

**MYDECINE INNOVATION GROUP INC.
(Formerly NewLeaf Brands Inc.)**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED June 30, 2020 AND 2019

(Expressed in Canadian dollars)

NOTICE TO READERS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Mydecine Innovations Group Inc. (the "Company") 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 the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

As at	June 30, 2020	December 31, 2019
	\$	\$
Current		
Cash	1,796,068	18,209
Accounts Receivable	27,747	-
Loans receivable (Note 8)	-	12,015
Inventory	521,873	501,658
Prepaid and deposits (Note 5)	1,027,266	69,149
	3,372,954	601,031
Deposit on acquisition	-	66,170
Intangible asset (Note 6)	5,039,167	4,980,000
Interest in equity investee (Note 4)	2,793,930	-
Right of use asset (Note 9)	49,719	69,305
Property, plant and equipment (Note 7)	4,556,398	4,551,728
Total assets	15,812,168	10,268,234
Current		
Accounts payable	483,092	135,805
Accrued liabilities	55,459	33,112
Lease liability (Note 9)	26,020	38,238
	564,571	207,155
Long term lease liability (Note 9)	-	24,143
Total liabilities	564,571	231,298
Shareholders' equity		
Shares capital (Note 10)	58,645,117	49,815,205
Accumulated other comprehensive loss	(126,601)	551
Contributed surplus	7,462,171	7,239,998
Deficit	(50,733,090)	(47,018,818)
Total shareholders' equity	21,137,471	10,036,936
Total liabilities and shareholders' equity	21,702,042	10,268,234

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

Approved on behalf of the Board on October 13, 2020

“Damon Michael”

Director – Damon Michael

“David Joshua Barch”

Director – David Joshua Barch

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

	Three month ended		Six month ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	\$	\$	\$	\$
Sales	21,658	28,662	26,233	58,304
Rental income	48,537	56,012	96,422	56,012
Cost of goods sold	(7,801)	(11,274)	(10,676)	(32,166)
	62,394	73,400	111,979	82,150
Expenses				
Advertising	769,712	10,272	774,690	15,325
Amortization (Note 7)	39,612	16,128	67,040	32,237
Bank charges	964	1,650	1,660	4,714
Consulting (Note 13)	1,278,116	189,240	1,282,386	722,095
Director and management fees (Note 13)	63,485	115,721	181,102	276,731
Foreign exchange loss (gain)	(8,817)	30,341	(136,781)	45,319
Interest	4,461	26,932	4,709	55,543
Office and miscellaneous	37,308	305	50,425	71,979
Income from equity investee (Note 4)	(7,971)	-	(7,971)	-
Professional fees	74,359	(13,883)	99,833	77,667
Transfer agent, listing and filing fees	12,390	13,343	14,447	22,458
Research and development	1,383	-	1,383	-
Share based payments (Note 10)	835,725	-	1,009,753	621,974
Total expenses	(3,100,727)	(390,049)	3,342,676	(1,946,042)
Other income (expense)				
Distribution expense (Note 3)	(495,000)	-	(495,000)	-
Loss on settlement of debts	11,425	(49,162)	11,425	(49,162)
	(483,575)	(49,162)	(483,575)	(49,162)
Loss for the period	(3,521,908)	(365,811)	(3,714,272)	(1,913,054)
Foreign currency translation adjustment	127,152	(30,751)	127,152	(4,108)
Comprehensive loss for the period	(3,394,756)	(396,562)	(3,587,120)	(1,917,162)
Loss and comprehensive loss per share	(0.03)	(0.05)	(0.05)	(0.25)
Weighted average number of shares outstanding	99,275,794	8,222,863	66,357,000	7,778,762

