MYDECINE INNOVATIONS GROUP INC.
(Formerly NewLeaf Brands Inc.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED MARCH 31, 2021 AND 2020

(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,	Note	March 31, 2021 $	December 31, 2020 (audited) $
Current assets			
Cash		**11,324,999**	2,190,702
Rent receivable	**18**	**45,351**	27,746
Accounts receivable	**18**	**9,593**	-
Inventory		**36,620**	47,262
Sales tax receivable		**17,711**	13,734
Prepaids and deposits	**6**	**3,982,350**	216,003
Total current assets		**15,416,624**	2,495,447
Non-current assets			
Intangible asset		**155,617**	-
Investment in joint venture	**7, 18**	**617,309**	620,092
Investment in associate	**8, 18**	**4,304,874**	4,481,988
Right-of-use asset	**13**	**198,036**	223,645
Investment properties	**11**	**1,400,855**	1,418,345
Property and equipment	**10**	**405,961**	291,614
Total assets		**22,499,276**	9,531,131
Current liabilities			
Accounts payable and accrued liabilities		**920,817**	1,187,486
Convertible debentures	**12**	**464,770**	2,959,755
Derivative liabilities	**14**	**1,440,368**	1,586,744
Lease liability – current portion	**13**	**71,760**	69,329
Total current liabilities		**2,897,715**	5,803,314
Non-current liabilities			
Long-term portion of lease liability	**13**	**141,007**	167,118
Total liabilities		**3,038,722**	5,970,432
Shareholders' equity			
Share capital	**15**	**105,408,931**	85,298,435
Contributed surplus	**15**	**13,923,899**	12,734,636
Equity portion of convertible debentures	**12**	**35,107**	254,690
Accumulated other comprehensive income		**(468,601)**	(444,803)
Deficit		**(99,438,782)**	(94,282,259)
Total shareholders' equity		**19,460,554**	3,560,699
Total liabilities and shareholders' equity		**22,499,276**	9,531,131

Nature and continuance of operations (Note 1)

Subsequent events (Note 22)

Approved on behalf of the Board on May 17, 2021

"Damon Michaels"
Director – Damon Michaels

"David Joshua Bartch"
Director – David Joshua Bartch

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)

For the three-month period ended,	**Note**	**March 31, 2021**	March 30, 2020
Sales		**16,012**	4,575
Cost of goods sold		**(10,128)**	(2,875)
Gross margin		**5,884**	1,700
Expenses			
Finance cost	**12,13**	**95,737**	248
Corporate development		**1,998,027**	4,978
Amortization	**10,13**	**41,532**	27,428
Consulting fees		**1,023,921**	4,270
Director and management fees	**18**	**490,876**	117,617
Foreign exchange loss		**222,375**	(127,964)
Office and miscellaneous		**84,220**	13,813
Share of losses from investment in Joint Venture	**7**	**2,783**	-
Share of losses from investment in Associate	**8**	**157,219**	-
Professional fees		**653,055**	25,474
Regulatory and filing fees		**165,636**	2,057
Research and development		**230,210**	-
Share-based payments	**15**	**-**	174,028
Total expenses		**(5,165,591)**	(241,949)
Other income (expense)			
Change in fair value of derivative liabilities	**14**	**(27,656)**	-
Rental income	**18**	**33,159**	47,883
Loss on settlement of debt	**15**	**(2,319)**	-
		3,184	47,883
Net loss for the period		**(5,156,523)**	(192,366)
Foreign currency translation adjustment		(23,798)	-
Net loss and comprehensive loss for the period		**(5,180,321)**	(192,366)
Net loss per share – Basic and diluted		**(0.03)**	(0.01)
Weighted average number of shares outstanding – Basic and diluted		**206,368,298**	33,438,205

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)

	Note	Number of Shares	Share Capital	Contributed Surplus	Equity Component of Convertible Debentures	Accumulated Other Comprehensive Income (Loss)	Deficit	Shareholders' Equity
Balance, December 31, 2019 (restated)		33,438,205	$ 62,366,182	$ 7,239,998	$ -	$ (444,421)	$ (67,333,314)	$ 1,828,445
Share-based compensation	15	-	-	174,028	-	-	-	174,028
Foreign currency translation adjustment		-	-	-	-	(117,442)	-	(117,442)
Net loss for the period		-	-	-	-	-	(192,366)	(192,366)
Balance, March 31, 2020		33,438,205	62,366,182	7,414,026	-	(561,863)	(67,526,680)	1,692,665
Balance, December 31, 2020		**176,734,102**	**$ 85,298,435**	**$ 12,734,636**	**$ 254,690**	**$ 444,803**	**$ (94,282,259)**	**$ 3,560,699**
					-	-	-	
Bought deal, net of share issuance cost	15	34,500,000	15,332,905	-	-	-	-	15,332,905
Non-cash share issuance cost	15	862,500	(1,189,263)	1,189,263	-	-	-	-
Warrants exercised	15	9,468,425	2,840,528	-	-	-	-	2,840,528
Conversion of convertible debentures	15	13,795,350	2,802,724	-	(219,583)	-	-	2,583,141
Shares issued for debt settlements	15	92,654	45,400	-	-	-	-	45,400
Shares issued for services	15	289,710	104,170	-	-	-	-	104,170
MindLeap Health Inc.'s – anti dilution clause	15	440,587	174,032	-	-	-	-	174,032
Foreign currency translation adjustment		-	-	-	-	(23,798)	-	(23,798)
Net loss for the period		-	-	-	-	-	(5,156,523)	(5,156,523)
Balance, March 31, 2021		**236,183,328**	**$ 105,408,931**	**$ 13,923,899**	**$ 35,107**	**$ (468,601)**	**$ (99,438,782)**	**$ 19,460,554**

