

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED SEPTEMBER 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,	September 30, 2020	December 31, 2019 (restated)
	\$	\$
Current		
Cash	620,476	18,209
Rent receivable	31,451	-
Loans receivable (Note 9)	-	12,015
Inventory	500,529	501,658
Prepaid and deposits (Note 6)	866,778	69,149
	2,019,234	601,031
Non-current assets		
Deposit on acquisition	-	66,170
Intangible asset (Note 6)	1,710,886	-
Interest in equity investee (Note 5)	2,801,400	-
Right of use asset (Note 10)	388,046	69,305
Good will (Note 4)	1,488,769	-
Property, plant and equipment (Note 8)	4,754,140	4,551,728
Total assets	13,162,475	5,288,234
Current liabilities		
Accounts payable	649,127	135,805
Accrued liabilities	34,300	33,112
Derivative liability (Note 11)	1,037,468	-
Lease liability (Note 10)	160,817	38,238
	1,881,712	207,155
Non-current liabilities		
Contingent consideration (Note 3)	1,110,209	-
Long term lease liability (Note 10)	214,823	24,143
Total liabilities	3,206,744	231,298
Shareholders' equity		
Shares capital (Note 12)	77,875,063	62,885,704
Accumulated other comprehensive loss	(134,520)	551
Obligation to issue shares	3,658	-
Contributed surplus	12,390,934	7,239,998
Deficit	(80,179,404)	(65,069,407)
Total shareholders' equity	9,955,731	5,056,936
Total liabilities and shareholders' equity	13,162,475	5,288,234

Nature and continuance of operations (Note 1)

Subsequent events (Note 15)

Approved on behalf of the Board on November 30, 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 months ended		Nine months ended	
	September 30, 2020 \$	September 30, 2019 \$	September 30, 2020 \$	September 30, 2019 \$
Sales	17,158	41,871	43,391	100,175
Rental income	45,293	43,574	141,715	99,586
Cost of goods sold	(21,153)	(19,655)	(31,829)	(51,821)
	41,298	65,790	153,277	147,940
Expenses				
Accretion (Note 10)	(10,247)	-	(10,247)	-
Advertising	(333,075)	(14,769)	(1,107,765)	(30,094)
Amortization (Note 8 and 10)	(89,427)	(16,116)	(156,467)	(48,353)
Consulting	(299,817)	(140,664)	(1,582,203)	(862,759)
Director and management fees (Note 14)	(200,584)	(91,539)	(381,686)	(368,270)
Foreign exchange loss (gain)	31,839	21,262	168,620	(24,057)
Office and miscellaneous	(117,145)	(31,784)	(173,941)	(164,020)
Income from equity investee (Note 5)	7,470	-	15,441	-
Professional fees	(144,176)	(84,349)	(244,009)	(162,016)
Regulatory fees	(12,644)	(17,245)	(27,091)	(39,703)
Research and development	(427,156)	-	(428,539)	-
Share based payments (Note 12)	(4,085,484)	(531,182)	(5,095,237)	(1,153,156)
Total expenses	(5,680,466)	(906,386)	(9,023,124)	(2,852,428)
Other income (expense)				
Distribution expense (Note 3)	-	-	(495,000)	-
Derivative liability (Note 11)	1,117,249	-	1,117,279	-
Consideration paid in excess of net assets acquired from acquisitions (Note 3)	(6,895,733)	-	(6,895,733)	-
Gain (loss) on settlement of debt (Note 12)	21,879	-	33,304	(49,162)
	(5,756,575)	-	(6,240,150)	(49,162)
Loss for the period	(11,395,723)	(840,596)	(15,109,997)	(2,753,650)
Foreign currency translation adjustment	(262,223)	(5,505)	(135,071)	(9,613)
Comprehensive loss for the period	(11,657,946)	(846,101)	(15,245,068)	(2,763,263)
Loss and comprehensive loss per share	(0.08)	(0.040)	(0.16)	(0.210)
Weighted average number of shares outstanding	152,192,057	21,116,370	95,693,351	13,278,378

