POTENT VENTURES INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the six-month period ended March 31, 2021

(Expressed in United States Dollars)

NOTICE TO READER

The unaudited consolidated interim financial statements of Potent Ventures Inc. (the “Company”) have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

POTENT VENTURES INC.
INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(Expressed in United States Dollars)

AS AT	*Note*	**March 31, 2021**	**September 30, 2020**
ASSETS			
Current			
Cash		$ 1,325,736	$ 638,982
Inventory	*4*	26,619	53,232
Receivables		-	6,469
Loans receivable	*6*	136,509	230,129
Prepaid expenses and deposits		5,024	5,428
		1,493,888	934,240
Non-Current			
Property and equipment	*7*	-	148,066
Right of use asset	*7*	45,471	57,863
Total assets		$ 1,539,359	$ 1,140,169
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities		$ 174,693	$ 6,010
Lease liability	*7*	15,436	18,982
		190,129	24,992
Non-Current			
Lease liability	*7*	34,731	42,709
Total Liabilities		224,860	67,701
Equity			
Share capital	*10*	45,210,142	44,072,332
Share subscriptions receivable		-	-
Reserves	*10*	7,511,161	7,278,107
Deficit		(51,301,555)	(50,172,722)
Total equity attributable to shareholders of the Company		1,419,748	1,177,717
Non-controlling interest		(105,249)	(105,249)
Total equity		1,314,499	1,072,468
Total liabilities and equity		$ 1,539,359	$ 1,140,169

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors and authorized for issuance on May 27, 2021:

"Signed"
Charlie Lamb, Director

"Signed"
Brian Keane, Director

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

POTENT VENTURES INC.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)

(Expressed in United States Dollars)

	Note	Three month ended March 31 2021	Three month ended March 31 2020	Six month ended March 31 2021	Six month ended March 31, 2020
Revenue		$ 16,937	$ 22,594	$ 45,143	$ 29,780
Cost of goods sold		13,113	17,564	33,857	21,154
Gross margin		3,824	5,030	11,286	8,626
Expenses					
General and administrative	*14*	$ 500,704	$ 362,033	667,559	706,040
Professional fees		62,640	158,594	120,905	252,846
Share-based compensation	*10*	206,404	326,285	206,404	361,751
Northern Lights Organics milestone payment	*8*	-	-	-	26,341
Depreciation	*7*	6,285	(194)	12,392	25,115
Total expenses		776,033	846,718	1,007,260	1,372,093
Loss before other items		(772,209)	(841,688)	(995,974)	(1,363,467)
Impairment - loan receivable	*6*	-	(93,863)	(45,000)	(93,863)
Impairment - assets held for sale	*9*	(1,204)	(332,856)	(83,721)	(332,856)
Gain on settlement of debt	*9*	-	113,334	-	113,334
Interest and other		(2,000)	(7,500)	(4,138)	7,500
Net loss for the period		(775,413)	(1,162,573)	(1,128,833)	(1,669,352)
Other comprehensive loss					
Translation adjustment		(2,755)	(74,302)	12,746	(59,619)
Comprehensive loss for the period		$ (778,168)	$ (1,236,875)	$ (1,116,087)	$ (1,728,971)
Comprehensive loss attributable to:					
Net loss - shareholders of the Company		(775,413)	(1,157,316)	(1,128,833)	(1,649,612)
Net loss - non-controlling interest		-	(5,257)	-	(19,740)
Translation adjustment		(2,755)	(74,302)	12,746	(59,619)
		$ (778,168)	$ (1,236,875)	$ (1,116,087)	$ (1,728,971)
Loss per share					
Basic and diluted - continuing operations		$ (0.01)	$ (0.03)	$ (0.02)	$ (0.05)
Basic and diluted - discontinued operations		$ -	$ -	$ -	$ -
Total		$ (0.01)	$ (0.03)	$ (0.02)	$ (0.05)
Weighted average number of common shares					
Basic and diluted		52,210,366	43,894,839	52,210,366	35,374,298

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

POTENT VENTURES INC.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(Expressed in United States Dollars)