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 CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

For the period ended,	Note		March 31, 2021		March 31, 2020
Cash flows used in					
Operating activities					
Net Loss for the period		$	**(5,156,523)**	$	(192,366)
Items not affecting cash:					
Amortization	10,13		**41,532**		27,428
Finance cost	12,13		**95,737**		-
Change in fair value of derivative liability	14		**27,656**		-
Foreign exchange loss			**2,418**		(122,061)
Loss on settlement of debts	15		**2,319**		-
Shares issued for services			**104,170**		-
Share of losses from investment in Joint Venture	7		**2,783**		-
Share of income from investment in Associate	8		**177,114**		
Share-based payments	15		**-**		174,028
			(4,702,794)		(112,971)
Changes in non-cash working capital items:					
Rent receivable			**(17,605)**		(15,348)
Prepaids and deposits			**(3,775,940)**		28,529
Inventory			**10,060**		-
Sales taxes receivable			**(3,977)**		-
Accounts payable and accrued liabilities			**(231,865)**		101,371
Cash used in operating activities			**(8,722,121)**		1,581
Investing activities					
Loan receivable			**-**		5,668
Purchases of property and equipment	10		**(132,874)**		-
Internally generated intangible asset	9		**(155,617)**		-
Lease payments	13		**(28,486)**		(18,487)
Net cash used in investing activities			**(316,977)**		(12,819)
Financing activities					
Proceeds from bought deal, net of share issuance cost	15		**15,332,904**		-
Warrants exercised	15		**2,840,528**		-
Net cash provided from financing activities			**18,173,432**		-
Foreign exchange on cash			**25**		640
Increase in cash and cash equivalents during the period			**9,134,334**		(11,238)
Cash, beginning of the year			**2,190,640**		18,149
Cash, end of the period		$	**11,324,999**	$	7,551

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

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 May 27, 2020. The Company's common shares trade on the NEO exchange (NEO: MYCO), OTC exchange (OTC:MYCOF) and on the Frankfurt stock exchange (FSE:0NFA). The Company's principal activities are research, drug development, clinical trials, marketing, and distribution of Cannabidiol ("CBD") and Psilocybin products and operation of rental real estate 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.

As at March 31, 2021, the Company has an accumulated deficit of $99,438,782 (December 31, 2020 - $94,282,259), cash of $11,324,999 (December 31, 2020 – $2,190,702), and working capital of $12,518,909 (December 31, 2020 – deficit of $3,307,867). Additionally, the Company incurred a net loss of $5,156,523 (March 31, 2019 - $192,366) during the period ended March 31, 2021. 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. 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. These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern.

These 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. 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 consolidated financial statements.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standard ("IFRS"), as set out in the CPA Canada Handbook – Accounting ("CPA Handbook") as issued by the International Accounting Standards Board ("IASB"). The policies set out below have been consistently applied to all periods presented unless otherwise noted.

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

These 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 condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments, which are measured at fair value through profit and loss, as explained in the accounting policies below. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services.

2. BASIS OF PREPARATION (CONTINUED)

Basis of Measurement (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Functional Currency

All figures presented in the consolidated financial statements are reflected in Canadian dollars; however, the functional currency of the Company includes the Canadian dollar and the US dollar. The Company, NeuroPharm Inc. and MindLeap Health Inc's. functional currency is the Canadian dollar whereas the remainder of the Company's subsidiaries' functional currency is the US dollar.

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into Canadian dollars, the Group's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in accumulated other comprehensive income (loss).

Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The following is a list of the Company's operating subsidiaries:

Name	Jurisdiction of incorporation	Interest
1220611 B.C. Ltd.	Canada	100%
1176392 B.C. Ltd.	Canada	100%
Kured Latin America LLC (inactive)	US	100%
MindLeap Health Inc.	Canada	100%
NeuroPharm Inc.	Canada	100%
New Age Farm Washington, LLC	US	100%
Relyfe Brands, LLC	US	100%
Tealief Brands, LLC	US	100%
We are Kured, LLC	US	100%

All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

3. 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, 2020.

The preparation of the 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.

Recent Accounting Pronouncements

As at the date of authorization of these financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company, have been excluded. The Company had assessed that no material impact is expected upon the adoption of the following amendments on its consolidated financial statements:

Amendments to IAS 1

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of COVID-19. Early application is permitted.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued amendments to update IAS 37. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract. These amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

EXPRESSED IN CANADIAN DOLLARS

4. ASSET ACQUSITIONS

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 an arm’s length research and development Company in the mushroom and fungi industry. The Company issued 17,000,000 common shares of the Company with fair value of $2,210,000 and 1,360,000 finders shares with fair value of $176,800, based on level 1 inputs.

