

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED SEPTEMBER 30, 2020 AND 2019

(Expressed in Canadian dollars)

(Unaudited)

Amended and Restated

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

As at,	September 30, 2020 (restated) \$	December 31, 2019 \$
Current		
Cash	620,476	18,209
Amounts receivable	60,100	-
Loan receivable (Note 9)	-	12,015
Inventory	41,608	501,658
Prepays and deposits (Note 6)	866,778	69,149
	1,588,962	601,031
Non-current assets		
Deposit on acquisition	-	66,170
Intangible assets (Note 6)	1,742,187	-
Interest in equity investee (Note 5)	2,801,400	-
Right-of-use asset (Note 10)	293,803	69,305
Goodwill (Note 4)	1,488,769	-
Property, plant and equipment (Note 8)	4,754,140	4,551,728
Total assets	12,669,261	5,288,234
Current liabilities		
Accounts payable	672,569	135,805
Accrued liabilities	111,605	33,112
Derivative liability (Note 11)	1,037,468	-
Lease liability (Note 10)	130,921	38,238
	1,952,563	207,155
Non-current liabilities		
Contingent consideration (Notes 3 and 4)	2,905,244	-
Long term lease liability (Note 10)	179,531	24,143
Total liabilities	5,037,338	231,298
Shareholders' equity		
Shares capital (Note 12)	77,520,312	62,885,794
Accumulated other comprehensive loss	(152,108)	551
Obligation to issue shares	3,658	-
Contributed surplus	12,721,984	7,239,998
Deficit	(82,461,923)	(65,069,407)
Total shareholders' equity	7,631,923	5,056,936
Total liabilities and shareholders' equity	12,669,261	5,288,234

Nature and continuance of operations (Note 1)

Subsequent events (Note 16)

Approved on behalf of the Board on February 1, 2021

"Damon Michael"

Director – Damon Michael

"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.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2020 (restated) \$	September 30, 2019 \$	September 30, 2020 (restated) \$	September 30, 2019 \$
Sales	17,158	41,871	43,391	100,175
Rental income	45,293	43,574	141,715	99,586
Cost of goods sold	(21,153)	(19,655)	(31,829)	(51,821)
	41,298	65,790	153,277	147,940
Expenses				
Accretion (Note 10)	(19,151)	-	(19,151)	-
Advertising	(325,038)	(14,769)	(1,099,728)	(30,094)
Amortization (Note 7, 8 and 10)	(61,886)	(16,116)	(128,926)	(48,353)
Consulting	(461,623)	(140,664)	(1,744,009)	(862,759)
Director and management fees (Note 15)	(186,520)	(91,539)	(367,622)	(368,270)
Foreign exchange gain (loss)	21,233	21,262	158,014	(24,057)
Office and miscellaneous	(113,441)	(31,784)	(170,235)	(164,020)
Professional fees	(43,255)	(84,349)	(143,088)	(162,016)
Regulatory fees	(12,644)	(17,245)	(27,091)	(39,703)
Research and development	(433,408)	-	(434,791)	-
Share based payments (Notes 12 and 15)	(3,715,421)	(531,182)	(4,725,174)	(1,153,156)
Total expenses	(5,351,154)	(906,386)	(8,701,801)	(2,852,428)
Other income (expense)				
Consideration paid in excess of net assets acquired from acquisitions (Note 3)	(7,468,417)	-	(7,468,417)	-
Derivative liabilities (Note 11)	(740,434)	-	(740,434)	-
Distribution expense (Note 3)	270,000	-	(225,000)	-
Gain (loss) on settlement of debts (Note 12)	21,879	-	33,304	(49,162)
Income from equity investee (Note 5)	7,470	-	15,441	-
Other income	35	-	35	-
Write-off of inventory	(458,921)	-	(458,921)	-
	(8,368,388)	-	(8,843,992)	(49,162)
Loss for the period	(13,678,244)	(840,596)	(17,392,516)	(2,753,650)
Foreign currency translation adjustment	(279,811)	(5,505)	(152,659)	(9,613)
Comprehensive loss for the period	(13,958,055)	(846,101)	(17,545,175)	(2,763,263)
Loss and comprehensive loss per share	(0.09)	(0.04)	(0.18)	(0.21)
Weighted average number of shares outstanding	152,496,239	21,116,370	95,039,381	13,278,378

