

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

RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED MARCH 31, 2020 AND 2019

(Expressed in Canadian dollars)

NOTICE TO READERS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Mydecine Innovations Group Inc. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity’s auditor.

The Audit Committee, in consultation with management of the Company, has determined that the Company’s previously filed unaudited condensed consolidated interim financial statements and management’s discussion and analysis for the three months ended March 31, 2020 needed to be restated to correct for a content and disclosure deficiency. Adjustments were also made to correct the values assigned to intangible assets and share capital.

Details of the changes are fully described in Note 13 to the Restated Unaudited Condensed Consolidated Interim Financial Statements as filed on SEDAR on November 30, 2020.

The previously filed financial statements and management’s discussion and analysis for the financial periods were originally filed by the Company on SEDAR on July 15, 2020. Each of the Restated Unaudited Condensed Consolidated Interim Financial Statements and Revised MD&A replaces and supersedes the respective previously filed original financial statements and related management’s discussion and analysis. There have been no other changes. This notice supersedes the previously filed version.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

| As at | March 31, 2020 (restated) \$ | December 31, 2019 (restated) \$ |
|---|---|--|
| Current assets | | |
| Cash | 7,551 | 18,209 |
| Accounts Receivable | 15,348 | - |
| Loans receivable (Note 7) | 6,347 | 12,015 |
| Inventory (Note 8) | 505,605 | 501,658 |
| Prepaid and deposits (Note 4) | 106,790 | 69,149 |
| Non - Current assets | 641,641 | 601,031 |
| Deposit on acquisition (Note 4) | - | 66,170 |
| Right-of-use asset (Note 9) | 63,731 | 69,305 |
| Property, plant and equipment (Note 6) | 4,536,206 | 4,551,728 |
| Total assets | 5,241,578 | 5,288,234 |
| Current liabilities | | |
| Accounts payable | 164,365 | 135,805 |
| Accrued liabilities | 105,923 | 33,112 |
| Lease liability (Note 9) | 38,238 | 38,238 |
| | 308,526 | 207,155 |
| Non – Current liabilities | | |
| Long term lease liability (Note 9) | 11,896 | 24,143 |
| Total liabilities | 320,422 | 231,298 |
| Shareholders' equity | | |
| Shares capital (Note 10) | 62,885,794 | 62,885,704 |
| Accumulated other comprehensive loss | (116,891) | 551 |
| Contributed surplus | 7,414,026 | 7,239,998 |
| Deficit | (65,261,773) | (65,069,407) |
| Total shareholders' equity | 4,921,156 | 5,056,936 |
| Total liabilities and shareholders' equity | 5,241,578 | 5,288,234 |

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

Approved on behalf of the Board on November 30, 2020

“Michael Connelly”
 Director – Michael Connelly

“David Joshua Barch”
 Director – David Joshua Barch

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

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE
LOSS
(EXPRESSED IN CANADIAN DOLLARS)

| | Three months ended | |
|--|--------------------|--------------------|
| | March 31, 2020 | March 31, 2019 |
| | \$ | \$ |
| Sales | 4,575 | 29,642 |
| Rental income | 47,883 | - |
| Cost of goods sold | (2,875) | (20,892) |
| | 49,583 | 8,750 |
| Expenses | | |
| Advertising | 4,978 | 5,053 |
| Amortization (Note 6) | 27,428 | 16,109 |
| Bank charges | 696 | 3,064 |
| Consulting (Note 13) | 4,270 | 532,855 |
| Director and management fees (Note 13) | 117,617 | 161,010 |
| Foreign exchange loss (gain) | (127,964) | 14,978 |
| Interest (Note 9) | 248 | 28,611 |
| Office and miscellaneous | 13,117 | 66,467 |
| Rent | - | 5,207 |
| Professional fees | 25,474 | 91,550 |
| Transfer agent, listing and filing fees | 2,057 | 9,115 |
| Share based payments (Note 10) | 174,028 | 621,974 |
| Total expenses | 241,949 | 1,555,993 |
| Loss for the period | (192,366) | (1,547,243) |
| Foreign currency translation adjustment | - | 26,643 |
| Comprehensive loss for the period | (192,366) | (1,520,600) |
| Loss and comprehensive loss per share | (0.01) | (0.21) |
| Weighted average number of shares outstanding | 33,438,205 | 7,363,618 |