The acquisition of Mydecine does not constitute a business combination because this entity does not meet the definition of a business under IFRS 3 – Business Combination. As a result, 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	$
17,000,000 common shares	2,210,000
1,360,000 finders’ common shares	176,800
Consideration paid in excess of net assets acquired	2,386,800

Mydecine was in the early stage of cultivation, processing, product development, and research and development of compounds that are found in various strains of mushroom and fungi. As such, the remaining unidentifiable asset did not meet the intangible asset criteria for capitalization. Accordingly, the Company expensed $2,386,800 in the Consolidated Statement of Loss and Comprehensive Loss.

NeuroPharm Inc.

On July 14, 2020, the Company entered into a Share Exchange Agreement (“NeuroPharm 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, emergency medical service providers, and front-line personnel. The NeuroPharm SEA closed on August 28, 2020 (“NeuroPharm Closing Date”).

As consideration, the Company agreed to issue 9,000,000 common shares, contingent anti-dilution securities, and 10,000,000 performance warrants (Collectively, “NeuroPharm Consideration”). The terms of the NeuroPharm Consideration are described below:

a) The Company issued 9,000,000 common shares on August 28, 2020 (“NeuroPharm Closing Date”) with a fair value of $4,860,000 that are subject to certain escrow conditions.

EXPRESSED IN CANADIAN DOLLARS

4. ASSET ACQUSITIONS (CONTINUED)

b) Pursuant to the terms of the NeuroPharm SEA, the Company is obligated to issue additional common shares ("NeuroPharm Anti-Dilution Securities"). Each NeuroPharm Anti-Dilution Security is exercisable to acquire common shares on the NeuroPharm Release Dates, for no additional consideration, in the event the volume-weighted average closing price of the Company's common shares on the Canadian Securities Exchange ("CSE") in the 20 trading days prior to the NeuroPharm Release Dates is less than $0.70. This contingent consideration was accounted for as an equity instrument under IFRS 2 – *Share Based Payment* and was recorded at fair value at the date of acquisition. As at August 28, 2020, the Company's estimate of the fair value of the anti-dilutive securities was $2,752,572. On September 12, 2020, pursuant to the NeuroPharm Anti-Dilution Securities clause, the Company issued additional 1,426,764 common shares and the Company reclassified $1,299,441 from reserve to share capital.

c) Pursuant to the terms of the NeuroPharm SEA, the Company issued 10,000,000 performance warrants ("Performance Warrants") that vest as follows:
   - 900,000 Performance Warrants will vest upon each successful completion of a clinical trial designed to study psilocybin in Veterans, up to a maximum vesting 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, subject to the acceptance of the application by the regulatory authority to a maximum vesting of 4,600,000 Performance Warrants (Vested).

   As at December 31, 2020 and March 31, 2021, 4,600,000 Performance Warrants (relating to the filing of patent applications) have vested. Each Performance Warrant expires five years from the date of issuance and is exercisable at a 20% discount to the Company's stock price on the NEO.

   The Performance Warrants were accounted for as an equity instrument under IFRS 2 – *Share Based Payments* and recorded at fair value at acquisition. As at August 28, 2020, the fair value of the Performance Warrants $980,640.

The acquisition of NeuroPharm does not constitute a business combination because this entity does not meet the definition of a business under IFRS 3 – *Business Combination*. As a result, the transaction has been measured at the fair value of equity consideration issued to acquire these entities. The fair value of the consideration paid was determined based on the fair value of the assets received as determined based on IFRS 2 – *Share Based Payments*.

Purchase price:	$
9,000,000 common shares	4,860,000
NeuroPharm – Anti-Dilution Securities	2,752,572
Performance Warrants	980,640
Total consideration paid	8,593,212
Cash	411,457
Liabilities assumed	(76,684)
Net assets assumed	334,773
Consideration paid in excess of net assets acquired	8,258,439
	8,593,212

NeuroPharm was in the early stage of developing technologies to treat various mental health conditions targeting the treatment of disorders such as PTSD, depression, addiction, anxiety, and panic disorders as well as migraine and cluster headaches. At the time of acquisition, the Company was conducting research and was in the processes of drafting provisional patents related to psilocybin which did not meet the definition of intangible assets. As such, the remaining unidentifiable assets in the amount of $8,258,439 were expensed in the Consolidated Statement of Loss and Comprehensive Loss.

EXPRESSED IN CANADIAN DOLLARS

5. BUSINESS COMBINATION

On June 16, 2020, the Company entered into a Share Exchange Agreement ("MindLeap 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 ("Telehealth Platform"). MindLeap's Telehealth Platform complements the Company's business plan as a mental health provider to its users. The MindLeap SEA closed on August 19, 2021 ("Acquisition Date").

As consideration, the Company agreed to issue 6,363,636 common shares, contingent anti-dilution securities, and certain milestone share-based payments (Collectively, "MindLeap Consideration"). The terms of the MindLeap Consideration are described below:

a) As consideration, the Company issued 6,363,636 common shares with a fair value of $2,513,636 that are subject to certain escrow conditions.

