loss on changes in fair value of biological assets of \$110,014 on the consolidated statement of loss and comprehensive loss.

MEDCOLCANNA ORGANICS INC.

Notes to the condensed interim consolidated financial statements

For the periods ended March 31, 2021 and 2020

(unaudited and expressed in Canadian dollars unless otherwise stated)

**6. PREPAIDS**

The Company's prepaids consist of the following:

	March 31, 2020	December 31, 2019
Prepaid insurance	37,784	45,411
Prepaid materials and supplies	51,082	27,942
Deposit	14,290	27,190
Prepaid professional fees and other expenses	350,118	385,640
Total	453,274	486,183

7. PROPERTY, PLANT & EQUIPMENT ("PP&E")

The components of the Company's property, plant and equipment assets are as follows:

a) COST

	Agricultural & extraction facilities	Production & medical equipment	Computer & office equipment	Leasehold improvements	Construction in progress	Total
Balance at December 31, 2019	532,872	181,011	179,774	586,995	256,619	1,737,271
Capital additions	442,439	473,348	104,171	389,229	228,885	1,638,072
Transfers from construction in progress	110,083	545	-	299,128	(409,756)	-
Impairment	(158,894)	(167,861)	(10,760)	-	-	(337,515)
Foreign currency translation	(32,395)	1,755	(8,632)	(22,023)	(18,823)	(80,118)
Balance at December 31, 2020	894,105	488,798	264,553	1,253,329	56,925	2,957,710
Capital additions	24,808	3,633	1,270	545	-	30,256
Foreign currency translation	(84,550)	(45,682)	(24,686)	(116,654)	(5,298)	(276,870)
Balance at March 31, 2021	834,363	446,749	241,137	1,137,220	51,627	2,711,096

b) ACCUMULATED DEPRECIATION

	Agricultural & extraction facilities	Production & medical equipment	Computer & office equipment	Leasehold improvements	Construction in progress	Total
Balance at December 31, 2019	(21,477)	(5,915)	(11,676)	(42,741)	-	(81,809)
Depreciation	(64,153)	(45,073)	(42,111)	(70,909)	-	(222,246)
Impairment	4,181	9,961	2,635	-	-	16,777
Foreign currency translation	35	(392)	(128)	1,117	-	632
Balance at December 31, 2020	(81,414)	(41,419)	(51,280)	(112,533)	-	(286,646)
Depreciation	(22,550)	(11,916)	(14,923)	(29,460)	-	(78,849)
Foreign currency translation	8,805	4,440	5,654	12,072	-	30,971
Balance at March 31, 2021	(95,159)	(48,895)	(60,549)	(129,921)	-	(334,524)

MEDCOLCANNA ORGANICS INC.

Notes to the condensed interim consolidated financial statements

For the periods ended March 31, 2021 and 2020

(unaudited and expressed in Canadian dollars unless otherwise stated)

**c) NET BOOK VALUE**

	Agricultural & extraction facilities	Production & medical equipment	Computer & office equipment	Leasehold improvements	Construction in progress	Total
Balance at December 31, 2020	812,692	447,378	213,272	1,140,797	56,925	2,671,064
Balance at March 31, 2021	739,204	397,853	180,588	1,007,299	51,628	2,376,572

During the three months ended March 31, 2020, depreciation on PP&E of \$142,084 (March 31, 2020 – \$nil) was capitalized to the Company's biological assets and inventory.

As at March 31, 2021, the Company had advanced \$229,794 (December 31, 2020 - \$101,057) to vendors for PP&E it has not yet received. This amount has been recorded as Advances towards property, plant, and equipment on the consolidated statement of financial position.

In December 2020, a fire occurred at the Company's post-harvest extraction facility, resulting in PP&E with gross value of \$337,515 and accumulated depreciation of \$16,777 being damaged and impaired. The net amount of \$320,738 has been recorded as impairment of property, plant, and equipment within the audited annual consolidated statement of loss and comprehensive loss.

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at March 31, 2021, the Company had commercial-use property and office leases in Colombia and Switzerland.

The Company recognized right-of-use assets and corresponding lease liabilities relating to the property lease agreement and commercial-use office leases. A continuity of right-of-use assets and lease liabilities is presented below.