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*	Obligation to issue shares	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
Private placement	2,154,580	657,147	-	-	-	-	657,147
Finder common shares	83,137	-	-	-	-	-	-
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 in acquisition of Rylyfe	9,276,510	8,627,155	-	-	-	-	8,627,155
Shares issued in acquisition of Tealief	9,276,510	8,627,155	-	-	-	-	8,627,155
Shares issued for debt	4,916,240	1,843,590	-	-	-	-	1,843,590
Share based compensation	-	-	1,153,156	-	-	-	1,153,156
Foreign currency translation adjustment	-	-	-	-	46,043	-	46,043
Loss and comprehensive loss for the period	-	-	-	-	-	(2,753,650)	(2,753,650)
Balance, September 30, 2019	33,438,216	62,988,023	6,686,611	-	(9,613)	(46,264,731)	23,400,290
Balance, December 31, 2019 (restated)	33,438,205	\$ 62,885,794	\$ 7,239,998	\$ -	\$ 551	\$ (65,069,407)	\$ 5,056,936
Private placement, net of share issuance cost	60,908,420	4,690,373	-	-	-	-	4,690,373
Non-cash share issuance cost	345,500	(59,420)	59,420	-	-	-	-
Acquisition of Levee Street	4,500,000	495,000	-	-	-	-	495,000
Significant influence transaction	28,000,000	2,785,959	-	-	-	-	2,785,959
Acquisition of Mydecine	18,360,000	918,000	-	-	-	-	918,000
Acquisition of Mindleap	6,363,636	1,967,291	-	-	-	-	1,967,291
Acquisition of Neuropharm	9,000,000	3,693,600	-	-	-	-	3,693,600
Neuropharm – top up shares	1,426,764	413,762	-	-	-	-	413,762
Shares issued for debt	324,137	76,172	-	-	-	-	76,172
Warrant exercise	96,250	8,532	(3,721)	-	-	-	4,811
Warrant compensation	-	-	1,738,391	-	-	-	1,738,391
Obligation to issue shares	-	-	-	3,658	-	-	3,658
Share based compensation	-	-	3,356,846	-	-	-	3,356,846
Change in AOCI	-	-	-	-	(135,071)	-	(135,071)
Loss and comprehensive loss for the period	-	-	-	-	-	(15,109,997)	(15,109,997)
Balance, September 30, 2020	162,762,912	77,875,063	12,390,934	3,658	(134,520)	(80,179,404)	9,955,731

*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,	September 30, 2020	September 30, 2019
Cash flows used in		
Operating activities		
Loss and comprehensive loss for the period	\$ (15,109,997)	\$ (2,753,645)
Items not affecting cash:		
Distribution expense	495,000	-
Amortization	156,467	48,351
Accretion	10,247	-
Consideration paid in excess of identifiable assets on acquisition	6,048,733	-
Change in derivative liability	(1,117,279)	-
Foreign exchange	(137,277)	-
Interest expense	-	50,518
Gain on settlement of debts	(21,879)	52,163
Income from equity investee	(15,441)	-
Shares based payments	5,942,237	1,153,156
	(3,749,189)	(1,448,062)
Changes in non-cash working capital items:		
Amounts receivable	(26,396)	(5,289)
Prepaid and deposits	(731,459)	168,139
Inventory	2,285	(70,224)
Accounts payable and accrued liabilities	507,014	28,971
Net cash used in operating activities	(3,997,745)	(1,326,465)
Investing activities		
Loans receivable	12,015	-
Equipment	(251,024)	-
Cash acquired from acquisition of Mindleap	91,701	-
Cash acquired from acquisition of Neuropharm	411,457	-
Research and development	(270,048)	-
Lease payments	(94,495)	-
Net cash used in investing activities	(100,394)	-
Financing activities		
Private placement	4,690,373	657,147
Obligation to issue shares	3,658	-
Loan receivable	-	26,540
Exercise of stock options	4,811	826,600
Net cash provided from financing activities	4,698,842	1,510,287
Foreign exchange on cash	1,624	791
Increase in cash and cash equivalents during the period	600,703	183,822
Cash and cash equivalents, beginning of the period	18,149	11,157
Cash and cash equivalents, end of the period	\$ 620,476	\$ 195,770

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 SEPTEMBER 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’s common shares trade on the Canadian Securities Exchange under the ticker symbol MYCO. 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 September 30, 2020, the Company had not yet achieved profitable operations, has accumulated losses of \$80,179,404 (December 31, 2019 - \$65,069,407) 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 nine months ended September 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%
Mindleap Health Inc.	Canada	100%
NeuropharmInc.	Canada	100%
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 SEPTEMBER 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 the restated 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 nine-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.