   As at December 31, 2020 and March 31, 2021, there are 3,785,010 common shares held in escrow and will be released pursuant to the following schedule ("MindLeap Release Dates"):

12 months from the MindLeap Closing Date	¼ of escrowed securities
18 months from the MindLeap Closing Date	¼ of escrowed securities
24 months from the MindLeap Closing Date	¼ of escrowed securities

b) Pursuant to the terms of the agreement with MindLeap, the Company is obligated to issue additional common shares ("MindLeap Anti-Dilution Securities") subject to certain conditions. Each MindLeap Anti-Dilution Security is exercisable to acquire common shares on the MindLeap Release Dates, for no additional consideration, in the event the volume-weighted average closing price of the Company's common shares on the NEO Exchange in the 20 trading days prior to the MindLeap Release Dates is less than $0.55. This contingent consideration was accounted for as a derivative liability and revalued at period end. As at August 19, 2020, December 31, 2020, and March 31, 2021 the Company's estimate of the fair value of the anti-dilutive securities was $2,131,938, $1,586,744 and $1,440,368 respectively. During the period ended March 31, 2021, the Company issued 440,587 anti-dilution common shares with a fair value of $174,032, based on level 1 inputs.

c) The Company entered into a definitive bonus share agreement ("Bonus Share") providing for the issuance of up to an additional 9,750,000 common shares to designated officers, employees, and consultants of MindLeap upon the achievement of the following milestones ("Milestones"):

   - 500,000 common shares if MindLeap signs 100 revenue generating clinic partners by the end of 2021;
   - 250,000 common shares if MindLeap generates $250,000 in revenue for 2020;
   - 1,000,000 common shares if MindLeap signs up 1,000 specialists that are also actually engaged and paid subscribers generating revenue by 2021;
   - 3,000,000 common shares if MindLeap generates $5,000,000 in revenue in 2021; and
   - 5,000,000 common shares if MindLeap generates $10,000,000 in revenue in 2021.

   As at the Closing Date, December 31, 2020 and March 31, 2021, the fair value of the Bonus Shares was $Nil as the probability of meeting the Milestones was low.

EXPRESSED IN CANADIAN DOLLARS

5. BUSINESS COMBINATION

The acquisition of MindLeap constituted a business combination because the Company met the definition of a business under IFRS 3 - Business Combination.

Purchase price:	$
6,363,636 common shares	2,513,636
MindLeap – Anti-Dilution Securities	2,131,938
Bonus Shares	-
Total consideration paid	4,645,574
Cash	92,267
Taxes receivable	7,622
Intangible asset – software platform	172,898
Accounts payable	(24,290)
Loan liabilities	(350,000)
Net liabilities assumed	(101,503)
Goodwill	4,747,077
Total	4,645,574

The Company determined that MindLeap's platform design, content and business objectives were synergistic with the Company's business plans and objectives. Goodwill consists of an assembled workforce, cost synergies and future economic potential of MindLeap.

Loan liabilities include $250,000 that relates to a working capital loan issued to MindLeap as per the conditions set in the MindLeap SEA.

During the period ended from August 19, 2020 to December 31, 2020, the Company recorded a net loss of $372,108 (excluding any impairment charge) in the Consolidated Statement of Loss and Comprehensive Loss in connection with MindLeap.

Net loss for the Company would have been higher by approximately $237,000, for the year ended December 31, 2020, if the acquisition had taken place on January 1, 2020. In connection with this transaction, the Company did not recognize any material transaction cost.

6. PREPAIDS

	March 31, 2021 $	December 30, 2020 $
Research and development	2,646,263	-
Corporate development	122,968	52,500
Advisory services	1,093,750	63,274
Land deposit	66,170	66,170
Deposits	53,199	34,059
Total	3,982,350	216,003

EXPRESSED IN CANADIAN DOLLARS

7. INVESTMENT IN JOINT VENTURE

On April 27, 2020, the Company acquired 50% of Alternative Distribution Company LLC (formerly Levee Street Holdings LLC) (“Alternative Distribution”) via a share swap agreement (“Share Swap Agreement”) and issued 4,500,000 common shares with a fair value of $395,010, based on a level 1 input. Alternative Distribution operates in Texas, U.S. and is a distributor of alternative products, including CBD products. The Company provides strategic funding and direction to Alternative Distribution.

Based on the terms of the Share Swap Agreement, management has determined that Alternative Distribution meets the definition of a joint venture. Accordingly, the investment is accounted for using the equity method in these consolidated financial statements.

	December 31, 2020 $
Opening balance, December 31, 2019	-
4,500,000 common shares issued for Joint Venture	395,010
Cash advanced	314,023
Share of losses from investment in Joint Venture	(93,035)
Foreign exchange gain (loss)	4,094
Ending balance, December 31, 2020	620,092
Share of losses from investment in Joint Venture	(2,783)
Foreign exchange gain (loss)	-
Ending balance, March 31, 2021	617,309

The following table summarizes the relevant financial information of the Company’s associate and reflects the amounts presented in the financial statements of Alternative Distribution Company:

	March 31, 2021 $
Cash	55,384
Current assets	928,615
Current financial liabilities	(917,714)
Non-current financial liabilities	(1,035,556)
Depreciation and amortisation	(37,005)
Interest expense	(27,706)
	-

For the period ended March 31, 2021, Alternative Distribution Company reported revenues of $332,999 and expenses of $338,564, totalling a net loss of $5,565 on its financial statements.

8. INVESTMENT IN ASSOCIATE

On May 5, 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 in the U.S. The Company issued 28,000,000 common shares with a fair value of $4,160,240, based on a level 1 input. At March 31, 2021 and December 31, 2020, the Company held 37,500 units of Trellis, representing an ownership of 37.5%. The Company provides strategic funding and advice to Trellis.

Management has determined that Trellis meets the definition of an equity associate. Accordingly, the investment is accounted for using the equity method in these consolidated financial statements.

