New Leaf Ventures, Inc.

Unaudited Condensed Consolidated Interim Financial Statements
For the Three-Month Periods Ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

New Leaf Ventures, Inc.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - *Expressed in Canadian Dollars***)**

	Notes		March 31, 2022		December 31, 2021
ASSETS					
Current Assets					
Cash		$	67,837	$	58,805
Receivables			46,640		42,572
Due from related party	7(i)		2,474,994		1,888,672
Prepaid balances			4,192		8,209
Share subscription receivable	9		4,296		73,198
Current portion of lease receivables	7(i), 8		294,045		286,336
Total Current Assets		**$**	**2,892,004**	**$**	**2,357,792**
Non-Current Assets					
Property and equipment	5	$	805,555	$	871,013
Lease receivable	7(i), 8		2,584,269		2,700,108
Other assets	7(ii)		25,314		25,683
Total Non-Current Assets		**$**	**3,415,138**	**$**	**3,596,804**
TOTAL ASSETS		**$**	**6,307,142**	**$**	**5,954,596**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	6, 7	$	702,738	$	738,656
Due to related parties	7		189,326		11,122
Current portion of lease obligations	8		305,871		298,425
Notes payable to related parties	7(i)		871,998		864,465
Security deposit	7		14,995		15,214
Total Current Liabilities		**$**	**2,084,928**	**$**	**1,927,882**
Non-Current Liabilities					
Lease obligation	8		2,600,855		2,719,898
Total Non-Current Liabilities		**$**	**2,600,855**	**$**	**2,719,898**
TOTAL LIABILITIES		**$**	**4,685,783**	**$**	**4,647,780**
SHAREHOLDERS' EQUITY					
Share capital	9	$	12,280,946	$	12,170,886
Share-based payments reserve	10		554,520		534,444
Warrant reserve	9		239,470		239,470
Foreign currency translation			106,432		131,761
Deficit			(11,560,009)		(11,769,745)
TOTAL SHAREHOLDERS' EQUITY		**$**	**1,621,359**	**$**	**1,306,816**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**6,307,142**	**$**	**5,954,596**

Nature of operations and continuance of operations (note 1)
Related party transactions (note 7)
Subsequent events (note 14)

Approved on behalf of the Board by:

/s/ Robert Colwell
Director

/s/ Chris Cooper
Director

New Leaf Ventures, Inc.
Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited - *Expressed in Canadian Dollars***)**

		For the Three-month March 31,	
	Notes	**2022**	**2021**
Revenue	7(i)	**$ 624,237**	**$ 624,138**
Expenses			
Communication		$ 4,743	$ 25,178
Consulting	7(iii)	38,245	32,469
Depreciation	5	53,657	41,049
Director fees	7(iii)	6,000	6,000
Marketing		-	861,423
Office		30,075	39,706
Utilities and property tax		71,107	99,164
Professional fees		15,577	76,774
Regulatory and filing fees		7,356	10,576
Share-based compensation	7(iii), 10	20,076	298,250
Wages and salaries	7(iii)	311,241	425,173
		$ (558,077)	**$ (1,915,762)**
Other Expenses			
Interest income	7(i)	$ 109,057	$ 86,500
Accretion expense	7(i)	(20,209)	(51,671)
Foreign exchange		(1)	(69)
Gain on write-off of accrued liabilities		30,000	-
Gain / (loss) on remeasurement of derivative	4, 9	-	(409,485)
Other income	7(i)	94,808	-
Interest expense	7(ii)	(70,079)	(76,078)
Net Income / (Loss) for the Period		**$ 209,736**	**$ (1,742,427)**
Other Comprehensive Income / (Loss)			
Foreign currency translation adjustment		**$ (25,329)**	**$ 2,880**
Total Comprehensive Income / (Loss) for the Period		**$ 184,407**	**$ (1,739,547)**
Basic income / (loss) per common share	13	**$** 0.00	**$** (0.04)
Diluted income / (loss) per common share	13	**$** 0.00	**$** (0.04)

New Leaf Ventures, Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited - *Expressed in Canadian Dollars***)**