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

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

| | Number of Shares | Share Capital | Contributed Surplus* | Accumulated Other Comprehensive Income (loss) | Deficit | Shareholders' Equity |
|--|---------------------|----------------------|-------------------------|--|------------------------|-------------------------|
| Balance, December 31, 2019 | 33,438,205 | \$ 49,815,205 | \$ 7,239,998 | \$ 551 | \$ (47,018,818) | \$ 10,036,936 |
| Share based compensation | - | - | 174,028 | - | - | 174,028 |
| Change in AOCI | - | - | - | (117,442) | - | (117,442) |
| Loss and comprehensive loss for the period | - | - | - | - | (192,366) | (192,366) |
| Balance, March 31, 2020 | 33,438,205 | 49,815,205 | 7,414,026 | (116,891) | (47,211,184) | 9,901,156 |
| Balance, December 31, 2018 | 7,040,181 | \$ 62,885,794 | \$ 6,461,551 | \$ (55,656) | \$ (65,069,407) | \$ 5,056,936 |
| Exercise of options | 345,778 | 826,600 | - | - | - | 826,600 |
| Fair value of options transferred | - | 928,096 | (928,096) | - | - | - |
| Shares issued in acquisition of DFW | 345,280 | 1,009,944 | - | - | - | 1,009,944 |
| Share based compensation | - | - | 621,974 | - | - | 621,974 |
| Foreign currency translation adjustment | - | - | - | 29,013 | - | 29,013 |
| Loss and comprehensive loss for the period | - | - | - | - | (1,547,243) | (1,547,243) |
| Balance, March 31, 2019 | 7,731,239 | 62,885,794 | 6,155,429 | (26,643) | (65,261,773) | 4,921,156 |

*Contributed surplus consists of fair values of stock options and warrants.

**MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)**

| For the period ended, | March 31, 2020 | March 31, 2019 |
|--|-----------------------|-----------------------|
| Cash flows used in | | |
| Operating activities | | |
| Loss and comprehensive loss for the period | \$ (192,366) | \$ (1,547,243) |
| Items not affecting cash: | | |
| Amortization | 27,428 | 16,109 |
| Foreign exchange | (122,061) | 1,394 |
| Interest expense | - | 28,611 |
| Shares based payments | 174,028 | 621,974 |
| | (112,971) | (879,155) |
| Changes in non-cash working capital items: | | |
| Amounts receivable | (15,348) | (8,583) |
| Prepaid and deposits | 28,529 | 118,254 |
| Accounts payable and accrued liabilities | 101,371 | 31,740 |
| Net cash used in operating activities | 1,581 | (737,744) |
| Investing activities | | |
| Loans receivable | 5,668 | - |
| Lease payments | (18,487) | - |
| Net cash provided from investing activities | (12,819) | - |
| Financing activities | | |
| Exercise of stock options | - | 826,600 |
| Net cash provided from financing activities | - | 826,600 |
| Foreign exchange on cash | 640 | (4,809) |
| Increase in cash and cash equivalents during the period | (11,238) | 88,856 |
| Cash and cash equivalents, beginning of the period | 18,149 | 11,157 |
| Cash and cash equivalents, end of the period | \$ 7,551 | \$ 95,204 |

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

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE PERIOD ENDED March 31, 2020 AND 2019
EXPRESSED IN CANADIAN DOLLAR

1. NATURE AND CONTINUANCE OF OPERATIONS

Mydecine Innovations Group Inc. (formerly NewLeaf Brands Inc.) (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on September 27, 2013, under the name 0981624 B.C. Ltd. The Company subsequently changed its name to New Age Farm Inc. on April 10, 2014, to New Age Brands Inc. on November 14, 2018, to NewLeaf Brands Inc. on April 12, 2019 and to Mydecine Innovations Group Inc. on June 5, 2020. The Company is listed on the Canadian Securities Exchange, Over-The-Counter Market and the Frankfurt Stock Exchange and its common shares are traded under the tickers CSE:MYCO, OTC: MYCOF, FSE:0NF respectively. The Company’s principal business is the development, market and distribution of Cannabidiol (“CBD”), Psilocybin products and operation of real estate and farm properties in North America.