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8. INVESTMENT IN ASSOCIATE (CONTINUED)

The following table summarizes the investment in associate:

	$
Opening balance, December 31, 2019	-
28,000,000 shares issued for investment in Associate	4,160,240
Proportionate share of rental income	(70,000)
Share of reported net income	426,635
Foreign exchange gain (loss)	(34,887)
Ending balance, December 31, 2020	4,481,988
Proportionate share of rental income	(19,895)
Share of reported net income	(157,219)
Foreign exchange loss	-
Ending balance, March 31, 2021	4,304,874

The following table summarizes the financial information of the Company's associate and reflects the amounts presented in the financial statements of Trellis, amended in accordance with the accounting policies of the Company.

	March 31, 2021 $
Current assets	1,275,960
Non-current assets	169,162
Current liabilities	(1,759,543)
Non-current liabilities	(739,932)
Depreciation and amortization	(48,583)
Interest expense	(13,556)

9. INTANGIBLE ASSETS

Intangible assets consist of the following:

Cost	**Software platform $**
Balance, December 31, 2019	-
Additions from business combination (Note 5)	172,499
Additions relating to internal development	112,391
Balance, December 31, 2020	**284,890**
Additions related to internal development	155,617
Balance, March 31, 2021	**440,507**
Impairment	
Balance, December 31, 2019	**-**
Impairment of intangible assets	**(284,890)**
Balance, December 31, 2020 and March 31, 2021	**(284,890)**
Net book values	
December 31, 2020	**-**
March 31, 2021	**155,617**

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9. INTANGIBLE ASSETS (CONTINUED)

As at December 31, 2020, management considered the existence of impairment indicators related to the platform as it existed at December 31, 2020. Due to the lack of historical data to support the future economic benefits associated with the stage of development of the software platform at December 31, 2020 acquired from MindLeap (Note 5), the Company realized an impairment of intangible assets of $284,890. As at March 31, 2021, the Company did not identify any impairment indicators related to the Company's platform.

As at March 31, 2021, the Company's software platform is not ready for its intended use and as such, no amortization was recorded.

10. PROPERTY AND EQUIPMENT

	Leasehold improvements $	Equipment $	Total $
Cost			
Balance, December 31, 2019	-	23,960	23,960
Additions	216,584	76,087	292,671
Disposal		(6,553)	(6,553)
Foreign exchange		(1,810)	(1,810)
Balance, December 31, 2020	216,584	91,684	308,268
Additions	8,879	123,995	132,874
Balance, March 31, 2021	**225,463**	**215,679**	**441,142**
Accumulated amortization			
Balance, December 31, 2019	-	17,706	17,704
Amortization	-	1,057	1,057
Disposal	-	(2,109)	(2,107)
Balance, December 31, 2020	**-**	**16,654**	**16,654**
Amortization	12,186	6,341	18,527
Balance, March 31, 2021	**12,187**	**22,995**	**35,182**
Net book values			
December 31, 2020	**216,584**	**75,030**	**291,614**
March 31, 2021	**213,277**	**192,684**	**405,961**

11. INVESTMENT PROPERTIES

The Company owns investment properties located in Oregon, U.S. During the period ended March 31, the Company recognized rental income and expenses of $33,159 and $Nil, respectively. The fair value of the Company's property assets is estimated based on an income capitalization. As at March 31, 2021, the fair value of the property was estimated to be approximately US$1,114,000 (CAD - $1,400,855) (December 31, 2020 – US$1,114,000 (CAD - $1,418,345)). As at March 31, 2021, there are no contractual obligations. The Company's properties are rented to a related party (refer to note 18).

	Total $
Balance, December 31, 2019 - Restated (Note 21)	1,316,983
Change in fair value	134,147
Foreign exchange	(32,785)
Balance, December 31, 2020	1,418,345
Change in fair value	-
Foreign exchange	(17,490)
Balance, March 31, 2021	1,400,855

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12. CONVERTIBLE DEBENTURES

During the year ended December 31, 2020, the Company closed a senior secured convertible debentures financing on a non-brokered private placement basis for gross proceeds of $4,700,000. The debentures bear annual interest of 10%, mature in 12 months and the principal and interest are convertible into units ("conversion units") at a conversion price of $0.20, at the option of the debenture holder. Each conversion Unit will consist of one (1) common share of the Company and one common share purchase warrant. Each warrant will entitle the holders to purchase one (1) additional common share of the Company at a price of $0.30 per Warrant Share for a period of twenty-four (24) months from the Maturity Date.

The following table reconciles the recorded value of the liability and the equity components of the convertible debentures:

	Convertible debenture $	Equity component of convertible debenture $	Total $
Balance, December 31, 2019	-	-	-
Additions	4,308,333	391,667	4,700,000
Accretion expense	158,201	-	158,201
Conversion of convertible debentures	(1,506,779)	(136,977)	(1,643,726)
Balance, December 31, 2020	2,959,755	254,690	3,214,445
Accretion expense	88,156	-	88,156
Conversion of convertible debentures	(2,583,141)	(219,583)	(2,802,724)
Balance, March 31, 2021	464,770	35,107	499,877

The convertible debentures are compound financial instruments. Management estimated that the fair value of the debt using a discount rate of 20% applicable to the Company's business, with the residual value allocated to the equity component of the convertible debenture.

13. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

The Company's primary leases consist of a research and development facility and an office space. The Company used an incremental borrowing rate of 15%.