	Number of common shares	Share Capital	Reserves	Translation adjustment reserve	Non-controlling interest	Deficit	Total equity
Balance, September 30, 2019	35,284,418	$ 44,723,002	$ 7,096,507	$ (182,040)	$ (48,931)	$ (48,681,062)	$ 2,907,476
Common shares issued for cash	7,091,200	831,661	-	-	-	-	831,661
Common shares issued for settlement of debt	317,005	37,263	-	-	-	-	37,263
Common shares issued upon exercise of warrants	36,000	17,030	-	-	-	-	17,030
Shares issued under NLO agreement	80,000	26,341	-	-	-	-	26,341
Shares issuance costs - cash	-	(60,887)	-	-	-	-	(60,887)
Finders' warrants	-	(52,913)	52,913	-	-	-	-
Share-based compensation	-	-	361,751	-	-	-	361,751
Translation adjustment	-	-	-	(59,619)	-	-	(59,619)
Net loss for the period	-	-	-	-	(19,740)	(1,649,612)	(1,669,352)
Balance, March 31, 2020	42,808,623	$ 45,521,497	$ 7,511,171	$ (241,659)	$ (68,671)	$ (50,330,674)	$ 2,391,664

	Number of common shares	Share Capital	Reserves	Translation adjustment reserve	Non-controlling interest	Deficit	Total equity
Balance, September 30, 2020	45,039,684	$ 44,072,332	$ 7,479,220	$ (201,113)	$ (105,249)	$ (50,172,722)	$ 1,072,468
Common shares issued for cash	35,272,004	1,192,053	-	-	-	-	1,192,053
Shares issuance costs - cash	-	(40,339)	-	-	-	-	(40,339)
Finders' warrants	-	(13,904)	13,904	-	-	-	-
Share-based compensation	-	-	206,404	-	-	-	206,404
Translation adjustment	-	-	-	12,746	-	-	12,746
Net loss for the period	-	-	-	-	-	(1,128,833)	(1,128,833)
Balance, March 31, 2021	80,311,688	$ 45,210,142	$ 7,699,528	$ (188,367)	$ (105,249)	$ (51,301,555)	$ 1,314,499

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

POTENT VENTURES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Expressed in United States Dollars)

		March 31, 2021		March 31, 2020
Operating activities				
Net loss for the period	$	(1,128,833)	$	(1,669,352)
Adjusted for:				
Depreciation		12,392		25,115
Share-based compensation		206,404		361,751
Gain on debt settlement		-		113,334
Northern Lights Organics milestone payment		-		26,341
Impairment of loan receivable		45,000		93,863
Impairment of equipment		82,517		332,856
Changes in non-cash working capital:				
Receivables		6,469		18,427
Prepaid expenses		404		(5,570)
Accounts payable and accrued liabilities		211,755		(265,509)
Inventory		26,613		(68,416)
Cash flows from operating activities		(537,279)		(1,037,160)
Investing activities				
Property and equipment		70,803		(265,731)
Loans receivable - repaid		55,000		407,790
Loans receivable		-		(123,847)
Cash flows from investing activities		125,803		18,212
Financing activities				
Common shares issued for cash		1,192,053		831,661
Share issue costs		(40,339)		(60,887)
Common shares issued upon exercise of warrants		-		17,030
Lease repayments		(11,524)		-
Cash flows from financing activities		1,140,190		787,804
Effect of exchange rate changes on cash		(41,960)		(87,822)
Decrease in cash		686,754		(318,966)
Cash, beginning of period		638,982		822,945
Cash, end of period	$	1,325,736	$	503,979
Supplemental cash flow information				
Shares issued under NLO agreement	$	-	$	26,341
Fair value of finders' warrants	$	13,904	$	52,913

No cash was paid for interest or income taxes for the periods presented.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Potent Ventures Inc. (the "Company", Formerly Weekend Unlimited Industries Inc.) was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on September 21, 2017. The Company's registered and records office address is 1066 West Hastings Street, Vancouver BC V6E 3X1.

The Company is a provider of branded packaging and CBD products in the regulated cannabis industry. The Company's focus is on building and facilitating the growth of a diversified portfolio of branded consumer products.

