New Leaf Ventures, Inc.

Amended and Restated Unaudited Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

For the Three-Month Periods Ended March 31, 2021 and 2020

NOTICE TO READER

These amended and restated unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021 and 2020 replace those previously filed on May 31, 2021. Subsequent to the original issuance of the interim financial statements, the Company's external auditors performed an interim review over the interim financial statements and as a result, disclosure deficiencies in the notes to the interim financial statement were identified. The Company has subsequently addressed the disclosure deficiencies within these amended and restated unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021 and 2020. In addition, the Company voluntarily amended the condensed consolidated interim statements of financial position, condensed consolidated interim statements of changes in shareholders' equity, and condensed consolidated interim statements of cash flows for non-material accounting differences arising from the results of the interim review over the Company's previously filed interim financial statements.

New Leaf Ventures, Inc.
Amended and Restated Condensed Consolidated Interim Statements of Financial Position
As at March 31, 2021 and December 31, 2020
(Unaudited - Expressed in Canadian Dollars)

	Notes		March 31, 2021 (restated – Note 17)		December 31, 2020
ASSETS					
Current Assets					
Cash		$	1,849,930	$	136,553
Receivables			51,967		79,873
Due from related party	5,10		1,408,311		1,868,318
Prepaid expenses	6		196,532		291,006
Share subscription receivable	12		49,200		-
Current portion of lease receivables	5,11		250,211		242,657
Total Current Assets		$	**3,806,151**	$	**2,618,407**
Non-Current Assets					
Equipment	5,8	$	865,742	$	843,775
Lease receivables	5,11		2,896,510		2,999,166
Other assets			26,355		25,792
Total Non-Current Assets		$	**3,788,607**	$	**3,868,733**
TOTAL ASSETS		$	**7,594,758**	$	**6,487,140**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	9	$	697,869	$	650,578
Due to related parties	10		716		195,673
Current portion of lease obligations	5,11		262,364		254,985
Notes payable to related parties	5,10(i)		1,860,545		2,415,991
Derivative liability	5,12(ii)		772,243		362,758
Security deposit			15,090		15,278
Total Current Liabilities		$	**3,608,827**	$	**3,895,263**
Non-Current Liabilities					
Lease obligations	11		2,925,102		3,031,179
Total Non-Current Liabilities		$	**2,925,102**	$	**3,031,179**
TOTAL LIABILITIES		$	**6,533,929**	$	**6,926,442**
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	12	$	10,149,557	$	7,087,003
Share-based payments reserve	13		336,758		138,339
Warrant reserve	12		16,780		38,075
Accumulated other comprehensive income			107,619		104,739
Accumulated deficit			(9,549,885)		(7,807,458)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		$	**1,060,829**	$	**(439,302)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		$	**7,594,758**	$	**6,487,140**

Nature of operations and continuance of operations (note 1)
Related party transactions (note 10)
Subsequent events after reporting period (note 16)

Approved on behalf of the Board by:

/s/ Robert Colwell — Director

/s/ Chris Cooper — Director

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

New Leaf Ventures, Inc.
Amended and Restated Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three Months Period Ended March 31, 2021 and 2020
(Unaudited - Expressed in Canadian Dollars Except Number of Shares**)**

	Notes	Three month period ended March 31, 2021	2020
Revenue	10(i)	**$ 624,138**	$ -
Expenses			
Communication		$ 25,178	$ 7,430
Consulting		32,469	12,000
Depreciation	8	41,049	-
Director fees	10	6,000	6,000
Marketing		861,423	-
General office & administration		39,706	183
Utilities and property tax		99,164	-
Professional fees		76,774	138,287
Regulatory and filing fees		10,576	-
Share-based compensation	13	298,250	32,357
Wages and salaries	10(ii)	425,173	-
		$ (1,915,762)	**$ (196,257)**
Other Expenses			
Interest income	10(i),11	$ 86,500	$ -
Accretion expense	10(i)	(51,671)	-
Foreign exchange loss		(69)	(7,960)
Loss on remeasurement of derivative	5(i)	(409,485)	-
Interest expense	11	(76,078)	-
Net Loss for the Period		**$ (1,742,427)**	**$ (204,217)**
Other Comprehensive Loss			
Items that may be subsequently reclassified to profit and loss			
Foreign currency translation adjustment		**$ 2,880**	**$ -**
Total Comprehensive Loss for the Period		**$ (1,739,547)**	**$ (204,217)**
Basic and diluted loss per common share		$ 0.04	$ 0.02
Weighted average number of common shares outstanding (basic and diluted)		43,961,204	12,645,000

New Leaf Ventures, Inc.
Amended and Restated Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the Three Months Period Ended March 31, 2021 and 2020
(Unaudited - Expressed in Canadian Dollars**)**

	Number of shares	Share capital	Share subscription received	Stock options reserve	Warrants reserve	Accumulated other comprehensive income	Accumulated deficit	Total shareholder's equity
Balance - December 31, 2019	**12,645,000**	**$ 736,251**	**$ 40,000**	**$ 34,338**	**$ -**	**$ -**	**$ (1,207,353)**	**$ (396,764)**
Subscriptions received in advance	-	-	646,343	-	-	-	-	646,343
Share-based compensation	-	-	-	32,357	-	-	-	32,357
Net loss for the period	-	-	-	-	-	-	(204,217)	(204,217)
Balance - March 31, 2020	**12,645,000**	**$ 736,251**	**$ 686,343**	**$ 66,695**	**$ -**	**$ -**	**$ (1,411,570)**	**$ 77,719**
Balance - December 31, 2020	**39,097,167**	**$ 7,087,003**	**$ -**	**$ 138,339**	**$ 38,075**	**$ 104,739**	**$ (7,807,458)**	**$ (439,302)**
Shares issued upon exercise of warrants	9,387,417	2,833,972	-	-	(21,295)	-	-	2,812,677
Shares issued upon exercise of options	500,000	228,582	-	(99,831)	-	-	-	128,751
Share-based payments	-	-	-	298,250	-	-	-	298,250
Net loss for the period	-	-	-	-	-	2,880	(1,742,427)	(1,739,547)
Balance - March 31, 2021 (restated – Note 17)	**48,984,584**	**$ 10,149,557**	**$ -**	**$ 336,758**	**$ 16,780**	**$ 107,619**	**$ (9,549,885)**	**$ 1,060,829**