The following is a continuity schedule of right-of-use assets for the period ended March 31, 2021 and year ended December 31, 2020:

Right-of-use assets	Research and development facility $	Office lease $	Total $
Balance, December 31, 2019	-	69,305	69,305
Addition	296,642	-	296,642
Depreciation	(56,023)	(39,324)	(95,347)
Foreign exchange	(16,974)	(231)	(17,205)
Lease termination	-	(29,750)	(29,750)
Balance, December 31, 2020	223,645	-	223,645
Depreciation	(23,006)	-	(23,006)
Foreign exchange	(2,603)	-	(2,603)
Balance, March 31, 2021	198,036	-	198,036

EXPRESSED IN CANADIAN DOLLARS

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

The following is a continuity schedule of lease liabilities for the period ended March 31, 2021 and year ended December 31, 2020:

Lease liabilities	Research and development facility $	Office lease $	Total $
Balance, December 31, 2019	-	62,381	62,381
Additions	296,642	-	296,642
Interest	21,677	6,620	28,297
Payments	(64,414)	(46,825)	(111,239)
Foreign exchange	(17,458)	5,034	(12,424)
Lease termination	-	(27,210)	(27,210)
Balance, December 31, 2020	236,447	-	236,447
Interest	7,581	-	7,581
Payments	(28,486)	-	(28,486)
Foreign exchange	(2,775)	-	(2,775)
Balance, March 31, 2021	212,767	-	212,767
Less: current portion	71,760	-	71,760
Non-current portion	141,007	-	141,007

The undiscounted lease liabilities are as follows:

Period ended March 31, 2021	**$**
2021	67,500
2022	90,000
2023	37,500
Total lease payments	195,000

14. DERIVATIVE LIABILITIES

The derivative liabilities consist of MindLeap's Anti-Dilution Securities (Note 5). The number of shares to be issued are variable.

	MindLeap Anti-dilution Securities $
Balance, December 31, 2019	-
Additions per business combination (Note 5)	2,131,938
Change in fair value of derivative liabilities	(545,194)
Balance, December 31, 2020	**1,586,744**
Issuance of common shares	(174,032)
Change in fair value of derivative liability	27,656
Balance, March 31, 2021	**1,440,368**

The fair value of the derivative liability at March 31, 2021 was estimated using the Monte Carlo pricing model and the following assumptions:

- Risk free interest rate:0.75%
- Volatility: 159.37%
- Market price of common shares: $0.41

15. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized: Unlimited common shares without par value

Period ended March 31, 2021:

Issued: common shares 236,183,328 (December 31, 2020: 176,734,102 common shares)

During the period ended March 31, 2021, the Company issued 9,468,425 common shares pursuant to warrant exercises for gross proceeds of $2,840,528.

During the period ended March 31, 2021, the Company issued 92,654 common shares with a fair value of $45,400 to settle debt of $43,081 and recorded a gain on settlement of debt of $2,319.

On March 4, 2021, the Company issued 440,587 anti-dilution common shares with a fair value of $174,032, which was transferred from derivative liability to share capital.

During the period ended March 31, 2021, the Company issued common share 13,795,350 pursuant to the conversion of convertible debt of $2,583,141. The Company transferred $219,583 from equity component of convertible debt to share capital.

During the period ended March 31, 2021, the Company issued 289,710 common shares, pursuant to various employment and consulting agreements, as compensation for services.

On March 31, 2021, the Company completed a bought-deal financing and issued 34,500,000 Units for gross proceeds of $17,250,000. Each Unit consists of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.70 per Warrant Share for a period of 36 months. The Company paid share issuance cost of $1,917,096, issued 862,500 Finance Fee Units ("Finance Unit") and 2,415,000 Broker Warrants ("Broker Warrant"). Each Finance Unit consists of one common share and one share purchase warrant ("Finance Warrant"). Each Finance Warrant is exercisable to acquire one additional common share at any time until February 12, 2024, at an exercise price of $0.70 per warrant. The fair value of the Finance Warrant was measured at $288,960. The Finance Warrant were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - $0.58; exercise price - $0.70; expected life - 3 years; volatility – 100%; dividend yield - Nil; and risk-free rate – 0.17%. Each Broker Warrant is exercisable to acquire one additional common share at any time until February 12, 2024, at an exercise price of $0.50 per warrant. The fair value of the Broker Warrants was measured at $900,302. The finder warrants were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - $0.58; exercise price - $0.50; expected life - 3 years; volatility – 100%; dividend yield - Nil; and risk-free rate – 0.17%.

During the period ended March 31, 2020, the Company had no share capital transactions.

(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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15. SHARE CAPITAL AND CONTRIBUTED SURPLUS (CONTINUED)

During the period ended March 31, 2021, the Company did not issue any stock options.

During the period ended March 31, 2020, the Company issued the following stock options:

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 - Nil; 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 - $0.07; exercise price - $0.06; expected life - 5 years; volatility –186%; dividend yield - Nil; 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 - Nil; and risk-free rate – 0.73%.