Right-of-use assets

	Property	Office	Total
Balance at December 31, 2019	369,070	103,154	472,224
Additions	581,081	-	581,081
Remeasurement adjustment ⁽¹⁾	180,159	23,955	204,114
Depreciation	(81,171)	(56,753)	(137,924)
Foreign currency translation	(1,694)	(5,070)	(6,764)
Balance at December 31, 2020	1,047,445	65,286	1,112,731
Remeasurement adjustment ⁽²⁾	(12,085)	(1,820)	(13,905)
Depreciation	(42,215)	(1,741)	(43,956)
Foreign currency translation	(2,921)	(2,789)	(5,710)
Balance at March 31, 2021	990,224	58,936	1,049,160

MEDCOLCANNA ORGANICS INC.

Notes to the condensed interim consolidated financial statements

For the periods ended March 31, 2021 and 2020

(unaudited and expressed in Canadian dollars unless otherwise stated)

**Lease liabilities**

	Property	Office	Total
Balance at December 31, 2019	385,100	103,350	488,450
Additions	581,081	-	581,081
Remeasurement adjustment ⁽¹⁾	180,159	23,955	204,114
Interest expense	106,990	10,347	117,337
Payments	(139,119)	(66,064)	(205,183)
Foreign currency translation	(1,627)	(5,195)	(6,822)
Balance at December 31, 2020	1,112,584	66,393	1,178,977
Remeasurement adjustment ⁽²⁾	-	(13,905)	(13,905)
Interest expense	45,256	1,477	46,733
Payments	(60,909)	(13,301)	(74,210)
Foreign currency translation	(8,332)	(3,463)	(11,795)
Balance at March 31, 2021	1,088,599	37,201	1,125,800

(1) During the years ended December 31, 2020 and 2019, the property lease term was reassessed based on expectations to exercise options to extend the lease term. The resulting remeasurement of remaining lease payments has been accounted for as an increase to the lease liability and right-of-use asset.

(2) During the first quarter of 2021 the lease payments in Switzerland and Colombia were reduced due to the COVID-19 impact. This resulted in remeasuring the lease liability and right-of-use asset.

For the three months ended March 31, 2021, \$46,733 was expensed and \$1,477 recognized as cash outflows in relation to short-term leases.

Current vs non-current lease liabilities

The current and non-current portions of the lease liabilities are presented below:

	March 31, 2021	December 31, 2020
Current portion	129,624	144,866
Non-current portion	996,176	1,034,111
Total	1,125,800	1,178,977

9. INVESTMENT IN DONA BLANCA

During the year ended December 31, 2020, Dona Blanca Limited, an private Australian corporation with operations in Colombia ("Dona Blanca") issued 1,000,000 units to Medcolcanna as a non-refundable payment towards Dona Blanca's investment in Extralia Labs SAS ("Extralia"). Refer to Note 16 for details regarding the Extralia investment. Each unit consists of one common share and one half of one option, resulting in Medcolcanna receiving 1,000,000 common shares and 500,000 options in total. Each option entitles the Company to purchase one common share of Dona Blanca at a price of \$0.25 AUD per share until July 30, 2022.

At initial recognition the shares issued by Dona Blanca were assessed a value of \$95,570 AUD (\$91,713 CAD) and the options were valued at \$4,430 AUD (\$4,252 CAD) for total consideration received of \$100,000 AUD (\$95,965 CAD). The options value was determined using the Black-Scholes option pricing model with the following assumptions:

MEDCOLCANNA ORGANICS INC.

Notes to the condensed interim consolidated financial statements

For the periods ended March 31, 2021 and 2020

(unaudited and expressed in Canadian dollars unless otherwise stated)



Risk-free interest rate	0.16%
Expected dividend yield	0%
Expected stock price volatility	85.6%
Expected optionlife (years)	1.83
Fair value of options granted	\$0.017

As at March 31, 2021, the shares have been valued at \$87,763 (December 31, 2020 - \$91,174), resulting in an unrealized loss of \$2,411 (March 31, 2020 - \$nil) recorded in other expenses (income) on the statement of loss and comprehensive loss. The options have been revalued to \$13,750 (December 31, 2020 - \$10,072) using the Black-Scholes option pricing model. The unrealized gain associated with the options of \$3,678 (March 31, 2020 - \$nil) has been included in other expenses (income) on the statement of loss and comprehensive loss. The assumptions used in the Black-Scholes option pricing model are as follows:

Risk-free interest rate	0.08%
Expected dividend yield	0%
Expected stock price volatility	128.5%
Expected optionlife (years)	1.33
Fair value of options granted	\$0.029

10. INTANGIBLE ASSETS

	Licenses	Formulations ⁽¹⁾	Software	Total
Balance at December 31, 2019	148,868	1,001,943	-	1,150,811
Additions	-	-	12,452	12,452
Amortization	(16,010)	-	(1,038)	(17,048)
Foreign Currency translation	(64)	-	247	183
Balance at December 31, 2020	132,794	1,001,943	11,661	1,146,398
Amortization	(8,300)	-	(260)	(8,560)
Foreign Currency translation	(4,086)	-	(1,787)	(5,873)
Balance at March 31, 2021	120,408	1,001,943	9,614	1,131,965

(1) The formulations are considered to have an indefinite life as there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows to the Company.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities is comprised of the following:

	March 31, 2021	December 31, 2020
For the years ended December 31		
Trade payables	1,509,943	1,276,297
Accrued liabilities	375,179	254,613
Payroll related liabilities	198,819	375,971
Interest payable on convertible debentures (Note 17)	43,270	48,831
Other liabilities	83,101	89,678
Total	2,210,312	2,045,390

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12. ADVANCES RECEIVED ON TRANSACTIONS

(a) Extralia Labs investment

In February 2020, Medcolcanna signed a Letter of Intent (“LOI”) with Dona Blanca in which Dona Blanca would invest \$1,500,000 USD (\$1,909,800 CAD) for a 15% ownership stake in Extralia, Medcolcanna’s wholly-owned subsidiary. During the year ended December 31, 2020, the initial LOI was amended to allow Dona Blanca the option to increase its ownership stake in Extralia Labs to 25% for an additional \$1,000,000 USD (\$1,273,200 CAD). As at March 31, 2021, Medcolcanna had received a non-refundable cash deposits of \$50,558 USD (\$68,928 CAD) from Dona Blanca towards its investment in Extralia Labs. Additionally, as outlined in Note 13, Dona Blanca issued shares and options to Medcolcanna to be applied as payment toward the Extralia investment. The shares and options were valued at \$95,964 CAD as consideration received towards the Extralia Labs investment.

(b) Earn-in agreement

During the year ended December 31, 2020, the Company recognized \$1,000,000 USD (\$1,280,699 CAD) as advances received from funds provided by Dona Blanca in relation to an earn-in agreement for the sale of 70% working interest in the economic rights of two hectares of land. Dona Blanca was required to provide funds in stages to earn the full 70%: stage 1 where Dona Blanca invested \$516,678 USD (\$661,709 CAD), to earn a 35% working interest or 0.7 net hectares; stage 2 where Dona Blanca invested \$290,000 USD (\$371,403 CAD) to earn an additional 20% working interest or an aggregated 55% working interest, or 1.1 net hectares; and stage 3 where Dona Blanca invested an additional \$193,322 USD (\$247,452 CAD) to earn an additional 15% working interest for a total working interest percentage of 70% and total proceeds received by Medcolcanna of \$1,000,000 USD (\$1,280,699 CAD).

As at March 31, 2021, the agreement with Dona Blanca was being revised and amended and as such the total proceeds received have been recorded as an advance received on the statement of financial position. Once signed, the new amended agreement will dictate the accounting treatment for the \$1,000,000 USD (\$1,280,699 CAD).

13. CONVERTIBLE DEBENTURES

In 2020, the Company completed a non-brokered private placement of senior secured convertible debenture units. The debentures closed in three separate tranches in July, August, and December. Total proceeds received from the debentures equate to \$2,046,915. The debentures mature two years from the date of issuance and are convertible into common shares of the Company, at the option of the holder, at any time prior to the maturity date, at a price of \$0.20 per share. For the debentures issued in July, interest is payable on the maturity date at a rate of fourteen percent (14%) per annum (simple not compounded), payable in cash or shares. Interest for the August and December issued debentures is payable semi-annually, at the end of June and December, at a rate of fourteen percent (14%) per annum (simple not compounded), payable in cash or shares. The debentures will be subject to earlier redemption by the Company in the event the common shares are trading at a volume weighted average trading price at or above \$0.40 per share for a period of not less than ten (10) consecutive trading days.

The debentures include five common share purchase warrants for every one dollar of principal amount of debentures subscribed for, with each warrant exercisable at a price of \$0.20 to purchase one common share for a period of 24 months from the date of issuance.