New Leaf Ventures, Inc.
Amended and Restated Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Period Ended March 31, 2021 and 2020
(Unaudited - Expressed in Canadian Dollars)

	Notes	Three months ended March 31, 2021 (restated – Note 17) $	2020 $
OPERATING ACTIVITIES			
Net loss for the year		$ (1,742,427)	$ (204,217)
Non-cash items:			
Interest income	10,11	$ (86,500)	$ -
Interest expense	11	76,078	-
Accretion expense	10	51,671	-
Depreciation of equipment	8	41,049	-
Foreign exchange		69	-
Share-based compensation	13	298,250	32,357
Gain / (loss) on remeasurement of derivative	12	409,485	-
Changes in non-cash working capital items:			
Accounts receivable		$ 27,906	$ (6,073)
Prepaids		94,474	168,898
Accounts payable and accrued liabilities		50,320	-
Due from related party	10	581,016	-
Due to related party	10	(193,846)	-
Other assets		(239)	-
Net cash used in operating activities		**$ (392,694)**	**$ (9,035)**
INVESTING ACTIVITIES			
Acquisition of property and equipment	8	$ (73,639)	$ -
Payment of lease obligations	11	(133,741)	-
Net cash used by investing activities		**$ (207,380)**	**$ -**
FINANCING ACTIVITIES			
Proceeds from exercise of warrants	12	$ 2,763,477	$ -
Proceeds from exercise of options	12	128,751	-
Repayment of note payable	10(i)	(580,878)	-
Subscriptions received in advance		-	646,343
Net cash provided by financing activities		**$ 2,311,350**	**$ 646,343**
Effect of foreign exchange rate fluctuation		2,101	-
Increase (decrease) in cash in the year		1,713,377	637,308
Cash – beginning of the period		**$ 136,553**	**$ 80,150**
Cash – end of the period		**$ 1,849,930**	**$ 717,458**

Supplemental cash flow information (Note 15)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

New Leaf Ventures Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on June 4, 2018. On September 13, 2019, the Company entered into the Share Purchase Agreement ("Acquisition Transaction") to purchase New Leaf USA Inc. ("New Leaf USA") and its subsidiaries (collectively the "New Leaf USA Entities"). As a result of the completion of the Acquisition Transaction on April 30, 2020, the New Leaf USA Entities are now the core business of the Company, and through which the Company will provide consulting services, real property, intellectual property and equipment for lease and enhanced ancillary services to New Leaf Enterprises, Inc., a Washington-based Tier 3 Producer/Processor focused on industrial-scale agronomy, processing, packaging, marketing and distributing cannabis and cannabis related products (the "License Holder"). The License Holder is considered a related party; refer to Note 5 for details on the Acquisition Transaction and Note 10 for details on the related party nature and transactions with the License Holder during the three-month periods ended March 31, 2021.

The Company's head office, principal address and registered address and records office is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. The Company is listed on the Canadian Securities Exchange (the "CSE") under the ticker symbol "NLV.CN" and on the OTCQB, part of the OTC Markets Group, under the ticker "NLVVF".

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates the realization of assets and discharge liabilities at their carrying values in the ordinary course of operations for the foreseeable future rather than through the process of forced liquidation.

During the three months period ended March 31, 2021, the Company generated a net loss of $1,742,427 (March 31, 2020 - $204,217) and negative cash flows from operating activities of $392,694 (March 31, 2020 – negative cash flows of $9,035). As at March 31, 2021, the Company has an accumulated deficit of $9,549,885 (December 31, 2020 – deficit of $7,807,458) and a working capital of $197,324 (December 31, 2020 – working capital deficiency $1,276,856). As a result, the Company may not have sufficient capital to fund its current planned operations during the twelve-month period subsequent to March 31, 2021.

These unaudited condensed consolidated interim financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new assets or business opportunities, and its ability to attain profitable operations and generate funds therefrom, and raise equity capital or obtain the necessary financing sufficient to meet current and future obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Although the Company has been successful at raising funds in the past through the issuance of securities, it is uncertain whether it will be successful in doing so in the future

The COVID-19 pandemic continues to cause significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. While the Company has experienced the impact of the COVID-19 outbreak on its operations, it has continued to operate during the current pandemic. The Company will continue to monitor developments of the pandemic and continuously assess its potential further impact on its operations to prevent any disruptions. The Company has put in place multiple contingency plans to ensure its supply chain and general operations can be maintained with minimal disruption throughout the crisis. In the event of prolonged continuation of the pandemic, it is not clear what the potential impact may be on the Company's business, financial position and financial performance.

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Basis of presentation and statement of compliance

The unaudited condensed consolidated interim financial statements ("interim financial statements") of the Company as at and for the three months period ended March 31, 2021, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements as set out in International Accounting Standard 34 Interim Financial Reporting ("IAS 34").

The Company has consistently applied the same accounting policies throughout all periods presented. These interim financial statements do not include all the disclosures required for a complete set of IFRS financial statements. Accordingly, they should be read in conjunction with the last audited consolidated annual financial statements and notes thereto for the year ended December 31, 2020 ("annual financial statements"), which are available on SEDAR at www.sedar.com. Selected explanatory notes are included in the interim financial statements to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

These interim financial statements were authorized for issue by the Audit Committee, on behalf of the Board of Directors, on May 31, 2021.

These interim financial statements include the accounts of the Company and its subsidiaries with intercompany balances and transactions eliminated upon consolidation. The entities contained in the interim financial statements are as follows:

Entity Name	Principal activity	Place of business and operations	Functional currency	Equity percentage
New Leaf Ventures, Inc. (the "Company")	Parent company	Canada	CAD $	n/a
New Leaf USA, Inc. ("New Leaf USA")	Holding company for US Entities	United States	USD $	100%
New Leaf Real Estate, LLC ("RealEstateCo")	Real property leasing	United States	USD $	100%
New Leaf Equipment, LLC ("EquipmentCo")	Equipment leasing	United States	USD $	100%
New Leaf IP, LLC ("IPCo")	Intellectual property licensing	United States	USD $	100%
New Leaf Services LLC ("ServicesCo")	Management services	United States	USD $	100%
New Leaf Hemp Company LLC ("HempCo")	Inactive	United States	USD $	100%

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE, CONTINUED

Use of Judgements, Estimates and Assumptions

The preparation of these interim financial statements in accordance with IAS 34 requires management to use judgement and make estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities at the date of the interim financial statements, and the reported amounts of revenue and expenses during the reporting periods. The judgements, estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant and are subject to uncertainty. Judgements, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results could differ from these estimates due to changes in interest rates, foreign exchange rates, inflation, and economic conditions. The areas of significant judgement and estimation were identified in the Company's annual consolidated financial statements for the year ended December 31, 2020, except for judgements pertaining to the adoption of new accounting policies effective on January 1, 2021 (note 3).