As at March 31, 2021, the Company had stock-options outstanding and exercisable enabling holders to acquire the following:

Number of Stock-Options	Exercise Price	Expiry Date
491,624	$0.47	June 21, 2024
217,533	$0.095	February 21, 2025
234,000	$0.06	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	$0.21	September 24, 2021
1,000,000	$0.26	September 30, 2025
100,000	$0.30	October 8, 2021
14,343,157	$0.24	

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15. SHARE CAPITAL AND CONTRIBUTED SURPLUS (CONTINUED)

(b) Stock Options (continued)

A summary of the status of the Company's stock options outstanding and exercisable as at March 31, 2021 and December 31, 2020, and changes during those years is presented below:

	Number of Options Issued and Exercisable		Weighted Average Exercise Price
Balance, December 31, 2019	3,126,288	$	0.46
Granted	16,451,533		0.23
Expired/cancelled	(5,034,664)		(0.27)
Exercised	(200,000)		(0.21)
Balance, December 31, 2020 and March 31, 2021	**14,343,157**	**$**	**0.24**

The stock options have a weighted average remaining life of 3.77 years.

(c) Warrants

In August 2020, the Company entered into voluntary lock-up agreements applying to resale restrictions on up to 35,737,460 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 year; volatility – 151%; dividend yield - Nil; and risk-free rate – 0.23%.

As at March 31, 2021, the Company had warrants outstanding and exercisable enabling holders to acquire the following:

Number of Warrants Issued	Number of Warrants exercisable	Exercise Price	Expiry Date
994,350	994,350	$0.05	May 7, 2021
4,090,250	4,090,250	$0.50	June 19, 2022
560,000	560,000	$0.50	June 19, 2022
6,459,365	6,459,365	$0.30	September 28, 2021
7,602,740	7,602,740	$0.30	December 4 ,2022
508,767	508,767	$0.30	December 18, 2020
10,000,000	4,600,000	variable	September 25, 2025
2,584,658	2,584,658	0.30	January 26, 2023
258,493	258,493	0.30	February 16, 2023
362,178	362,178	0.30	February 19, 2023
259,178	259,178	0.30	February 26, 2023
1,195,370	1,195,370	0.30	March 8, 2023
182,048	182,048	0.30	March 11, 2023
35,362,500	35,362,500	0.70	February 12, 2024
2,415,000	2,415,000	0.50	February 12, 2024
72,834,897	67,434,897		

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15. SHARE CAPITAL AND CONTRIBUTED SURPLUS (CONTINUED)

(b) Warrants (continued)

A summary of the status of the Company's warrants outstanding and exercisable as at March 31, 2021 and December 31, 2020, and changes during those years is presented below:

	Number of warrants Issued		Weighted Average Exercise Price
Balance, December 31, 2019	86,001		6.75
Issued	32,961,622		0.23
Exercised	(2,071,150)		(0.29)
Expired	(86,001)		6.75
Balance, December 31, 2020	30,890,472	$	0.22
Issued	51,412,850		0.25
Exercised	(9,468,425)		0.30
Balance, March 31 2021	72,834,897		0.47

16. 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, 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 year ended December 31, 2020 and period ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

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17. 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 following is an analysis of the Company's financial assets and liabilities at fair value as at March 31, 2021 and December 31, 2020.

	As at March 31, 2021					
		Level 1		Level 2		Level 3
Cash	$	11,324,999	$	-	$	-
Rent and accounts receivable		54,944		-		-
Total financial assets	**$**	**11,379,943**	**$**	**-**	**$**	**-**
Accounts payable and accrued liabilities	$	920,817	$	-	$	-
Lease liability		-		212,767		-
Convertible debentures		-		464,770		-
Derivative liabilities		-		1,440,368		-
Total financial liabilities	**$**	**920,817**	**$**	**2,177,905**	**$**	**-**

	As at December 31, 2020					
		Level 1		Level 2		Level 3
Cash	$	2,190,702	$	-	$	-
Rent receivable		27,746		-		-
Total financial assets	**$**	**2,218,448**	**$**	**-**	**$**	**-**
Accounts payable and accrued liabilities	$	1,037,486	$	-	$	-
Lease liability		-		236,447		-
Convertible debentures		-		2,959,755		-
Derivative liabilities		-		1,586,744		-
Total financial liabilities	**$**	**1,037,486**	**$**	**4,782,946**	**$**	**-**

(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 major 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.

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17. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

(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. All of the financial liabilities of the Company are due within 12 months to the exception of lease liabilities (refer to note 13).

(c) 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 convertible debenture, note payables that bear fixed interest rates.

(d) Currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions and balances denominated in currencies other than the United States dollar.

18. RELATED PARTY TRANSACTIONS

The Company incurred the following related party transactions, with associated persons or corporations 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:

Management Compensation *Period Ended March 31, 2021*	$
Director and management fees paid to the CFO of the Company	56,255
Director and management fees paid to a former director of the Company	97,422
Director and management fees paid to the CEO of the Company	98,700
Management fees paid to the COO	60,019
Management fees paid to other officers of the Company	144,377
Total	456,773

Management Compensation *Period ended March 31, 2020*	$
Director, management and legal fees paid to a director of the Company	30,165
Director and management fees paid to Benjamin Martch, CEO of WAK	30,245
Director and management fees paid to Joshua Bartch, CEO Of the Company	30,244
Total	90,654

As at March 31, 2021, accounts payable and accrued liabilities were due to related parties of $66,230 (December 31, 2020 - $116,311).

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18. RELATED PARTY TRANSACTIONS (CONTINUED)

The Company has a rent receivable of $45,351 (December 31, 2020 - $27,746) from Trellis as at March 31, 2021 and during the period ended March 31, 2021, the Company recorded rental income from Trellis for $33,159 (2019 - $47,883).