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	Number of Shares	Share Capital	Contributed Surplus*	Accumulated Other Comprehensive Income (loss)	Deficit	Shareholders' Equity
Balance, December 31, 2018	7,040,181	\$ 40,468,336	\$ 6,461,551	\$ (55,656)	\$ (43,511,081)	\$ 3,363,150
Exercise of options	345,778	826,600	-	-	-	826,600
Fair value of options transferred	-	928,096	(928,096)	-	-	-
Shares issued in acquisition of DFW	345,280	1,009,944	-	-	-	1,009,944
Shares issued for debt	4,916,240	1,843,590	-	-	-	1,843,590
Share based compensation	-	-	621,974	-	-	621,974
Foreign currency translation adjustment	-	-	-	59,764	-	59,764
Loss and comprehensive loss for the period	-	-	-	-	(1,913,054)	(1,913,054)
Balance, June 30, 2019	12,647,479	45,076,566	6,155,429	4,108	(45,424,135)	5,811,968
Balance, December 31, 2019	33,438,205	\$ 49,815,205	\$ 7,239,998	\$ 551	\$ (47,018,818)	\$ 10,036,936
Private placement, net of share issuance cost	60,908,420	4,690,373	-	-	-	4,690,373
Acquisition of Levee Street	4,500,000	495,000	-	-	-	495,000
Significant influence transaction	28,000,000	2,785,959	-	-	-	6,440,000
Acquisition of Mydecine	18,360,000	918,000	-	-	-	2,295,000
Private placement, net of share issuance cost	60,908,420	4,690,373	-	-	-	4,690,373
Non-cash share issuance cost	874,534	(59,420)	59,420	-	-	-
Share based compensation	-	-	162,753	-	-	162,753
Change in AOCI	-	-	-	(127,152)	-	(127,152)
Loss and comprehensive loss for the period	-	-	-	-	(3,714,272)	(3,714,272)
Balance, June 30, 2020	146,081,159	58,645,117	7,462,171	(126,601)	(50,733,090)	15,247,597

*Contributed surplus consists of fair values of stock options and warrants.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

For the period ended,	June 30, 2020	June 30, 2019
Cash flows used in		
Operating activities		
Loss and comprehensive loss for the period	\$ (3,714,271)	\$ (1,913,054)
Items not affecting cash:		
Distribution expense	495,000	
Amortization	67,040	32,237
Foreign exchange	(130,367)	1,394
Interest expense	-	50,518
Gain on settlement of debts	-	52,163
Equity pick up	(7,971)	-
Shares based payments	1,009,753	621,974
	(2,280,816)	(1,154,766)
Changes in non-cash working capital items:		
Amounts receivable	(27,747)	(1,388)
Prepaid and deposits	(891,947)	217,547
Inventory	(18,108)	(15,635)
Accounts payable and accrued liabilities	369,634	109,846
Net cash used in operating activities	(2,848,984)	(844,396)
Investing activities		
Loans receivable	12,015	-
Equipment	(36,527)	-
Lease payments	(39,692)	-
Net cash provided from investing activities	(64,204)	-
Financing activities		
Private placement	4,690,373	-
Loan receivable	-	13,336
Exercise of stock options	-	826,600
Net cash provided from financing activities	4,690,373	839,936
Foreign exchange on cash	734	4,478
Increase in cash and cash equivalents during the period	1,777,185	(4,460)
Cash and cash equivalents, beginning of the period	18,149	11,157
Cash and cash equivalents, end of the period	\$ 1,796,068	\$ 11,175
Supplemental cash flow information:		
Shares issued for acquisitions	\$ -	\$ 1,009,944
Fair value of options reclassified to share capital	\$ -	\$ 928,096

The accompanying notes are an integral part of these consolidated financial statements.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020 AND 2019
EXPRESSED IN CANADIAN DOLLAR

1. NATURE AND CONTINUANCE OF OPERATIONS

Mydecine Innovations Group Inc. (formerly NewLeaf Brands Inc.) (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on September 27, 2013, under the name 0981624 B.C. Ltd. The Company subsequently changed its name to New Age Farm Inc. on April 10, 2014, to New Age Brands Inc. on November 14, 2018, to NewLeaf Brands Inc. on April 12, 2019 and to Mydecine Innovations Group Inc. on June 5, 2020. The Company listed its common shares on the Canadian Securities Exchange and began trading on August 18, 2014. The Company’s principal business is the development, market and distribution of Cannabidiol (“CBD”) and Psilocybin products and operation of real estate and farm properties in North America.