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

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

	Number of Shares	Share Capital	Contributed Surplus*	Obligation to Issue Shares	Accumulated Other Comprehensive Income (Loss)	Deficit	Shareholders' Equity
Balance, December 31, 2018	7,040,181	\$ 40,468,336	\$ 6,461,551	\$ -	\$ (55,656)	\$ (43,511,081)	\$ 3,363,150
Private placement	2,154,580	657,147	-	-	-	-	657,147
Finder common shares	83,137	-	-	-	-	-	-
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
Shares issued in acquisition of Rylyfe	9,276,510	8,627,155	-	-	-	-	8,627,155
Shares issued in acquisition of Tealief	9,276,510	8,627,155	-	-	-	-	8,627,155
Shares issued for debt	4,916,240	1,843,590	-	-	-	-	1,843,590
Share based compensation	-	-	1,153,156	-	-	-	1,153,156
Foreign currency translation adjustment	-	-	-	-	46,043	-	46,043
Loss and comprehensive loss for the period	-	-	-	-	-	(2,753,650)	(2,753,650)
Balance, September 30, 2019	33,438,216	62,988,023	6,686,611	-	(9,613)	(46,264,731)	23,400,290
Balance, December 31, 2019	33,438,205	\$ 62,885,794	\$ 7,239,998	\$ -	\$ 551	\$ (65,069,407)	\$ 5,056,936
Private placement	60,908,420	5,045,421	-	-	-	-	5,045,421
Exercise of warrants	96,250	8,532	(3,721)	-	-	-	4,811
Shares issued for debt	324,137	76,172	-	-	-	-	76,172
Acquisition of Alternative Distribution	4,500,000	225,000	-	-	-	-	225,000
Acquisition of Mydecine	18,360,000	918,000	-	-	-	-	918,000
Acquisition of Mindleap	6,363,636	1,967,291	-	-	-	-	1,967,291
Acquisition of Neuropharm	9,000,000	4,309,962	-	-	-	-	4,309,962
Additional shares for Neuropharm	1,426,764	413,762	-	-	-	-	413,762
Investment in Trellis	28,000,000	2,785,959	-	-	-	-	2,785,959
Share issue costs	345,500	(1,115,581)	760,533	-	-	-	(355,048)
Obligation to issue shares	-	-	-	3,658	-	-	3,658
Warrant compensation	-	-	1,738,391	-	-	-	1,738,391
Share based compensation	-	-	2,986,783	-	-	-	2,986,783
Foreign currency translation adjustment	-	-	-	-	(152,659)	-	(152,659)
Loss and comprehensive loss for the period	-	-	-	-	-	(17,392,516)	(17,392,516)
Balance, September 30, 2020 (restated)	162,762,912	\$ 77,520,312	\$ 12,721,984	\$ 3,658	\$ (152,108)	\$ (82,461,923)	\$ 7,631,923

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

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

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

For the period ended,	September 30, 2020	September 30, 2019
	(restated)	
Cash flows used in		
Operating activities		
Loss and comprehensive loss for the period	\$ (17,392,516)	\$ (2,753,645)
Items not affecting cash:		
Accretion	19,151	-
Amortization	128,926	48,351
Consideration paid in excess of identifiable assets on acquisition	7,468,417	-
Distribution expense paid in shares	225,000	-
Foreign exchange	14,406	1,395
Gain on settlement of debts	(33,304)	52,163
Income from equity investee	(15,441)	-
Interest expense	-	50,518
Loss on revaluation of derivative liability	740,434	-
Shares based payments	4,725,174	1,153,156
Write-off of inventory	458,921	-
	(3,660,832)	(1,448,062)
Changes in non-cash working capital items:		
Amounts receivable	(55,045)	(5,289)
Prepaid and deposits	(731,459)	168,139
Inventory	1,129	(70,224)
Accounts payable and accrued liabilities	619,203	28,971
Net cash used in operating activities	(3,827,004)	(1,326,465)
Investing activities		
Proceeds from loans receivable	12,015	-
Equipment	(251,024)	-
Cash acquired from acquisition of Mindleap	91,701	-
Cash acquired from acquisition of Neuropharm	411,458	-
Research and development	(306,058)	-
Net cash used in investing activities	(41,908)	-
Financing activities		
Private placement, net	4,690,373	657,147
Obligation to issue shares	3,658	-
Loan receivable	-	26,540
Exercise of stock options and warrants	4,811	826,600
Lease payments	(75,004)	-
Net cash provided from financing activities	4,623,838	1,510,287
Foreign exchange on cash	(152,659)	791
Increase in cash and cash equivalents during the period	602,267	183,822
Cash and cash equivalents, beginning of the period	18,209	11,157
Cash and cash equivalents, end of the period	\$ 620,476	\$ 195,770

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

**MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020 AND 2019
EXPRESSED IN CANADIAN DOLLAR
(UNAUDITED)**

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’s common shares trade on the Canadian Securities Exchange under the ticker symbol MYCO. The Company’s principal business is the development, market and distribution of Cannabidiol (“CBD”) and 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 September 30, 2020, the Company had not yet achieved profitable operations, has accumulated losses of \$82,461,923 (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.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant effects on the world’s equity markets and the movement of people and goods has become restricted. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding. The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company’s financial position, results of operations and cash flows in future periods.

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.

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1. NATURE AND CONTINUANCE OF OPERATIONS (CONTINUED)

During the nine months ended September 30, 2020 the Company acquired and incorporated various subsidiaries. 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%
We are Kured, LLC	US	100%
Tealief Brands, LLC	US	100%
Relyfe Brands, LLC	US	100%
Drink Fresh Water, LLC	US	100%
Alternative Distribution Company LLC (formlery Levee Street Holdings, LLC)	US	50%
Mindleap Health Inc.	Canada	100%
NeuropharmInc.	Canada	100%
1220611 B.C. Ltd.	Canada	100%

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

These consolidated financial statements include the following investments accounted for using the equity method of accounting:

Name	Incorporated in	Interest
Trellis Holdings Oregon OP LLC	US	37.5%

These consolidated 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

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

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

During the nine-month period ended, the Company adopted the following significant accounting policy:

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity method investments

Investments accounted for using the equity method include those investments where the Company (i) can exercise significant influence over the other entity and (ii) holds common stock and/or in-substance common stock of the other entity. Under the equity method, investments are carried at cost, and subsequently adjusted for the Company's share of net income (loss), comprehensive income (loss) and distributions received from the investee. If the current fair value of an investment falls below its carrying amount, this may indicate that an impairment loss should be recorded. Any impairment losses recognized are not reversed in subsequent periods.