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied to these condensed consolidated interim financial statements are the same as those applied to the Company's audited consolidated financial statements for the year ended December 31, 2020.

4. SEGMENT REPORTING

The Company operates in one operating segment which provides management and ancillary services to a cannabis producer and processor based in the United States. For the purpose of segment reporting, the Company's Chief Executive Officer ("CEO") is the Chief Operating Decision Maker. The determination of the Company's operating segment is based on its organizational structure and how the information is reported to CEO on a regular basis. During the three-month period ended March 31, 2021, all the revenues from the Company were generated through intellectual property licensing, equipment leasing, and provision of management services to a single customer, the License Holder, who is located in the United States.

The Company's non-current assets by country are as follows:

		As of March 31, 2021		As of December 31, 2020
Canada	$	-	$	-
United States		3,788,607		3,868,733
Total non-current assets	**$**	**3,788,607**	**$**	**3,868,733**

(Unaudited - Expressed in Canadian Dollars)

5. ACQUISITION OF NEW LEAF USA, INC.

On April 30, 2020, the Company completed their previously announced acquisition of New Leaf USA, Inc. and all of its wholly-owned subsidiaries. The acquisition provides the Company with immediate strategic access and footprint to the US cannabis market, specifically in the state of Washington. With the acquisition, the Company now has the ability to provide turnkey solutions to other licensed cannabis operators in the state of Washington. This is the first step in realizing management's vision for the Company to manage and invest in advanced stage operations in the North American Cannabis sector. In consideration for the acquisition, the Company issued the following:

- Issued 9,000,000 shares; and
- Issued 4,000,000 performance warrants ("Performance Warrants").

Each Performance Warrant entitles the holder to purchase one common share of the Company at the price of $0.02 per common share for a period of three years, and will vest and become exercisable as follows:

i. 2,000,000 Performance Warrants will vest and become exercisable if the Company or New Leaf Enterprises, Inc. (the "License Holder") achieves at least $5,000,000 in annual gross revenue; and
ii. 2,000,000 Performance Warrants will vest and become exercisable the Company or License Holder achieves at least $7,500,000 in annual gross revenue.

In addition, New Leaf USA entered into employment agreements, pursuant to which Robert Colwell is appointed to act as Chief Executive Officer of New Leaf USA, and Boris Gorodnitsky is appointed to act as President of New Leaf USA, in each case, for a period of three years following the closing of the Acquisition Transaction, and pursuant to which the Company issued 1,829,338 common shares to each of Boris Gorodnitsky and Robert Colwell. The following table shows the final allocation of the purchase price to assets acquired and liabilities assumed, based on estimates of fair value, including a summary of the identifiable classes of consideration transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

		Final
Consideration transferred:		
Fair value of 9,000,000 common shares issued	$	2,250,000
Fair value of contingent consideration (i)		352,800
	$	**2,602,800**
Fair value of assets and liabilities recognized:		
Cash	$	3
Related party receivable (note 10)		584,555
Lease receivable		3,695,586
Equipment		896,289
Intangible assets		345,948
Lease deposits		28,179
Accounts payable		(420,334)
Capital lease obligations		(3,752,996)
Notes payable		(2,555,321)
Fair value of net assets acquired	**$**	**(1,178,091)**
Goodwill (iii)	**$**	**3,780,891**

5. ACQUISITION OF NEW LEAF USA, INC. CONTINUED

(i) The warrants were valued using the Black-Scholes Option Pricing model (note 12) and adjusted for the probability that revenue targets would be met over the vesting period. The Performance Warrants were accounted for under IFRS 9 Financial Instruments as a derivative financial liability as the instrument had an option to convert the Performance Warrants into shares of the Company for no consideration and which would result in a variable number of the Company's shares being issued on exercise (see note 12). The Performance Warrants were subsequently re-measured at March 31, 2021 with a resulting loss on re-measurement of $409,485 recognized in profit and loss for the period ended March 31, 2021.

(ii) There were no deferred tax liabilities identified as part of the Acquisition Transaction. Deferred tax assets were identified but were not recognized as its recoverability was not considered probable.

(iii) During the year ended December 31, 2020 the Company performed an annual impairment test of goodwill and determine that the carrying value of the Company's total net assets exceeded the Company's value-in-use as at December 31, 2020. Subsequently, for the year ended December 31, 2020, the Company recorded an impairment loss of $3,780,891 to reduce goodwill to $nil. Refer to Note 8 of the Company's audited financial statements for the year ended December 31, 2020

The intangibles recognized on the acquisition relate to existing contracts at acquisition date for equipment leasing and intellectual property licensing, as well as management services. New Leaf USA leases intellectual property ("IP agreement"), including, brand names and know-how specific to operations and management of cannabis production and processing. The License Holder pays an annual exclusivity fee of USD$100,000 and the greater of $1.07 per each unit sold or a quarterly license fee of USD$150,000 for a period of six months, expiring October 1, 2020. New Leaf USA also leases cannabis production and processing equipment for a monthly leasing fee of USD$6,000 per month. Both the equipment and IP agreement were extended by the License Holder for another six months on October 1, 2020.

New Leaf USA provides various management services to the License Holder including office administration, human resource and staffing, marketing, and IT. For the provision of these services the License Holder pays a monthly services fee of USD$100,000 a month. The management service agreement has a term of six months but automatically renews for an additional six months for up to four additional six-month renewal terms (from effective date August 1, 2019) unless sooner terminated. At the time of acquisition, the service agreement had three remaining six-month renewal terms available.

The goodwill recognized from the acquisition is attributable to synergies expected from integrating New Leaf USA into the Company's existing business. Another component of goodwill includes non-separable intangibles assets acquired, including know-how specific to operations and management of cannabis production and processing. The goodwill acquired is not deductible for tax purposes.