Intangible assets

The Company's intangible assets consists of non-compete agreements, patents and software platform arising from the asset acquisition and business combination described in Note 3 and 4, respectively. Infinite life intangible assets are recorded at cost less accumulated impairment losses. Finite life intangible assets are recorded at cost and are amortized once they are in use on a straight-line basis over their estimated useful lives as follows:

Category	Useful life
Non-compete agreements	1-3 years
Patents	8-10 years
Software platform	8 - 10 years

At the end of each reporting period, the Company assess whether there has been any indication that an asset may be impaired. If an impairment indicator exists, the asset's recoverable amount is determined and compared to the carrying amount of the asset. If the recoverable amount is lower, any difference between the carrying amount and the recoverable amount is written off to the consolidated statement of loss as an impairment charge.

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

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
Consideration paid in excess of identifiable assets	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. The fair value of the intangible asset was determined by an arm’s length valuation expert using a comparable transaction methodology.

Neuropharm Inc.

On June 6, 2020, the Company entered into a Share Exchange Agreement (“SEA”) to acquire 100% of Neuropharm Inc. (“Neuropharm”). Neuropharm is an arm’s length Canadian-based healthcare Company that is conducting research and development of certain therapies for veterans, EMS and front-line personnel.

As consideration, the Company issued 9,000,000 common shares on August 28, 2020 (“Closing Date”) with a fair value of \$3,693,600 that are subject to certain escrow conditions.

As at September 30, 2020, there are 6,750,000 common shares held in escrow and will be released pursuant to the following schedule (“Release Dates”):

6 months from the Closing Date	1/3 of escrowed securities
12 months from the Closing Date	1/3 of escrowed securities
18 months from the Closing Date	The remaining escrow securities

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020 AND 2019
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3. ASSET ACQUISITIONS (CONTINUED)

Pursuant to the terms of the agreement with Neuropharm, the Company is obligated to issue additional common shares (“Anti-Dilution Securities”). Each Anti-Dilution Securities is exercisable to acquire common shares on the Release Dates, for no additional consideration, if the share price is less than \$0.70. This contingent consideration was accounted for as a derivative liability and revalued at period end. As at August 28, 2020, the fair value of the anti-dilutive securities was \$327,975. On September 12, 2020, the Company issued 1,426,764 common shares of the Company with a fair value of \$413,762.

Pursuant to the terms of the agreement with Neuropharm, the Company issued 10,000,000 performance warrants (“Performance Warrants”) that vest as follows:

- 900,000 Performance Warrants will vest upon successful completion of a clinical trial designed to study psilocybin in Veterans, up to a maximum of \$5,400,000 Performance warrants; and,
- 920,000 Performance Warrants will vest upon each filing by Neuropharm of a patent application in Canada and/or the United States, to a maximum vesting of 4,600,000 Performance Warrants.

As at September 30, 2020, Nil Performance Warrants has vested. Each Performance Warrant expires five years from the date issuance and is exercisable at a 20% discount to the Company’s stock price on the CSE.

The Performance Warrants was accounted for as a derivative liability and revalued at period end. As at August 28, 2020, the fair value of the Performance Warrants was \$2,154,747. As at September 30, 2020, the derivative liability was \$1,037,468 and the Company recognized a change in derivative liability of \$1,117,279 on the statement of loss and comprehensive loss.