Intangible assets

The Company's intangible assets consists of non-compete agreements, patents and software platform arising from the asset acquisition and business combination described in Note 3 and 4, respectively. Infinite life intangible assets are recorded at cost less accumulated impairment losses. Finite life intangible assets are recorded at cost and will be amortized once they are in use on a straight-line basis over their estimated useful lives as follows:

Category	Useful life
Non-compete agreements	1 - 3 years
Patents	8 - 10 years
Software platform	8 - 10 years

At the end of each reporting period, the Company assess whether there has been any indication that an asset may be impaired. If an impairment indicator exists, the asset's recoverable amount is determined and compared to the carrying amount of the asset. If the recoverable amount is lower, any difference between the carrying amount and the recoverable amount is written off to the consolidated statement of loss as an impairment charge.

3. ASSET ACQUISITIONS

Alternative Distribution Company LLC (formerly Levee Street Holdings, LLC)

On April 27, 2020 the Company acquired 50% of Alternative Distribution Company LLC (formerly Levee Street Holdings LLC) ("Alternative Distribution") via a share swap agreement and issued 4,500,000 common shares with a fair value of \$225,000, based on the most recently completed private placement. Alternative Distribution is a distributor of alternative beverages, including CBD products.

The acquisition of Alternative Distribution does not constitute a business combination because this entity does not meet the definition of a business under IFRS 3 – *Business Combination*.

The distribution agreement did not meet the intangible asset criteria for capitalization. Accordingly, the purchase price was expensed as a distribution expense in the Statement of Loss and Comprehensive Loss.

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3. ASSET ACQUISITIONS (CONTINUED)

1220611 B.C. Ltd. d/b/a Mydecine Innovation Group Inc.

On April 30, 2020, the Company acquired 100% of 1220611 B.C. Ltd. (d/b/a Mydecine Innovation Group Inc.) (“Mydecine”), a Colorado headquartered Company. Mydecine is a research and development Company in the mushroom and fungi industry. The Company issued 18,360,000 common shares of the Company with fair value of \$918,000, based on the most recently completed private placement.

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

Purchase price	\$
18,360,000 common shares	918,000
Intangible asset – non-compete agreements	52,000
Consideration paid in excess of identifiable assets	866,000

The non-compete agreements bear a two-year term with Mydecine’s management team. The remaining unidentifiable asset did not meet the intangible asset criteria for capitalization. Accordingly, the Company expensed \$866,000 in the Statement of Loss and Comprehensive Loss.

Neuropharm Inc.

On July 14, 2020, the Company entered into a Share Exchange Agreement (“Neuropharm SEA”) to acquire 100% of Neuropharm Inc. (“Neuropharm”). Neuropharm is an arm’s length Canadian-based healthcare company that is conducting research and development of certain therapies for veterans, EMS and front-line personnel.

As consideration, the Company issued 9,000,000 common shares on August 28, 2020 (“Neuropharm Closing Date”) with a fair value of \$4,723,724 that are subject to certain escrow conditions (Note 12).

As at September 30, 2020, there are 4,244,121 common shares held in escrow and will be released pursuant to the following schedule (“Neuropharm Release Dates”):

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

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3. ASSET ACQUISITIONS (CONTINUED)

Pursuant to the terms of the agreement with Neuropharm, the Company is obligated to issue additional common shares (“Neuropharm Anti-Dilution Securities”). Each Neuropharm Anti-Dilution Securities is exercisable to acquire common shares on the Neuropharm Release Dates, for no additional consideration, in the event the volume-weighted average closing price of the Company’s common shares on the Canadian Securities Exchange (“CSE”) in the 20 trading days prior to the Neuropharm Release Dates is less than \$0.70. This contingent consideration was accounted for as a derivative liability and revalued at period end. As at August 28, 2020 and September 30, 2020, the Company’s estimate of the fair value of the anti-dilutive securities was \$679,059 and \$1,416,475, respectively. On September 12, 2020, the Company issued additional 1,426,764 common shares of the Company valued at \$413,762 (Note 12).

Pursuant to the terms of the agreement with Neuropharm, the Company issued 10,000,000 performance warrants (“Performance Warrants”) that vest as follows:

- 900,000 Performance Warrants will vest upon successful completion of a clinical trial designed to study psilocybin in Veterans, up to a maximum of 5,400,000 Performance warrants; and,
- 920,000 Performance Warrants will vest upon each filing by Neuropharm of a patent application in Canada and/or the United States, to a maximum vesting of 4,600,000 Performance Warrants.

As at September 30, 2020, Nil Performance Warrants has vested. Each Performance Warrant expires five years from the date issuance and is exercisable at a 20% discount to the Company’s stock price on the CSE.

The Performance Warrants was accounted for as a derivative liability and revalued at period end. As at August 28, 2020, the fair value of the Performance Warrants was \$2,154,747. As at September 30, 2020, the derivative liability was \$1,037,468 and the Company recognized a change in derivative liability of \$1,117,279 on the Statement of Loss and Comprehensive Loss.