The registered address, head office, principal address and records office of the Company are located at Suite 810 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

At June 30, 2020, the Company had not yet achieved profitable operations, has accumulated losses of \$49,874,257 (December 31, 2019 - \$47,018,818) since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these condensed interim consolidated financial statements.

Statement of Compliance, Consolidation and Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and therefore, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2019.

During the six months ended June 30, 2020 the Company acquired and incorporated various subsidiaries. The Company’s structure is represented by Mydecine Innovations Group Inc., parent company, and the following subsidiaries:

Name	Incorporated in	Interest
New Age Farm Washington, LLC	US	100%
1176392 B.C. Ltd.	Canada	100%
We are Kured, LLC	US	100%
Tealief Brands, LLC	US	100%
Relyfe Brands, LLC	US	100%
Drink Fresh Water, LLC	US	100%
Levee Street Holdings, LLC	US	50%
1220611 B.C. Ltd.	Canada	100%

All inter-company transactions and balances have been eliminated in the condensed interim consolidated financial statement presentation. These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in the below.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020 and 2019
EXPRESSED IN CANADIAN DOLLAR

2. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2019, with exception to the new accounting standards adopted by the Company discussed below.

The preparation of condensed consolidated interim financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

During the six-month period ended, the Company adopted the following significant accounting policy:

Equity method investments

Investments accounted for using the equity method include those investments where the Company (i) can exercise significant influence over the other entity and (ii) holds common stock and/or in-substance common stock of the other entity. Under the equity method, investments are carried at cost, and subsequently adjusted for the Company's share of net income (loss), comprehensive income (loss) and distributions received from the investee. If the current fair value of an investment falls below its carrying amount, this may indicate that an impairment loss should be recorded. Any impairment losses recognized are not reversed in subsequent periods.

3. ASSET ACQUISITIONS

Levee Street Holdings, LLC

On April 27, 2020 the Company acquired 50% of Levee Street Holdings LLC ("Levee Street") via a share swap agreement and issued 4,500,000 common shares with a fair value of 495,000. Levee Street is a distributor of alternative beverages, including CBD products.

The acquisition of Levee Street does not constitute a business combination because these entities do not meet the definition of a business under IFRS 3 - *Business Combination*.

The distribution agreement did not meet the intangible asset criteria for capitalization. Accordingly, the purchase price was expensed as a distribution expense in the statement of loss and comprehensive loss.

1220611 B.C. Ltd. d/b/a Mydecine Innovation Group Inc.

On April 30, 2020, the Company acquired 100% of 1220611 B.C. Ltd. (d/b/a Mydecine Innovation Group Inc.) ("Mydecine"), a Colorado headquartered Company. Mydecine is a research and development Company in the mushroom and fungi industry. The Company issued 18,360,000 common shares of the Company with fair value of 918,000, based on the most recently completed private placement.

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3. ASSET ACQUISITIONS (CONTINUED)

The acquisition of Mydecine does not constitute a business combination because these entities do not meet the definition of a business under IFRS 3 - Business Combination. As a result, under IFRS, the transaction has been measured at the fair value of equity consideration issued to acquire these entities. The purchase price was determined based on IFRS 2 – *Share Based Payments*.

Purchase price	
18,360,000 common shares	918,000
Intangible asset – non-compete agreements	71,000
Share based payment	847,000

The non-compete agreements bear a one year term with Mydecine’s management team. The remaining unidentifiable asset did not meet the intangible asset criteria for capitalization. Accordingly, the Company expensed \$847,000 in the statement of loss and comprehensive loss.

4. INTEREST IN EQUITY INVESTEE

Trellis Holdings Oregon LLC

On May 6, 2020, the Company acquired 37.5% of the issued and outstanding share capital of Trellis Holdings Oregon Op LLC (“Trellis”). Trellis has operated since 2015 and operates in the medical and recreational cannabis markets. The Company issued 28,000,000 common shares with a fair value of \$2,785,959, determined by a third party valuator.

As at June 30, 2020, the Company held 37,500 common shares of Trellis Holdings Oregon, LLC (“Trellis”), representing an ownership of 37.5%.