	Number of Shares	Share Capital	Share-based payments reserve	Warrant Reserve	Foreign Currency Translation	Accumulated Deficit	Total
Balance – January 1, 2021	**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 income / (loss) for the period	-	-	-	-	2,880	(1,742,427)	(1,739,547)
Balance - March 31, 2021	**48,984,584**	**$ 10,149,557**	**$ 336,758**	**$ 16,780**	**$ 107,619**	**$ (9,549,885)**	**$ 1,060,829**
Balance – January 1, 2022	**58,087,584**	**$ 12,170,886**	**$ 534,444**	**$ 239,470**	**$ 131,761**	**$ (11,769,745)**	**$ 1,306,816**
Shares issued on at-the-market offering	1,282,000	111,904	-	-	-	-	111,904
Share issue costs	-	(1,844)	-	-	-	-	(1,844)
Share-based payments	-	-	20,076	-	-	-	20,076
Net income / (loss) for the period	-	-	-	-	(25,329)	209,736	184,407
Balance - March 31, 2022	**59,369,584**	**$ 12,280,946**	**$ 554,520**	**$ 239,470**	**$ 106,432**	**$ (11,560,009)**	**$ 1,621,359**

New Leaf Ventures, Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited **-** *Expressed in Canadian Dollars***)**

	Notes		Three months ended March 31, 2022 $		2021 $
OPERATING ACTIVITES					
Net income / (loss) for the period		**$**	**209,736**	**$**	**(1,742,427)**
Non-cash items:					
Interest income	7(i)	$	(109,057)	$	(86,500)
Interest expense	7(ii)		70,079		76,078
Accretion expense	7(i)		20,209		51,671
Depreciation of equipment	5		53,657		41,049
Share-based compensation	10		20,076		298,250
Gain / (loss) on re-measurement of derivative			-		409,485
Foreign exchange			1		69
Changes in non-cash working capital items:					
Receivables		$	(4,068)	$	27,906
Prepaids			4,017		94,474
Accounts payable and accrued liabilities			(140,065)		50,320
Due from related party			(448,223)		581,016
Due to related party			178,364		(193,846)
Share subscription receivable			68,902		-
Other assets			-		(239)
Cash Flow used in Operating Activities		**$**	**(76,372)**	**$**	**(392,694)**
INVESTING ACTIVITIES					
Acquisition of property and equipment			-		(73,639)
Payment of lease obligations			(29,990)		(133,741)
Cash Flow used in Investing Activities		**$**	**(29,990)**	**$**	**(207,380)**
FINANCING ACTIVITIES					
Proceeds from share issuance, net of issuance cost	9	$	110,060	$	-
Proceeds from exercise of warrants			-		2,763,477
Repayment of note payable			-		(580,878)
Proceeds from exercise of options			-		128,751
Cash Flow from Financing Activities		**$**	**110,060**	**$**	**2,311,350**
Effect of foreign exchange rate fluctuation			5,334		2,101
Increase / (decrease) in cash in the period			9,032		1,713,377
Cash – beginning of the period		**$**	**58,805**	**$**	**136,553**
Cash – end of the period		**$**	**67,837**	**$**	**1,849,930**

Supplemental cash flow information (Note 12)

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 4 for details on the Acquisition Transaction and Note 7 for details on the related party nature and transactions with the License Holder during the three-month periods ended March 31, 2022.

The Company's head office, principal address and registered address and records office is 1910 - 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3, 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".

Going Concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash generated from revenues and through further equity financings. These items may cast a significant doubt on the Company's ability to continue as a going concern. The consolidated 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.

As at March 31, 2022 the Company had a working capital of $807,076 and an accumulated deficit of $11,560,009.

Global Pandemic

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business, ability to raise funds and the completion of the proposed transactions discussed below.

2. SIGNIFICANT ACCOUNTING POLICIES, BASIS OF PRESENTATION, 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, 2022, 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, 2021 ("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 30, 2022.

Basis of consolidation

The interim financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2022. A subsidiary is an entity controlled by the Company. Specifically, the Company controls an investee if, and only if, the Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary. All intercompany balances and transactions are eliminated in full upon consolidation. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent company and to the non-controlling interests.

The entities contained in the interim financial statements are as follows:

(Unaudited - *Expressed in Canadian Dollars)

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%

All the entities detailed above are collectively referred to as the "New Leaf Group".

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 Financial Statements for the year ended December 31, 2021.

Summary of significant accounting policies

Significant accounting policies applied to these interim financial statements are the same as those applied to the Company's audited consolidated financial statements for the year ended December 31, 2021.