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A summary of the Company's convertible debentures as at March 31, 2021 is presented in the table below:

	July 2020	August 2020	December 2020	Total
Balance at December 31, 2020	754,107	860,903	205,891	1,820,901
Accrued interest	28,000	34,518	8,750	71,268
Accretion	14,543	17,074	4,445	36,062
Balance at March 31, 2021	796,650	912,495	219,086	1,928,231
Current accrued interest payable included in accounts payable and accrued liabilities	-	(34,518)	(8,750)	(43,268)
Non-current convertible debenture liability	796,650	877,977	210,336	1,884,963

14. BRIDGE LOAN

During the three months ended March 31, 2021, Medcolcanna closed a bridge loan with certain executive officers of the Company. Under the terms of the Bridge Loan, the lenders provided \$750,000 for a two-year term at an annual interest rate of 7.85%, with interest payments completed quarterly. Payments on the principal of the bridge loan are deferred until fifteen months after the commencement of the bridge loan, unless certain financing events or positive cash flow milestones are achieved by the Company wherein repayment of the bridge loan would be accelerated. As part of the Bridge Loan arrangement, 11,250,000 warrants with an exercise price of \$0.10 over a two-year term will be issued to the lenders. The equity and debt components of the bridge loan are required to be bifurcated to record the value of the debt and equity separately. The fair value of the liability was determined using a discounted cash flow model with an estimated market interest rate of equivalent debt without an equity feature of 23%. At initial recognition, the fair value of the liability was calculated to be \$592,795 with \$157,205 allocated to the purchase warrants (Note 16). Transaction costs totaled \$9,840, of which \$7,777 was allocated to the loan liability and \$2,063 to the purchase warrants (Note 16).

The following tables summarizes the liability portion of the bridge loan:

Balance at December 31, 2020	-
Additions	592,792
Transaction costs	(7,777)
Accrued interest	11,448
Accretion	16,369
Balance at March 31, 2021	612,832

15. SHARE CAPITAL**(a) Common shares**

As at March 31, 2021 the Company was authorized to issue an unlimited number of common shares, with no par value, with holders of common shares entitled to one vote per share and to dividends, if declared.

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Common shares issued and outstanding are as follows:

	Common shares	Amount (\$)
Balance at December 31, 2019	90,350,667	10,863,131
Shares issued to employee ⁽¹⁾	720,000	54,000
Shares issued for subscription in July 2020 ⁽²⁾	10,000,000	800,000
Share issuance costs		(5,833)
Balance at December 31, 2020	101,070,667	11,711,298
Shares issued for debt extinguishment ⁽³⁾	3,837,440	556,428
Share issuance costs		(7,000)
Shares issued for convertible debentures ⁽⁴⁾	813,850	48,831
Share issuance costs		(7,000)
Balance at March 31, 2021	105,721,957	12,302,557

(1) In November 2019, the Company hired a new executive officer of the Company and agreed to issue 720,000 shares up front as part of his employment contract. The shares were valued at \$54,000 on the grant date and were officially issued to the officer in April 2020.

(2) In July 2020, the Company completed a non-brokered private placement of 10,000,000 common shares at a price of \$0.08 per share for gross proceeds of \$800,000. Issuance costs totaling \$5,833 has been recognized in share capital in connection with the placement.

(3) March 2020, the Company issued an aggregate 3,837,440 shares in the capital of the Company with certain trade creditors, employees, and members of the Board of Directors in exchange for the forgiveness of a total amount of approximately \$456,725 worth of debt owed to such creditors. On the issuance date, the shares were assessed a value of \$556,429, resulting in a \$99,704 loss recorded in other expenses (income) on the statements of loss and comprehensive loss. The Company incurred transaction costs of \$7,000 for the issuance of these shares.

(4) Pursuant to the convertible debenture agreements, during the three months ended March 31, 2021, the Company issued 813,850 shares to pay the interest owed to debenture holders. The Company incurred transaction costs of \$7,000 for the issuance of these shares.

(b) Shares to be issued

Included in equity is \$30,000 of shares to be issued relating to the value of services provided by an external consultant in the year 2019. It was agreed that payment would be issued in the form of shares of the Company. As at March 31, 2021, the shares have not officially been issued.