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company's ability to continue as a going concern.

The Company is subject to regulation under the federal and provincial laws of Canada and certain civic and state laws in the United States of America. Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("THC"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the "CSA") in the United States and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated.

2. BASIS OF PRESENTATION

Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in accordance with International Accounting Standards 34, *"Interim Financial Reporting"* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of measurement

These interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Presentation and functional currency

Theses interim consolidated financial statements of the Company are presented in United States dollars and are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company's annual consolidated financial statements, except for the adoption of new accounting standards identified in Note 3 & 4. Given that certain information and disclosures, which are included in the annual audited consolidated financial statements, have been condensed or excluded in accordance with IAS 34, these financial statements should be read in conjunction with our annual audited consolidated financial statements as at and for the year ended September 30, 2020, including the accompanying notes thereto.

Consolidation

These interim consolidated financial statements include the accounts of the Company and its subsidiaries, which are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The list below sets out the principal subsidiaries of the Company. These subsidiaries engage in intercompany transactions, all of which are eliminated upon the preparation of these interim consolidated financial statements:

Name of subsidiary	Abbreviation	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
Weekend Unlimited Holdings Inc.	Weekend Holdings	USA	100%	CAD	Holding Company
Weekend Unlimited Washington, LLC	Weekend Washington	USA	100%	CAD	Branding services
Wknd Shop, LLC (Formerly S&K Industries LLC)	Wknd Shop	USA	100%	CAD	Hemp products
Elevation Growers Ltd. (Formerly Cannabis Brands Inc.)	EG	CAN	100%	CAD	Holding Company
Northern Lights Organics Inc.	NLO	CAN	70%	CAD	Hemp Cultivation

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the interim consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having given regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The critical estimates and judgments applied in the preparation of the unaudited interim consolidated financial statements for the six-month period ended March 31, 2021 are consistent with those applied and disclosed in Note 3 & 4 to the Company's audited consolidated financial statements for the year ended September 30, 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

Inventory

Inventories of finished goods and packing materials are valued initially at cost and subsequently at the lower of cost and net realizable value. Inventory consists of infused products, accessories, and product packaging. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written-down to net realizable value. During the period the Company expensed $33,857 of inventory to cost of goods sold (March 31, 2020 - $21,154).

Revenue

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from the direct sale of branded products and branded packaging for a fixed price is recognized when the Company transfers control of the good to the customer upon delivery.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

To identify a lease, the Company (1) considers whether an explicit or implicit asset is specified in the contract and (2) determines whether the Company obtains substantially all the economic benefits from the use of the underlying asset by assessing numerous factors, including but not limited to substitution rights and the right to determine how and for what purpose the asset is used.

When assessing the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option. This judgment is based on factors such as contract rates compared to market rates, economic reasons, significance of leasehold improvements, termination and relocation costs, installation of specialized assets, residual value guarantees, and any sublease term.

The Company has elected not to recognize right-of-use assets and lease liabilities for low-value assets or short-term leases with a term of 12 months or less. These lease payments are recognized in operating expenses over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid. The Company elected to not separate non-lease components from lease components and to account for the non-lease and lease components as a single lease component. Lease payments generally include fixed payments less any lease incentives receivable. The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of new assessments of contractual options and residual value guarantees.

The right-of-use asset is recognized at the present value of the liability at the commencement date of the lease less any incentives received from the lessor. Added to the right-of-use asset are initial direct costs, payments made before the commencement date, and estimated restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Upon adoption of IFRS 16 the Company recorded a right of use asset of $81,531 and a lease liability of a corresponding amount. The right of use asset was measured at the present value of the remaining lease payments, discounted using the Company's weighted average incremental borrowing rate of 15%.

5. RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting policies

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than July 1, 2020. Many of these updates are not currently relevant to the Company and are therefore not discussed herein.