Future changes in accounting policies

The following standards are not yet effective for the three-month periods ended March 31, 2022, and have not been applied in the preparation of the interim financial statements:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. On July 15, 2020 the IASB issued an amendment to defer the effective date by one year. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period.

(Unaudited - *Expressed in Canadian Dollars)

The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that:

- settlement of a liability includes transferring a company's own equity instruments to the counterparty, and
- when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognised as equity.

The adoption of this new standard is not expected to have any impact on the amounts recognized in the Company's consolidated financial statements.

3. SEGMENT REPORTING

The Company operates in one operating segment. 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, 2022, 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 March 31, 2022		As of December 31, 2021
United States	$	3,415,138	$	3,596,804
Total non-current assets	**$**	**3,415,138**	**$**	**3,596,804**

4. 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 was accounted for as a business combination and the purchase price on the acquisition was allocated to net assets acquired in accordance with IFRS 3. The acquisition provides the Company with immediate strategic access and footprint to the US cannabis market, specifically in the state of Washington. 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 based on the following performance criteria as follows:

(Unaudited - *Expressed in Canadian Dollars)

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.

The Performance Warrants were valued using the Black-Scholes Option Pricing model 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.

As at March 31, 2022, the Performance Warrants were re-measured at fair-value of $nil (December 31, 2021 - $nil). Consequently, there was no gain or loss on re-measurement recognized in profit and loss for the three-month period ended March 31, 2022 (March 31, 2021 – Loss on remeasurement of $409,485).

5. PROPERTY AND EQUIPMENT

		Equipment		Leasehold Improvements		Total
Cost						
As at January 1, 2021	**$**	**942,353**	**$**	**7,079**	**$**	**949,432**
Additions		40,124		182,980		223,104
Currency translation adjustment		(3,539)		2,057		(1,482)
As at December 31, 2021	**$**	**978,938**	**$**	**192,116**	**$**	**1,171,054**
Additions		-		-		-
Currency translation adjustment		(14,053)		(2,758)		(16,811)
As at March 31, 2022	**$**	**964,885**	**$**	**189,358**	**$**	**1,154,243**
Accumulated Depreciation						
As at January 1, 2021	**$**	**105,657**	**$**	**-**	**$**	**105,657**
Additions		164,262		28,373		192,635
Currency translation adjustment		1,426		323		1,749
As at December 31, 2021	**$**	**271,345**	**$**	**28,696**	**$**	**300,041**
Additions		42,068		11,589		53,657
Currency translation adjustment		(4,446)		(564)		(5,010)
As at March 31, 2022	**$**	**308,967**	**$**	**39,721**	**$**	**348,688**
Carrying Amount						
As at December 31, 2021	$	707,593	$	163,420	$	871,013
As at March 31, 2022	**$**	**655,918**	**$**	**149,637**	**$**	**805,555**

(Unaudited - *Expressed in Canadian Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2022		December 31, 2021
Trade payables	$	517,141	$	557,264
Accrued liabilities		185,597		181,392
Total accounts payable and accrued liabilities	**$**	**702,738**	**$**	**738,656**

7. 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.

(i) Transactions with the License Holder

During the three-month periods ended March 31, 2022 and 2021 the Company recognized the following revenues from the License Holder:

Revenue type		March 31, 2022		March 31, 2021
Equipment leasing revenue	$	22,792	$	22,788
Service fee revenues		379,860		379,800
Intellectual property licensing revenues		221,585		221,550
Total revenues from License Holder	**$**	**624,237**	**$**	**624,138**

In addition, the Company also incurred the following transactions with the License Holder during the three-month periods ended March 31, 2022:

(i) Accrued interest income on outstanding receivables due from License Holder of $36,064 (March 31, 2021 - $7,353);
(ii) Interest income on lease receivables of $72,993 - Note 8 (March 31, 2021 - $79,147);
(iii) Accretion expense on notes payables of $20,209 (March 31, 2021 - $51,671); and
(iv) Other income of $94,808 (March 31, 2021 - $nil) relating to sub-lease operating expenses (utilities, property tax, insurance) that were incurred by the Company and which are reimbursable by the License Holder (note 8 - sub-tenant)

As at March 31, 2022, there was a balance of $2,474,994 (December 31, 2021 - $1,888,672) due from the License Holder to the Company related to equipment leasing, service fees, and IP licensing during the three-month periods ended March 31, 2022. In addition, there was a balance of $nil (December 31, 2021 - $11,122) due from the Company to the License Holder for reimbursable lease operating costs.