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

Purchase price:	\$
Contingent share consideration	679,059
Performance Warrants	2,154,747
9,000,000 common shares	4,309,962
Total consideration paid	7,143,768
Cash	411,458
Intangible asset – R&D costs	135,423
Liabilities assumed	(5,530)
Net assets assumed	541,351
Consideration paid in excess of unidentifiable assets	6,602,417
	7,143,768

The remaining unidentifiable asset did not meet the intangible asset criteria for capitalization. Accordingly, the Company expensed \$6,602,417 in the Statement of Loss and Comprehensive Loss.

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4. BUSINESS COMBINATION

On June 16, 2020, the Company entered into a Share Exchange Agreement (“Mindleap SEA”) to acquire 100% of Mindleap Health Inc. (“Mindleap”). Mindleap is an arm’s length Canadian-based healthcare Company that is developing a digital telehealth platform.

As consideration, the Company issued 6,363,636 common shares on August 20, 2020 (“Mindleap Closing Date”) with a fair value of \$1,967,291 that are subject to certain escrow conditions (Note 12).

As at September 30, 2020, there are 5,046,673 common shares held in escrow and will be released pursuant to the following schedule (“Mindleap Release Dates”):

6 months from the Mindleap Closing Date	1/4 of escrowed securities
12 months from the Mindleap Closing Date	1/4 of escrowed securities
18 months from the Mindleap Closing Date	1/4 of escrowed securities
24 months from the Mindleap Closing Date	1/4 of escrowed securities

Pursuant to the terms of the agreement with Mindleap, the Company is obligated to issue additional common shares (“Mindleap Anti-Dilution Securities”). Each Mindleap Anti-Dilution Securities is exercisable to acquire common shares on the Mindleap Release Dates, for no additional consideration, in the event the volume-weighted average closing price of the Company’s common shares on the Canadian Securities Exchange (“CSE”) in the 20 trading days prior to the Neuropharm Release Dates is less than \$0.55. This contingent consideration was accounted for as a derivative liability and revalued at period end. As at August 20, 2020 and September 30, 2020, the Company’s estimate of the fair value of the anti-dilutive securities was \$782,234 and \$1,488,769, respectively.

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4. BUSINESS COMBINATION (CONTINUED)

The Company entered into a definitive bonus share agreement providing for the issuance of up to an additional 9,750,000 common shares to designated officers, employees, and consultants of Mindleap upon the achievement of the following milestones:

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

The acquisition of Mindleap constituted a business combination because these entities meet the definition of a business under IFRS 3 - Business Combination.

Purchase price:	\$
Contingent share consideration	782,234
6,363,636 common shares	1,967,291
Total consideration paid	2,749,525
Cash	91,701
Taxes receivable	5,055
Intangible asset – software platform	754,000
Intangible asset – non-compete	510,000
Liabilities assumed	(100,000)
Net assets assumed	1,260,756
Goodwill	1,488,769
Total	2,749,525

The purchase price allocations for the acquisitions, as set forth in the tables above, reflect various preliminary fair value estimates and analyses that are subject to change within the measurement period as valuations are finalized. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to the valuation of deferred tax liabilities, intangible assets acquired and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company's consolidated financial statements and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could be affected.

As at September 30, 2020, the software platform was not ready for its intended use and as such, no amortization was recorded.

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5. INTEREST IN EQUITY INVESTEE

Trellis Holdings Oregon LLC

On May 5, 2020, the Company acquired 37.5% of the issued and outstanding share capital of Trellis Holdings Oregon Op LLC (“Trellis”). Trellis has operated since 2015 and operates in the medical and recreational cannabis markets. The Company issued 28,000,000 common shares with a fair value of \$2,785,959, determined by a third party valuator. As at September 30, 2020, the Company held 37,500 units of Trellis, representing an ownership of 37.5%.

The following table summarizes the financial of the Company’s associate and reflects the amounts presented in the financial statements of Trellis, amended to reflect adjustments made by the Company when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	September 30, 2020
	\$ (in USD)
Current assets	565,451
Non-current assets	60,817
Current liabilities	(1,510,909)
Non-current liabilities	(490,876)
Net liabilities	(1,375,517)

For the period from May 6, 2020 to September 30, 2020, Trellis reported revenues of \$1,359,497 and expenses of \$1,318,322, totaling a net income of \$41,175 on its financial statements. In accordance with the equity method, the Company recorded a net income of \$15,441.

	September 30, 2020
	\$
Opening balance	-
Addition	2,785,959
Share of reported net income	15,441
Net investment	2,801,400

6. PREPAIDS AND DEPOSITS

	September 30, 2020	December 31, 2019
	\$	\$
Consulting	8,477	53,499
Deposit	66,170	-
Marketing	269,195	-
Research and Development	480,963	-
Rent	28,090	15,650
Inventory	13,883	-
	866,778	69,149

During the nine months period ended September 30, 2020, the Company prepaid a pharmaceutical research company \$549,672 for future research and development services. During the period ended September 30, 2020, the Company amortized \$68,709 to research and development on the Statement of Loss and Comprehensive Loss.

On August 9, 2019, the Company entered into a Letter Of Intent (the “LOI”) with an arm’s length party to acquire 400 acres of land in Texas, USA for US \$1,300,000. On August 12, 2019, the Company paid a non-refundable deposit of \$66,170 (US \$50,000). As at September 30, 2020, the LOI has not been completed and the expiration date on the LOI is not determinable.