(Unaudited - Expressed in Canadian Dollars)

6. PREPAID EXPENSES

		March 31, 2021		December 31, 2020
Prepaid marketing expense	$	187,140	$	256,060
Prepaid accounting expense		-		30,000
Other prepaid expenses		9,392		4,946
Total prepaid expenses	**$**	**196,532**	**$**	**291,006**

7. INTANGIBLE ASSETS

		Service and Licensing Contracts
Cost		
As at December 31, 2019	**$**	**-**
Acquisition transaction (note 4)		345,948
Currency translation adjustment		(29,298)
As at December 31, 2020 and March 31, 2021	**$**	**316,650**
Accumulated Depreciation		
As at December 31, 2019 and 2018	**$**	**-**
Depreciation charge		331,299
Currency translation adjustment		(14,649)
As at December 31, 2020 and March 31, 2021	**$**	**316,650**
Carrying Amount		
As at December 31, 2020	$	-
As at March 31, 2021	**$**	**-**

(Unaudited - Expressed in Canadian Dollars)

8. EQUIPMENT

		Equipment		Leasehold Improvements		Construction-in-Progress		Total
Cost								
As at December 31, 2019	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Acquisition transaction (note 5)		896,289		-		-		896,289
Additions		121,968		7,079		-		129,047
Currency translation adjustment		(75,904)		-		-		(75,904)
As at December 31, 2020	**$**	**942,353**	**$**	**7,079**	**$**	**-**	**$**	**949,432**
Additions		-		14,891		58,748		73,639
Currency translation adjustment		(11,626)		(187)		(394)		(12,207)
As at March 31, 2021	**$**	**930,727**	**$**	**21,783**	**$**	**58,354**	**$**	**1,010,864**
Accumulated Depreciation								
As at December 31, 2019	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Additions		110,259		-		-		110,259
Currency translation adjustment		(4,602)		-		-		(4,602)
As at December 31, 2020	**$**	**105,657**	**$**	**-**	**$**	**-**	**$**	**105,657**
Additions		41,049		-		-		41,049
Currency translation adjustment		(1,584)		-		-		(1,584)
As at March 31, 2021	**$**	**145,122**	**$**	**-**	**$**	**-**	**$**	**145,122**
Carrying Amount								
As at December 31, 2020	$	836,696	$	7,079	$	-	$	843,775
As at March 31, 2021	**$**	**785,605**	**$**	**21,783**	**$**	**58,354**	**$**	**865,742**

No depreciation has been taken on leasehold improvements or construction-in-progress assets as both were in-progress and were not available for use during the three-month period ended March 31, 2021.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2021		December 31, 2020
Trade payables	$	471,719	$	473,293
Accrued liabilities		226,150		177,285
Total accounts payable and accrued liabilities	**$**	**697,869**	**$**	**650,578**

10. RELATED PARTY TRANSACTIONS

Related party transactions consist of monthly transactions with the License Holder, who is considered a related party due to sharing common executives and key management with the Company. Key management include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole.

(Unaudited - *Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS CONTINUED

(i) Transactions with the License Holder

During the three-month period ended March 31, 2021 the Company recognized the following revenues from the License Holder:

Transactions with License Holder		March 31, 2021		March 31, 2020
Equipment lease revenue	$	22,788	$	-
Service fee revenue		379,800		-
Variable IP licensing revenue		221,550		-
Total revenues from License Holder	**$**	**624,138**	**$**	**-**

In addition, the Company also incurred the following transactions with the License Holder during the three-month period ended March 31, 2021:

a) Interest income on outstanding receivables relating to IP licensing revenues of $7,353
b) Interest income on lease receivables of $79,147 (Note 11)
c) Accretion expense on notes payables of $51,671 (Note 10(i))

As at March 31, 2021 there was a balance of $1,408,311 (December 31, 2020 - $1,868,318) due from the License Holder to the Company related to the provision of services during the three-month period ended March 31, 2021 and for services previously rendered during the year ended December 31, 2020. In addition, there was a balance due of $nil (December 31, 2020 - $195,673) due from the Company to the License Holder for reimbursable lease operating costs.

As at March 31, 2021, there was a balance of $3,146,721 (December 31, 2020 - $3,241,823) due from the License Holder to the Company related to the lease receivable. In addition, at March 31, 2021, there was a balance of $15,090 (December 31, 2020 - $15,278) due from the Company to the License Holder for a refundable security deposit.

As at March 31, 2021, there was a notes payable balance of $1,860,545 (December 31, 2020 - $2,415,991) due to the License Holder. The notes were recorded at fair value at initial recognition by measuring the present-value of future note payments discounted at 12%. The notes are unsecured and bear a coupon interest rate of 2.72% per annum for a period of 27 months with a maturity date of August 1, 2022. The notes are to be repaid in nine, equal, quarterly instalments of US$236,269. As of March 31, 2021, the notes payables were considered in default due to missing of instalment payments. Subsequent to the reporting period end, on May 10, 2021, the License Holder issued a waiver of default to New Leaf USA – see note 14.

A continuity of notes payable for the three-month period ended March 31, 2021 and year ended December 31, 2020 is as follows:

(Unaudited - Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS CONTINUED

		Three-month period ended March 31, 2021		Year ended December 31, 2020
Balance, beginning of period	**$**	**2,415,991**	**$**	**-**
Acquisition transaction		-		2,555,321
Accretion expense		51,671		180,547
Payment		(580,878)		(99,908)
Currency translation adjustment		(26,239)		(219,969)
Balance, end of period	**$**	**1,860,545**	**$**	**2,415,991**
Less: Current portion of notes payable	**$**	**1,860,545**	**$**	**2,415,991**
Non-current portion of notes payable	**$**	**-**	**$**	**-**

Repayments due on notes payable, including interest, for the next five years and thereafter are as follows:

2021	$	1,111,361
2022		891,326
2023		-
2024		-
2025		-
Thereafter		-
Total	**$**	**2,002,687**

(ii) Transactions with other related parties

During the three-months period ended March 31, 2021, the Company had the following transactions with a company controlled by a director of the Company:

(i) Interest expense on lease obligations of $52,292 (Note 11)

As at March 31, 2021, there was a balance of $26,355 (December 31, 2020 - $25,792) due from the related party to the Company related to the prepaid rent. In addition, at March 31, 2021 there was a balance of $2,192,219 (December 31, 2020 - $2,256,571) due from the Company to the related party related to the lease obligations

(iii) Key Personnel Compensation

		Three-month period ended March 31, 2021		Three-month period ended March 31, 2020
Directors' fees	$	6,000	$	6,000
Consulting fees (1)		33,000		12,000
Share-based payments (2)		222,712		32,357
Wages and salaries		70,116		-
Total	**$**	**331,828**	**$**	**50,357**

(Unaudited - Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS CONTINUED

(1) During the three-months ended March 31, 2021, the Company incurred consulting fees of $18,000 (March 31, 2020 - $12,000) to a company controlled by the CEO and consulting fees of $15,000 (March 31, 2020 - $Nil) to a company controlled by the CFO.