The following table summarizes the financial of the Company’s associate and reflects the amounts presented in the financial statements of Trellis, amended to reflect adjustments made by the Company when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	June 30, 2020
	\$
Current assets	174,788
Non-current assets	60,735
Current liabilities	(1,213,176)
Non-current liabilities	(479,067)
Net liabilities	(1,456,720)

For the period from May 6, 2020 to June 30, 2020, Trellis reported revenues of \$337,540 and expenses of \$316,284, totaling a net income of \$21,256 on its financial statements. In accordance with the equity method, the Company recorded a net income of \$7,971.

	June 30, 2020
	\$
Opening balance	-
Addition	2,785,959
Share of reported net loss	7,971
Net liabilities	2,793,930

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5. PREPAIDS AND DEPOSITS

	June 30, 2020	December 31, 2019
	\$	\$
Consulting	-	53,499
Deposit	94,260	-
Marketing	383,334	-
Research and Development	549,672	-
Rent	15,620	15,650
	1,027,266	69,149

During the six months ended June 30, 2020, the company prepaid various marketing services providers \$460,000 for services to be provided during the year. The balance of the prepaid marketing fee is \$383,334 as of June 30, 2020.

During the six months ended 30, 2020, the company prepaid a pharmaceutical research company \$549,672 for future research and development services. The cost of this prepaid is unamortized as of June 30, 2020.

On August 9, 2019, the Company entered into a Letter Of Intent (the "LOI") with an arm's length party to acquire 400 acres of land in Texas, USA for US \$1,300,000. On August 12, 2019, the Company paid a non-refundable deposit of \$66,170 (US \$50,000). As at June 30, 2020, the LOI has not been completed and the expiration date on the LOI is not determinable.

6. INTANGIBLE ASSETS

Intangible assets consisting of the following:

	Non-compete agreements	non-proprietary processes, methods and other intangible assets	Total
	\$	\$	\$
Balance, December 31, 2019	-	4,980,000	-
Additions (Note 3)	71,000	-	71,000
Depreciation	(11,833)	-	(11,833)
Balance, June 30, 2020	59,167	4,980,000	5,039,167

As of June 30, 2020, the non-proprietary processes, methods and other intangible assets are not yet in use and as a result, no amortization has been recorded.

The non-compete agreements have a term of one year and during the period ended June 30, 2020, the Company recorded depreciation of \$11,833.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
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7. PROPERTY, PLANT AND EQUIPMENT

	Sumas – Property and Facility \$	Oroville – Property and Facility \$	Equipment \$	Land \$	Building \$	Total \$
Cost						
Balance at December 31, 2018	196,609	1,052,869	23,960	3,061,800	1,567,259	5,905,497
Additions	-	-	-	-	-	-
Balance, December 31, 2019	196,609	1,052,869	23,960	3,061,800	1,567,259	5,905,497
Additions	-	-	36,527	-	-	36,527
Balance, June 30, 2020	196,609	1,052,869	60,487	3,061,800	1,567,259	5,942,024
Accumulated amortization						
Balance at December 31, 2018	199,609	1,052,869	15,746	-	20,897	1,289,121
Amortization	-	-	1,958	-	62,690	64,648
Balance, December 31, 2019	199,609	1,052,869	17,704	-	83,587	1,353,769
Amortization	-	-	512	-	31,345	31,857
Balance, June 30, 2020	199,609	1,052,869	18,216	-	114,932	1,385,626
Net book values						
December 31, 2019	-	-	6,256	3,061,800	1,483,672	4,551,728
June 30, 2020	-	-	42,271	3,061,800	1,452,327	4,556,398

8. LOAN RECEIVABLE

	Arm's Length Receivable \$
Balance, December 31, 2018	68,210
Amount collected	(45,458)
Loss on settlement of debt	(7,487)
Foreign exchange	(3,250)
Balance, December 31, 2019	12,015
Amount collected	(12,015)
Balance, June 30, 2020	-

During the year ended December 31, 2017, the Company has loaned \$387,063 (USD\$300,000) to a third party. Due to uncertainty in collectability of some of a loan amount, the Company has made a reserve of \$96,766 (USD\$75,000) on this loan as at December 31, 2017. This loan is non-interest bearing, non-secured with no fixed terms of repayment. During the six month period ended June 30, 2019, the Company entered into a Settlement Agreement (“Settlement Agreement”) to collect USD \$50,000 (CAD \$68,210). Pursuant to the terms of the Settlement Agreement, the Company will be repaid USD \$5,000 per month for 10 months from the effective date. During the period ended June 30, 2020, the Company received \$12,015.