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7. INTANGIBLE ASSETS

Intangible assets consisting of the following:

	Software platform \$	Research & development \$	Non-compete agreements \$	Total \$
Balance, December 31, 2019	-	-	-	-
Additions via acquisition (Note 3 and 4)	754,000	135,423	562,000	1,451,423
Additions	-	306,058	-	306,058
Depreciation	-	-	(15,294)	(15,294)
Balance, September 30, 2020	754,000	441,481	546,706	1,742,187

The non-compete agreements have a term of two years and during the period ended September 30, 2020, the Company recorded depreciation of \$15,294.

The software platform and research & development costs are not yet ready for its intended use and as such, the Company did not record any depreciation related to these intangible assets.

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements \$	Equipment \$	Land \$	Building \$	Total \$
Cost					
Balance at December 31, 2018	-	23,960	3,061,800	1,567,259	4,653,019
Additions	-	-	-	-	-
Balance, December 31, 2019	-	23,960	3,061,800	1,567,259	4,653,019
Additions	186,364	64,660	-	-	251,024
Balance, September 30, 2020	186,364	88,620	3,061,800	1,567,259	4,904,043
Accumulated amortization					
Balance at December 31, 2018	-	15,746	-	20,897	36,643
Amortization	-	1,958	-	62,690	64,648
Balance, December 31, 2019	-	17,704	-	83,587	101,291
Amortization	-	1,591	-	47,021	48,612
Balance, September 30, 2020	-	19,295	-	130,608	149,903
Net book values					
December 31, 2019	-	6,256	3,061,800	1,483,672	4,551,728
September 30, 2020	186,364	69,325	3,061,800	1,436,651	4,754,140

As at September 30, 2020, the Company's leasehold improvements are not yet ready for its intended use and as such, no amortization was recorded.

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9. 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	(12,015)
Balance, September 30, 2020	-

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 the loan amount, the Company has made a total reserve of \$335,501 on this loan as at December 31, 2018. This loan was non-interest bearing, non-secured with no fixed terms of repayment. During the year ended December 31, 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 year ended December 31, 2019, the Company received \$45,458 and during the period ended September 30, 2020, the Company received \$12,015.

10. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company primarily leases consists of two office space. 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 nine months ended September 30, 2020:

	Office Lease #1	Office Lease #2	Total
	\$	\$	\$
Right-of-use assets			
Balance, December 31, 2019	-	69,305	69,305
Addition	290,863	-	290,863
Depreciation	(32,808)	(32,213)	(65,021)
Foreign exchange	490	(1,834)	(1,344)
Balance, September 30, 2020	258,545	35,258	293,803

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

The following is a continuity schedule of lease liabilities for the nine months ended September, 2020:

Lease liabilities	Office Lease	Office Lease	Total
	#1	#2	
	\$	\$	\$
Balance, December 31, 2019	-	62,381	62,381
Additions	290,863	-	290,863
Interest	13,156	5,995	19,151
Payments	(35,545)	(39,459)	(75,004)
Foreign Exchange	335	12,726	13,061
Balance, September 30, 2020	268,809	41,643	310,452
Less: current portion	89,278	41,643	130,921
Non-current portion	179,531	-	179,531

The lease liabilities are payable as follows:

Year ending December 31	\$
2020 (3 months)	43,170
2021	150,718
2022	120,051
2023	50,021
Total lease payments	363,960
Less imputed interest	(53,508)
Total lease liabilities	310,452

11. DERIVATIVE LIABILITY

The derivative liability consists of the fair value of Performance Warrants pursuant to the acquisition of Neuropharm. The number of shares to be issued are variable.

	Total
	\$
Balance, December 31, 2019	-
Performance warrants issued (Note 3)	2,154,747
Derivative liability revaluation	(1,117,279)
Balance, September 30, 2020	1,037,468

The fair value of the derivative liability at September 30, 2020 was estimated using the Black-Scholes Option Pricing Model using the following assumptions: Expected volatility – 225%; exercise price – \$0.20; expected life – 3.5 to 5 years; and risk-free rate – 0.32%.

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12. SHARE CAPITAL

(a) Authorized: Unlimited common shares without par value

Nine month period ended September 30, 2020:

Issued: 162,762,912 common shares (December 31, 2019: 33,438,205 common shares)

On April 27, 2020, the Company acquired 50% of Alternative Distribution. As consideration, the Company issued 4,500,000 common shares at fair value of \$225,000 (Note 3).

On April 30, 2020, the Company acquired 100% of Mydecine and issued 18,360,000 common shares of the Company at fair value of \$918,000 (Note 3).

On May 6, 2020, the Company acquired 37.5% of Trellis by issuing 28,000,000 common shares of the Company at fair value of \$2,785,959 (Note 5).

On May 7, 2020, the Company completed a private placement and issued 52,908,420 common shares for gross proceeds of \$2,645,421. The Company paid finder's fees of \$71,419, issued 1,183,000 finder warrants, exercisable at \$0.05 and expire on May 7, 2021. The grant date fair value of the finder warrants was measured at \$237,534. The warrants were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.24; exercise price - \$0.05; expected life - 1 years; volatility - 151%; dividend yield - Nil; and risk-free rate - 0.32%.