(2) Share-based payments relates to expenses accrued for options vested during the three-month periods ended March 31, 2021 and 2020. These options were issued to directors and officers of the Company in 2021, 2020 and 2019.

(3) Wages and salaries consist of salaries to key executives for the three-month period ended March 31, 2021. There were no executive salaries for the same period ended March 31, 2020.

11. LEASES

On April 30, 2020, as part of the Acquisition Transaction (note 5), the Company acquired two building leases (the "Head Leases") currently housing an integrated cultivation facility in Seattle, Washington. Building Lease #1 is between RealEstateCo and a Washington based Company which is owned by a director of the Company. Building Lease #2 is between RealEstateCo and an arms-length Washington based Company. The Head Leases include an option to extend for a further 5 years until May 31, 2028, which the Company intends to exercise. Subsequently, the Company subleased the combined building space to the License Holder, a related party, with an option to extend for additional 5 years until May 31, 2028 (the sub-lease). Under IFRS 16, the Company classified the sub-lease as a finance lease because it is for the whole of the remaining term of the Head Lease.

There were no other leases identified, including short-term or low value leases, during the course of the three-month period ended March 31, 2021.

The Company as a Lessee

The facility is subleased to the License Holder with the Company maintaining the lease obligation. The Company used 9.5% interest rate, its incremental borrowing rate to calculate the present value of the lease payments as well as to calculate the monthly accretion expense.

The Company's lease obligations are as follows:

Lease Obligation		**March 31, 2021**		**December 31, 2020**
Balance, beginning of period	**$**	**3,286,164**	**$**	**-**
Acquisition transaction (note 5)		-		3,752,996
Interest expense		76,078		220,420
Payment of lease obligations		(133,741)		(359,675)
Foreign exchange impact		(41,035)		(327,577)
Balance, end of period	**$**	**3,187,466**	**$**	**3,286,164**

(Unaudited - Expressed in Canadian Dollars)

11. LEASES CONTINUED

Minimum lease payments are as follows:

Remaining minimum lease payments for each fiscal year:		
2021	$	411,548
2022		563,498
2023(i)		591,421
2024(i)		617,786
2025(i)		638,866
2026 and thereafter(i)		1,608,987
Total	$	**4,432,106**
Amount representing interest		(1,244,640)
Less: Current lease obligation		(262,364)
Long-term lease obligation	$	**2,925,102**

(I) The Company intends to exercise the extension option on the leases which will push the Head Lease end date out to May 31, 2028. However, the Company is only contractually obligated to remit Head Lease payments to May 31, 2023. The minimum Head Lease payments, as detailed in the above table, from May 31, 2023 onward illustrate the potential commitments upon exercise of the extension option.

The Company as a Lessor

Lease Receivable		**March 31, 2021**		**December 31, 2020**
Balance, beginning of period	$	**3,241,823**	$	**-**
Acquisition transaction (note 5)		-		3,695,586
Interest income		79,147		229,007
Accrued sublease payments receivable		(133,741)		(359,675)
Foreign exchange impact		(40,508)		(323,095)
Balance, end of period	$	**3,146,721**	$	**3,241,823**

(a) The Company fair-valued the acquired lease receivables by discounting the expected lease receivable payments over the life of the lease. The Company use an interest rate of 10.7% and 9.91%; the interest rate implicit in the lease.

(Unaudited - Expressed in Canadian Dollars)

11. LEASES CONTINUED

Minimum lease payments receivable are as follows:

Remaining minimum lease payments receivable for each fiscal year:		
2021		411,546
2022		563,498
2023(i)		591,421
2024(i)		617,786
2025(i)		638,866
2026 and thereafter(i)		1,634,462
Total	**$**	**4,457,579**
Amount representing interest		(1,310,858)
Less: Current portion of lease receivables		(250,211)
Non-current lease receivables	**$**	**2,896,510**

(I) The Company expects that the sublease tenant will exercise the extension option on the sublease, which will push the sublease end date out to May 31, 2028. However, the Company only has the contractual right to receive sublease payments up to May 31, 2023. The minimum sublease payments receivable, as detailed in the above table, from May 31, 2023 onward illustrate the potential commitments upon exercise of the extension option.

12. SHARE CAPITAL

Authorized share capital

The Company's authorized to issue an unlimited number of preferred shares and common shares without par value.

As at March 31, 2021, 12,126,755 (December 31, 2020 – 12,126,755) total common shares outstanding were held in escrow.

Issued share capital

During the three-month period ended March 31, 2021:

During the three-month period ended March 31, 2021, the Company collected $2,730,147 and $128,751 in gross proceeds from the exercise of 9,254,097 share purchase warrants and 500,000 share options respectively. The warrant and option exercises resulted in the issuance of 9,754,097 common shares of the Company. Of the gross proceeds received on the exercise of the share purchase warrants, $49,200 was collected subsequent to March 31, 2021 and was recorded as a share subscription receivable as of March 31, 2021.

During the three-month period ended March 31, 2021, the Company collected $33,330 in gross process from the exercise of 133,320 Agent Warrants ("IPO Agent Warrants") which resulted in the issuance of 133,320 common shares and 66,660 share purchase warrants of the Company. Each share purchase warrant ("Additional Warrants") is exercisable into one common share of the Company at an exercise price of $0.40

12. SHARE CAPITAL CONTINUED

and expires on April 30, 2022. The exercise of the Agent Warrants also resulted in the reclassification of $21,295 from warrant reserve to share capital.