As at March 31, 2022, there was a balance of $2,878,314 (December 31, 2021 - $2,986,444) due from the License Holder to the Company related to the lease receivable. In addition, there was a balance of $14,995 (December 31, 2021 - $15,214) due from the Company to the License Holder for a refundable security deposit.

(Unaudited - *Expressed in Canadian Dollars)

As at March 31, 2022, there were two note payables with aggregate balance of $871,998 (December 31, 2021 - $864,465) due from the Company 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 eight, equal, quarterly instalments totaling US$236,269.

A continuity of notes payable for the period ended March 31, 2022 and December 31, 2021 is as follows:

Balance, January 1, 2021	**$**	**2,415,991**
Accretion expense		159,073
Payment		(1,682,968)
Currency translation adjustment		(27,631)
Balance, December 31, 2021	**$**	**864,465**
Accretion expense		20,209
Currency translation adjustment		(12,676)
Balance, March 31, 2022	**$**	**871,998**

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

Year		**Amount**
2022	$	871,998
2023		-
2024		-
2025		-
2026		-
Thereafter		-
Total	**$**	**871,998**

(ii) Transactions with other related parties

During the three-month periods ended March 31, 2022 the Company had the following transactions with a company controlled by a director of the Company (note 9):

(i) Interest expense on lease obligations of $48,326 (March 31, 2021 - $52,292);
(ii) Due to related party balance of $179,223 relating to accrued rent (December 31, 2021 - $nil)

As at March 31, 2022, there was a balance of $25,314 (December 31, 2021 - $25,683) due from the related party to the Company related to the prepaid rent. In addition, there was a balance of $2,009,052 (December 31, 2021 - $2,083,582) due from the Company to the related party related to a lease obligation between RealEstateCo and a Washington based company which is controlled by a director of the Company.

(Unaudited - *Expressed in Canadian Dollars)

(iii) Key Personnel Compensation

		Three-month period ended March 31, 2022		Three-month period ended March 31, 2021
Directors' fees	$	6,000	$	6,000
Consulting fees		33,000		33,000
Share-based compensation		5,044		222,712
Wages and salaries		70,128		70,116
Total	**$**	**114,172**	**$**	**331,828**

During the three-months ended March 31, 2022, the Company incurred consulting fees of $18,000 (March 31, 2021 - $18,000) to a company controlled by the CEO and consulting fees of $15,000 (March 31, 2021 - $15,000) to a company controlled by the CFO.

As at March 31, 2022, due to related party balances include $6,138 (December 31, 2021 - $5,072) and $3,964 (December 31, 2021 - $4,022), due to directors of the Company and the License Holder respectively. The amounts relate to reimbursable expenses.

8. LEASES

On April 30, 2020, as part of the Acquisition Transaction (note 4), 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 controlled by a director of the Company. Building Lease #2 is between RealEstateCo and an arms-length Washington based company. The Head Leases includes an option to extend for a further 5 years until May 31, 2028. Subsequently, the Company subleased the combined building space to the License Holder, with an option to extend for an additional 5 years until May 31, 2028 (the sub-lease). Under IFRS 16, the Company classified the sub-leases as a finance lease because it is for the whole of the remaining term of the Head Leases.

The Company as a Lessee

The facility is subleased to the License Holder with the Company maintaining the lease obligation on the Head Leases. 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, 2022**		**December 31, 2021**
Balance, beginning of period	**$**	**3,018,323**	**$**	**3,286,164**
Interest expense		69,949		292,513
Payment of lease obligations		(29,990)		(518,535)
Accrued lease payment		(107,307)		(31,219)
Foreign exchange impact		(44,249)		(10,600)
Balance, end of period	**$**	**2,906,726**	**$**	**3,018,323**

(Unaudited - *Expressed in Canadian Dollars)

Minimum lease payments are as follows:

Minimum lease payments for each fiscal year:		
2022	$	422,661
2023(i)		587,706
2024(i)		613,905
2025(i)		634,853
2026(i)		656,849
2027 and thereafter(i)		942,031
Total	**$**	**3,858,005**
Amount representing interest		(951,279)
Less: Current lease obligation		(305,871)
Long-term lease obligation	**$**	**2,600,855**

(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, 2022**		**December 21, 2021**
Balance, beginning of period	**$**	**2,986,444**	**$**	**3,241,823**
Interest income		72,993		304,649
Accrued sublease payments receivable		(137,297)		(549,754)
Foreign exchange impact		(43,826)		(10,274)
Balance, end of period	**$**	2,878,314	**$**	**2,986,444**

The Company fair-valued the acquired lease receivables by present valuing 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 rates implicit in the lease.