On June 19, 2020, the Company completed a private placement and issued 8,000,000 units for gross proceeds of \$2,400,000. Each unit consists of one common share and one half of one share purchase warrants. Each whole warrant can be exercised into one additional common share at a price of \$0.50 per share for a period of 2 years. The Company paid finder's fees of \$283,629, issued 345,500 finder common shares, 172,750 finder warrants exercisable at \$0.50 and expire on June 19, 2022. The fair value of the finder warrants was measured at \$117,469. The finder warrants were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.85; exercise price - \$0.50; expected life - 2 years; volatility - 157%; dividend yield - Nil; and risk-free rate - 0.27%.

On August 20, 2020, the Company issued 6,363,636 common shares with a fair value of \$1,967,291 to acquire 100% of Mindleap (Note 4).

On August 28, 2020, the Company issued 9,000,000 common shares with a fair value of \$3,693,600 to acquire 100% of Neuropharm. In connection with the acquisition of Neuropharm, on September 12, 2020, the Company issued 1,426,764 anti-dilution shares with a fair value of \$413,762 (Note 3).

During the nine month period ended September 30, 2020, the Company issued 324,137 common shares with a fair value of \$76,172 to settle debt of \$109,476 and recorded a gain on settlement of debt of \$33,304.

During the nine month period ended September 30, 2020, the Company issued 96,250 common shares pursuant to warrant exercises for gross proceeds of \$4,811. The Company re-allocated \$3,721 from contributed surplus to share capital.

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12. SHARE CAPITAL (CONTINUED)

Nine month period ended September 30, 2019:

On July 25, 2019 and August 1, 2019, the Company completed a private placement and issued 2,154,580 common shares for gross proceeds of \$657,147. The Company issued 83,137 finder common shares.

During the period ended September 30, 2019, 345,778 options at an exercise price ranging from \$2.25 to \$2.70 were exercised for gross proceeds of \$826,600. Fair value of \$928,096 was re-allocated from contributed surplus to share capital.

During the period ended September 30, 2019, the Company acquired a 100% interest in DFW. As consideration the Company issued 345,280 common shares with a fair value of \$1,009,944.

On August 13, 2019, the Company issued 8,433,191 common shares each pursuant to the acquisition of Relyfe Brands LLC and Tealief Brands LLC. The Company issued 843,319 common shares for each transactions with a fair value of \$782,287.

During the period ended September 30, 2019, the Company issued 4,916,240 common shares with a fair value of \$1,843,590 to settle promissory and convertible loans. The Company recorded a loss on settlement of debt of \$49,162.

(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 - Nil; and risk-free rate - 1.34%.

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

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

On August 5, 2020, the Company granted 250,000 stock options with an exercise price of \$0.50 and term of 5 years expiring on August 5, 2025. The grant date fair value of the options was measured at \$124,838. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.50; exercise price - \$0.49; expected life - 5 years; volatility - 287%; dividend yield - Nil; and risk-free rate - 0.28%.

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12. SHARE CAPITAL (CONTINUED)

(b) Stock Options (continued)

On August 26, 2020, the Company granted 500,000 stock options with an exercise price of \$0.40 and term of 1 years expiring on August 26, 2021. The grant date fair value of the options was measured at \$115,853. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.40; exercise price - \$0.40; expected life - 1 years; volatility – 161%; dividend yield - Nil; and risk-free rate – 0.23%.

On September 16, 2020, the Company granted 3,000,000 stock options with an exercise price of \$0.24 and term of 5 years expiring on September 16, 2025. The grant date fair value of the options was measured at \$703,808. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.24; exercise price - \$0.24; expected life - 5 years; volatility – 185%; dividend yield - Nil; and risk-free rate – 0.33%.

On September 24, 2020, the Company granted 8,000,000 stock options with an exercise price of \$0.21 and term of 5 years expiring on September 24, 2025. The grant date fair value of the options was measured at \$1,535,412. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.20; exercise price - \$0.21; expected life - 5 years; volatility – 184%; dividend yield - Nil; and risk-free rate – 0.33%.

On September 24, 2020, the Company granted 750,000 stock options with an exercise price of \$0.21 and term of 1 year expiring on September 24, 2021. The grant date fair value of the options was measured at \$89,561. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.20; exercise price - \$0.21; expected life - 1 year; volatility – 171%; dividend yield - Nil; and risk-free rate – 0.22%.

On September 30, 2020, the Company granted 1,000,000 stock options with an exercise price of \$0.26 and term of 5 years expiring on September 30, 2025. The grant date fair value of the options was measured at \$243,283. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.25; exercise price - \$0.26; expected life - 5 years; volatility – 183%; dividend yield - Nil; and risk-free rate – 0.33%.

During the period ended September 30, 2020, the Company cancelled 5,034,664 stock options with an exercise price ranging from \$0.06 to \$9.00.

As at September 30, 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
234,000	\$0.07	March 20, 2025
250,000	\$0.50	August 5, 2025
500,000	\$0.40	August 26, 2021
3,000,000	\$0.24	September 16, 2025
8,000,000	\$0.21	September 24, 2025
750,000	\$0.21	September 24, 2021
1,000,000	\$0.26	September 30, 2025
14,443,157	\$0.24	

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12. SHARE CAPITAL (CONTINUED)

(b) Stock Options (continued)

A summary of the status of the Company's stock options outstanding and exercisable as at September 30, 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	16,351,533		0.20
Expired/cancelled	(5,034,664)		(0.27)
Balance, September 30, 2020	14,443,157	\$	0.24

The stock options have a weighted average remaining life of 4.57 years.