(Expressed in United States Dollars unless otherwise noted)

6. LOANS RECEIVABLE

A summary of the Company's loans receivable is as follows:

	World High Life Plc	Orchard Bloom LLC	Ruby Mae's LLC	MDFD Holdings LLC	Northern Lights Supply Inc.	Total
Balance, September 30, 2019	-	500,000	-	-	490,815	990,815
Loans granted	105,129	-	25,000	100,000	-	230,129
Loans repaid	-	(278,565)	-	- 55,000	(384,015)	(717,580)
Impairment	-	(221,435)	-	-	(93,863)	(315,298)
Foreign exchange variance	-	-	-	-	(12,937)	(12,937)
Balance, September 30, 2020	$ 105,129	$ -	$ 25,000	$ 45,000	$ -	$ 175,129
Impairment	-	-	-	(45,000)	-	(45,000)
Foreign exchange variance	6,380	-	-	-	-	6,380
Balance, March 31, 2021	$ 111,509		$ 25,000	$ -	$ -	$ 136,509

Love Hemp Group Plc

In February 2020, the Company advanced Love Hemp Group Plc ("LHG") an unsecured demand loan of $111,509 (CAD $140,000) bearing interest of 5%. The loan matured November 1, 2020. LHG was considered a related party due to common directors of each Company. On November 1, 2020 the Company amended the maturity date to May 1, 2021. The Company is currently in negotiations with LHG to settle the note and expects a full recovery. LHG is no longer considered a related party as both Charlie Lamb and Robert Payment have now resigned from LHG.

Orchard Bloom LLC

During the year ended September 30, 2018 the Company advanced funds totaling $500,000 to a Washington State Cannabis Cultivator and Processor, an unrelated third party. The advanced funds are unsecured, accrue interest at 5% and have a maturity date of October 2023. In October 2018 the Company formalized the advance by entering a promissory note for a principal sum of up to $600,000.

The principal balance shall accrue interest at an annual rate of 5% per year. The note is to be repaid in the form of sixty equal monthly payments commencing from the date funds are released from escrow. In the event of late payment, the borrower shall have 30 days to cure any late payment after which time interest of 15% per annum will accrue until such late payments are cured and all accrued interest has been paid. The Company received an immediate payment of $278,565 upon entering a settlement agreement with the lender and impaired the remaining loan balance of $221,435.

Ruby Mae's LLC

During the year ended September 30, 2019, the Company received a non-interest bearing secured note in the amount of $25,000 from Ruby Mae's LLC. The maturity date of the note was February 28, 2020. The maturity date was extended to March 30, 2021. The Company expects a full recovery of the note and is in the process of co-ordinating payment.

6. LOANS RECEIVABLE (Continued)

MDFD Holdings LLC

In relation to the sale of equipment and inventory at the Company's former facility in Wenatchee Washington the Company received a promissory note of $100,000 (Note 13). Under the note monthly payments to the Company are to commence January 3, 2021 of $6,666 per month until the balance is repaid. The note bears interest of 5%. Subsequent to December 31, 2020 the Company accepted $55,000 as final payment of the outstanding balance.

Northern Lights Supply Inc.

In November 2018, the Company entered into a secured 6% loan facility for up to CAD $1,200,000, of which the Company has initially advanced CAD $500,000. The borrower is an Alberta based cannabis retailer. During the year ended September 30, 2019 the Company advanced an additional CAD $250,000.

During the period ended December 31, 2019 the Company entered an amending agreement with Northern Lights Supply Inc. for early repayment of its loan, whereby the parties agreed to reduce the loan balance to CAD $650,000, following interest payments received of $33,750, and amended the repayment terms as follows:

- a payment of CAD $ 275,000 upon execution of the amending agreement
- 6 semi-annual payments of CAD $50,000 over three years
- One final payment of CAD $75,000
- Elimination of the conversion option

The Company recognized an impairment charge of $75,510 in relation to the reduced loan balance as at September 30, 2019.

During the year ended September 30, 2020 the Company agreed to accept a final CAD $200,000 immediately as full settlement of the outstanding balance. Accordingly, the Company recorded an impairment of $93,863.