The acquisition of Neuropharm 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:	
Contingent share consideration	741,737
Performance Warrants	2,154,747
9,000,000 common shares	3,693,600
Total consideration paid	6,590,084
Cash	411,457
Intangible asset – patents	135,423
Liabilities assumed	(5,530)
Net assets assumed	541,350
Consideration paid in excess of unidentifiable assets	6,048,734
	6,590,084

The remaining unidentifiable asset did not meet the intangible asset criteria for capitalization. Accordingly, the Company expensed \$6,048,734 in the statement of loss and comprehensive loss. The fair value of the intangible asset was determined by an arm’s length valuation expert using the replacement cost methodology.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
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4. BUSINESS COMBINATION

On June 16, 2020, the Company entered into a Share Exchange Agreement (“SEA”) to acquire 100% of Mindleap Health Inc. (“Mindleap”). Mindleap is an arm’s length Canadian-based healthcare Company that is developing a digital telehealth platform.

As consideration, the Company issued 6,363,636 common shares on August 20, 2020 (“Closing Date”) with a fair value of \$1,967,291 that are subject to certain escrow conditions.

As at September 30, 2020, there are 6,363,636 common shares held in escrow and will be released pursuant to the following schedule (“Release Dates”):

6 months from the Closing Date	1/3 of escrowed securities
12 months from the Closing Date	1/3 of escrowed securities
18 months from the Closing Date	1/3 of escrowed securities
24 months from the Closing Date	The remaining escrow securities

Pursuant to the terms of the agreement with Mindleap, the Company is obligated to issue additional common shares (“Anti-Dilution Securities”). Each Anti-Dilution Securities is exercisable to acquire common shares on the Release Dates, for no additional consideration, if the share price is less than \$0.55. This contingent consideration was accounted for as a derivative liability and was revalued at period end. As at August 20, 2020 and September 30, 2020, the fair value of the anti-dilutive securities was \$782,234.

The acquisition of Mindleap constituted a business combination because these entities meet the definition of a business under IFRS 3 - Business Combination.

Purchase price:	
Contingent share consideration	782,234
6,363,636 common shares	1,967,291
Total consideration paid	2,749,525
Cash	91,701
Taxes receivable	5,055
Intangible asset – software platform	754,000
Intangible asset – non-compete	510,000
Liabilities assumed	(100,000)
Net assets assumed	1,260,756
Good will	1,488,769
Total	2,749,525

The purchase price allocations for the acquisitions, as set forth in the tables above, reflect various preliminary fair value estimates and analyses that are subject to change within the measurement period as valuations are finalized. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to the valuation of deferred tax liabilities, intangible assets acquired and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company’s consolidated financial statements and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could be affected.

As at September 30, 2020, the software platform was not ready for its intended use and as such, no amortization was recorded. The fair value of the intangible asset was determined by an arm’s length valuation expert using a discounted cash flow methodology.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
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EXPRESSED IN CANADIAN DOLLAR

5. 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 September 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.

	September 30, 2020
	\$
Current assets	565,451
Non-current assets	60,817
Current liabilities	(1,510,909)
Non-current liabilities	(490,876)
Net liabilities	(1,375,517)

For the period from May 6, 2020 to September, 2020, Trellis reported revenues of \$1,003,986 and expenses of \$962,811, totaling a net income of \$41,175 on its financial statements. In accordance with the equity method, the Company recorded a net income of \$15,441.

	September 30, 2020
	\$
Opening balance	-
Addition	2,785,959
Share of reported net loss	15,441
Net liabilities	2,801,400

6. PREPAIDS AND DEPOSITS

	September 30, 2020	December 31, 2019
	\$	\$
Consulting	8,477	53,499
Deposit	66,170	-
Marketing	269,195	-
Research and Development	480,963	-
Rent	41,973	15,650
	866,778	69,149

During the nine months period ended September 30, 2020, the company prepaid a pharmaceutical research company \$549,672 for future research and development services. During the period ended September 30, 2020, the Company amortized \$68,709 to research and development on the statement of loss and comprehensive loss.

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 September 30, 2020, the LOI has not been completed and the expiration date on the LOI is not determinable.