The Company has an account receivable of $9,593 (December 31, 2020 - $Nil) from Alt Distribution as at March 31, 2021 and during the period ended March 31, 2021, the Company recorded sales revenue from Alt Distribution for $$14,722 (December 31, 2020 - $Nil).

On May 5, 2020, the Company acquired 37.5% of Trellis from two related parties of the Company. There are no ongoing contractual or other commitments resulting from the transaction. Joshua Bartch, CEO received 25,000,000 common shares and Benjamin Martch, the former Chief Marketing Officer, received 3,000,000 common shares of the Company in exchange for the investment.

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.

19. IMPAIRMENT OF GOODWILL

Management has identified three CGUs which represents the lowest level within the Company at which goodwill is monitored for internal management purposes, Mydecine, 1175987 BC Ltd (“Realty Co”), and We Are Kured. For the purpose of the goodwill impairment testing, goodwill arising on the acquisition of Mydecine has been allocated to the Mydecine CGU.

The aggregate carrying amounts of goodwill was allocated as follows:

	$
December 31, 2019	
Additions	4,747,077
Impairment	(4,747,077)
December 31, 2020 and March 31, 2021	-

For the purposes of testing impairment, the recoverable amount of each CGU comprising goodwill was based on the fair values less cost of disposal, estimated using discounted cash flows. As MindLeap is an early-stage Company with limited historical information and has not yet begun earning revenues, management was unable to support probable flow of future economic benefits at this early stage in a manner sufficient to satisfy the requirements of IAS 36. As such, as at December 31, 2020, the CGU was considered to be impaired and the Company impaired goodwill by $4,747,077.

EXPRESSED IN CANADIAN DOLLARS

20. SEGMENT INFORMATION

The Company operates within two geographic areas, Canada and U.S.

	Canada $	U.S. $	Total $
March 31, 2021			
Revenue	-	16,012	16,012
	-	16,012	16,012
March 31, 2020			
Revenue	-	4,575	4,575
	-	4,575	4,575
As at March 31, 2021			
Total non-current assets	155,617	6,927,035	7,082,652
As at December 31, 2020			
Total non-current assets	-	7,034,812	7,034,812

21. CORRECTION OF ERRORS

For the year ended December 31, 2019, management has determined that these consolidated financial statements needed to be restated to correct for the fair value of the Company's investment properties. It was determined that the fair value of the investment properties was not properly recorded for the years ended December 31,2018 and 2019.

Adjustments were made as at January 1, 2019 to correct the following material values assigned to:

- Adjust the initial recognition of the Company's investment properties by $519,612;
- Record a fair value change of $2,413,840; and,
- Reverse depreciation expense of $20,897.

Adjustments were made as at December 31, 2019 to correct the following material values assigned to:

- Reduce the fair value of the investment property by $66,346; and,
- Reverse depreciation expense of $62,690.

The effects of the restatement on the consolidated statement of financial position as at January 1, 2019 and December 31, 2019 are summarized below.

EXPRESSED IN CANADIAN DOLLARS

21. CORRECTION OF ERRORS (CONTINUED)

Consolidated Statement of Financial Position as at December 31, 2019:

	Previously reported $	January 1, 2019 restatement $	Current year adjustments $	Restated $
Assets				
Current assets	601,031	-	-	601,031
Deposit on acquisition	66,170	-		66,170
Right-of-use asset	69,305	-		69,305
Investment property	-	1,315,809	1,894	1,316,983
Property and equipment	4,551,728	(4,608,164)	62,690	6,254
Total assets	5,288,234	(3,293,075)	64,584	2,059,743
Liabilities				
Current liabilities	207,155	-	-	207,155
Non-current liabilities	24,143	-	-	24,143
Total liabilities	231,298	-	-	231,298
Shareholders' equity				
Share capital	62,885,794	(519,612)	-	62,366,182
Accumulated other comprehensive loss	551	(380,520)	(64,452)	(444,421)
Contributed surplus	7,239,998	-	-	7,239,998
Deficit	(65,069,407)	(2,392,943)	129,036	(67,333,314)
Total shareholders' equity	5,056,936	(3,293,075)	64,584	1,828,445
Total liabilities and shareholders' equity	5,288,234	(3,293,075)	64,584	2,059,743

Consolidated Statement of Financial Position as at January 1, 2019:

	Previously reported $	Adjustments $	Restated $
Assets			
Current assets	493,344	-	493,344
Deposit on acquisition	98,070	-	98,070
Investment property	-	1,315,089	1,315,089
Property and equipment	4,616,376	(4,608,164)	8,212
Total assets	5,207,790	(3,293,075)	1,914,715
Liabilities			
Current liabilities	1,844,640	-	1,844,640
Total liabilities	1,844,640	-	1,844,640
Shareholders' equity			
Share capital	40,468,336	(519,612)	39,948,724
Accumulated other comprehensive loss	(55,656)	(380,520)	(436,176)
Contributed surplus	6,461,551	-	6,461,551
Deficit	(43,511,081)	(2,392,943)	(45,904,024)
Total shareholders' equity	3,363,150	(3,293,075)	70,075
Total liabilities and shareholders' equity	5,207,790	(3,293,075)	1,914,715

22. SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the Company issued 1,194,350 common shares pursuant to warrant exercises for gross proceeds of $109,718.