During the year ended December 31, 2020:

On April 30, 2020, the Company completed the first tranche of its initial public offering (the "Offering") of 4,768,871 units (the "Units") at a price of $0.25 per Unit (the "Offering Price"), for aggregate gross proceeds of approximately $1,192,217. Each Unit is comprised of one common share in the Company (a "Common Share") and one-half common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will be exercisable at a price of $0.40 for a period of 24 months from the listing of the Common Shares on the Canadian Securities Exchange (the "CSE"), subject to early expiry (the "Early Expiry Event") if the closing price of the Common Shares on the CSE (or any equivalent exchange) is equal to or greater than $0.60 per Common Share for a period of ten consecutive trading days.

In connection with the Offering, the Company paid cash commissions and corporate finance fees of $128,355. The Company also granted 136,280 non-transferrable share purchase warrants (the "Agent Warrants"). Each Agent Warrant may be exercised into one unit (the "Agent Unit") at a price of $0.25 until April 30, 2022, subject to an early expiry date upon the occurrence of the Early Expiry Event. Each Agent Unit consists of one common share and one-half of a common share purchase warrant (each whole warrant a "Warrant"). The fair value of the Agent Warrants was $21,840, calculated using the Black-Scholes option pricing model. The amount was charged to share capital as non-cash share issue costs.

On April 30, 2020, the Company issued 9,000,000 common shares with assessed fair-value of $2,250,000 in connection with the Acquisition Transaction (Note 5) that made up a portion of the purchase price. In addition, as part of the Acquisition Transaction, the Company issued a total of 3,658,676 common shares, with assessed fair-value of 914,669, to Boris Gorodnitsky and Robert Colwell as a signing bonus to become executives of New Leaf USA, Inc.

On June 2, 2020, the Company completed a second tranche of its initial public offering of 2,990,400 units at a price of $0.25 per Unit, for aggregate gross proceeds of approximately $747,600 (the "Second Tranche"). Each Unit is comprised of one common share in the Company and one-half common share purchase warrant. Each Warrant will be exercisable at a price of $0.40 until April 30, 2022 subject to early expiry on the Early Expiry Event.

In connection with the Second Tranche the Company paid a cash commission in the amount of $9,600 as well reimbursement of expenses totalling $4,012. In addition, the Company incurred $105,507 of legal expense in connection with the Offering which was charged to share capital as share issuance costs.

The Company also granted 76,000 Agent Warrants. Each Agent Warrant may be exercised into one unit at a price of $0.25 until April 30, 2022, subject to an early expiry date upon the occurrence of the Early Expiry Event. Each Agent Unit consists of one common share and one-half of a common share purchase warrant. The fair value of the Agent Warrants was $20,233, calculated using the Black-Scholes option pricing model. The amount was charged to share capital as non-cash share issue costs.

(Unaudited - Expressed in Canadian Dollars)

12. SHARE CAPITAL CONTINUED

During the twelve months ended December 31, 2020, the Company raised $1,531,815 CAD in gross proceeds from the exercise of 6,005,000 warrants and 29,220 Agent Warrants. Upon exercise of the Agent Warrants, the Company transferred $3,997 from warrant reserve to share capital, representing the fair value of the Agent Warrants. In addition, the Company issued 14,610 warrants with an exercise price of $0.40, expiring on April 30, 2022 as a result of the exercise of the Agent Warrants.

Warrants

The changes in warrants during the three months period ended March 31, 2021 and the year ended December 31, 2020 are as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2019	**12,000,000**	**$**	**0.25**
Granted (i)(ii)(iii)	20,106,526		0.32
Exercised	(6,034,220)		0.25
Balance, December 31, 2020	**26,072,306**	**$**	**0.31**
Granted	66,660		0.40
Exercised	(9,387,418)		0.30
Expired (iv)	(701,808)		0.35
Balance, March 31, 2021	**16,049,740**	**$**	**0.30**

(i) On June 19, 2020, the Company decided to amend the terms (the "Amendment") of an aggregate of 12,000,000 outstanding common share purchase warrants previously issued by the Company. The 12,000,000 warrants were previously exercisable to acquire common shares of the Company at a price of $0.05 until February 26, 2021. Under the Amendment, the exercise price of the Warrants was increased to $0.25. There was no increase to the incremental fair value of the warrants as a result of these modifications. As compensation to allow for the repricing of the share purchase warrants, the Company issued 12,000,000 additional share purchase warrants with expiry date of June 19, 2022 and an exercise price of $0.40. There was no increase to the value of the warrant reserve for the compensatory warrants as it was offset by a corresponding increase to warrant issuance costs resulting in a $nil impact on the Company's equity position.

(ii) As part of the acquisition transaction (note 5), the Company issued 4,000,000 Performance Warrants. The Performance Warrants are subject to vesting conditions based on revenue targets for either the Company or the License Holder. Each Performance Warrant entitles the holder to purchase one Class A common share of the Company at an exercise price of $0.02. Assuming vesting conditions are met, the holder can elect to exercise the Performance Warrants, on a net settlement basis based on the fair market value of the shares on the exercise date

(Unaudited - Expressed in Canadian Dollars)

12. SHARE CAPITAL CONTINUED

The Performance Warrants were assessed to be a derivative liability in accordance with IFRS 9 and were initially measured at fair value of $352,800 using the Black-Scholes option pricing model. Subsequent to initial recognition, the Performance Warrants were re-measured at fair value using the following input assumptions:

	Three-month period ended March 31, 2021	Year ended December 31, 2020
Share price at grant date ($)	$ 0.53	$ 0.25
Exercise Price	$ 0.02	$ 0.02
Expected annual volatility	155%	116.33%
Expected life (in years)	2.08	3.0
Expected dividend yield	0%	0%
Risk-free interest rate	0.49%	0.28%
Fair value per warrant	$0.5148	$0.24

A loss on re-measurement of $9,958 and $409,485 were respectively recognized in profit and loss for the year ended December 31, 2020 and three-month period ended March 31, 2021.

(iii) As part of the initial public offering closed during the year ended December 31, 2020, the Company issued 212,281 agent warrants which were fair-valued using the Black-Scholes option pricing model and the following weighted average input assumptions:

	Year ended December 31, 2020
Share price at grant date ($)	$ 0.30
Exercise Price	$ 0.25
Expected annual volatility	106%
Expected life (in years)	1.97
Expected dividend yield	0%
Risk-free interest rate	0.29%
Fair value per warrant	$0.17

(iv) On March 2, 2021, the Company accelerated the expiry of share purchase warrants ("IPO warrants") originally granted as part the Company's initial public offering on April 30, 2020. The IPO warrants were subject to early expiry (the "Early Expiry Event") if the closing price of the Common Shares on the CSE (or any equivalent exchange) was equal to or greater than $0.60 per Common Share for a period of ten consecutive trading days. The Company determined that as of start of day March 2, 2021 (the "Assessment Date"), that the Company's Common Share price had been trading at, or greater than, $0.60 for the last 10 consecutive trading days. As a result, the warrants were accelerated to expire within 30 days from and including the Assessment Date. The accelerated expiry date was March 31, 2021.