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**16. PURCHASE WARRANTS**

The following tables summarizes changes in the number of warrants:

	Purchase warrants	Amount (\$)
Balance at December 31, 2019	22,943,400	1,334,987
Warrants issued with convertible debentures ⁽¹⁾	10,234,575	205,660
Warrant issuance costs		(3,311)
Warrants expired	(1,000,000)	(61,272)
Balance at December 31, 2020	32,177,975	1,476,064
Warrants issued for bridge loan ⁽²⁾	11,250,000	157,205
Warrant issuance costs		(2,063)
Balance at March 31, 2021	43,427,975	1,631,206

(1) During the year ended December 31, 2020 Medcolcanna completed a non-brokered private placement of senior secured convertible debentures. The debentures include five common share purchase warrants for every one dollar of principal amount of debentures subscribed for, with each warrant exercisable at a price of \$0.20 to purchase one common share for a period of 24 months from the date of issuance. In total 10,234,575 warrants were issued with the convertible debentures. The warrants have a forced conversion feature whereby the Company will have the option to force the conversion of warrants upon the common shares trading at a volume weighted average price at or above \$0.40 per share for a period of not less than ten (10) consecutive trading days.

(2) During the three months ended March 31, 2021 Medcolcanna received \$750,000 from a related party. As part of the agreement, warrants were issued. The warrants were issued in two tranches, the first tranche was issued at January 18, 2021 with issuance of 7,500,000 warrants. The second tranche was issued at March 9, 2021 with issuance of additional 3,750,000 warrants. Each warrant exercisable at a price of \$0.10 to purchase one common share for a period of 24 months from the date of issuance.

The following table summarizes information about the warrants outstanding as at March 31, 2021:

Exercise price (\$)	Number of warrants outstanding	Weighted average term to expiry (years)	Number of warrants exercisable
0.28	43,427,975	0.86	43,427,975

The purchase warrants were allocated a value using the Black-Scholes option pricing model to estimate the fair value with the following assumptions:

	Bridge loan Warrants Issued in 2021	Purchase Warrants issued in 2020	Purchase Warrants issued in 2019
Risk-free interest rate	0.22%	0.24%	1.64%
Expected dividend yield	0%	0%	0%
Expected stock price volatility	101.3%	95.11%	86.60%
Expected warrant life (years)	2.0	2	2
Fair value of warrants granted	\$0.0397	\$0.0202	\$0.0630

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**17. COMPENSATION OPTIONS**

Pursuant to the closing of subscription receipts (Note 14(a)), compensation options were awarded to agents of the subscription offering accumulating to 6% of the number of subscription units sold pursuant to the agency agreement under the offering. As at December 31, 2018, 348,960 compensation options with a value of \$30,554 were awarded. During the year ended December 31, 2019, a further 1,510,248 compensation options with a value of \$134,805 were awarded and 267,656 IES compensation options with a value of \$23,680 (Note 7) were converted to Medcolcanna compensation options for a total of 2,126,864 compensation options outstanding.

Each compensation option entitles the holder thereof to acquire one Unit (a “Compensation Option Unit”) at the offering price of \$0.25 for a period of 24 months following the date of issuance. Each compensation option unit is comprised of one common share and one-half of one warrant (each whole Warrant, a “Compensation Option Warrant”). Each compensation option warrant shall entitle the holder thereof to purchase one common share at a price of \$0.40 for a period of 24 months following the closing of the RTO Transaction.

The following tables summarizes changes in the number of compensation options as at March 31, 2021. As at March 31, 2021, all compensation options have expired:

	Compensation options	Amount (\$)
Balance at December 31, 2019	2,126,864	189,039
Compensation options expired	(697,920)	(61,427)
Balance at December 31, 2020	1,428,944	127,612
Compensation options expired	(1,428,944)	(127,612)
Balance at March 31, 2021	-	-

18. CONTRIBUTED SURPLUS

Pursuant to the RTO Transaction, Medcolcanna adopted the Incentive Stock Option Plan (the “Plan”) dated May 16, 2019. Per the Plan, the Board will establish vesting and other terms and conditions for stock options at the time that they are granted. The plan provides that stock options may be granted up to a number equal to 10% of the Company’s outstanding shares. The plan also indicates, subject to a minimum exercise price of \$0.05 per common share, the exercise price per common share for an option shall not be less than the discounted market price for the Company’s common shares at the grant date. Options can have up to a maximum term of 10 years.