Minimum sublease payments receivable are as follows:

Minimum lease payments receivable for each fiscal year:		
2022	$	422,661
2023(i)		587,706
2024(i)		613,905
2025(i)		634,853
2026(i)		656,849
2027 and thereafter(i)		967,345
Total	**$**	**3,883,319**

(Unaudited - *Expressed in Canadian Dollars)

Minimum lease payments receivable for each fiscal year:		
Amount representing interest		(1,005,005)
Less: Current lease receivable		(294,045)
Long-term lease receivable	**$**	**2,584,269**

(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 from May 31, 2023 onward illustrate the potential commitments upon exercise of the extension option.

9. SHARE CAPITAL

Authorized share capital

As at March 31, 2022 and December 31, 2021, the Company is authorized to issue an unlimited number of preferred shares and Class A common shares without par value. The Company has no other classes of common shares that are authorized, issued, or outstanding as at March 31, 2022.

As at March 31, 2022, 5,898,904 (December 31, 2021 – 5,898,904) total common shares outstanding were held in escrow subject to the following escrow release schedule:

- 10% - on the date the Company's securities are listed on a Canadian Exchange (May 4, 2020 - the "Listing Date")
- 15% - 6 months after the Listing Date
- 15% - 12 months after the Listing Date
- 15% - 18 months after the Listing Date
- 15% - 24 months after the Listing Date
- 15% - 30 months after the Listing Date
- 15% - 36 months after the Listing Date

At-the-Market Distributions

On November 15, 2021, the Company established an at-the-market equity program (the "ATM Program") that allows the Company to issue and sell up to $10,000,000 of common shares from treasury to the public, from time to time, and at the Company's discretion. The ATM Program is managed by a broker agent, pursuant to an Equity Distribution Agreement (the "Distribution Agreement"). The agent will be compensated with cash commissions equal to 2% of total gross proceeds raised from any ATM placement. All common shares sold under the ATM Program will be made through sales that are deemed to be "at-the-market distributions" as defined in National Instrument 44-102 – Shelf Distributions, including sales made through the CSE, or any other trading market for the Common Shares in Canada

(Unaudited - *Expressed in Canadian Dollars)

Issued share capital

During the three-month period ended March 31, 2022:

At-the-Market Distributions
During the three-month period ended March 31, 2022 the Company completed a number of ATM placements. An aggregate of 1,282,000 common shares were issued for total proceeds of $111,904. During the three-month periods ended March 31, 2022, the Company incurred total cash commissions of $1,844 from the ATM placements. As at March 31, 2022, $4,296 of the overall net proceeds from the ATM placements had not been transferred to the Company by the agent. The proceeds receivable have been recognized as a share subscription receivable as at March 31, 2022.

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.

During the three-month period ended March 31, 2021, the Company collected $33,330 in gross proceeds 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 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.

Warrants

The changes in warrants during the three-month periods ended March 31, 2022 and December 31, 2021 are as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, January 1, 2021	**26,072,306**	**$**	**0.31**
Issued (i)	3,486,660		0.40
Exercised	(11,907,417)		0.32
Expired (ii)	(751,549)		0.39
Balance, December 31, 2021, and March 31, 2022	**16,900,000**	**$**	**0.32**

There was no issuance, exercise, or expiration of warrants during the three months period ended March 31, 2022.

(i) The Company issued 420,000 November Agent Warrants in connection with the November Public Offering. The November Agent Warrants were exercisable into Units which were further comprised of a common share of the Company and one-half of one common share purchase warrant. The November

(Unaudited - *Expressed in Canadian Dollars)

Agent Warrants were fair-valued using the Black Scholes option pricing model and the Geske compound option pricing model with the following weighted average input assumptions:

	Black-scholes option model inputs
Share price at grant date ($)	$ 0.23
Exercise Price	$ 0.25
Expected annual volatility	152.7%
Expected life (in years)	2.00
Expected dividend yield	0%
Risk-free interest rate	1.04%
Fair value per warrant	$0.16

	Geske compound option model inputs
Share price at grant date ($)	$ 0.23
Exercise price of compound warrant ($)	$ 0.001
Exercise price of underlying warrant	$ 0.250
Expected annual volatility	152.7%
Expected life compound warrant (in years)	1.99
Expected life underlying warrant (in years)	2.00
Expected dividend yield	0%
Risk-free interest rate	1.04%
Fair value per warrant	$0.163

(ii) On March 2, 2021, the Company accelerated the expiry of 751,549 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.