(Unaudited - Expressed in Canadian Dollars)

12. SHARE CAPITAL CONTINUED

As at March 31, 2021, warrants outstanding are as follows:

Number of Warrants Outstanding	Number of Warrants Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
49,740	49,740	0.25	April 30, 2022	1.08
12,000,000	12,000,000	0.40	June 19,2022	1.22
4,000,000	-	0.02	April 30, 2023	2.08
16,049,740	**12,049,740**	**$ 0.30**		**1.43**

13. SHARE-BASED COMPENSATION

Equity incentive plan

The Company implemented an Equity Incentive Plan (the "EIP") which provides for the grant to eligible directors and employees (including officers) of share options and Restricted Share Rights ("RSR"). The EIP also provides for the grant to eligible directors of Deferred Share Units ("DSU") which the directors are entitled to redeem for 90 days following retirement or termination from the Board of the Company (the "Board"). The aggregate number of Common Shares that may be subject to issuance under the Equity Incentive Plan, together with any other securities-based compensation arrangements of the Corporation, shall not exceed 15% of the Corporation's issued and outstanding share capital from time to time.

Options are exercisable for a period of five years from the date the Option is granted or such greater or lesser period as determined by the Board. Options may be earlier terminated in the event of death or termination of employment or appointment. Vesting of Options is determined by the Board. Failing a specific vesting determination by the Board, Options automatically become exercisable incrementally over a period of eighteen months from the date of grant, as to: (i) 25% of the total number of shares under Option immediately upon the date of grant; and (ii) at each six-month interval thereafter, an additional 25% of the total number of shares under Option such that after the 18th month of the Option period, 100% of the Option will be exercisable. The right to exercise an Option may be accelerated in the event a takeover bid in respect of the Common Shares is made.

Concurrent with the granting of the RSR, the Board shall determine the period of time during which the RSR is not vested and the holder of such RSR remains ineligible to receive Common Shares. Such period of time may be reduced or eliminated from time to time for any reason as determined by the Board. Once the RSR vests, the RSR is automatically settled through the issuance of an equivalent number of underlying Common Shares as RSRs held.

DSUs are redeemable during the period commencing on the business day immediately following the date such director ceases to hold any directorship and ending on the 90th day following such date by providing written notice of redemption to the Corporation. Upon redemption, the director shall be entitled to receive the number of Common Shares equal to the number of DSUs in the director's account. If the director ceases

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13. SHARE-BASED COMPENSATION CONTINUED

to hold office during a year where DSUs have been granted in advance of being earned and they have not held office for the entire year, the director will only be entitled to a pro-rated issuance of shares.

The Company's recorded share-based compensation for the three-month periods ended March 31, 2021 and 2020 comprised the following:

		March 31, 2021		March 31, 2020
Stock Options (a)	$	298,250	$	32,357

(a) Share options

The EIP authorizes the Board to grant options to eligible directors and employees (including officers). The number of options, the exercise price per option, the vesting period and any other terms and conditions of options granted from time to time pursuant to the EIP, are determined by the Board at the time of the grant, subject to the defined parameters of the EIP. Movements in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2019	**500,000**	**$**	**0.25**
Granted	1,225,000		0.34
Balance, December 31, 2020	**1,725,000**	**$**	**0.31**
Granted	875,000		0.28
Exercised	(500,000)		0.26
Balance, March 31, 2021	**2,100,000**	**$**	**0.31**

The Company fair valued the options using the Black-Scholes option pricing model with the following inputs:

	Three-month period ended March 31, 2021	Year ended December 31, 2020
Share price at grant date ($)	$ 0.28	$ 0.34
Exercise Price	$ 0.28	$ 0.34
Expected annual volatility	129%	138%
Expected life (in years)	5	5
Expected dividend yield	0%	0%
Risk-free interest rate	0.15%	0.27%
Fair value per option	$0.24	$0.30

The risk-free interest rate is based on the yield of a risk-free Canadian government security with a maturity equal to the expected life of the options from the date of the grant. The assumption of expected volatility is

(Unaudited - Expressed in Canadian Dollars)

13. SHARE-BASED COMPENSATION CONTINUED

based on the average historical volatility of comparable companies for the period immediately preceding the option grant. The Company does not anticipate paying any cash dividends in the foreseeable future and, therefore, uses an expected dividend yield of zero in the option-pricing model.

Total fair value of stock options granted during the three-month period ended March 31, 2021 was $209,125 (three-month period ended March 31, 2020 - $Nil).

Stock options outstanding and exercisable at March 31, 2021 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
125,000	-	0.25	November 14, 2024	3.63
750,000	750,000	0.28	January 15, 2026	4.80
1,225,000	230,000	0.34	November 10, 2031	10.62
2,100,000	**980,000**	**$ 0.31**		**8.12**

(b) Restricted Share Rights ("RSR")

The EIP authorizes the Board to grant RSRs, in its sole and absolute discretion, to any eligible employee or director. Each RSR provides the recipient with the right to receive common shares of the Company as a discretionary payment in consideration of past services or as an incentive for future services. The terms including the vesting period of the RSRs are determined at the sole discretion of the Board.

During the three-month period ended March 31, 2021 and year-ended December 31, 2020, the Company did not issue any RSRs and there are no RSRs outstanding.

(c) Deferred Share Units ("DSU")

The EIP authorizes the Board to grant DSUs, in its sole and absolute discretion in a lump sum amount or on regular intervals to eligible directors of the Company.

During the three-month period ended March 31, 2021 and year-ended December 31, 2020, the Company did not issue any DSUs and there are no DSUs outstanding.

14. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash, receivables, share subscription receivable, accounts payable and accrued liabilities and due to/from related parties approximate their fair values due to the relatively short period to maturity of those financial instruments. The fair value of notes payable from related parties approximate their carrying value as they were recently fair valued as part of the acquisition purchase price allocation using

14. FINANCIAL INSTRUMENTS CONTINUED

a market rate of interest. Derivative warrant liability is carried at fair value and revalued at each reporting date.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Change in assumptions could significantly affect the estimates.