(c) Warrants

In August 2020, the Company entered into voluntary lock-up agreements applying to resale restrictions on up to 35,737,460 common shares that were set to become free trading upon expiry of the applicable statutory hold period. The voluntary lock-up agreement stipulates that these shareholders will not offer to sell directly or indirectly, for a period of 120 days following the date that the original resale restriction was to lapse. As consideration for entering into the voluntary lock-up agreements, the Company issued 35,737,460 warrants ("Lock-up Warrants"). The Lock-up warrants convert into a common share on a four to one basis and is exercisable at \$0.30 and expires on September 28, 2021. The fair value the Lock-Up Warrants was \$1,738,391 using the Black-Scholes Pricing Model with the following assumptions: stock price - \$0.27; exercise price - \$0.30; expected life - 1 year; volatility - 157%; dividend yield - Nil; and risk-free rate - 0.21%.

As at September 30, 2020, the Company had warrants outstanding and exercisable enabling holders to acquire the following:

Number of Shares	Exercise Price	Expiry Date
1,086,750	\$0.05	May 7, 2021
4,000,000	\$0.50	June 19, 2022
172,750	\$0.50	June 19, 2022
8,934,365	\$0.30	September 28, 2021
14,193,865	\$0.34	

A summary of the status of the Company's warrants outstanding and exercisable as at September 30, 2020 and December 31, 2019, and changes during those years is presented below:

	Number of warrants		Weighted Average Exercise Price
Balance, December 31, 2018	174,889		8.81
Expired	(88,888)		(10.80)
Balance, December 31, 2019	86,001		6.75
Issued	14,290,115		0.34
Exercised	(96,250)		(0.05)
Expired	(86,001)		6.75
Balance, September 30, 2020	14,193,865	\$	0.34

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12. SHARE CAPITAL (CONTINUED)

(d) Agent Compensation Options

In connection with the private placement that closed on June 19, 2020, the Company issued 560,000 agent's compensation options which can be exercised into units of the Company at a price of \$0.30 per unit for a period of 2 years. Each unit has the same terms as the private placement units. The fair value of the agent's compensation options was measured at \$405,530. The agent's compensation options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.85; exercise price - \$0.30; expected life - 2 years; volatility - 157%; dividend yield - Nil; and risk-free rate - 0.27%.

As at September 30, 2020, a total of 560,000 agent's compensation options remain outstanding.

13. CAPITAL DISCLOSURES

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

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

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

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

There were no changes in the Company's approach to capital management during the period ended September 30, 2020. The Company is not subject to externally imposed capital requirements.

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14. FINANCIAL INSTRUMENTS AND RISK FACTORS

(a) Fair values

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

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

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

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The following is an analysis of the Company's financial assets and liabilities at fair value as at September 30, 2020.

As at September 30, 2020				
	Level 1	Level 2	Level 3	
Cash	\$ 620,476	\$ -	\$ -	-
Amounts receivable	26,394	-	-	-
Total financial assets	\$ 646,870	\$ -	\$ -	-
Accounts payable and accrued liabilities	\$ 784,174	\$ -	\$ -	-
Contingent consideration	-	2,905,244	-	-
Derivative liability	-	1,037,468	-	-
Total financial liabilities	\$ 784,174	\$ 3,942,712	\$ -	-

(b) Credit risk

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

(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 September 30, 2020, the Company had cash of \$620,476 (December 31, 2019 - \$18,209) to settle current liabilities of \$1,952,563 (December 31, 2019 - \$207,155). The Company has accounts payable of \$672,569 (December 31, 2019 - \$135,805).

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14. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

(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.

15. 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>	
<i>Period ended September 30, 2020</i>	
	\$
Director and management fees paid to a director of the Company	119,835
Director and management fees paid to a former director of the Company	68,874
Director and management fees paid to the CEO of the Company	113,727
Management fees paid to the chief operations officer	65,186
Share based compensation	1,580,448
Total	1,948,070

<i>Management Compensation</i>	
<i>Period ended September 30, 2019</i>	
	\$
Director, management and legal fees paid to a director of the Company	99,376
Director and management fees paid to Benjamin Martch, CEO of WAK	105,034
Director and management fees paid to Joshua Bartch, CEO Of the Company	171,359
Total	375,769

As at September 30, 2020, accounts payable and accrued liabilities were due to related parties of \$83,251 (December 31, 2019 - \$13,364).

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

On August 18, 2019, the Company issued 9,276,510 common shares with a fair value of \$8,627,155 and acquired 100% of Relyfe Brands LLC. Certain members of management of the Company are common shareholders of Relyfe Brands LLC. The transaction was entered at market terms and as such, the Company determined the fair value using a level one input on the fair value hierarchy.