As at March 31, 2020, a total of 7,875,000 (March 31, 2020 – 7,875,000) options were issued and outstanding under this plan.

The following table summarizes information about the changes in stock options as at March 31, 2021:

	Stock options	Exercise price (\$)
Balance at December 31, 2018	-	-
Options issued	8,100,000	0.40
Options forfeited	(225,000)	0.40
Expired options	-	-
Balance at December 31, 2019, 2020 & March 31, 2021	7,875,000	0.40

In May 2019, 7,400,000 options were granted with an exercise price of \$0.40 per option. These options have 5-year term, expiring in May 2024. One-third of the options vested immediately on the grant date, one-third vests on the first anniversary of the grant date in May 2020, and one-third vests on the second anniversary of the grant date in

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May 2021.

In July 2019, 700,000 options were granted with an exercise price of \$0.40 per option. These options have a 5-year term, expiring in July 2024. One-third of the options vested immediately on the grant date, one-third vests on the first anniversary of the grant date in July 2020, and one-third vests on the second anniversary of the grant date in July 2021.

The following summarizes information about stock options outstanding as at March 31, 2021:

Exercise price (\$)	Number of stock outstanding	Weighted average term to expiry (years)	Number of stock options exercisable
0.40	7,875,000	3.41	5,250,000

The stock options issued were allocated a value using the Black-Scholes option pricing model to estimate the fair value with the following assumptions:

	May 2019	July 2019
Risk-free interest rate	1.62%	1.51%
Estimated stock price	\$0.28	\$0.18
Forfeiture rate	10%	10%
Expected dividend yield	0%	0%
Expected stock price volatility	89.05%	87.47%
Expected option life	5 years	5 years
Fair value per stock option	\$0.18	\$0.09

During the three months ended March 31, 2021 \$51,054 in share-based compensation expense (March 31, 2020 – \$154,721) was recorded in relation to the Company's stock options.

19. OPERATING EXPENSES

Included in operating expenses are costs associated with operating agricultural activities, pre-operational extraction and processing costs, and vape operational expenses in Switzerland. A summary of these activities is presented below.

For the three months ended March 31	2021	2020
Agricultural ⁽¹⁾	55,597	255,085
Extraction and processing	3,880	-
Vaping	-	1,293
Total	59,477	256,378

(1) Agricultural operating costs include cultivation and production activities prior to receiving final approval for commercial cultivation of biological assets.

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20. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

General and administrative (“G&A”) expenses relate to day-to-day operations of the business, not directly attributable to the production of goods and services. The components of G&A expense are as follows:

For the three months ended March 31	2021	2020
Salary, wages, and benefits	387,689	511,923
Professional fees	244,824	187,657
Legal fees	39,513	63,522
Travel	-	35,416
Investor relations	35,671	17,937
General office ⁽¹⁾	40,853	40,814
Transfer agent and filing fees	63,525	12,478
Director fees	24,130	26,488
Software and IT expenses	18,547	14,159
Insurance	18,521	28,644
Other	6,025	36,641
Total	879,298	975,679

(1) General office expense includes rent on office equipment, communication costs, cleaning services, office supplies and stationery, etc.

21. FINANCE EXPENSE (INCOME)

The components of finance expenses (income) are as follows:

For the three months ended March 31	2021	2020
Interest (income) expense	1,916	(2,019)
Lease interest expense (Note 8)	41,567	15,162
Bank charges	2,032	7,138
Accrued interest on convertible debentures (Note 13)	71,268	-
Accretion on convertible debentures (Note 13)	36,062	-
Total	152,845	20,281

22. BASIC AND DILUTED LOSS PER SHARE

For the three months ended March 31, 2021, the basic and diluted loss per share was \$0.02 (March 31, 2020 – \$0.02). 43,427,975 purchase warrants (March 31, 2020 – 22,943,400), nil compensation options (March 31, 2020 – 2,126,864), 10,234,575 convertible debentures (March 31, 2020 – nil) and 7,875,000 stock options (March 31, 2020 – 7,875,000) have been excluded from the calculation as they have an anti-dilutive effect on the loss per share.

23. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

As of March 31, 2021, the Company’s financial instruments consist of cash and cash equivalents, accounts receivable, investments in Dona Blanca, accounts payable and accrued liabilities, due to related parties, convertible debentures, and lease liabilities.