(Expressed in United States Dollars unless otherwise noted)

7. PROPERTY AND EQUIPMENT

	Land	Building	Equipment	Total
Cost				
Balance September 30, 2019	$ -	$ -	$ 212,638	$ 212,638
Additions	456,439	-	20,806	477,245
Transfer to assets held for sale	-	-	(183,928)	(183,928)
Impairment	(309,573)	-	(48,191)	(357,764)
Foreign exchange	1,200	-	(1,325)	(125)
Balance September 30, 2020	$ 148,066	$ -	$ -	$ 148,066
Transfer to assets held for sale	(148,066)	-	-	(148,066)
Balance, March 31, 2021	$ -	$ -	$ -	$ -
Accumulated depreciation				
Balance September 30, 2019	$ -	$ -	$ 45,234	$ 45,234
Additions	-	-	3,339	3,339
Transfer to assets held for sale	-	-	(38,917)	(38,917)
Foreign exchange	-	-	(9,656)	(9,656)
Balance September 30, 2020	$ -	$ -	$ -	$ -
Balance, March 31, 2021	$ -	$ -	$ -	$ -
Net book value				
September 30, 2020	$ 148,066	$ -	$ -	$ 148,066
March 31, 2021	$ -	$ -	$ -	$ -

Equipment transferred to assets held for sale was impaired by $82,517 (Note 9).

(Expressed in United States Dollars unless otherwise noted)

7. PROPERTY AND EQUIPMENT (Continued)

A continuity of the right of use asset and lease liability is as follows:

Right of use asset recognized on adoption of IFRS 16	$	81,531
Depreciation of right of use asset		(23,668)
Balance - September 30, 2020	$	57,863
Depreciation of right of use asset		(12,392)
Balance - March 31, 2021	$	45,471

Lease liability recognized on adoption of IFRS 16	$	81,531
Lease payments		(29,911)
Interest		10,071
Balance - September 30, 2020	$	61,691
Lease payments		(15,662)
Interest		4,138
Balance - March 31, 2021	$	50,167

Current portion	$	15,436
Long term		34,731
Total	$	50,167

The Company recorded interest expense of $4,138 in relation to the lease liability during the year. The lease expires in February 2023. The monthly rent expense is $4,685. The effective date of the lease was February 1, 2018.

8. ACQUISITION OF NORTHERN LIGHTS ORGANICS INC.

During the year ended September 30, 2018, the Company signed an agreement to purchase all of the shares of Northern Lights Organics Ltd. ("NLO") and was granted an option to acquire an organic farm in northern BC. As consideration for the shares of NLO the Company agreed to:

- Fund an ACMPR application;
- Upon closing, pay CAD $25,000 in cash and issue 20,000 common shares of the Company. The shares were issued during the period ended December 31, 2018 and had a fair value of $144,951 (Note 17);
- Upon receipt of a license to cultivate and sell hemp and/or cannabis, issue common shares with a value equal to CAD $1,000,000;
- Upon harvest of the first outdoor hemp and/or cannabis crop, pay CAD $25,000 in cash; and
- Upon completion of an expansion facility of at least 100,000 square feet, issue common shares with a value equal to CAD $500,000.

If exercised, the option price to acquire the agricultural property was as follows:

- CAD $1,150,000 if exercised during the period ending February 2019
- CAD $1,250,000 if exercised during the period ending February 2020
- CAD $1,350,000 if exercised during the period ending February 2021

During the year ended September 30, 2018 the Company notified NLO that it would not pursue the purchase option in its current form.

During the year ended September 30, 2019 the Company entered a new share purchase agreement with NLO which replaced and superseded any prior agreements between the parties. The terms of the new share purchase agreement are as follows:

- Divested 30% of the equity ownership to one of the original vendors
- Advanced CAD $150,000 to NLO on closing of the modified share purchase agreement to be used towards development of the project
- Agreed to fund an additional CAD $150,000 in July 2019 upon achievement of certain milestones
- Agreed to fund an additional CAD $340,000 in February 2020 upon achievement of certain milestones
- Issue 40,000 common shares upon the achievement of certain milestones
- Issue CAD $1,000,000 in common shares upon the achievement of certain milestones
- Agreed to purchase a 50% interest in the organic farm for CAD $600,000 (Paid).