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9. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company primarily lease is an office space. The office lease term is 3 years. The adoption of IFRS 16 has resulted in the Company recognizing a right-of-use asset and lease liability on the Consolidated Statement of Financial Position for office leases with firm periods of greater than one year. The Company recognized its right-of-use asset and lease liability for this lease based on the present value of future minimum lease payments, whereas previously no right-of-use asset or lease liability was recognized. The Company used a discount rate of 15%.

The following is a continuity schedule of right-of-use assets for the six months ended June 30, 2020:

Right-of-use assets	Office Lease \$
Balance, December 31, 2019	69,305
Depreciation	(23,040)
Foreign Exchange	3,454
Balance, March 31, 2020	49,719

The following is a continuity schedule of lease liabilities for the three months ended March 31, 2020:

Lease liabilities	Office Lease \$
Balance, December 31, 2019	62,381
Payments	(39,692)
Foreign Exchange	3,331
Balance, June 30, 2020, 2020	26,020
Less: current portion	26,020
Non-current portion	-

10. SHARE CAPITAL

(a) Authorized: Unlimited common shares without par value

Six-month period ended June 30, 2020:

Issued: 146,081,159 common shares (December 31, 2019: 33,438,205 common shares)

On April 27, 2020, the Company acquired 50% of Levee Street Holdings. As consideration, the Company issued 4,500,000 common shares at fair value of \$495,000.

On April 30, 2020 the Company acquired 100% of Mydecine and issued 18,360,000 common shares of the Company at fair value of \$918,000.

On May 6, 2020 the Company acquired 37.5% of Trellis Holdings Ltd. by issuing 28,000,000 common shares of the Company at fair value of \$2,785,959.

On May 7, 2020, the Company completed a private placement and issued 52,908,420 Common shares for gross proceeds of \$2,645,421. The Company paid finder's fees of \$75,876, issued 529,034 finder common shares and 1,183,000 finder warrants, exercisable at \$0.05 and expire on May 7, 2021. The grant date fair value of the finder warrants was measured at \$45,725. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.23; exercise price - \$0.05; expected life - 1 years; volatility - 150%; dividend yield - \$0; and risk-free rate - 0.26%.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020 and 2019
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10. SHARE CAPITAL (CONTINUED)

On June 19, 2020, the Company completed a private placement and issued 8,000,000 common shares for gross proceeds of \$2,400,000. The Company paid finder's fees of \$283,629, issued 245,500 finder common shares and 560,000 finder warrants, exercisable at \$0.50 and expire on June 19, 2022. The grant date fair value of the finder warrants was measured at \$13,695. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.86; exercise price - \$0.50; expected life - 2 years; volatility - 156%; dividend yield - \$0; and risk-free rate - 0.26%.

Six-month period ended June 30, 2019:

During the period ended June 30, 2019, 345,778 options at an exercise price ranging from \$2.25 to \$2.70 were exercised for gross proceeds of \$826,600. Fair value of \$928,096 was re-allocated from contributed surplus to share capital.

During the period ended June 30, 2019, the Company acquired a 100% interest in DFW. As consideration the Company issued 345,280 common shares with a fair value of \$1,009,944.

During the period ended June 30, 2019, the Company issued 4,916,240 common shares with a fair value of \$1,843,590 to settle promissory and convertible loans. The Company recorded a loss on settlement of debt of \$49,162.

On March 26, 2019, the Company has consolidated all of its issued and outstanding share capital on the basis of one (1) post-consolidation share for each forty-five (45) pre-consolidation common shares. Unless otherwise noted, all figures have been retroactively restated to reflect the share consolidation.