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The Company characterizes its fair value measurements of financial instruments into a three-level hierarchy depending on the degree to which the inputs are observable, as follows:

- Level 1 - inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs other than quoted prices included within Level 1, that are observable for the assets or liabilities either directly or indirectly; and
- Level 3 - inputs are unobservable for the asset or liability

A financial instrument is classified to the lowest level hierarchy for which a significant input has been used in measuring fair value. The carrying amounts for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their respective fair values due to the short-term maturities of those instruments. The investments in Dona Blanca which is composed of shares and warrants held by Medcolcanna are measured using a Black Scholes option pricing model based on level 3 inputs. The carrying amount of lease liabilities approximates its fair value as it is present valued using the discount rate implicit within the lease or the Company's incremental borrowing rate. The carrying amount of the convertibles debentures approximate its fair value as it is the present value calculated using a market rate that was determined during the three months ended March 31, 2021.

Financial risk management

The Company's activities are exposed to a variety of financial risks in the normal course of business. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the Company's capital costs by using suitable means of financing and to manage and control the Company's financial risks effectively. The principal financial risks arising from financial instruments are liquidity risk, credit risk, and market risks.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due and describes the Company's ability to access cash. As at March 31, 2021, the Company's financial liabilities consist of accounts payable and accrued liabilities, due to related parties, convertible debentures, and lease liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it has sufficient cash resources in order to finance operations, funds capital expenditures, and to repay financial liabilities. The Company manages its liquidity risk by preparing and monitoring operating budgets, reviewing capital requirements, and coordinating and authorizing project expenditures. As at March 31, 2021, the Company had a working capital deficit of \$3,067,632.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its contractual obligations. Financial instruments subject to credit risk include cash and cash equivalents, accounts receivables, and amounts due from related parties. All of the Company's cash and cash equivalents are held at reputable financial institutions. As of March 31, 2021, the majority of the Company's accounts receivable balance relates to GST receivables from the Government of Canada.

Market Risk

Market risk is the risk or uncertainty that changes in price, foreign exchange rates, and interest rates will affect the Company's net earnings and the value of financial instruments. Medcolcanna is exposed to two types of market risk, being foreign currency risk and interest rate risk as outlined below.

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**Foreign Currency Risk**

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Company's functional and reporting currency is the Canadian dollar but is exposed to foreign currency risk with respect to the expenditures incurred by its foreign subsidiaries. As at March 31, 2021, the Company had not entered into any foreign currency derivatives to manage its exposure to currency fluctuations.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. The Company is exposed to interest rate risk only on cash and cash equivalents. Fluctuations of interest rates for the period ending March 31, 2021 would not have had a significant impact on cash and cash equivalents. Furthermore, the Company is not currently exposed to interest rate risk on its interest-bearing debentures given these debt instruments are all subject to fixed interest rates.

Capital management

The Company's objectives when managing capital are to ensure the Company will have sufficient financial capacity, liquidity, and flexibility to fund the Company's operations, growth, and ongoing developmental activities. The Company is dependent upon funding these activities through a combination of available cash, debt, and equity, which it considers to be the components of its capital structure as outlined below.

For the three months ended March 31	2021	2020
Convertible debentures - liability	1,884,963	-
Shareholders' equity	(1,672,507)	3,890,245
Cash	125,171	1,121,360
Working capital	(3,067,632)	1,088,802

24. RELATED PARTY TRANSACTIONS

The following are related party transactions included in these condensed interim consolidated financial statements:

- a) During the three months ended March 31, 2020, certain expenses were paid by members of management. Periodically advances were made to management in anticipation of expenses that they will be paying on behalf of the Company. From time to time, the amount may result in a net receivable position. As at March 31, 2021, a net liability of \$25,089 existed as a result of these transactions (March 31, 2020 – \$1,881).
- b) During the three months ended March 31, 2021, Medcolcanna incurred accounting consulting fees of \$98,257 (March 31, 2020 – \$45,000) to a firm affiliated with an officer of the Company. Fees are based on services rendered at prevailing market rates. The amount has been recorded as professional fees within general and administrative expense.
- c) During the three months ended March 31, 2021, certain executive officer of Medcolcanna provided \$79,000 in loans. The loans are in addition to the bridge loan discussed in note 14 of these financial statements and are zero interest bearing and payable on demand.