As at September 30, 2019 $226,530 had been paid with the remaining amount paid during the year ended September 30, 2020 and recorded as land (Note 7). As at September 30, 2020 the Company determined that it was appropriate to impair the value of the land to the assessed value of $148,066 as this was the most probable recoverable amount given the decline in prices of hemp biomass.

During the year ended September 30, 2020 the Company issued 20,000 common shares with a fair value of $26,341 in relation to the transaction to acquire a 70% interest in Northern Lights Organics Ltd.

(Expressed in United States Dollars unless otherwise noted)

9. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The following table summarizes the results from discontinued operations for the six-month period ended March 31, 2020:

	Wknd Shop LLC	Norther Lights	Total
Revenue	$ 1,479	$ -	$ 1,479
Cost of good sold	740	-	740
Gross margin	739	-	739
Expenses			
General and administrative	$ 21,202	$ 36,574	$ 57,776
Professional fees	-	5,598	5,598
Depreciation	-	21,970	21,970
Loss from discontinued operations	$ (20,463)	$ (64,142)	$ (84,605)

During the year ended September 30, 2020 the Company classified Wknd Shop LLC and NLO as discontinued operations as management determined these business lines would no longer be pursued. Accordingly, $20,463 and $64,142 of related losses during the six month period ended March 31, 2020 have been reclassified to losses from discontinued operations.

During the period ended December 31, 2020 the Company reached an agreement to sell its land in Northern British Columbia for $70,803 (CAD $90,000). In relation to the sale, the Company recorded an impairment of $82,517 on the book value of the land.

10. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares with no par value and unlimited preferred shares with no par value. As of March 31, 2021, there were 80,311,688 common shares outstanding (September 30, 2020 – 45,039,684)

Issued and Outstanding – Common Shares Fiscal 2021:

On February 22, 2021, the Company closed a non-brokered private placement of 35,272,004 units at a price of CAD $0.0425 per unit, raising gross proceeds of $1,192,053 (CAD $1,499,060). Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share for CAD $0.0575 for a period of 2 years from the issue date.

In connection with the closing of the private placement, the Company paid finder's fees of $40,339 in cash and issued 1,193,600 finder's warrants. The finder's warrants hold the same terms of the warrants issued as part of the Units. The grant date fair value of the broker warrants was $13,904, using the Black-Scholes option Pricing Model with the following assumptions: expected life – 2 years, expected volatility – 80%, dividend yield - $0, and risk-free rate – 0.23%.

10. SHARE CAPITAL AND RESERVES (Continued)

Issued and Outstanding – Common Shares Fiscal 2020:

During the year ended September 30, 2020 the Company issued common shares as follows:

a) Issued 80,000 common shares upon the achievement of certain milestones under the Northern Lights Organics share purchase agreement with a fair value of $26,341.

b) Issued 36,000 common share upon the exercise of warrants at a price of CAD $0.625 each for proceeds of $17,030 (CAD - $22,500).

c) Cancelled 1,339,448 common shares in relation to the return of shares from certain vendors. In relation to the cancellation, the Company recorded a charge to deficit of $1,287,113.

d) The Company completed a non-brokered private placement of $831,661 (CAD $1,108,001) by the issuance of 7,091,200 units at CAD $0.1562. Each unit consists of one common share and one common share purchase warrant entitling the holder to subscribe for one additional share at a price of CAD $0.2125 for a period of 2 years, subject to the Company's right to accelerate the expiry date upon 30 days' notice if its shares trade at CAD $0.4375 or more for a period of 10 days. In connection with the issuance of the units the Company issued 517,400 broker warrants on the same terms as the unit offering and incurred cash finder's fees of $60,887. The Company recorded share issue costs of $52,913 with respect to the broker warrants granted as finders' fees. The fair value of these broker warrants was CAD $0.1125 per warrant and was estimated using the Black-Scholes option pricing model.

e) Issued 317,005 common shares to settle outstanding debts with a fair value of $37,263. In relation to the issuance, the Company recorded a gain on settlement of debt of $113,334.

f) Issued 2,950,516 common shares for services with a fair value of $335,041.

g) Issued 260,000 common shares for services with a fair value of $24,917.

h) Issued 980,000 common shares to members of management for services with a fair value of $82,423.