The registered address, head office, principal address and records office of the Company are located at Suite 810 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

At March 31, 2020, the Company had not yet achieved profitable operations, has accumulated losses of \$65,261,773 (December 31, 2019 - \$65,069,407) since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these condensed interim consolidated financial statements.

Statement of Compliance, Consolidation and Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and therefore, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2019.

The Company’s structure is represented by Mydecine Innovations Group Inc. parent company, and the following subsidiaries:

| Name | Incorporated in | Interest |
|------------------------------|-----------------|----------|
| New Age Farm Washington, LLC | US | 100% |
| 1176392 B.C. Ltd. | Canada | 100% |
| Kured Latin America, LLC | US | 100% |
| Tealief Brands, LLC | US | 100% |
| Relyfe Brands, LLC | US | 100% |
| Drink Fresh Water | US | 100% |

All inter-company transactions and balances have been eliminated in the Financial Statements presentation. These Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in the below.

**MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2020 AND 2019
EXPRESSED IN CANADIAN DOLLAR**

2. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

In preparing these Financial Statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2019, with exception to the new accounting standards adopted by the Company discussed below.

The preparation the Financial Statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

3. BINDING LETTER OF INTENT

Trellis Holdings Oregon LCC .

On February 4, 2020, the Company entered into a binding letter of intent (the "LOI") with Trellis Holdings Oregon LCC ("Trellis") to acquire 37.5% of all of the issued and outstanding share capital of Trellis by way of a share exchange (the "Transaction").

Subsequent to period ended March 31, 2020, the Company completed the Transaction (Note 15).

4. PREPAIDS AND DEPOSITS

| | March 31, 2020 | December 31, 2019 |
|------------|-----------------------|-------------------|
| | \$ | \$ |
| Consulting | 25,000 | 53,499 |
| Deposit | 66,170 | - |
| Rent | 15,620 | 15,650 |
| | 106,790 | 69,149 |

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5. PROPERTY, PLANT AND EQUIPMENT

| | Sumas – Property and Facility \$ | Oroville – Property and Facility \$ | Equipment \$ | Land \$ | Building \$ | Total \$ |
|---------------------------------|---|--|-----------------|------------|----------------|-------------|
| Cost | | | | | | |
| Balance at December 31, 2018 | 196,609 | 1,052,869 | 23,960 | 3,061,800 | 1,567,259 | 5,905,497 |
| Additions | - | - | - | - | - | - |
| Balance, December 31, 2019 | 196,609 | 1,052,869 | 23,960 | 3,061,800 | 1,567,259 | 5,905,497 |
| Additions | - | - | - | - | - | - |
| Balance, March 31, 2020 | 196,609 | 1,052,869 | 23,960 | 3,061,800 | 1,567,259 | 5,905,497 |
| Accumulated amortization | | | | | | |
| Balance at December 31, 2018 | 199,609 | 1,052,869 | 15,746 | - | 20,897 | 1,289,121 |
| Amortization | - | - | 1,958 | - | 62,690 | 64,648 |
| Balance, December 31, 2019 | 199,609 | 1,052,869 | 17,704 | - | 83,587 | 1,353,769 |
| Amortization | - | - | 301 | - | 15,673 | 15,974 |
| Foreign Exchange | - | - | (452) | - | - | (452) |
| Balance, March 31, 2020 | 199,609 | 1,052,869 | 17,553 | - | 99,260 | 1,369,291 |
| Net book values | | | | | | |
| December 31, 2019 | - | - | 6,256 | 3,061,800 | 1,483,672 | 4,551,728 |
| March 31, 2020 | - | - | 6,407 | 3,061,800 | 1,467,999 | 4,536,206 |

6. LOAN RECEIVABLE

| | Arm's Length Receivable \$ |
|----------------------------|-------------------------------|
| Balance, December 31, 2018 | 68,210 |
| Amount collected | (45,458) |
| Loss on settlement of debt | (7,487) |
| Foreign exchange | (3,250) |
| Balance, December 31, 2019 | 12,015 |
| Amount collected | (5,668) |
| Balance, March 31, 2020 | 6,347 |