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7. INTANGIBLE ASSETS

Intangible assets consisting of the following:

	Software platform \$	Patents \$	Non-compet agreements \$	Total \$
Balance, December 31, 2019			-	-
Additions via acquisition (Note 3 and 4)	754,000	135,423	581,000	1,470,423
Additions	270,048	-	-	270,048
Depreciation	-	-	(29,585)	(29,585)
Balance, September 30, 2020	1,024,048	135,423	551,415	1,710,886

The non-compet agreements have a term of one year and during the period ended September 30, 2020, the Company recorded depreciation of \$29,585.

The software platform and patents are not yet ready for its intended use and as such, the Company did not record any depreciation related to these intangible assets.

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements \$	Equipment \$	Land \$	Building \$	Total \$
Cost					
Balance at December 31, 2018	-	23,960	3,061,800	1,567,259	5,905,497
Additions	-	-	-	-	-
Balance, December 31, 2019	-	23,960	3,061,800	1,567,259	5,905,497
Additions	214,494	36,527	-	-	251,021
Balance, September 30, 2020	214,494	60,487	3,061,800	1,567,259	6,156,518
Accumulated amortization					
Balance at December 31, 2018	-	15,746	-	20,897	1,289,121
Amortization	-	1,958	-	62,690	64,648
Balance, December 31, 2019	-	17,704	-	83,587	1,353,769
Amortization	-	1,790	-	47,018	48,808
Foreign exchange	-	(199)	-	-	(199)
Balance, September 30, 2020	-	19,295	-	130,605	1,402,378
Net book values					
December 31, 2019	-	6,256	3,061,800	1,483,672	4,551,728
September 30, 2020	214,494	41,192	3,061,800	1,436,654	4,754,140

As at September 30, 2020, the Company's leasehold improvements are not yet ready for its intended use and as such, no amortization was recorded.

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9. 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, September 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 September 30, 2020, the Company received \$12,015.

10. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company primarily leases consists of two office space. The office lease term is between 2 to 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 nine months ended September 30, 2020:

	Office Lease #1 \$	Office Lease #2 \$	Total \$
Right-of-use assets			
Balance, December 31, 2019	-	69,305	69,305
Addition	401,507	-	401,507
Depreciation	(43,794)	(36,070)	(79,864)
Foreign exchange	(7,076)	4,174	(2,902)
Balance, September, 2020	350,637	37,409	388,046

The following is a continuity schedule of lease liabilities for the nine months ended September, 2020:

	Office Lease #1 \$	Office Lease #2 \$	Total \$
Lease liabilities			
Balance, December 31, 2019	-	62,381	62,381
Additions	401,507	-	401,507
Interest	10,247	-	10,247
Payments	(44,086)	(50,409)	(94,495)
Foreign Exchange	(5,826)	7,033	1,207
Balance, September 30, 2020	361,842	19,005	380,847
Less: current portion	147,019	19,005	166,024
Non-current portion	214,823	-	214,823

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10. RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)

The lease liabilities are payable as follows:

	\$
2021	109,789
2022	109,789
2023	54,895
Total	274,473

11. DERIVATIVE LIABILITY

The derivative liability consists of the fair value of Performance Warrants pursuant to the acquisition of Neuropharm. The number of shares to be issued are variable.

	Total \$
Balance, December 31, 2019	-
Additions (Note 3)	2,568,509
Neuropharm anti-dilutive share issuance	(413,762)
Derivative liability revaluation	(1,117,279)
Balance, September 30, 2020	1,037,468

The fair value of the derivative liability was estimated using the Black-Scholes Option Pricing Model using the following assumptions: Expected volatility – 225%; exercise price – \$0.30-0.50; expected life – 5 years; and risk-free rate – 0.32.

12. SHARE CAPITAL

(a) Authorized: Unlimited common shares without par value

Nine-month period ended September 30, 2020:

Issued: 162,762,912 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%.

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12. 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%.

On June 16, 2020, the Company entered into a Share Exchange Agreement to acquire 100% of Mindleap. As consideration, the Company issued 6,363,636 common shares on August 20, 2020, with a fair value of \$1,967,291 that are subject to certain escrow conditions.