(b) Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") dated which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with stock exchanges requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company and that the number of common shares reserved for issuance pursuant to options granted to all consultants or persons conducting investing relations activities will not exceed 2% of the issued and outstanding common shares within any 12-month period. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

On February 21, 2020, the Company granted 217,533 stock options at an exercise price of \$0.095 per option with a term of five years expiring February 21, 2025. The grant date fair value of the options was measured at \$20,693. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.10; exercise price - \$0.10; expected life - 5 years; volatility - 186%; dividend yield - \$0; and risk-free rate - 1.34%.

On March 17, 2020, the Company granted 2,400,000 stock options with an exercise price of \$0.06 and term of 5 years expiring on March 17, 2025. The grant date fair value of the options was measured at \$137,665. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.06; exercise price - \$0.06; expected life - 5 years; volatility - 186%; dividend yield - \$0; and risk-free rate - 0.77%.

On March 20, 2020, the Company granted 234,000 stock options with an exercise price of \$0.07 and term of 5 years expiring on March 20, 2025. The grant date fair value of the options was measured at \$15,670. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.07; exercise price - \$0.07; expected life - 5 years; volatility - 187%; dividend yield - \$0; and risk-free rate - 0.73%.

During the period ended June 30, 2020, the Company cancelled (2,634,664) stock options with an exercise price ranging from \$0.29 to \$9.00.

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10. SHARE CAPITAL (CONTINUED)

As at June 30, 2020, the Company had stock options outstanding and exercisable enabling holders to acquire the following:

Number of Shares	Exercise Price	Expiry Date
491,624	\$0.47	June 21, 2024
217,533	\$0.095	February 21, 2025
2,400,000	\$0.06	March 17, 2025
134,000	\$0.07	March 20, 2025
100,000	\$0.07	March 20, 2025
3,343,157	\$0.12	

A summary of the status of the Company's stock options outstanding and exercisable as at June 30, 2020 and December 31, 2019, and changes during those years is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2018	606,887	\$ 3.73
Granted	3,302,955	0.50
Expired/cancelled	(437,776)	(3.74)
Exercised	(345,778)	2.39
Balance, December 31, 2019	3,126,288	\$ 0.46
Granted	2,851,533	0.06
Expired/cancelled	(2,634,664)	(0.45)
Balance, June 30, 2020	3,343,157	\$ 0.12

The stock options have a weighted average remaining life of 3.96 years.

(c) Warrants

As at June 30, 2020, the Company had warrants outstanding and exercisable enabling holders to acquire the following:

Number of Shares	Exercise Price	Expiry Date
1,183,000	\$0.05	May 7, 2021
560,000	\$0.50	June 19, 2022
1,743,000		

A summary of the status of the Company's stock options outstanding and exercisable as at June 30, 2020 and December 31, 2019, and changes during those years is presented below:

	Number of warrants	Weighted Average Exercise Price
Balance, December 31, 2018	174,888	8.81
Expired	(88,888)	(10.80)
Balance, December 31, 2019	86,001	6.75
Issued	1,743,000	0.19
Expired	(86,001)	6.75
Balance, June 30, 2020	1,743,000	\$ 6.75

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11. CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes cash, due to related parties, loan payable, notes payable, and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required.

In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and expects to raise additional amounts as needed. The Company will continue to assess new business and seek to acquire an interest in additional business if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and all are held in major Canadian financial institutions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended June 30, 2019. The Company is not subject to externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level. The company's cash and cash equivalents have been valued using Level 1 inputs.

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12. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

(b) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after taking into account existing cash. The Company's cash is held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments.

As at June 30, 2020, the Company had cash of \$1,796,068 (December 31, 2019 - \$18,209) to settle current liabilities of \$564,571 (December 31, 2019 - \$231,298). The Company has accounts payable of \$164,365 (2019 - \$135,805).

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets. The Company is not susceptible to interest rate fair value risk on its note payables that bear fixed interest rates.