During the year ended December 31, 2017, the Company has loaned \$387,063 (USD\$300,000) to a third party. Due to uncertainty in collectability of some of a loan amount, the Company has made a reserve of \$96,766 (USD\$75,000) on this loan as at December 31, 2017. This loan is non-interest bearing, non-secured with no fixed terms of repayment. During the six month period ended June 30, 2019, the Company entered into a Settlement Agreement (“Settlement Agreement”) to collect USD \$50,000 (CAD \$68,210). Pursuant to the terms of the Settlement Agreement, the Company will be repaid USD \$5,000 per month for 10 months from the effective date. During the period ended March 31, 2020, the Company received \$5,668 (US \$5,000).

7. INVENTORY

Inventory consists of finished goods such as vape, CBD capsules and tea products. As at March 31, 2020, the company had inventory of \$505,605 (December 31, 2019 - \$501,658)

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8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company primarily lease is an office space. The office lease term is 3 years. The adoption of IFRS 16 has resulted in the Company recognizing a right-of-use asset and lease liability on the Consolidated Statement of Financial Position for office leases with firm periods of greater than one year. The Company recognized its right-of-use asset and lease liability for this lease based on the present value of future minimum lease payments, whereas previously no right-of-use asset or lease liability was recognized. The Company used a discount rate of 15%.

The following is a continuity schedule of right-of-use assets for the three months ended March 31, 2020:

| Right-of-use Foreign Exchange assets | Office Lease \$ |
|--------------------------------------|--------------------|
| Balance, December 31, 2019 | 69,305 |
| Depreciation | (8,439) |
| Foreign Exchange | 2,865 |
| Balance, March 31, 2020 | 63,731 |

The following is a continuity schedule of lease liabilities for the three months ended March 31, 2020:

| Lease liabilities | Office Lease \$ |
|----------------------------|--------------------|
| Balance, December 31, 2019 | 62,381 |
| Payments | (13,031) |
| Foreign Exchange | 784 |
| Balance, March 31, 2020 | 50,134 |
| Less: current portion | 38,238 |
| Non-current portion | 11,896 |

9. SHARE CAPITAL

(a) Authorized: Unlimited common shares without par value

Issued: 33,438,205 common shares (December 31, 2019: 33,438,205 common shares)

The Company had no share capital transactions during the three-month period ended March 31, 2020 and 2019.

(b) Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") dated which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with stock exchanges requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company and that the number of common shares reserved for issuance pursuant to options granted to all consultants or persons conducting investing relations activities will not exceed 2% of the issued and outstanding common shares within any 12-month period. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

On February 21, 2020, the Company granted 217,533 stock options at an exercise price of \$0.095 per option with a term of five years expiring February 21, 2025. The grant date fair value of the options was measured at \$20,693. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price – \$0.10; exercise price - \$0.10; expected life - 5 years; volatility – 186%; dividend yield - \$0; and risk-free rate – 1.34%.

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9. SHARE CAPITAL (CONTINUED)

(b) Stock Options (continued)

On March 17, 2020, the Company granted 2,400,000 stock options with an exercise price of \$0.06 and term of 5 years expiring on March 17, 2025. The grant date fair value of the options was measured at \$137,665. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.06; exercise price - \$0.06; expected life - 5 years; volatility – 186%; dividend yield - \$0; and risk-free rate – 0.77%.

On March 20, 2020, the Company granted 234,000 stock options with an exercise price of \$0.07 and term of 5 years expiring on March 20, 2025. The grant date fair value of the options was measured at \$15,670. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.07; exercise price - \$0.07; expected life - 5 years; volatility – 187%; dividend yield - \$0; and risk-free rate – 0.73%.

During the period ended March 31, 2020, the Company cancelled (2,634,664) stock options with an exercise price ranging from \$0.29 to \$9.00.