On June 6, 2020, the Company entered into a Share Exchange Agreement to acquire 100% of Neuropharm. As consideration, the Company issued 9,000,000 common shares on August 28, 2020 with a fair value of \$3,693,600 that are subject to certain escrow conditions. As part of the Share Exchange Agreement, the Company issued 1,426,764 anti-dilution shares with a fair value of \$413,762.

During the nine month period ended September 30, 2020, the Company issued 324,137 common shares with a fair value of \$76,172 to settle debt of \$98,051 and recorded a gain on settlement of debt of \$21,879.

During the nine-month period ended September 30, 2020, the Company issued 96,250 common shares pursuant to warrant exercises for gross proceeds of \$4,811. The Company re-allocated \$3,721 from contributed surplus to share capital.

Nine-month period ended September 30, 2019:

On July 25, 2019 and August 1, 2019, the Company completed a private placement and issued 2,154,580 common shares for gross proceeds of \$657,147. The Company issued 83,137 finder common shares.

During the period ended September 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 September 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.

On August 13, 2019, the Company issued 8,433,191 common shares each pursuant to the acquisition of Relyfe Brands LLC and Tealief Brands LLC. The Company issued 843,319 common shares for each transactions with a fair value of \$782,287.

During the period ended September 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.

(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.

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12. SHARE CAPITAL (CONTINUED)

(b) Stock Options (continued)

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 September 30, 2020, the Company cancelled 4,973,553 stock options with an exercise price ranging from \$0.29 to \$9.00.

On August 5, 2020, the Company granted 250,000 stock options with an exercise price of \$0.49 and term of 5 years expiring on August 5, 2025. The grant date fair value of the options was measured at \$124,838. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.50; exercise price - \$0.49; expected life - 5 years; volatility - 287%; dividend yield - \$0; and risk-free rate - 0.28%.

On August 26, 2020, the Company granted 1,800,000 stock options with an exercise price of \$0.40 and term of 1 years expiring on August 26, 2021. The grant date fair value of the options was measured at \$374,753. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.48; exercise price - \$0.40; expected life - 1 years; volatility - 98%; dividend yield - \$0; and risk-free rate - 0.26%.

On September 16, 2020, the Company granted 3,000,000 stock options with an exercise price of \$0.24 and term of 5 years expiring on September 16, 2021. The grant date fair value of the options was measured at \$703,808. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.24; exercise price - \$0.24; expected life - 1 years; volatility - 281%; dividend yield - \$0; and risk-free rate - 0.32%.

On September 24, 2020, the Company granted 8,000,000 stock options with an exercise price of \$0.21 and term of 5 years expiring on September 24, 2025. The grant date fair value of the options was measured at \$1,677,225. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.21; exercise price - \$0.21; expected life - 5 years; volatility - 281%; dividend yield - \$0; and risk-free rate - 0.31%.

On September 24, 2020, the Company granted 750,000 stock options with an exercise price of \$0.21 and term of 5 years expiring on September 24, 2021. The grant date fair value of the options was measured at \$58,911. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.21; exercise price - \$0.21; expected life - 1 years; volatility - 97%; dividend yield - \$0; and risk-free rate - 0.23%.

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12. SHARE CAPITAL (CONTINUED)

(b) Stock Options (continued)

As at September 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
234,000	\$0.07	March 20, 2025
250,000	\$0.50	August 5, 2025
500,000	\$0.40	August 26, 2021
3,000,000	\$0.24	September 16, 2025
8,000,000	\$0.21	September 24, 2025
550,000	\$0.26	September 24, 2021
1,000,000	\$0.30	September 30, 2025
14,243,157	\$0.12	

A summary of the status of the Company's stock options outstanding and exercisable as at September 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	16,151,533	0.21
Expired/cancelled	(5,034,664)	(0.45)
Balance, September 30, 2020	14,243,157	\$ 0.24

The stock options have a weighted average remaining life of 3.71 years.