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**25. COMMITMENTS**

As of March 31, 2021 the Company had outstanding lease commitments (Note 8). The following table summarizes the contractual commitments:

Commitments	2021	2022	2023	2024 and thereafter	Total
Property Lease	92,424	94,840	108,830	792,506	1,088,600
Office Leases	37,200	-	-	-	37,200
Total	129,624	94,840	108,830	792,506	1,125,800

26. SUPPLEMENTAL CASHFLOW INFORMATION

For the three months ended March 31	2021	2020
Accounts receivable	30,120	(20,072)
Prepays	32,909	(96,968)
Due from (to) related parties	-	23,486
Inventory and biological assets	(116,415)	(19,063)
Accounts payable and accrued liabilities	627,210	(81,920)
Unearned revenue	18,946	-
Change in non-cash working capital	592,770	(194,537)

27. GEOGRAPHICAL SEGMENTED INFORMATION

The Company is engaged in the growth, cultivation, and development of medicinal cannabis and medicinal cannabis products through its Colombian and Netherland subsidiaries. The Company is also engaged in the cannabis vaping industry through its Swiss subsidiary. Management has defined the operating segments of the Company based on geographical areas, identifying operations held in Colombia, Switzerland, and the Netherlands as separate reporting segments. The Corporate segment reflects balances and expenses related to all Company operations outside of Colombia, Switzerland, and the Netherlands which collectively represent the corporate operations of the Company.

The following tables show information regarding the Company's segments for the three months ended March 31, 2021 and 2020.

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For the three months ended March 31, 2021	Colombia	Switzerland	Netherlands	Corporate	Total
Revenue:					
Product sales	3,146	42,922	-	-	46,068
Total revenue	3,146	42,922	-	-	46,068
Cost of sales - products	163,904	43,341	-	-	207,245
Impairment of inventory	124,150	-	-	-	124,150
Gross loss before fair value adjustments	(284,908)	(419)	-	-	(285,327)
Change in fair value of inventory sold	164,282	-	-	-	164,282
Unrealized loss on changes in fair value of biological assets	(110,014)	-	-	-	(110,014)
Gross loss	(230,640)	(419)	-	-	(231,059)
Expenses:					
Operating expenses	59,477	-	-	-	59,477
General and administrative	317,533	14,425	-	547,340	879,298
Selling, marketing and promotion	22,058	3,379	-	1,325	26,762
Research and development	45,490	-	-	-	45,490
Depreciation and amortization	19,732	3,850	-	7,138	30,720
Share-based compensation	-	-	-	51,054	51,054
Finance expense (income)	17,077	364	-	135,404	152,845
Other expenses (income)	(2,382)	-	-	98,343	95,961
Foreign exchange loss (gain)	12,429	416	-	(3,151)	9,694
Net loss before tax	722,054	22,853	-	837,453	1,582,360
Deferred tax recovery	-	-	-	-	-
Net loss	722,054	22,853	-	837,453	1,582,360
Assets at March 31, 2021	4,335,191	106,844	1,001,942	342,439	5,786,416
Liabilities at March 31, 2021	4,022,160	60,036	-	3,376,727	7,458,923

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For the three months ended March 31, 2020	Colombia	Switzerland	Netherlands	Corporate	Total
Revenue:					
Product sales	17,794	9,163	-	-	26,957
Total revenue	17,794	9,163	-	-	26,957
Cost of sales	15,662	3,927	-	-	19,589
Gross Profit (loss)	2,132	5,236	-	-	7,368
Expenses:					
Operating expenses	255,085	1,293	-	-	256,378
General and administrative	545,839	38,072	-	391,768	975,679
Selling, marketing and promotion	1,775	3,424	-	-	5,199
Depreciation and amortization	62,364	3,484	-	-	65,848
Research and development	12,225	4,574	-	-	16,799
Share-based compensation	-	-	-	154,721	154,721
Finance expense (income)	19,364	304	156	457	20,281
Foreign exchange loss (gain)	185	189	-	(1,988)	(1,614)
Net Loss	(894,705)	(46,104)	(156)	(544,958)	(1,485,923)
Assets at March 31, 2020	2,954,975	124,125	1,001,943	989,585	5,070,628
Liabilities at March 31, 2020	566,668	23,563	163	245,808	836,202

28. SUBSEQUENT EVENTS

During April 2021, the Company received proceeds from a certain executive officer of Medcolcanna at the amount of \$211,000. The amount carried 0% interest rate and is payable on demand.