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15. RELATED PARTY TRANSACTIONS (CONTINUED)

On August 18, 2019, the Company issued 9,276,510 common shares with a fair value of \$8,627,155 and acquired 100% of Tealief Brands LLC. Certain members of management of the Company are common shareholders of Tealief Brands LLC. The transaction was entered at market terms and as such, the Company determined the fair value using a level one input on the fair value hierarchy.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

16. SUBSEQUENT EVENTS

On October 1, 2020, the Company granted 1,000,000 stock options to the Company's Chief Compliance Officer and a director of the Company. Each option is exercisable for a period of 5 years at an exercise price of \$0.26 per share.

On October 1, 2020, the Company issued 73,150 common shares pursuant to warrant exercises for gross proceeds of \$3,658.

On October 2, 2020, the Company issued 3,684,783 common shares to settle debt of \$847,500 to an arm's length party.

On October 16, 2020, the Company completed a non-brokered private placement of secured convertible debentures notes for gross proceeds of \$4,700,000 ("Convertible Debenture"). Each Convertible Debenture has a maturity date of twelve months from the closing date, bears interest at 10% per annum and is convertible into Units at \$0.20 per Unit. Each Unit consists of one common shares and one common share purchase warrant. Each common share purchase warrant is exercisable into one additional common share at a price of \$0.30 for a period of 24 months from the issuance date of the warrant.

On October 21, 2020, the Company issued 200,000 common shares pursuant to option exercises for gross proceeds of \$42,000.

On December 4, 2020, the Company issued 7,602,740 units pursuant to a conversion of the Convertible Debenture issued on October 16, 2020 at a price of \$0.20 per unit.

On December 11, 2020, the Company issued 19,250 common shares pursuant to warrant exercises for gross proceeds of \$962.

On December 15, 2020, the Company issued 1,800,000 common shares pursuant to warrant exercises for gross proceeds of \$540,000.

On December 18, 2020, the Company issued 508,767 units pursuant to a conversion of the Convertible Debenture issued on October 16, 2020 at a price of \$0.20 per unit.

On December 18, 2020, the Company issued 82,500 common shares pursuant to warrant exercises for gross proceeds of \$41,250.

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16. SUBSEQUENT EVENTS (CONTINUED)

On January 15, 2021, the Company issued 600,000 common shares pursuant to warrant exercises for gross proceeds of \$180,000.

On January 26, 2021, the Company issued 3,084,658 units pursuant to a conversion of the Convertible Debenture issued on October 16, 2020 at a price of \$0.20 per unit.

17. RESTATEMENT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Subsequent to the issuance of the Company's condensed interim consolidated financial statements for the nine months ended September 30, 2020 (the "Interim Financial Statements") on November 30, 2020, management of the Company engaged its auditors to review the Interim Financial Statements in connection with the Preliminary Short Form Prospectus dated January 20, 2021. As a result, management determined that certain adjustments are required in the Interim Financial Statements resulting in a decrease in total assets of \$493,214, an increase in total liabilities of \$1,830,594 and a decrease in total shareholders' equity of \$2,323,808. Total net loss increased by \$2,282,519.

The effects of the restatement on the consolidated Statement of Financial Position as at September 30, 2020 and the consolidated Statement of Loss and Comprehensive Loss for the nine months ended September 30, 2020 are summarized below. There is no impact on overall increase in cash and cash equivalents during the nine months ended September 30, 2020.

Consolidated Statement of Financial Position as at September 30, 2020:

	Previously reported \$	Adjustments \$	Restated \$
Assets			
Current assets	2,019,234	(430,272)	1,588,962
Non-current assets	11,143,241	(62,942)	11,080,299
Total assets	13,162,475	(493,214)	12,669,261
Liabilities			
Current liabilities	1,881,712	70,851	1,952,563
Non-current liabilities	1,325,032	1,759,743	3,084,775
Total liabilities	3,206,744	1,830,594	5,037,338
Shareholders' equity			
Share capital	77,875,063	(354,751)	77,520,312
Accumulated other comprehensive loss	(134,520)	(17,588)	(152,108)
Obligation to issue shares	3,658	-	3,658
Contributed surplus	12,390,934	331,050	12,721,984
Deficit	(80,179,404)	(2,282,519)	(82,461,923)
Total shareholders' equity	9,955,731	(2,323,808)	7,631,923
Total liabilities and shareholders' equity	13,162,475	(493,214)	12,669,261

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
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17. RESTATEMENT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Consolidated Statement of Loss and Comprehensive Loss for the nine months ended September 30, 2020:

	Previously reported \$	Adjustments \$	Restated \$
Total sales	43,391	-	43,391
Rental income	141,715	-	141,715
Cost of goods sold	(31,829)	-	(31,829)
	153,277	-	153,277
General and administrative expenses	(9,038,565)	336,764	(8,701,801)
Other income (expense)			
Consideration paid in excess of net assets acquired from acquisitions	(6,895,733)	(572,684)	(7,468,417)
Derivative liabilities	1,117,279	(1,857,713)	(740,434)
Distribution expense	(495,000)	270,000	(225,000)
Gain on settlement of debts	33,304	-	33,304
Income from equity investee	15,441	-	15,441
Other income	-	35	35
Write-off of inventory	-	(458,921)	(458,921)
Total other expense	(6,224,709)	(2,619,283)	(8,843,992)
Net loss for the period	(15,109,997)	(2,282,519)	(17,392,516)
Foreign currency translation adjustment	(135,071)	(17,588)	(152,659)
Comprehensive loss for the period	(15,245,068)	(2,300,107)	(17,545,175)