i) Cancelled 620,008 common shares in relation to the return of shares from certain vendors of R&D Pharma Corp. In relation to the cancellation, the Company recorded a charge to deficit of $604,433

(Expressed in United States Dollars unless otherwise noted)

10. SHARE CAPITAL AND RESERVES (Continued)

Warrants

A summary of warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price ($CAD)
Balance at September 30, 2019	16,599,456	2.1125
Granted	9,472,504	1.0325
Expired	(3,563,872)	1.5350
Exercised	(36,000)	0.6250
Balance at September 30, 2020	22,472,088	1.7500
Granted	36,465,604	0.0575
Expired	(8,036,680)	2.1411
Balance at March 31, 2021	50,901,012	0.1798

The following table summarizes warrants outstanding as of March 31, 2021:

Expiry date	Number of Warrants	Weighted Average Exercise Price ($CAD)	Weighted Average Remaining Years
April 5, 2021*	2,756,624	$0.3125	0.01
April 16, 2021*	544,604	$0.3125	0.04
July 9, 2021	3,525,580	$1.2500	0.27
February 11, 2022	7,090,128	$0.2125	0.87
March 10, 2022	518,472	$0.2125	0.94
February 22, 2023	36,465,604	$0.0575	1.90
	50,901,012		1.51

*Expired unexercised subsequent to period end.

(Expressed in United States Dollars unless otherwise noted)

10. SHARE CAPITAL AND RESERVES (Continued)

Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The aggregate number of stock options granted shall not exceed 10% of the issued and outstanding common shares of the Company at the time of shareholder approval of the plan, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of stock options granted under the plan shall not be lower than the exercise price permitted by the CSE, and all stock options granted under the plan will have a maximum term of seven years.

A summary of stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price ($CAD)
Balance at September 30, 2019	2,138,000	1.7875
Cancelled	(2,138,000)	1.7875
Granted	3,944,000	0.1563
Balance at September 30, 2020	3,944,000	0.1563
Cancelled	(2,152,000)	0.1563
Granted	5,800,000	0.0713
Balance at March 31, 2021	7,592,000	0.0913

The following table summarizes stock options outstanding and exercisable as of March 31, 2021:

Expiry date	Number of Options	Number of Exercisable Options	Weighted Average Exercise Price ($CAD)	Weighted Average Remaining Years
March 25, 2025	1,792,000	1,792,000	$0.1563	3.99
March 9, 2026	5,800,000	5,800,000	$0.0713	4.94
	7,592,000	7,592,000		

Share-based compensation expense recognized during the period of $206,404 (2020 - $361,751) related to options granted and vested during the period. The Option Pricing Model used the following weighted average assumptions:

	March 31, 2021	March 31, 2020
Risk-free interest rate	1.50%	1.50%
Expected life of options	4.25	4.25
Expected forfeitures	10%	10%
Annualized volatility	80%	80%
Dividend rate	0%	0%
Weighted average fair value per option ($CAD)	$0.04	$0.02

Expected annualized volatility was determined using the historic volatility of established comparable publicly traded cannabis companies.

(Expressed in United States Dollars unless otherwise noted)

10. SHARE CAPITAL AND RESERVES (Continued)

The following is a summary of the changes in reserves:

Reserves

	Stock options	Exchangable preferred shares	Warrants	Total
Balance, September 30, 2019	$ 1,703,371	$ 572,795	$ 4,820,341	$ 7,096,507
Finders' warrants	-	-	52,913	52,913
Transfer	-	(572,795)	572,795	-
Share-based payments	329,800	-	-	329,800
Balance, September 30, 2020	$ 2,033,171	$ -	$ 5,446,049	$ 7,479,220
Finders' warrants	-	-	13,904	13,904
Share-based payments	206,404	-	-	206,404
Balance, March 31, 2021	$ 2,033,171	$ -	$ 5,459,953	$ 7,699,528

11. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the six-month periods ended March 31, 2021 and 2020 the Company entered the following key management transactions:

Key Management Remuneration:	**March 31, 2021**	**March 31, 2020**
Charlie Lamb - CEO, Director	$ 84,227	21,025
Robert Payment - CFO, Director	71,111	19,317
Brian Keane - Director	32,500	7,500
Michael Young - Director	26,900	-
Chris Backus - Former CEO, Director	-	72,641
Michael Hopkinson - Former CFO	-	7,350
Kevin Ernst - Former Director	-	20,000
Total	$ 214,738	$ 147,833

Share-based compensation of $64,056 (six months ended March 31, 2020 - $361,751) was related to directors, officers, and a former officer.