(c) Warrants

As at September 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 September 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 (Note 10)	47,480,460	0.23
Exercised	(96,250)	(0.05)
Expired	(86,001)	6.75
Balance, September 30, 2020	37,384,210	\$ 0.30

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12. SHARE CAPITAL (CONTINUED)

(c) Warrants (continued)

On August 25, 2020, the Company entered into voluntary lock-up agreements applying to resale restrictions on up to 52,908,420 common shares that were set to become free trading upon expiry of the applicable statutory hold period. The voluntary lock-up agreement stipulates that these shareholders will not offer to sell directly or indirectly, for a period of 120 days following the date that the original resale restriction was to lapse. As consideration for entering into the voluntary lock-up agreements, the Company issued 35,737,460 warrants ("Lock-up Warrants"). The Lock-up warrants convert into a common share on a four to one basis and is exercisable at \$0.30 and expires on September 28, 2021. The fair value the Lock-Up Warrants was \$1,738,391 using the Black-Scholes Pricing Model with the following assumptions: stock price - \$0.27; exercise price - \$0.30; expected life - 1 years; volatility -223%; dividend yield - \$0; and risk-free rate - 0.23%.

13. 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 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.

14. 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.

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14. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

The following is an analysis of the Company's financial assets and liabilities at fair value as at September 30, 2020.

	As at September 30, 2020		
	Level 1	Level 2	Level 3
Loan receivable	\$ -	\$ -	\$ -
Contingent consideration	-	(1,110,209)	-
Derivative liability	-	(1,037,468)	-
	\$ -	\$ (2,147,677)	\$ -

(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 September 30, 2020, the Company had cash of \$620,476 (December 31, 2019 - \$18,209) to settle current liabilities of \$1,881,712 (December 31, 2019 - \$231,298). The Company has accounts payable of \$643,920 (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.

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14. 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>	Director fees
<i>Period ended September 30, 2020</i>	\$
Director and management fees paid to a director of the Company	107,491
Director and management fees paid to the former chief marketing officer of the Company	63,686
Director and management fees paid to the CEO of the Company	112,668
Management fees paid to the chief operations officer	65,186
Share based compensation	1,964,702
Total	2,313,733

<i>Management Compensation</i>	Director fees	Legal Fees
<i>Period ended September 30, 2019</i>	\$	\$
Director of the Company	91,876	7,500
Benjamin Martch, CEO of WAK	105,034	-
Joshua Bartch, CEO Of the Company	171,359	-
Total	368,269	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.

On August 18, 2019, the Company issued 9,276,510 common shares with a fair value of \$8,627,155 and acquired 100% of Relyfe Brands LLC. Certain members of management of the Company are common shareholders of Relyfe Brands LLC. The transaction was entered at market terms and as such, the Company determined the fair value using a level one input on the fair value hierarchy.

On August 18, 2019, the Company issued 9,276,510 common shares with a fair value of \$8,627,155 and acquired 100% of Tealief Brands LLC. Certain members of management of the Company are common shareholders of Tealief Brands LLC. The transaction was entered at market terms and as such, the Company determined the fair value using a level one input on the fair value hierarchy.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

As at September 30, 2020 accounts payable and accrued liabilities were due to related parties of \$80,017 (2019 - \$13,364).

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15. SUBSEQUENT EVENTS

On October 16, 2020, the Company completed a non-brokered private placement of secured convertible debentures notes for gross proceeds of \$4,700,000 (“Convertible Debenture”). Each Convertible Debenture has a maturity date of twelve months from the closing date, bears interest at 10% per annum and is convertible into Units at \$0.20 per Unit. Each Unit consists of one common shares and one common share purchase warrant. Each common share purchase warrant is exercisable into one additional common share at a price of \$0.30 for a period of 24 months from the issuance date of the warrant.

Subsequent to the period ended September 30, 2020, the Company issued 200,000 common shares pursuant to option exercises for gross proceeds of \$42,000.

Subsequent to the period ended September 30, 2020, the Company issued 73,150 common shares pursuant to warrant exercises for gross proceeds of \$3,658.

On October 2, 2020, the Company issued 3,684,783 common shares to settle debt of \$847,500 to an arm’s length party.