Subsequent Measurement of Performance Warrants

As part of the Acquisition Transaction (note 4), the Company previously issued 4,000,000 Performance Warrants which 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. The Performance Warrants were assessed to be a derivative liability in accordance with IFRS 9 and were measured at fair value on acquisition date using the Black Scholes option pricing model at initial recognition. Subsequently, the Performance Warrants are re-measured to fair-value at each reporting period end date.

(Unaudited - *Expressed in Canadian Dollars)

The Performance Warrants were re-measured as at March 31, 2022 with a resulting fair-value of $nil determined (December 31, 2021 - $nil). Consequently, no gain or loss on re-measurement was recognized in profit and loss for the three-month period ended March 31, 2022 (March 31, 2021 – loss on re-measurement of $409,485).

As at March 31, 2022, warrants outstanding are as follows:

Number of Warrants Outstanding	Number of Warrants Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
9,480,000	9,480,000	0.40	June 19,2022	0.22
4,000,000	-	0.02	April 30, 2023	1.08
3,000,000	3,000,000	0.40	November 1, 2023	1.59
420,000	420,000	0.25	November 1, 2023	1.59
16,900,000	**12,900,000**	**$ 0.31**		**0.70**

10. 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 Company, shall not exceed 15% of the Company’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

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

(Unaudited - *Expressed in Canadian Dollars)

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 Company. 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 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, 2022 and 2021 comprised the following:

	March 31, 2022	March 31, 2021
Stock Options (a)	**$ 20,076**	**$ 298,250**

(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.
The changes in share options during the three-month periods ended March 31, 2022 and December 31, 2021 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2020	**1,725,000**	**$ 0.31**
Granted	1,375,000	0.28
Exercised (i)	(625,000)	0.26
Balance, December 31, 2021 and March 31, 2022	**2,475,000**	**$ 0.31**

There was no issuance, exercise, or expiration of stock options observed during the three months period ended March 31, 2022.

(i) The weighted average share price at the date of exercise of options exercised during the year ended December 31, 2021 was $0.64.

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

	Year ended December 31, 2021
Share price at grant date ($)	$ 0.28
Exercise Price	$ 0.28
Expected annual volatility	129% - 133%
Expected life (in years)	5.00
Expected dividend yield	0%
Risk-free interest rate	0.42% - 0.92%
Fair value per option	$ 0.24

(Unaudited - *Expressed in Canadian Dollars)

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 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.

There were no stock options granted during the three-month period ended March 31, 2022. The total fair value of stock options granted during the three-month periods ended March 31, 2021 was $209,125.

Stock options outstanding and exercisable at March 31, 2022 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
125,000	125,000	$ 0.25	November 15, 2024	2.63
625,000	625,000	$ 0.28	January 15, 2026	3.80
500,000	500,000	$ 0.28	September 22, 2026	4.48
1,225,000	478,750	$ 0.34	November 10, 2031	9.62
2,475,000	**1,728,750**	**$ 0.31**		**6.76**

(b) 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 periods ended March 31, 2022 and 2021, the Company did not issue any RSRs and there are no RSRs outstanding.

(c) 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 periods ended March 31, 2022 and 2021, the Company did not issue any DSUs and there were no DSUs outstanding.

11. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash, receivables, 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 to related parties and lease receivable from related parties approximate their carrying value as they were recently fair valued as part of the acquisition purchase price allocation using a market rate of interest. Derivative warrant liability is carried at fair value and revalued at each reporting date.

(Unaudited - *Expressed in Canadian Dollars)

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

As at March 31, 2022 and December 31, 2021, the financial instruments recorded at fair value on the statement of financial position are cash and derivate liability which are measured using Level 1 and Level 3 respectively of the fair value hierarchy.