Other related party transactions include:

- In February 2020, the Company advanced Love Hemp Group Plc ("LHG") an unsecured demand loan of $110,317 (CAD $140,000) bearing interest of 5%. LHG was considered a related party due to a common director of each Company (Note 6).

12. FINANCIAL INSTRUMENTS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of receivables, loans receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and loans receivables. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. Receivables consists of amounts due from the Government of Canada in which management believes the credit risk to be minimal. The Company does not have significant credit risk with respect to customers. The Company's remaining loans are considered to have a low risk of default. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021 the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at March 31, 2021, the Company had cash, loans receivable, accounts payable and accrued liabilities, denominated in Canadian dollars ("CAD"). A 10% fluctuation in the foreign exchange rate between the USD and Canadian dollar would have a $30,000 impact on profit or loss for the year. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

(Expressed in United States Dollars unless otherwise noted)

13. CAPITAL MANAGEMENT

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. As discussed in Note 1, the Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, the lack of adverse political developments in the United States with respect to cannabis legislation and securing additional financing. Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the years presented. The Company is not subject to externally imposed capital requirement.

14. GENERAL AND ADMINISTRATIVE EXPENSE

For the six-month period ended:

General and administrative	**March 31, 2021**	**March 31, 2020**
Advertising, marketing, and brand development	$ 1,838	$ 154,356
Investor relations	12,817	50,836
Office expenses and general administration	83,837	116,105
Management fees	214,738	147,833
Consulting	347,095	193,030
Travel and entertainment	7,328	43,880
Total	$ 667,653	$ 706,040

For the three-month period ended:

General and administrative	**March 31, 2021**	**March 31, 2020**
Advertising, marketing, and brand development	$ 932	$ 43,352
Investor relations	5,564	35,282
Office expenses and general administration	39,426	80,045
Management fees	133,475	90,180
Consulting	318,162	79,470
Travel and entertainment	3,239	33,704
Total	$ 500,798	$ 362,033

(Expressed in United States Dollars unless otherwise noted)

15. SEGMENTED INFORMATION

The Company operates in two segments, referred to as Business to Business ("B2B") and its administrative costs center, ("Corporate"). B2B is focused on the provision of services to cultivators, and processors in Washington State and Oklahoma. The corporate head office is located in Canada. Segmented info as at and for the six-month period ended March 31, 2021 is as follows:

		B2B (USA)		Corporate (Canada)		Total
Revenue	$	45,143			$	45,143
Cost of goods sold		33,857		-		33,857
Gross margin		11,286		-		11,286
Expenses						
General and administrative	$	80,135	$	587,518	$	667,653
Share based payments		-		206,404		206,404
Professional fees		1,498		119,407		120,905
Depreciation		-		12,392		12,392
Total expenses		81,633		925,721		1,007,354
Net Loss before other items	$	(70,347)	$	(925,721)	$	(996,068)
Property and equipment	$	-	$	-	$	-
Total assets	$	146,330	$	1,393,029	$	1,539,359
Total liabilities	$	16,985	$	238,928	$	255,913

In the prior year the Company operated in four segments, referred to as Business to Business ("B2B"), Hemp Products, Hemp Cultivation, as well as its administrative costs center, ("Corporate"). B2B is focused on the provision of services to cultivators, and processors in Washington State, Hemp products is focused on the manufacture and distribution of hemp infused products, Hemp Cultivation is focused on developing agricultural opportunities in the Hemp industry. The corporate head office is located in Canada. Hemp Cultivation operations are located in Canada while the operations of B2B and Hemp Products are located in the United States. During the year ended September 30, 2020 Hemp Products and Hemp Cultivation were classified as discontinued operations (Note 9).