13. RELATED PARTY TRANSACTIONS

The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

- a) Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

<i>Management Compensation</i>	<i>Director fees</i>	
<i>Period ended June 30, 2020</i>	<i>\$</i>	
Director of the Company	60,528	
Benjamin Martch, CEO of WAK	46,965	
Joshua Bartch, CEO Of the Company	55,254	
Total	162,748	

<i>Management Compensation</i>	<i>Director fees</i>	<i>Legal Fees</i>
<i>Period ended June 30, 2019</i>	<i>\$</i>	<i>\$</i>
Company controlled by a director	62,242	7,500
Benjamin Martch, CEO of WAK	74,112	-
Joshua Bartch, CEO Of the Company	100,116	-
Total	237,470	7,500

On May 6, 2020, the Company acquired 37.5% of Trellis from the CEO and CMO of the Company. Trellis is a key asset to the Company's ongoing business plan, and provides exposure to the growing demand for medical and recreational cannabis in Oregon. There are no ongoing contractual or other commitments resulting from the transaction. The CEO received 25,000,000 common shares and the CMO received 3,000,000 common shares of the Company.

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13. RELATED PARTY TRANSACTIONS (CONTINUED)

b) As at June 30, 2020 accounts payable and accrued liabilities were due to related parties of \$49,082 (2019 - \$13,364).

14. SUBSEQUENT EVENTS

On August 21, 2020, the Company acquired 100% of MindLeap Health Inc. (“Mind Leap”), a Canadian based technology company developing an advanced digital health platform that will provide mental health services and digital programs.

Pursuant to the terms of the arrangement, the Company issued 6,363,636 common shares of the Company and will invest \$1,000,000 to support software development initiatives.

The Company entered into a definitive bonus share agreement with Mind Leap to issue up to 9,750,000 common shares upon achievement of certain revenue and operational milestones.

On August 28, 2020, the Company appointed Damon Michaels to the Company’s board of directors.

On September 3, 2020, the Company acquired NeuroPharm Inc. (“NeuroPharm”), a developer of natural health, psychedelic based treatments for PTSD and other serious mental health disorders in veterans and frontline workers. Pursuant to the terms of the arrangement, the Company issued 9,000,000 common shares. 4,244,140 of the payment shares are subject to a 24 month lock-up, whereby one-quarter of the payment shares are free trading every six month.

NeuroPharm shareholders are entitled to additional common shares of the Company, in the event the volume-weighted average closing price when the payment shares re released from lock-up is less than \$0.70. In such a case, NeuroPharm shareholders are entitled to additional common shares determined by multiplying the difference between \$0.70 and the Market Price by the number of payment shares to be released on such release date, and dividing the product by the market price. On September 12, 2020, the Company issued 1,426,764 top-up common shares.

The Company issued 10,000,000 performance warrants (“Performance Warrants’), which shall vest in tranches upon achievement of certain clinical trail and patent application milestones. Each Performance Warrant upon vesting will be exercisable into one common share at a price per share equal to a 20% discount to the market price.

On September 9, 2020, the Company issued 249,851 common shares to settle debt of \$82,451.

On September 16, 2020, the Company cancelled and return to treasury 529,034 shares that were originally issued to a former consultant on May 7, 2020.

On September 21, 2020, the Company issued 74,286 common shares to settle debt of \$15,600.

On September 25, 2020, the Company issued 8,000,000 stock options with an exercise price of \$0.21 per common share that expire in 5 years.

On September 28, 2020, the Company issued 35,737,460 share purchase warrants to certain shareholders who have agreed to extend the resale restrictions on their common shares for an additional 120 days. Each four warrants will entitle the holder to purchase one common share at a price of \$0.30 per share until September 28, 2021.

On October 1, 2020, the Company granted 1,000,000 stock options to an officer and director of the Company. Each option is exercisable for a period of 5 years at an exercise price of \$0.26 per common share.

On October 8, 2020, the Company issued 3,684,783 common shares and settled debt of \$847,500.

Subsequent to the period ended June 30, 2020, the Company issued 169,400 common shares pursuant to warrant exercise for gross proceeds of \$8,470.