The following table summarizes the classification of the Company's financial instruments under IFRS 9:

FINANCIAL ASSETS	**$**
Cash	Fair Value Through Profit and Loss
Receivables	Amortized cost
Share subscription receivable	Amortized cost
Due from related party	Amortized cost
FINANCIAL LIABILITIES	
Accounts payable and accrual liabilities	Amortized cost
Due to related party	Amortized cost
Notes payable	Amortized cost
Derivative liability	Fair Value Through Profit and Loss

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, receivables, and amounts due from related parties. Receivables are primarily related to GST receivable and other receivable balances. Given the GST is payable by the government of Canada, management feels there is minimal credit risk associated with this receivable balance. Similarly, management feels there is minimal risk of non-collection since License Holder has been paying its obligations to the Company. The Company does not have significant credit risk with respect to

(Unaudited - *Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS CONTINUED

customers. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash balances to meet short and long-term business requirements. As at March 31, 2021, all of the Company's financial liabilities, except for its warrant derivative liability and notes payable, have maturities less than one year. As at March 31, 2021, the Company had cash of $1,849,930 (December 31, 2020 – $136,553) and a working capital of $197,324 (December 31, 2020 – working capital deficiency of $1,276,856). Refer to note 1 for further discussion regarding going concern.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company holds cash in accounts with variable interest rates, and currently does not carry variable interest-bearing debt. It is management's opinion that the Company is not exposed to significant interest rate risk.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company maintains financial instruments and enters into transactions denominated in foreign currencies, principally in USD, exposing the Company to fluctuating balances and cash flows due to various in foreign exchange rates. The Company has not entered into any foreign currency contracts to mitigate this risk. The CAD equivalent carrying amounts of the Company's USD denominated monetary assets and monetary liabilities is as follows:

	As of March 31, 2021	As of December 31, 2020
ASSETS	**$**	**$**
Cash	84,915	-
Due from related party	1,408,311	1,868,318
LIABILITIES		
Accounts payable and accrual liabilities	320,229	230,189
Due to related party	716	195,673
Notes payable	1,860,545	2,415,991

Assuming all other variables remain constant, a fluctuation of +/- 5.0% in the exchange rate between CAD and USD would impact the comprehensive loss for the period by approximately $34,413 (2020 - $50,894).

(Unaudited - Expressed in Canadian Dollars)

15. SUPPLEMENTAL CASH FLOW INFORMATION

The following are non-cash investing and financing activities that occurred during the period ended March 31, 2021 and the year ended December 31, 2020

	March 31, 2021	March 31, 2020
Issuance of shares for subscriptions receivable	$ 49,200	$ -
Prepaid share issuance costs	-	30,750
Movement from reserve on exercise of options	99,831	-
Movement from reserve on exercise of warrants	21,295	-
Accrued sublease payments receivable	133,741	-

During the period ended March 31, 2021, the Company made cash payments of $nil related to taxes (March 31, 2020 - $nil) and $105,721 related to interest (March 31, 2020 - $nil).

16. SUBSEQUENT EVENTS

On December 22, 2020 New Leaf Ventures announced the execution of a letter agreement with Zen Asset Management LLC (“ZAM”) and its parent company, Artizen Asset Management LLC (“Artizen”). ZAM is a diversified asset management that acquires, develops, and supports companies and technologies in the emerging cannabis industry. The Letter Agreement outlines the general terms and conditions pursuant to which New Leaf and ZAM would potentially undertake a business combination (the “Proposed Transaction”). The Proposed Transaction is subject to a number of conditions, including due diligence and the negotiation of a definitive agreement. During June 2021, after careful consideration and having particular regard to the timing of other opportunities available to the Company, management decided not to proceed forward with the Proposed Transaction involving ZAM and its parent company, Artizen.

On May 10, 2021, the License Holder granted a waiver of default to EquipmentCo and IPCo in relation to missed payments for the notes payables held by the entities. The License Holder waived its rights to demand immediate repayment for the entire principal and accrued interest outstanding on the notes. In addition, the License Holder waives its right to increase the interest rate as permitted due to the occurrence of a default event. The waiver is effective for an indefinite period of time subject to the License Holder’s discretion.

On June 8, 2021, the Company issued 125,000 common shares of the Company due to the exercise of 125,000 stock options held by a former executive of the Company.

On July 7, 2021, the Company issued 1,160,000 common shares of the Company due to the exercise of 1,160,000 share purchase warrants.

17. RESTATEMENT

New Leaf Ventures, Inc. (the "Company") has amended and restated its unaudited condensed interim consolidated financial statements for the three months ended March 31, 2021 which were previously filed on SEDAR (the “interim financial statements”). Subsequent to the original issuance of the interim financial statements, the Company’s external auditors performed an interim review over the interim financial statements and as a result of this review, it was concluded that there were non-material accounting errors in the previously filed interim financial statements which have been voluntarily corrected retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The amendments are summarized as follows:

- Due from related party decreased by $33,566 due to the recognition of amounts collected during the period.
- Account payable decreased by $20,744 due to the recognition of amounts settled during the period.
- Share capital and warrant reserve changed by $18,795 and $4,734 respectively due to adjustments in accounting for share purchase warrants.
- The cumulative increase to accumulated deficit as a result of the above was $36,351. There was no effect on the statement of loss or comprehensive loss or loss per share.
- Net cash used in operating activities decreased by $147,865 due to adjustments in non-cash working capital items.
- Net cash used in investing activities increased by $281,019 due to adjustments to accounting for lease payments receivable.
- Net cash provided by financing activities decreased by $12,822 due to adjustments in accounting for share purchase warrants.
- Repayments due on notes payable (Note 10 (i)) was incorrectly disclosed as $1,592,593 and has been corrected to actual of $2,002,687.
- Related party disclosure omitted disclosure of transactions with other related parties (Note 10 (ii)) including interest expense of $52,296, prepaid rent of $26,355 and lease obligations of $2,192,219.
- In relation to going concern (Note 1), negative cash flows from operating activities were incorrectly disclosed as $941,625 and has been corrected to actual of $392,692.
- In relation to liquidity risk (Note 14), working capital for the year ended December 31, 2020 was incorrectly disclosed as $914,908 and has been corrected to actual of $1,276,856.