As at March 31, 2020, the Company had stock options outstanding and exercisable enabling holders to acquire the following:

| Number of Shares | Exercise Price | Expiry Date |
|------------------|----------------|-------------------|
| 491,624 | \$0.47 | June 21, 2024 |
| 217,533 | \$0.095 | February 21, 2025 |
| 2,400,000 | \$0.06 | March 17, 2025 |
| 134,000 | \$0.07 | March 20, 2025 |
| 100,000 | \$0.07 | March 20, 2025 |
| 3,343,157 | \$0.12 | |

A summary of the status of the Company's stock options outstanding and exercisable as at March 31, 2020 and December 31, 2019, and changes during those years is presented below:

| | Number of Options | Weighted Average Exercise Price |
|----------------------------|-------------------|---------------------------------|
| Balance, December 31, 2018 | 606,887 | \$ 3.73 |
| Granted | 3,302,955 | 0.50 |
| Expired/cancelled | (437,776) | (3.74) |
| Exercised | (345,778) | 2.39 |
| Balance, December 31, 2019 | 3,126,288 | \$ 0.46 |
| Granted | 2,851,533 | 0.06 |
| Expired/cancelled | (2,634,664) | (0.45) |
| Balance, March 31, 2020 | 3,343,157 | \$ 0.12 |

The stock options have a weighted average remaining life of 4.21 years.

(c) Warrants

As at March 31, 2020, the Company had warrants outstanding and exercisable enabling holders to acquire the following:

| Number of Shares | Exercise Price | Expiry Date |
|------------------|----------------|----------------|
| 34,889 | \$6.75 | April 15, 2020 |

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9. SHARE CAPITAL (CONTINUED)

(c) Warrants (continued)

A summary of the status of the Company's stock options outstanding and exercisable as at March 31, 2020 and December 31, 2019, and changes during those years is presented below:

| | Number of warrants | Weighted Average Exercise Price |
|----------------------------|-----------------------|------------------------------------|
| Balance, December 31, 2018 | 174,888 | 8.81 |
| Expired | (88,888) | (10.80) |
| Balance, December 31, 2019 | 86,001 | 6.75 |
| Expired | (51,112) | 6.75 |
| Balance, March 31, 2020 | 34,889 | \$ 6.75 |

10. CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes cash, due to related parties, loan payable, notes payable, and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required.

In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and expects to raise additional amounts as needed. The Company will continue to assess new business and seek to acquire an interest in additional business if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and all are held in major Canadian financial institutions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended June 30, 2019. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK FACTORS

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

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

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11. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

(a) Fair values (Continued)

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level. The company's cash and cash equivalents have been valued using Level 1 inputs.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September, 2019 as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|---------|
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| | 15,348 | - | - | 15,348 |
| Loans receivable | 6,347 | - | - | 6,347 |
| Cash | 7,551 | - | - | 7,551 |
| | 29,246 | - | - | 29,246 |
| Financial Liabilities | | | | |
| Accounts payable and accrued liabilities | 263,788 | - | - | 263,788 |
| | 263,788 | - | - | 263,788 |

(b) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after taking into account existing cash. The Company's cash is held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments.

As at March 31, 2020, the Company had cash of \$7,551 to settle current liabilities of \$320,422. The Company has accounts payable of \$164,365 (2019 - \$135,805).

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets. The Company is not susceptible to interest rate fair value risk on its note payables that bear fixed interest rates.

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12. RELATED PARTY TRANSACTIONS

The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

- a) Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

| <i>Management Compensation</i> | Director fees |
|------------------------------------|---------------|
| <i>Period ended March 31, 2020</i> | \$ |
| Director of the Company | 30,165 |
| Benjamin Martch, CEO of WAK | 30,245 |
| Joshua Bartch, CEO Of the Company | 30,244 |
| Total | 90,654 |

| <i>Management Compensation</i> | Director fees | Consulting Fees |
|------------------------------------|----------------|-----------------|
| <i>Period ended March 31, 2019</i> | \$ | \$ |
| Company controlled by a director | 50,388 | 13,364 |
| Benjamin Martch, CEO of WAK | 50,233 | - |
| Joshua Bartch, CEO Of the Company | 60,389 | - |
| Total | 161,010 | 720,204 |

- b) As at March 31, 2020 accounts payable and accrued liabilities were due to related parties of \$60,811 (2019 - \$13,364).