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

	March 31, 2022	FVTPL	Amortized costs
ASSETS	**$**	**$**	**$**
Cash	67,837	67,837	-
Receivables	46,640	-	46,640
Due from related party	2,474,994	-	2,474,994
Lease receivable	2,878,314	-	2,878,314
Share subscription receivable	4,296	-	4,296
LIABILITIES			
Accounts payable and accrual liabilities	702,738	-	702,738
Due to related party	189,326	-	189,326
Notes payable	871,998	-	871,998
Derivative liability	-	-	-

	December 31, 2021	FVTPL	Amortized costs
ASSETS	**$**	**$**	**$**
Cash	58,805	58,805	-
Receivables	42,572	-	42,572
Due from related party	1,888,672	-	1,888,672
Lease receivable	2,986,444	-	2,986,444
Share subscription receivable	73,198	-	73,198
LIABILITIES			
Accounts payable and accrual liabilities	738,656	-	738,656
Due to related party	11,122	-	11,122
Notes payable	864,465	-	864,465
Derivative liability	-	-	-

For the three-month periods ended March 31, 2022 and year ended December 31, 2021, the Company has no financial instruments measured at FVTOCI.

Capital and Risk Management

The Company's objective and polices for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company defines the components of its capital structure as being notes payables and shareholder's equity. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the period. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close cooperation with management.

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 for balances due from the License Holder since the License Holder has been paying its obligations to the Company. The Company does not have significant credit risk with respect to 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, 2022, all of the Company's financial liabilities have maturities of less than one year. As at March 31, 2022, the Company had cash of $67,837 (December 31, 2021 – $58,805) and a working capital of $807,076 (December 31, 2021 – working capital of $429,910) 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

(Unaudited - *Expressed in Canadian Dollars)

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:

	March 31, 2022	December 31, 2021
ASSETS	**$**	**$**
Due from related party	2,474,994	1,888,672
Lease receivables	2,878,314	2,986,444
LIABILITIES		
Accounts payable and accrual liabilities	443,177	372,421
Due to related party	189,326	11,122
Notes payable	871,998	864,465
Lease obligation	2,906,726	3,018,323

Assuming all other variables remain constant, a fluctuation of +/- 5.0% in the exchange rate between CAD and USD would impact the net loss for the period by approximately $11,840 (March 31, 2021 – $34,413).

12. SUPPLEMENTAL CASH FLOW INFORMATION

The following are non-cash investing and financing activities that occurred during the three-month periods ended March 31, 2022 and 2021

		March 31, 2022		March 31, 2021
Share subscription receivable	$	-	$	49,200
Movement from reserve on exercise of options		-		99,831
Movement from reserve on exercise of warrants		-		21,295
Accrued sublease payments receivable		109,873		133,741

During the three-month periods ended March 31, 2022, the Company made cash payments of $nil (March 31, 2021 - $nil) related to taxes and $11,434 related to interest (March 31, 2021 - $105,721).

13. INCOME / (LOSS) PER SHARE

		Three-month ended		
For the period		**March 31, 2022**		**March 31, 2021**
Net Income / (loss) from continuing operations	$	184,407	$	(1,739,547)
Basic weighted average number of common shares outstanding		58,849,384		43,961,204
Income / (loss) per share - basic	$	0.00	$	(0.04)
Diluted weighted average number of common shares outstanding		61,676,025		43,961,204

(Unaudited - *Expressed in Canadian Dollars)

	Three-month ended	
For the period	**March 31, 2022**	**March 31, 2021**
Income / (loss) per share - diluted	$ 0.00	$ (0.04)

For the three-month period ended March 31, 2022, the diluted income per share calculation did not take into consideration the potential dilutive effect of the stock options as all the instruments were anti-dilutive.

For the three-month period ended March 31, 2021, the diluted loss per share calculation did not take into consideration the potential dilutive effect of the stock options or share purchase warrants as all the instruments were anti-dilutive.

Weighted average number of shares used as the denominator

	Three-month ended	
For the period	**March 31, 2022**	**March 31, 2021**
Weighted average number of ordinary shares used as the denominator in calculating basic income / (loss) per share	58,849,384	43,961,204
Adjustments for calculation of diluted earnings per share		
Warrants	2,826,641	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted income / (loss) per share	61,676,025	43,961,204

14. SUBSEQUENT EVENTS

Subsequent to the three-month periods ended March 31, 2022, the Company continued its ATM distribution efforts and has sold and issued an aggregate of 246,000 common shares resulting in total proceeds of $20,975. During the period subsequent to March 31, 2022, the Company incurred total cash commissions of $268 from the ATM Placements.