13. RESTATEMENTS

Subsequent to the issuance of the Company's unaudited condensed interim consolidated financial statements for the period ended March 31, 2020 on July 15, 2020 and the year ended December 31, 2019 filed on June 2, 2020, management had determined that these financial statements needed to be restated to correct for Acquisition of assets. It was determined that the acquisitions of intangible assets were not properly recorded for the year ended December 31, 2019. As a result, intangible assets decreased by \$4,980,000 and share capital increased by \$13,070,589 on the condensed interim consolidated statement of financial position and the consolidated statements of changes in shareholders' equity as at March 31, 2020 and December 31, 2019.

The effects of the restatement on the condensed interim consolidated statement of financial position as at March 31, 2020 are summarized below. There is no impact on the statements of cash flows and condensed interim consolidated statement of loss and comprehensive loss.

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13. RESTATEMENTS (CONTINUED)

Condensed Interim Consolidated Statement of Financial Position as at March 31, 2020:

| | Previously reported | Adjustments | Restated |
|--|---------------------|--------------|--------------|
| | \$ | \$ | \$ |
| Assets | | | |
| Current assets | 641,641 | - | 641,641 |
| Non-current assets | 9,579,937 | (4,980,000) | 4,599,937 |
| Total assets | 10,221,578 | (4,980,000) | 5,241,578 |
| Liabilities | | | |
| Current liabilities | 308,526 | - | 308,526 |
| Non-current liabilities | 11,896 | - | 11,896 |
| Total liabilities | 320,422 | - | 320,422 |
| Shareholders' equity | | | |
| Share capital | 49,815,205 | 13,079,589 | 62,885,794 |
| Accumulated other comprehensive loss | (116,891) | - | (116,891) |
| Contributed surplus | 7,414,026 | - | 7,414,026 |
| Deficit | (47,211,184) | (18,050,589) | (65,261,773) |
| Total shareholders' equity | 9,901,156 | (4,980,000) | 4,921,156 |
| Total liabilities and shareholders' equity | 10,221,578 | (4,980,000) | 5,241,578 |

14. SUBSEQUENT EVENTS

On May 20, 2020 the Company signed a non-binding letter of intent ("LOI") to acquire 100% of Mindleap Health Inc. ("Mindleap"), in exchange for 6,363,636 common shares, \$500,000 in cash upon closing of the LOI and \$500,000 before, or on, September 1, 2020. Mindleap has an advanced digital health platform that helps connect people with mental health specialists.

On June 9, 2020, the Company entered into a non-binding LOI with NeuroPharm Inc., a Canadian-based healthcare company. Pursuant to terms of the NeuroPharm LOI, the Company will acquire 100% of NeuroPharm for 6,666,667 common shares. The Company will pay a finder's fee on the Acquisition. The completion of the Acquisition is subject to a number of conditions, including, but not limited to, the execution of a definitive agreement, completion of satisfactory due diligence, and receipt of applicable regulatory approvals. There can be no assurance that the Acquisition will be completed as proposed, or at all.

On June 19, 2020, the Company issued 8,000,000 Units for gross proceeds of \$2,400,000. Each Unit was issued at a price of CAD\$0.30 and comprised of one common share of the Company (each a "Common Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant") of the Company. Each Warrant is exercisable to acquire one Common Share of the Company for a period of 24 months following the closing date at an exercise price of CAD\$0.50 per Common Share.

Subsequent to the period ended March 31, 2020, the Company entered into a definitive agreement to acquire 37.5% of the issued and outstanding share capital of Trellis Holdings Oregon Op LLC ("Trellis"). Trellis has been operating since 2015 and holds various licenses in the state of Oregon, and operates in the medical and recreational cannabis markets. Trellis maintains an 11 acre recreational cultivation property in southern Oregon and operates a medical and recreational cannabis dispensary in Portland, Oregon. Pursuant to the terms of the agreement, the Company issued 28,000,000 common shares of the Company.

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14. SUBSEQUENT EVENTS (CONTINUED)

Subsequent to the period ended March 31, 2020, the Company entered into a definitive agreement to acquire 100% of Mydecine Group (“Mydecine”). Pursuant to the terms of the arrangement, the Company issued 17,000,000 common shares and 1,360,000 common shares to an arm’s length finder. Mydecine is a vertically integrated company engaged to utilize medicinal, health and wellness capabilities found in mushroom and fungi. The Company intends to complete research and development, as well as cultivate and process compounds found in mushroom and fungi.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2020.